



Evolving Trends in Bank-Owned Life Insurance

Complimentary Edition – 2024-Q2

September 2024

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Economic Backdrop

Economic Updates

Federal Reserve & Yield Curve

- Projections for 2024 rate cuts were pared back to one or two for the remainder of the year
- Very similar to the Q1 changes, all tenors of the yield curve except 1-month increased during the quarter, with the long-end increasing more than the front

Sector Returns

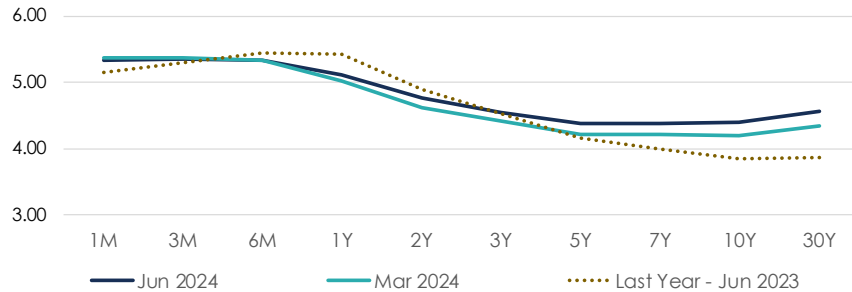
- Fixed income sectors had mixed performance, with Agency MBS underperforming like duration treasuries and ABS and CMBS modestly outperforming
- The S&P 500 posted a strong 4.28% return with IT & Telecom leading the positive sectors and materials and industrials having the largest detractions

US Economy

- While there was positive news on inflation, home prices rose again in Q2, further straining affordability for the median household

Financial Markets Update

US Treasury Yields



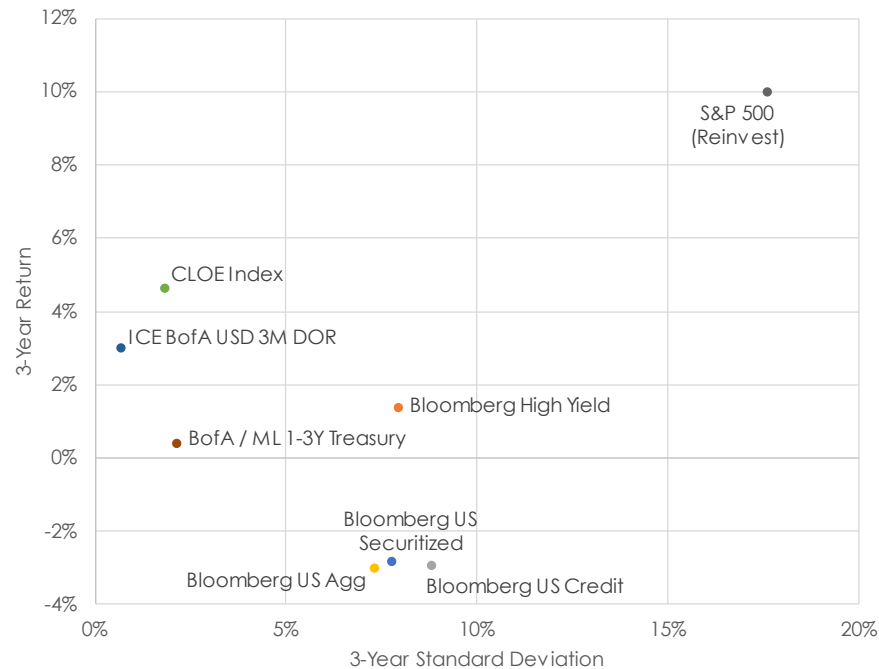
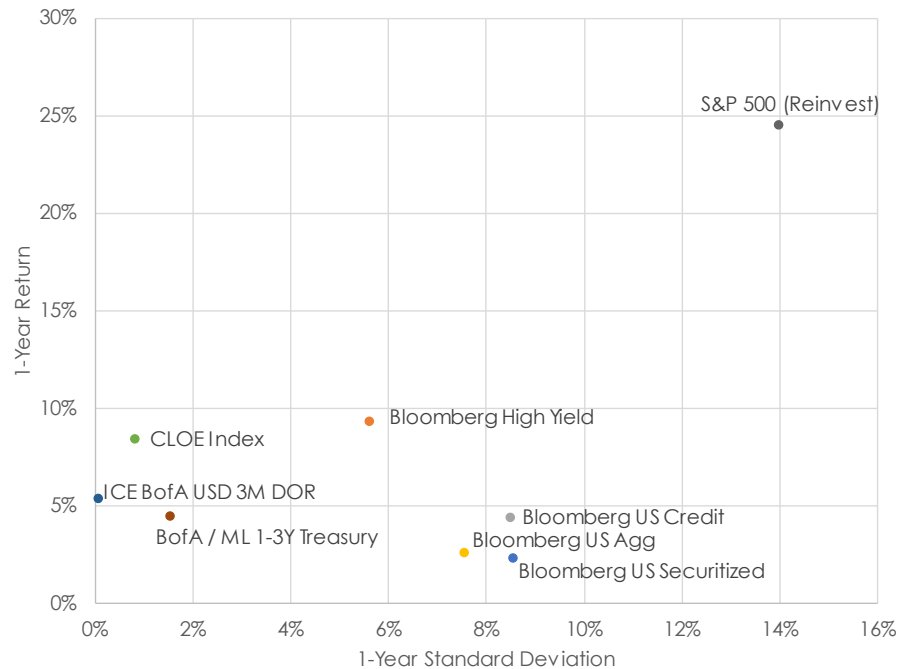
	1M	3M	6M	1Y	2Y	3Y	5Y	7Y	10Y	30Y
Jun 2024	5.32	5.36	5.33	5.12	4.76	4.55	4.38	4.37	4.40	4.56
Mar 2024	5.37	5.37	5.32	5.03	4.62	4.41	4.21	4.21	4.20	4.34
Q Change	-0.04	-0.01	0.00	0.09	0.13	0.14	0.16	0.16	0.20	0.22
Jun 2023	5.14	5.30	5.43	5.42	4.90	4.53	4.16	4.00	3.84	3.86
Year Change	0.18	0.06	-0.11	-0.30	-0.15	0.02	0.22	0.38	0.56	0.70

Sector Performance (As of Q2)

	YTW	Duration	OAS	3M Return	12M Return	3Y Return	5Y Return
Treasuries	4.57%	5.93	0.00%	0.09%	1.55%	-3.26%	-0.65%
Corporate	5.48%	6.92	0.94%	-0.09%	4.63%	-3.04%	0.62%
CMBS	5.48%	4.23	0.97%	0.67%	5.76%	-1.80%	0.69%
ABS	5.32%	2.64	0.57%	0.98%	5.46%	0.71%	1.62%
Credit Card ABS	5.21%	2.25	0.46%	1.09%	5.48%	-0.26%	1.04%
Auto ABS	5.43%	1.76	0.62%	1.14%	5.87%	1.01%	1.77%
Agency MBS	5.22%	6.08	0.48%	0.07%	2.12%	-2.93%	-0.76%
GNMA	5.25%	5.92	0.43%	0.05%	2.22%	-2.50%	-0.66%
FHLHC	5.16%	5.07	0.58%	0.09%	3.04%	-2.85%	-0.66%
FNMA	5.22%	6.15	0.49%	0.08%	2.06%	-2.97%	-0.71%
Palmer CLO AAA	6.16%	0.07		1.77%	8.48%	4.63%	

	3M Return	12M Return	3Y Return	5Y Return
SP 500	4.28%	24.56%	10.01%	15.05%
Energy	-2.42%	15.85%	24.42%	12.96%
Materials	-4.50%	8.69%	4.53%	10.90%
Industrials	-2.90%	15.53%	7.78%	11.52%
Consumer Discretionary	0.65%	13.08%	2.25%	10.54%
Consumer Staples	1.35%	8.15%	7.13%	9.45%
Health Care	-0.96%	11.68%	6.75%	11.53%
Financials	-2.03%	24.21%	5.90%	10.58%
IT	13.81%	41.78%	19.79%	27.17%
Telecom	9.37%	44.87%	6.42%	14.72%
Utilities	4.66%	7.82%	5.88%	6.11%

1 & 3-Year Benchmark Risk/Return Plots

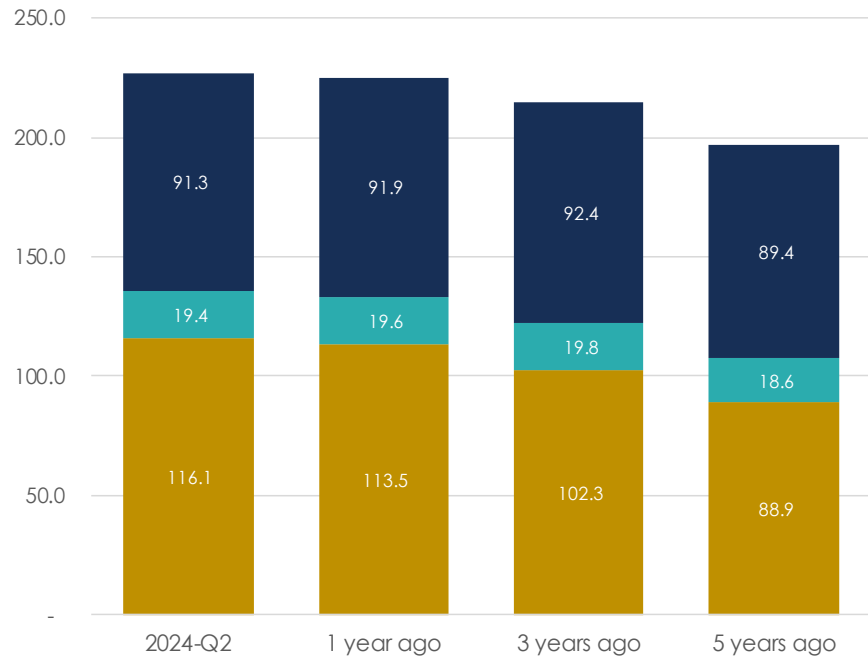


Data as of 2024-Q2

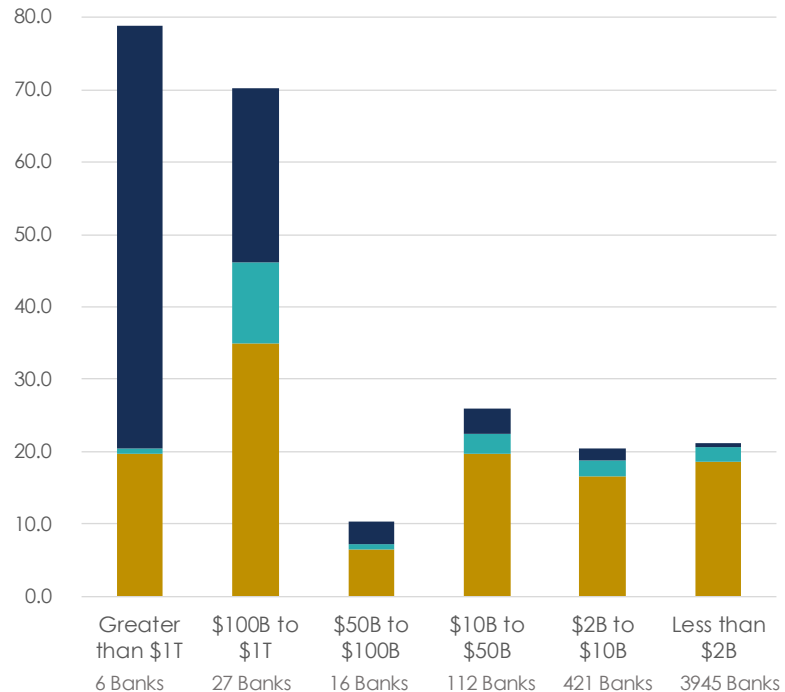
Recent Trends in BOLI

BOLI Market Overview as of 2024-Q2

Total BOLI (\$B) by Type



Current BOLI Type by Institution Total Asset Size



Institutions represent Bank Holding Companies and Stand-Alone Savings & Loans and Banks

8 Copyright MB Schoen & Associates, Inc.

SA

GA

Hybrid

BOLI Market Overview as of 2024-Q2

Bank Size	Number of Banks ¹	% Owning BOLI	Total Assets (Billions)	GA BOLI (Billions)	Hybrid BOLI (Billions)	SA BOLI (Billions)	Total BOLI (Billions)	BOLI / Capital	BOLI / Assets
Greater than \$1 Trillion	6	100%	14,613	19.8	0.7	58.4	78.8	7.11%	0.54%
\$100 Billion to \$1 Trillion	27	81%	7,240	35.0	11.1	24.1	70.2	10.01%	0.97%
\$50 Billion to \$100 Billion	16	94%	1,118	6.5	0.7	3.2	10.4	8.94%	0.93%
\$10 Billion to \$50 Billion	112	80%	2,471	19.7	2.8	3.4	25.9	9.29%	1.05%
\$2 Billion to \$10 Billion	421	83%	1,777	16.5	2.2	1.7	20.4	9.95%	1.15%
Less than \$2 Billion	3,945	66%	1,715	18.6	2.0	0.5	21.1	10.16%	1.23%
TOTALS	4,527	68%	28,933	116.1	19.4	91.3	226.8	8.67%	0.78%

¹ The number of banks represents the number of Top Bank Holding Companies and Stand-Alone Savings & Loan and Banking Institutions.
A Bank Holding Company may have several subsidiary banks, but they are not counted individually in this figure.

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BOLI Risk-Weighted Assets Analysis

Bank Size	Number of Banks ¹	% Owning BOLI	SA Exposure (\$B)	SA RWA (\$B)	SA RWA / SA Exposure	Average Bank RW%
Greater than \$1 Trillion	6	100%	58.5	17.5	30.0%	29.8%
\$100 Billion to \$1 Trillion	27	81%	30.0	13.8	45.9%	53.8%
\$50 Billion to \$100 Billion	16	94%	3.7	3.1	83.7%	69.5%
\$10 Billion to \$50 Billion	112	80%	5.6	3.9	68.3%	82.6%
\$2 Billion to \$10 Billion	421	83%	3.4	2.8	82.6%	91.8%
Less than \$2 Billion	3,945	66%	1.7	1.6	93.9%	100.4%
Total	4,527	68%	102.9	42.7	41.4%	95.0%

Observations

- While many banks default to 100%, most large banks (\$25B+) achieve SA RW% between 20%-40%, and account for over half the total SA exposure
- Banks include Hybrid BOLI when reporting SA Exposure and SA RWA in the call report values above. MBSA does have a method for estimating the RW% of SA BOLI only (excluding Hybrid). If interested, please reach out.

Recent BOLI Transaction Counts & Totals

Movement or Transactions of \$10M or More

Time Period	Confirmed Purchases	Amount (Millions)	Likely Purchases	Amount (Millions)	Total Purchases	Amount (Millions)	Confirmed Surrenders	Amount (Millions)	Other Large Decreases	Amount (Millions)	Total Decreases	Amount (Millions)
TOTAL												
2024-Q2	3	232	12	278	15	510	2	-180	8	-183	10	-364
1-Year	12	658	56	1,410	68	2,068	15	-838	37	-2,474	52	-3,312
3-Year	75	5,743	206	7,200	281	12,943	21	-1,743	71	-3,849	92	-5,592
5-Year	163	11,303	311	9,495	474	20,798	23	-1,835	85	-4,480	108	-6,315
SA												
2024-Q2	3	232	4	65	7	297	0	0	2	-38	2	-38
1-Year	4	294	14	358	18	653	2	-248	9	-1,803	11	-2,051
3-Year	8	381	29	992	37	1,373	3	-259	20	-2,076	23	-2,335
5-Year	11	479	36	1,330	47	1,809	5	-350	25	-2,331	30	-2,681
GA												
2024-Q2	0	0	6	131	6	131	1	-143	4	-89	5	-233
1-Year	8	364	33	823	41	1,187	10	-497	17	-433	27	-929
3-Year	66	5,347	158	5,769	224	11,116	14	-1,381	28	-1,321	42	-2,702
5-Year	150	10,708	255	7,710	405	18,418	14	-1,381	37	-1,698	51	-3,079
HYBRID												
2024-Q2	0	0	2	81	2	81	1	-37	2	-56	3	-93
1-Year	0	0	9	229	9	229	3	-93	11	-239	14	-332
3-Year	1	15	19	439	20	454	4	-103	23	-451	27	-555
5-Year	2	115	20	455	22	570	4	-103	23	-451	27	-555

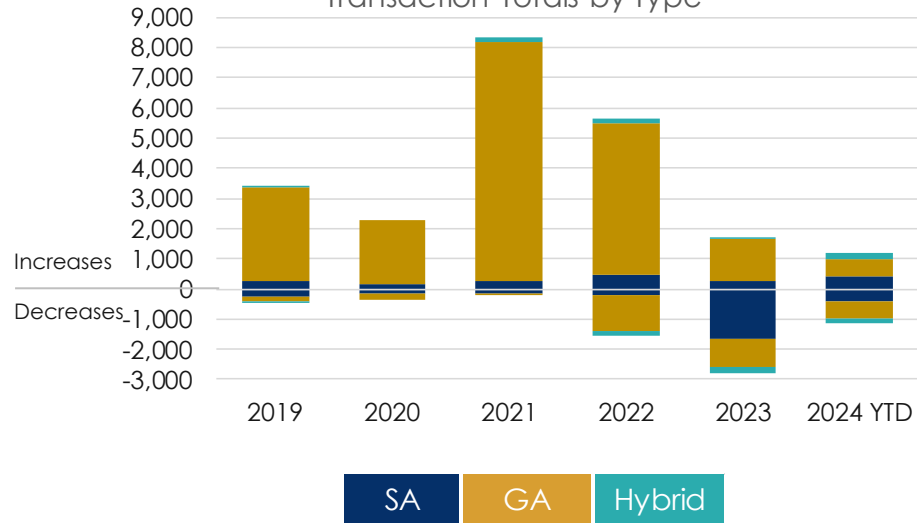
Listings of activity by institution are available upon request

Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million

Recent BOLI Transactions

Movement or Transactions of \$10M or More

Transaction Totals by Type



Activity in Millions | **Bolded** values are confirmed/noted in filings

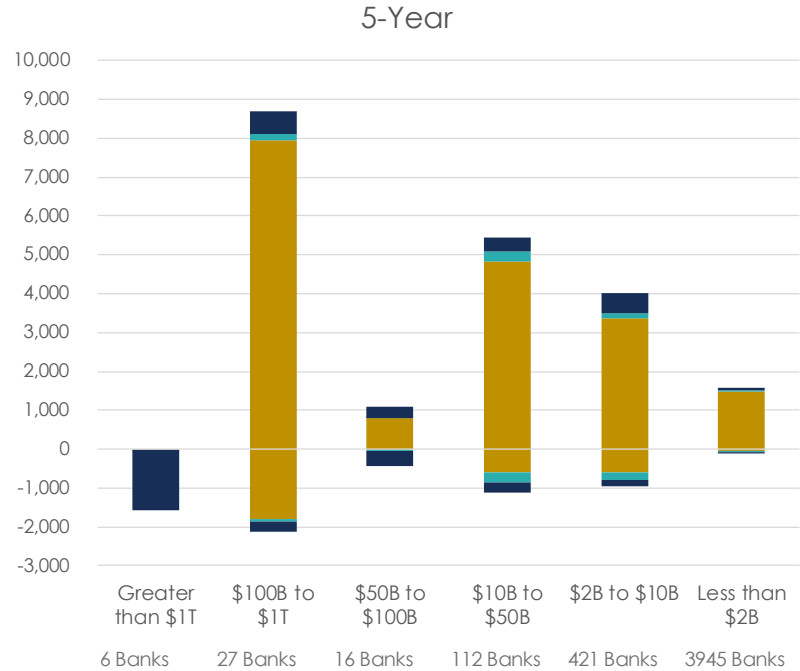
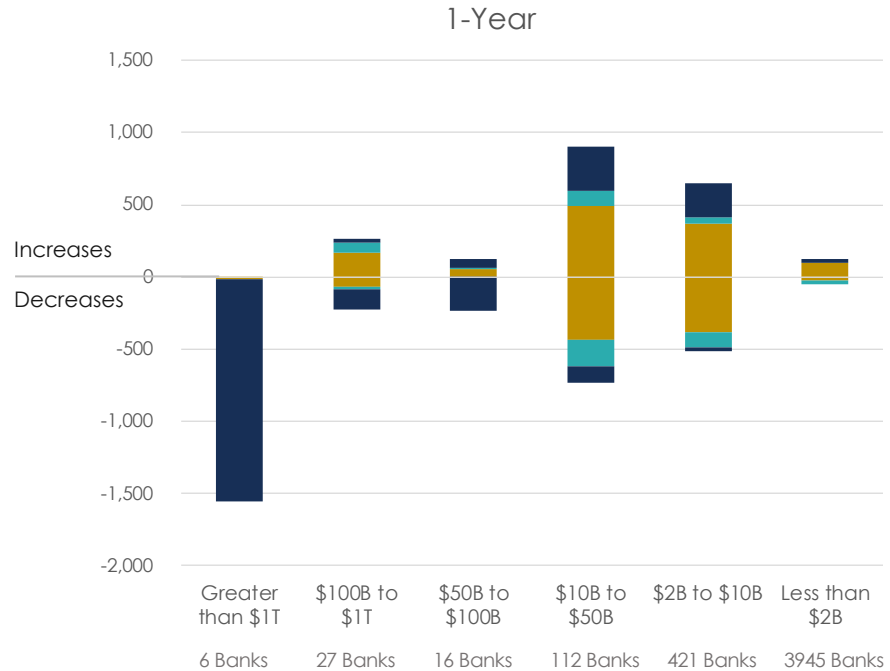
Current Quarter Notable		SA	GA	HY
2024-Q2	First Hawaiian	\$182	(\$143)	(\$37)
2024-Q2	City National Bank of Florida			\$50
2024-Q2	FirstBank		\$49	(\$46)
2024-Q2	Cass Information Systems Inc	\$13	(\$45)	\$31
2024-Q2	Valley National	(\$23)	\$26	
2024-Q2	Cadence Bank	(\$15)	\$19	
2024-Q2	Alpine Banks of Colorado	\$18	(\$16)	

Recently Notable		SA	GA	HY
2024-Q1	First Horizon	(\$215)		
2024-Q1	Truist	(\$133)	\$133	
2024-Q1	Hawaiian Electric	\$55	(\$55)	
2024-Q1	First Financial	\$53	(\$40)	(\$13)
2024-Q1	FVCbank		(\$45)	
2024-Q1&2	Green Dot	\$40	(\$40)	
2023-Q3	Wells Fargo	(\$1,230)		
2022-2023	First Citizens		(\$1,240)	

Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million

BOLI Transactions by Type and Bank Size

Movement or Transactions of \$10M or More



SA

GA

Hybrid

Listing of activity by institution are available upon request

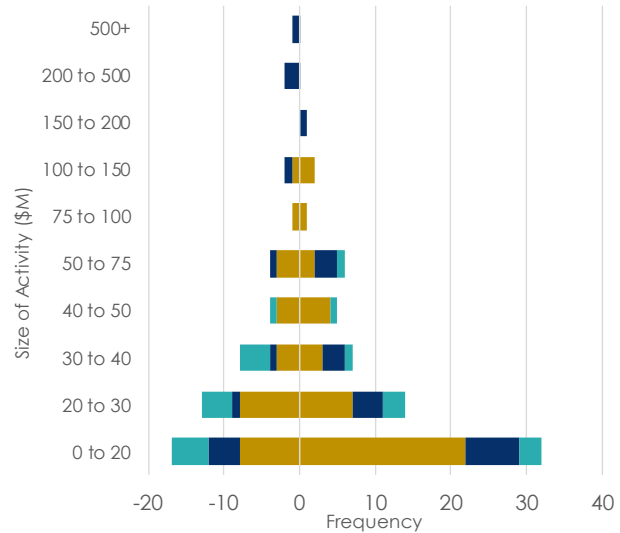
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Frequency of BOLI Transaction Sizes

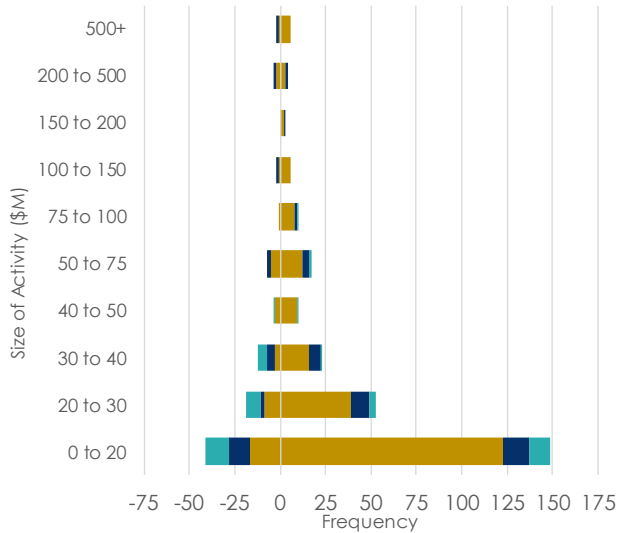
Movement or Transactions of \$10M or More

- Over the past 5 years, over 68% of transactions have been below \$30 Million, while 8% are over \$100 million

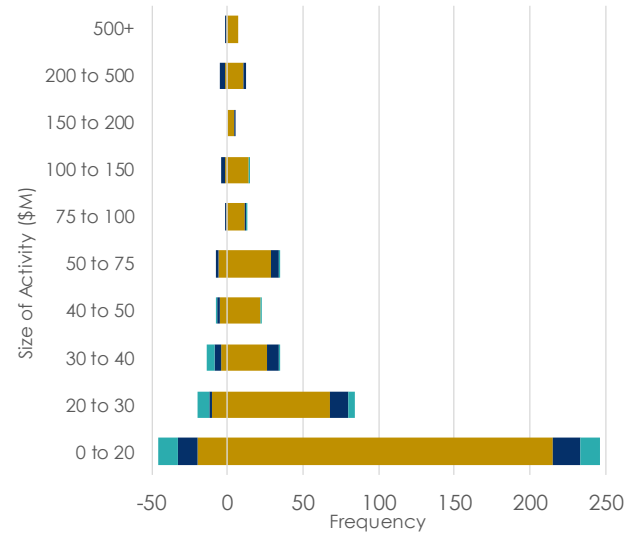
1-Year



3-Year



5-Year



Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million

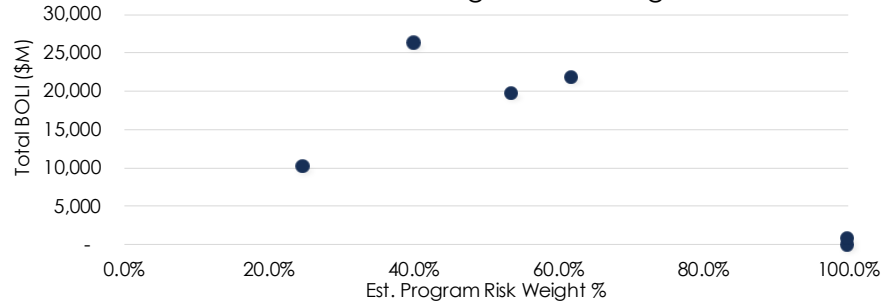
Market Analytics By Bank Size

Banks with over \$1T in Total Assets

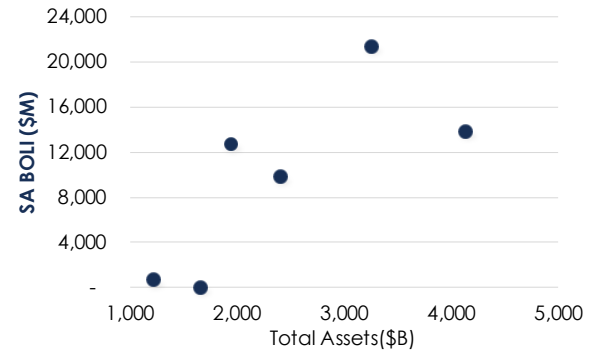
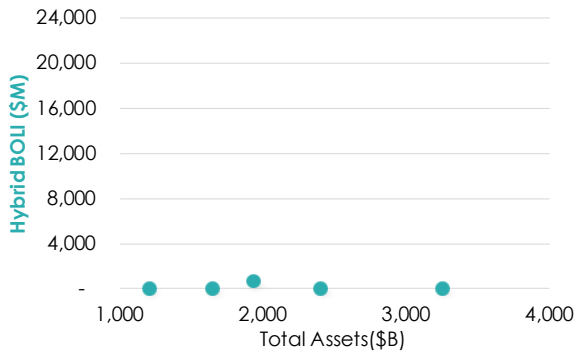
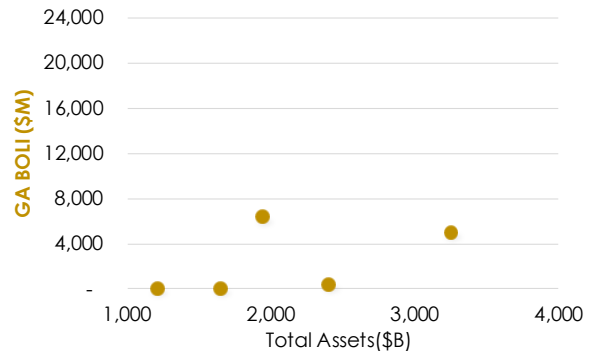
6 of 6 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
Total	19,776	663	58,373	78,812	7%
Average	3,296	111	9,729	13,135	6%
Last Q # of Increases	-	-	-	-	
Increase Total (\$M)	-	-	-	-	
Last Q # of Decreases	1	-	-	1	
Decrease Total (\$M)	(18)	-	-	(18)	

Total BOLI vs Est. Program Risk Weight



Types of BOLI by Bank Asset Size



Recent BOLI Transaction Counts & Totals

Banks with over \$1T in Total Assets

Time Period	Confirmed Purchases	Amount (Millions)	Likely Purchases	Amount (Millions)	Total Purchases	Amount (Millions)	Confirmed Surrenders	Amount (Millions)	Other Large Decreases	Amount (Millions)	Total Decreases	Amount (Millions)
TOTAL												
2024-Q2	0	0	0	0	0	0	0	0	1	-18	1	-18
1-Year	0	0	0	0	0	0	0	0	3	-1,558	3	-1,558
3-Year	0	0	0	0	0	0	0	0	3	-1,558	3	-1,558
5-Year	0	0	0	0	0	0	0	0	3	-1,558	3	-1,558
SA												
2024-Q2	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	0	0	0	0	0	0	0	0	2	-1,540	2	-1,540
3-Year	0	0	0	0	0	0	0	0	2	-1,540	2	-1,540
5-Year	0	0	0	0	0	0	0	0	2	-1,540	2	-1,540
GA												
2024-Q2	0	0	0	0	0	0	0	0	1	-18	1	-18
1-Year	0	0	0	0	0	0	0	0	1	-18	1	-18
3-Year	0	0	0	0	0	0	0	0	1	-18	1	-18
5-Year	0	0	0	0	0	0	0	0	1	-18	1	-18
HYBRID												
2024-Q2	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	0	0	0	0	0	0	0	0	0	0	0	0
3-Year	0	0	0	0	0	0	0	0	0	0	0	0
5-Year	0	0	0	0	0	0	0	0	0	0	0	0

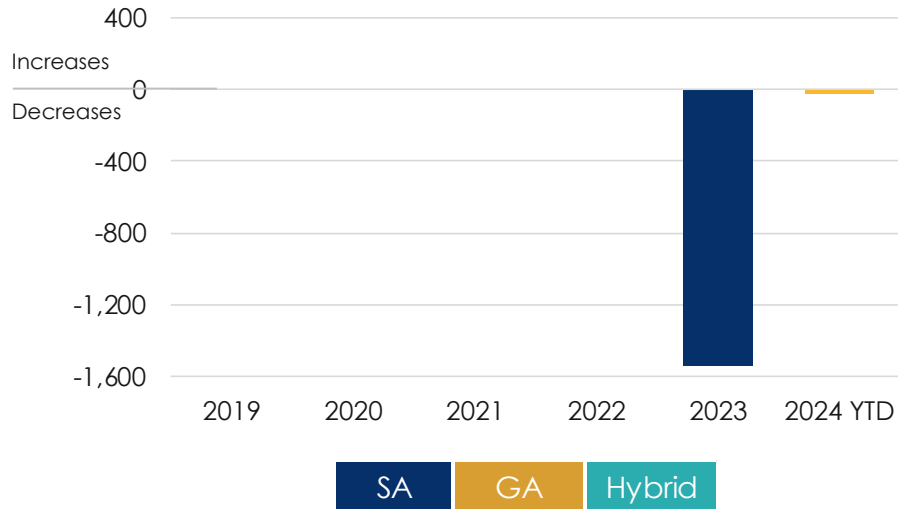
Listings of activity by institution are available upon request

Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million

Recent BOLI Transactions

Banks with over \$1T in Total Assets

Transaction Totals by Type



Activity in Millions | **Bolded** values are confirmed/noted in filings

Current Quarter

2024-Q2 Morgan Stanley

SA

GA

HY

(\$18)

Recently Notable

2023-Q4 Morgan Stanley

2023-Q3 Wells Fargo

SA

GA

HY

(\$311)

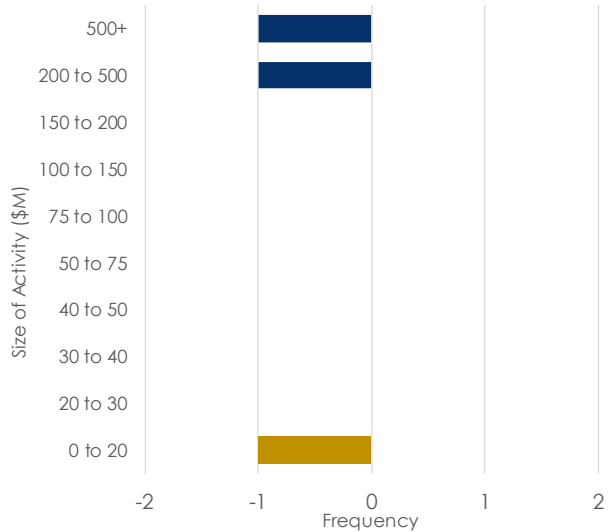
(\$1,230)

Frequency of BOLI Transaction Sizes

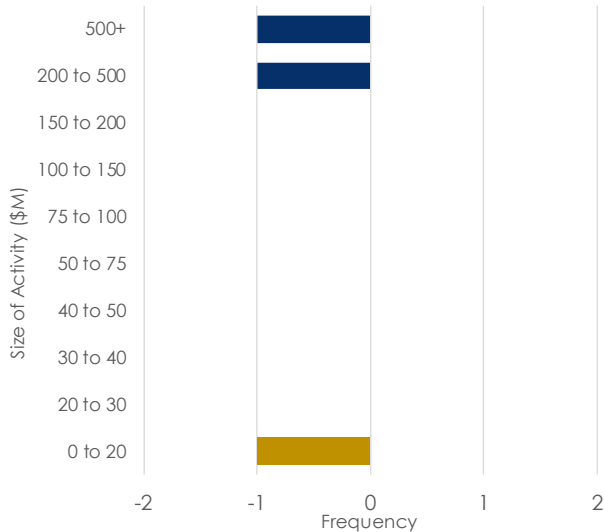
Banks with over \$1T in Total Assets

- While they own over a third of all BOLI, MBSA has only tracked 3 transactions (not related to M&A) over the last 5 years

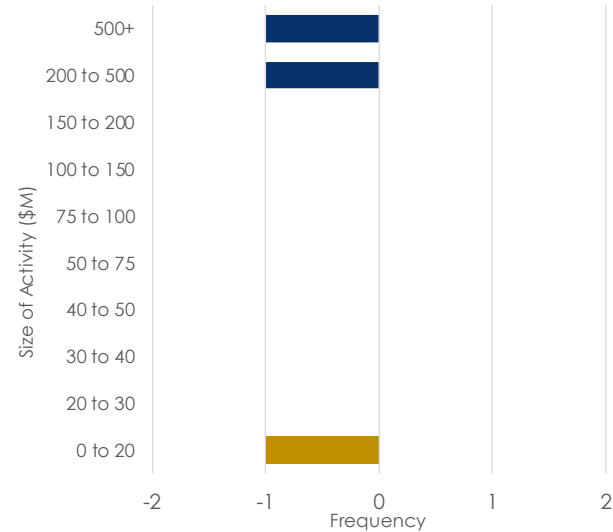
1-Year



3-Year



5-Year



Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million

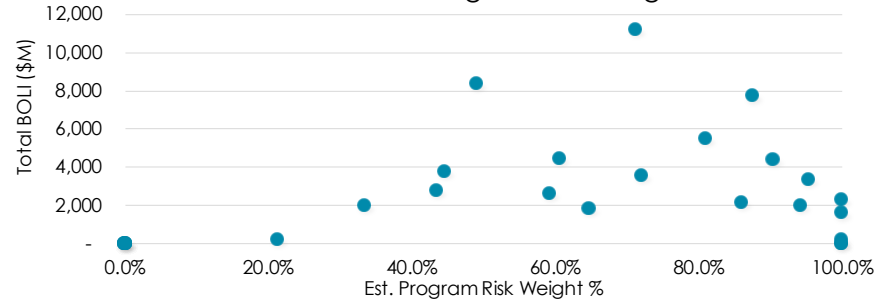
Market Analytics By Bank Size

Banks with \$100B to \$1T in Total Assets

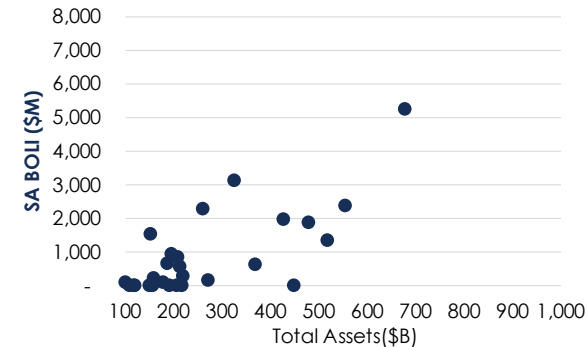
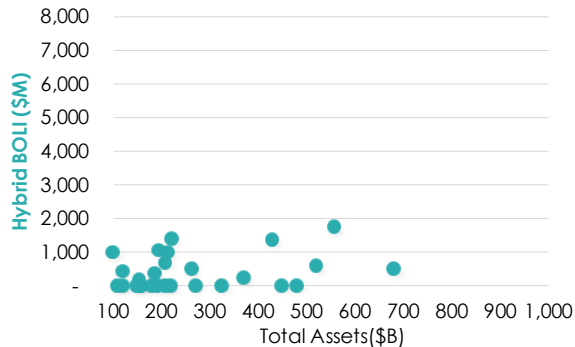
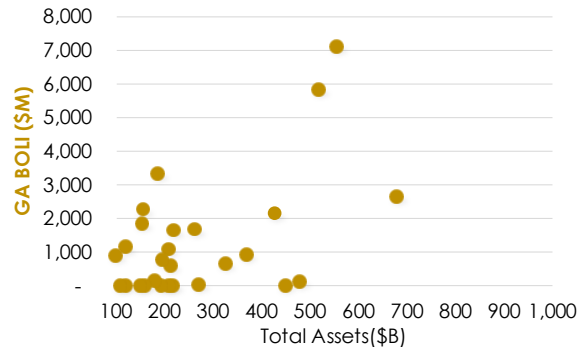
22 of 27 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
Total	34,976	11,101	24,096	70,172	10%
Average	1,295	411	892	2,599	10%
Last Q # of Increases	-	-	-	-	
Increase Total (\$M)	-	-	-	-	
Last Q # of Decreases	-	-	-	-	
Decrease Total (\$M)	-	-	-	-	

Total BOLI vs Est. Program Risk Weight



Types of BOLI by Bank Asset Size



Recent BOLI Transaction Counts & Totals

Banks with \$100B to \$1T in Total Assets

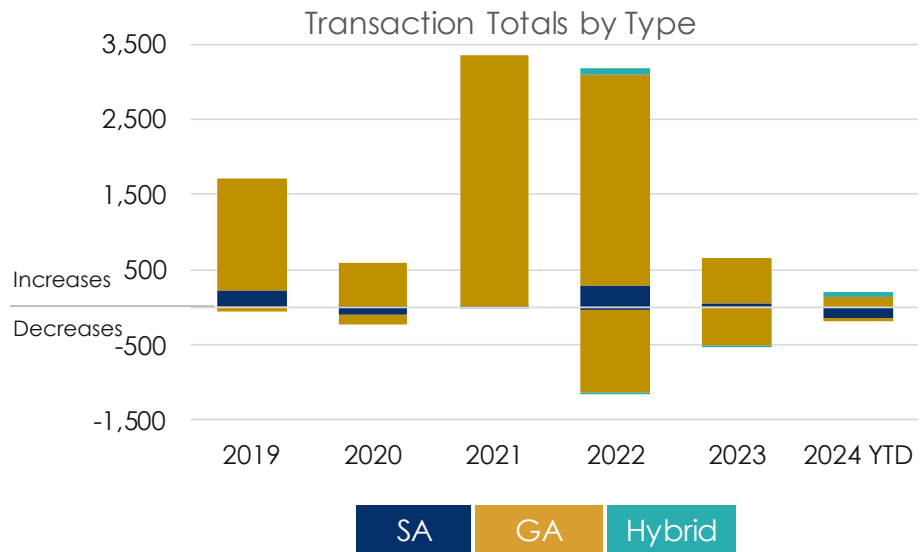
Time Period	Confirmed Purchases	Amount (Millions)	Likely Purchases	Amount (Millions)	Total Purchases	Amount (Millions)	Confirmed Surrenders	Amount (Millions)	Other Large Decreases	Amount (Millions)	Total Decreases	Amount (Millions)
TOTAL												
2024-Q2	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	1	10	5	252	6	262	0	0	5	-222	5	-222
3-Year	11	3,434	12	2,716	23	6,150	2	-815	9	-1,036	11	-1,851
5-Year	21	5,773	13	2,921	34	8,694	2	-815	13	-1,320	15	-2,135
SA												
2024-Q2	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	0	0	1	23	1	23	0	0	1	-133	1	-133
3-Year	2	52	3	295	5	347	0	0	2	-170	2	-170
5-Year	4	90	4	500	8	590	0	0	4	-274	4	-274
GA												
2024-Q2	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	1	10	2	160	3	170	0	0	3	-66	3	-66
3-Year	9	3,382	6	2,270	15	5,652	2	-815	5	-820	7	-1,635
5-Year	17	5,683	6	2,270	23	7,952	2	-815	7	-1,000	9	-1,815
HYBRID												
2024-Q2	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	0	0	2	70	2	70	0	0	1	-22	1	-22
3-Year	0	0	3	151	3	151	0	0	2	-46	2	-46
5-Year	0	0	3	151	3	151	0	0	2	-46	2	-46

Listings of activity by institution are available upon request

Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million

Recent BOLI Transactions

Banks with \$100B to \$1T in Total Assets



Activity in Millions | **Bolded** values are confirmed/noted in filings

Current Quarter

SA

GA

HY

2024-Q2 [None Recorded]

Recently Notable

SA

GA

HY

2024-Q1 Truist

(\$133)

\$133

2024-Q1 Citizens Financial

(\$23)

\$43

2023-Q4 New York Community Bcorp

\$27

(\$22)

2023-Q3 BMO

\$23

(\$23)

2023-Q2 First Citizens

(\$427)

2023-Q1 First Citizens

(\$55)

2023-Q1 First Republic

\$25

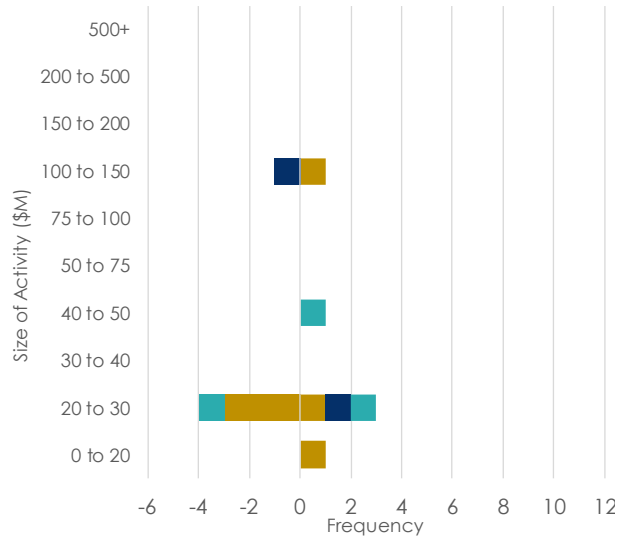
\$575

Frequency of BOLI Transaction Sizes

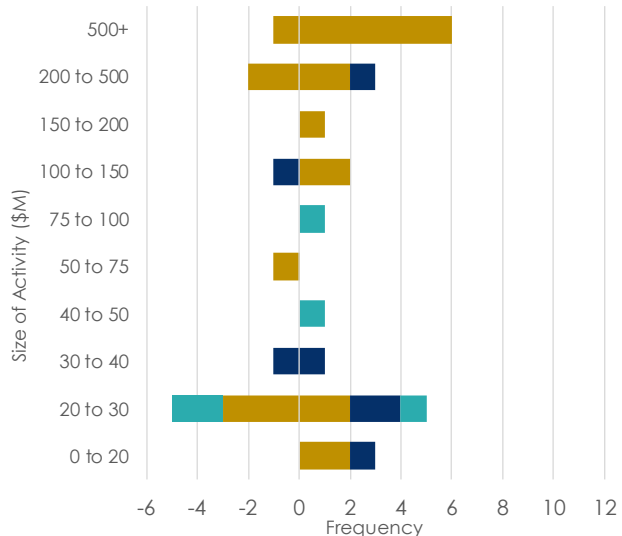
Banks with \$100B to \$1T in Total Assets

- Many recent deals for large banks have been over \$200 million, including six over \$500 million

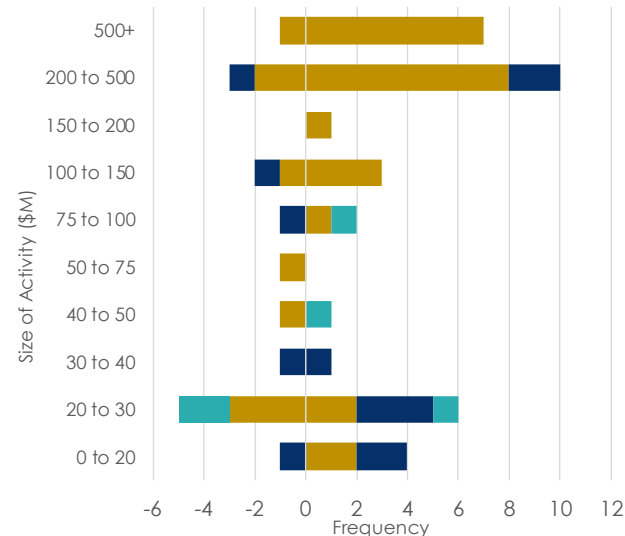
1-Year



3-Year



5-Year



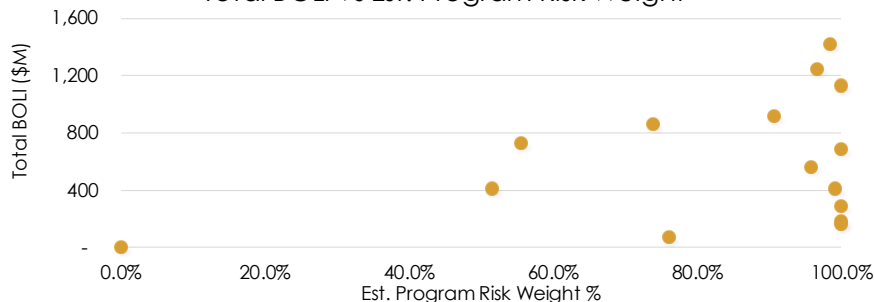
Market Analytics By Bank Size

Banks with \$50B to \$100B in Total Assets

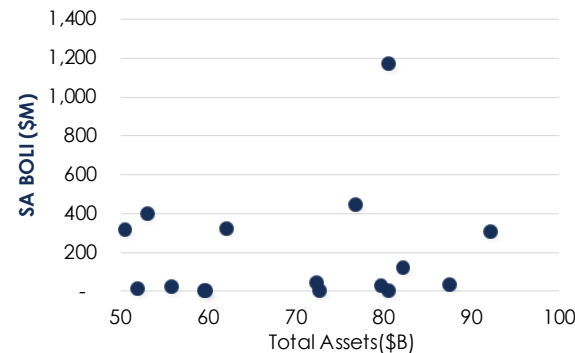
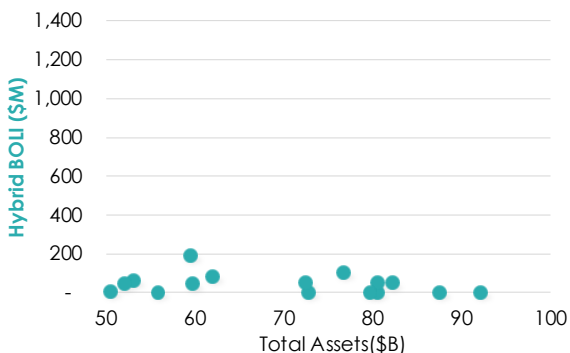
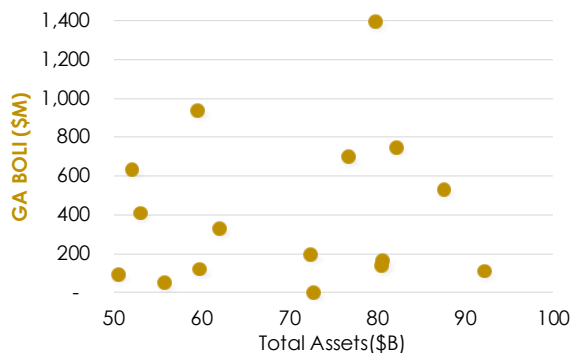
15 of 16 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
Total	6,515	670	3,204	10,389	9%
Average	407	42	200	649	9%
Last Q # of Increases	1	-	-	1	
Increase Total (\$M)	26	-	-	26	
Last Q # of Decreases	-	-	1	1	
Decrease Total (\$M)	-	-	(23)	(23)	

Total BOLI vs Est. Program Risk Weight



Types of BOLI by Bank Asset Size



Recent BOLI Transaction Counts & Totals

Banks with \$50B to \$100B in Total Assets

Time Period	Confirmed Purchases	Amount (Millions)	Likely Purchases	Amount (Millions)	Total Purchases	Amount (Millions)	Confirmed Surrenders	Amount (Millions)	Other Large Decreases	Amount (Millions)	Total Decreases	Amount (Millions)
TOTAL												
2024-Q2	0	0	1	26	1	26	0	0	1	-23	1	-23
1-Year	1	28	4	96	5	124	1	-215	1	-23	2	-238
3-Year	2	178	10	269	12	447	1	-215	4	-93	5	-308
5-Year	6	638	17	443	23	1,082	1	-215	6	-228	7	-443
SA												
2024-Q2	0	0	0	0	0	0	0	0	1	-23	1	-23
1-Year	0	0	2	58	2	58	1	-215	1	-23	2	-238
3-Year	0	0	4	147	4	147	1	-215	2	-52	3	-267
5-Year	0	0	10	280	10	280	1	-215	4	-187	5	-402
GA												
2024-Q2	0	0	1	26	1	26	0	0	0	0	0	0
1-Year	1	28	1	26	2	54	0	0	0	0	0	0
3-Year	2	178	5	110	7	288	0	0	0	0	0	0
5-Year	6	638	6	151	12	789	0	0	0	0	0	0
HYBRID												
2024-Q2	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	0	0	1	12	1	12	0	0	0	0	0	0
3-Year	0	0	1	12	1	12	0	0	2	-41	2	-41
5-Year	0	0	1	12	1	12	0	0	2	-41	2	-41

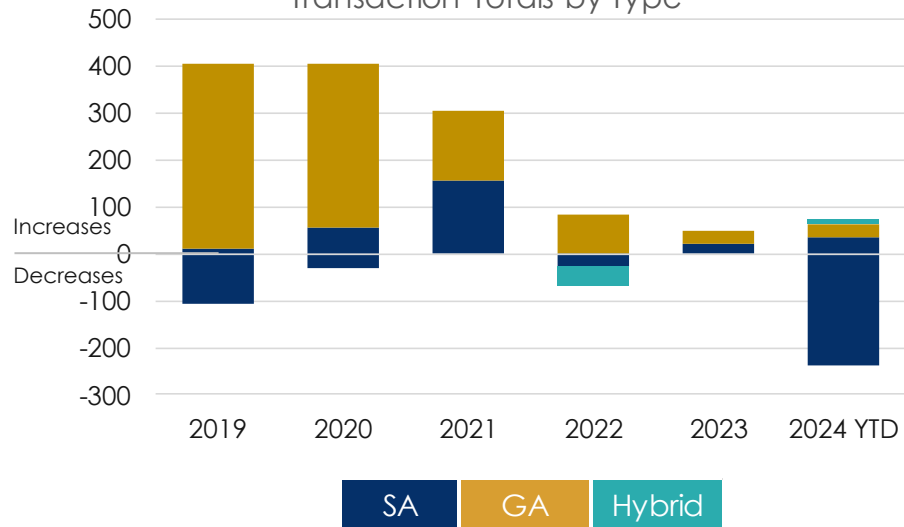
Listings of activity by institution are available upon request

Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million

Recent BOLI Transactions

Banks with \$50B to \$100B in Total Assets

Transaction Totals by Type



Activity in Millions | **Bolded** values are confirmed/noted in filings

Current Quarter

2024-Q2 Valley National

SA (\$23)

GA \$26

HY

Recently Notable

2024-Q1 First Horizon

SA (\$215)

2024-Q1 City National

SA \$36

2024-Q1 Synovus

HY \$12

2023-Q4 Columbia Banking

GA \$28

2023-Q4 City National

SA \$22

2022-Q4 City National

GA \$14

2022-Q4 Synovus

GA \$10

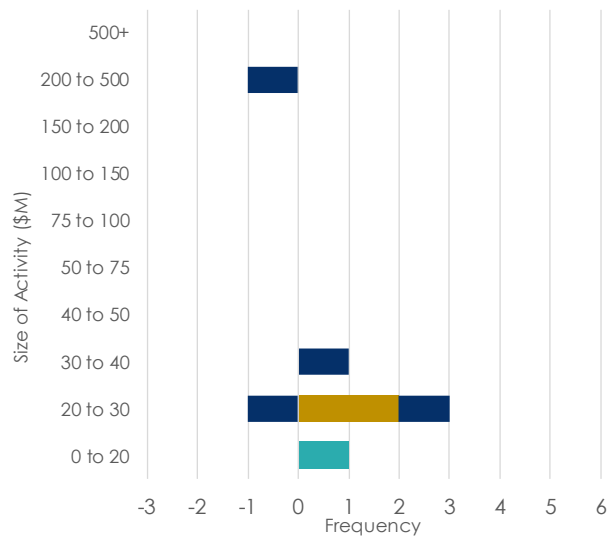
HY (\$10)

Frequency of BOLI Transaction Sizes

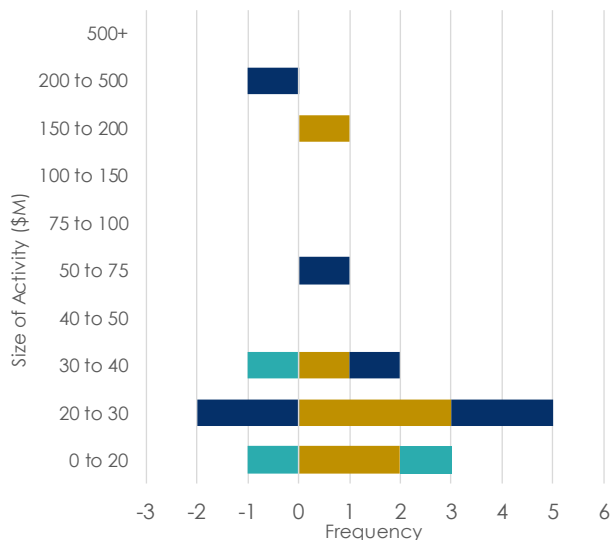
Banks with \$50B to \$100B in Total Assets

- Recent purchases have been fairly spread out in overall size

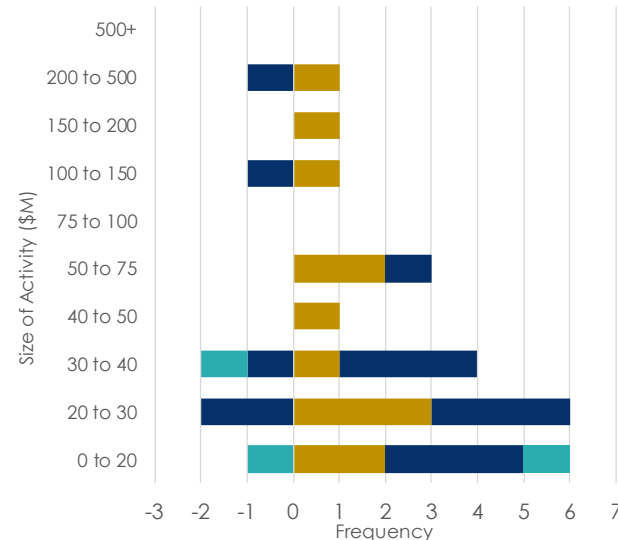
1-Year



3-Year



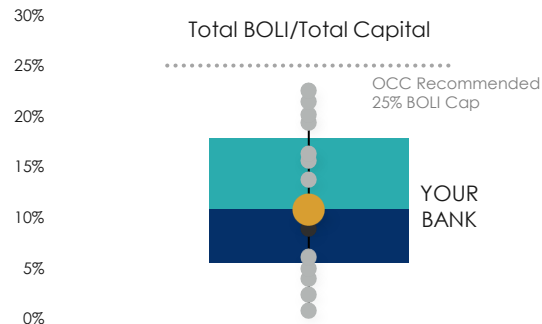
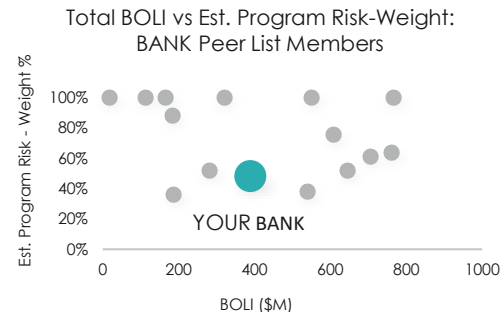
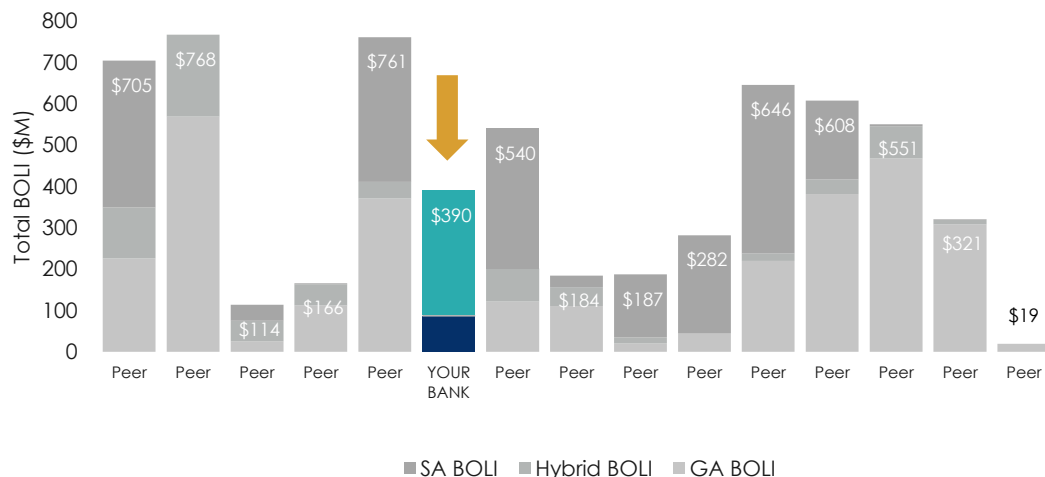
5-Year



Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million

CUSTOM PEER BANK REPORTS

- ✓ **Customizable**— Create your peer group & choose which banks to include
- ✓ **Risk Management**— Extensive peer BOLI monitoring
- ✓ **Comprehensive Updates**— Quarterly review of BOLI market activity



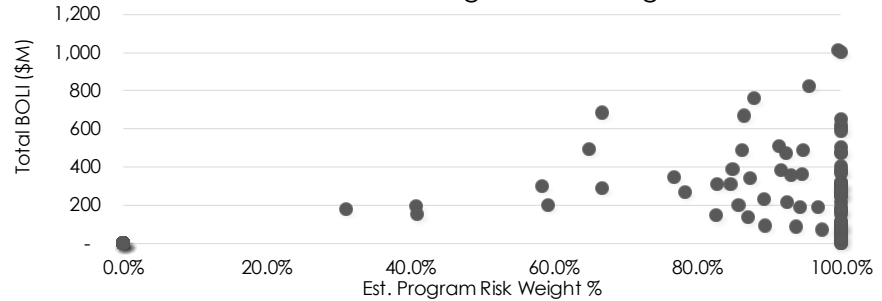
Market Analytics By Bank Size

Banks with \$10B to \$50B in Total Assets

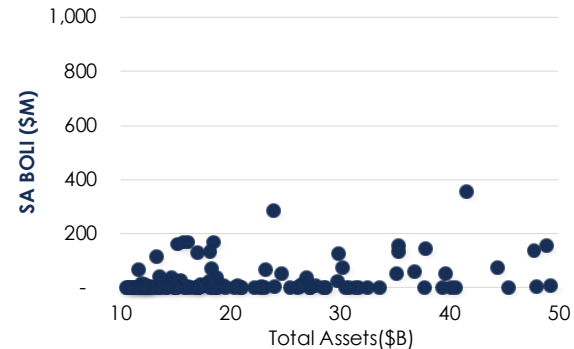
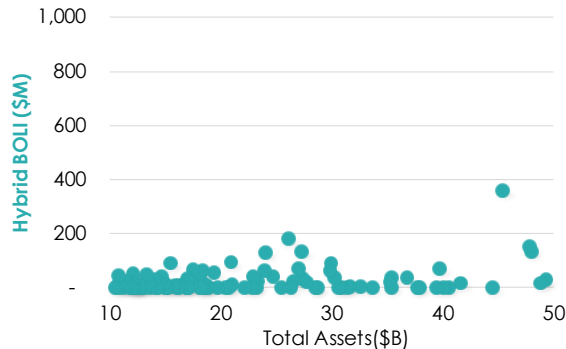
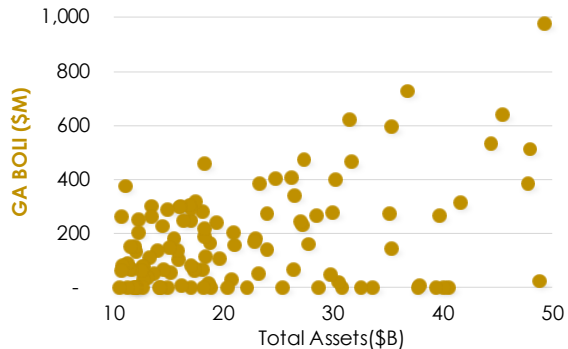
90 of 112 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
Total	19,671	2,796	3,435	25,901	9%
Average	176	25	31	231	68%
Last Q # of Increases	2	1	2	5	
Increase Total (\$M)	68	50	193	311	
Last Q # of Decreases	2	2	1	5	
Decrease Total (\$M)	(154)	(83)	(15)	(252)	

Total BOLI vs Est. Program Risk Weight



Types of BOLI by Bank Asset Size



Recent BOLI Transaction Counts & Totals

Banks with \$10B to \$50B in Total Assets

Time Period	Confirmed Purchases	Amount (Millions)	Likely Purchases	Amount (Millions)	Total Purchases	Amount (Millions)	Confirmed Surrenders	Amount (Millions)	Other Large Decreases	Amount (Millions)	Total Decreases	Amount (Millions)
TOTAL												
2024-Q2	2	193	3	118	5	311	2	-180	3	-72	5	-252
1-Year	4	395	16	511	20	906	6	-324	14	-406	20	-730
3-Year	23	1,326	45	1,750	68	3,076	7	-379	25	-582	32	-962
5-Year	48	3,014	61	2,422	109	5,436	9	-471	28	-645	37	-1,116
SA												
2024-Q2	2	193	0	0	2	193	0	0	1	-15	1	-15
1-Year	2	193	2	117	4	310	1	-33	3	-80	4	-113
3-Year	2	193	5	163	7	356	1	-33	5	-126	6	-159
5-Year	2	193	5	163	7	356	3	-125	6	-141	9	-266
GA												
2024-Q2	0	0	2	68	2	68	1	-143	1	-10	2	-154
1-Year	2	202	10	288	12	490	3	-232	6	-205	9	-438
3-Year	21	1,133	34	1,442	55	2,575	4	-287	9	-252	13	-539
5-Year	45	2,721	50	2,113	95	4,835	4	-287	11	-300	15	-587
HYBRID												
2024-Q2	0	0	1	50	1	50	1	-37	1	-46	2	-83
1-Year	0	0	4	106	4	106	2	-59	5	-120	7	-180
3-Year	0	0	6	146	6	146	2	-59	11	-205	13	-264
5-Year	1	100	6	146	7	246	2	-59	11	-205	13	-264

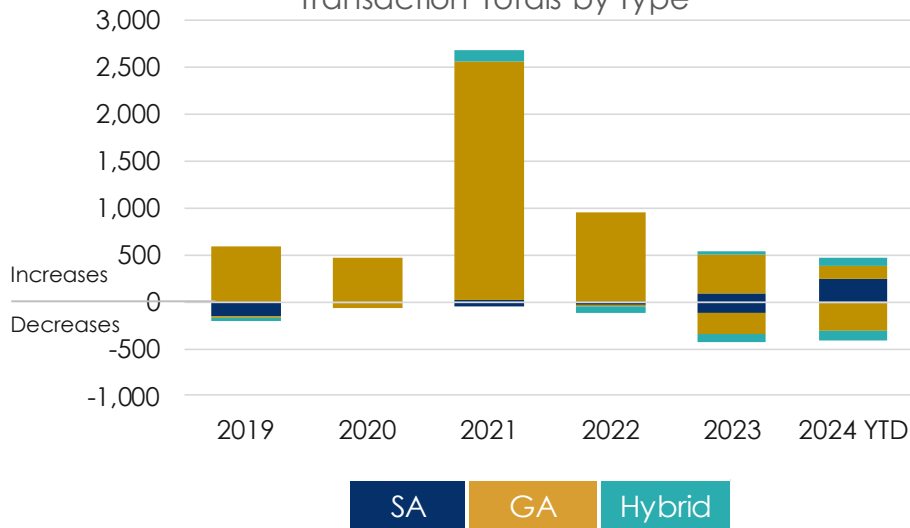
Listings of activity by institution are available upon request

Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million

Recent BOLI Transactions

Banks with \$10B to \$50B in Total Assets

Transaction Totals by Type



Activity in Millions | **Bolded** values are confirmed/noted in filings

Current Quarter		SA	GA	HY
2024-Q2	First Hawaiian	\$182	(\$143)	(\$37)
2024-Q2	City National Bank of Florida			\$50
2024-Q2	FirstBank		\$49	(\$46)
2024-Q2	Cadence Bank	(\$15)	\$19	
2024-Q2	Hawaiian Electric Industries	\$10		

Recently Notable		SA	GA	HY
2024-Q1	First Financial Bcorp	\$53	(\$40)	(\$13)
2024-Q1	Hawaiian Electric	\$55	(\$53)	
2024-Q1	BankUnited		(\$33)	
2024-Q1	Southstate Corp		(\$20)	\$26
2023-Q4	WSFS Financial Corp		(\$67)	
2023-Q2	Customer Bancorp		(\$55)	
2022-Q2	Ameris		\$50	

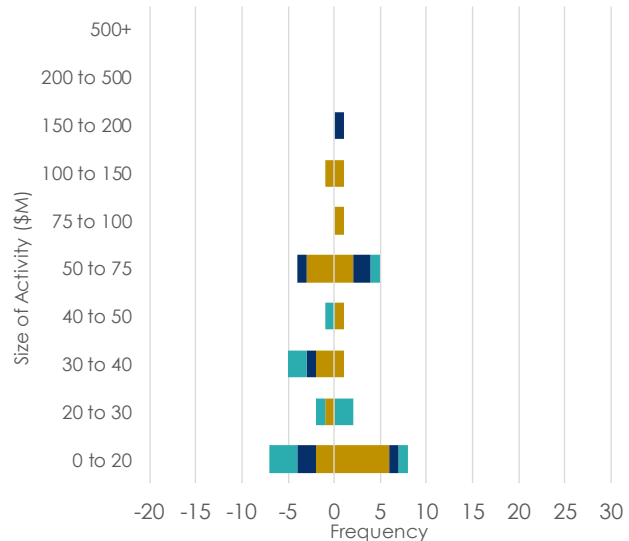
Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million

Frequency of BOLI Transaction Sizes

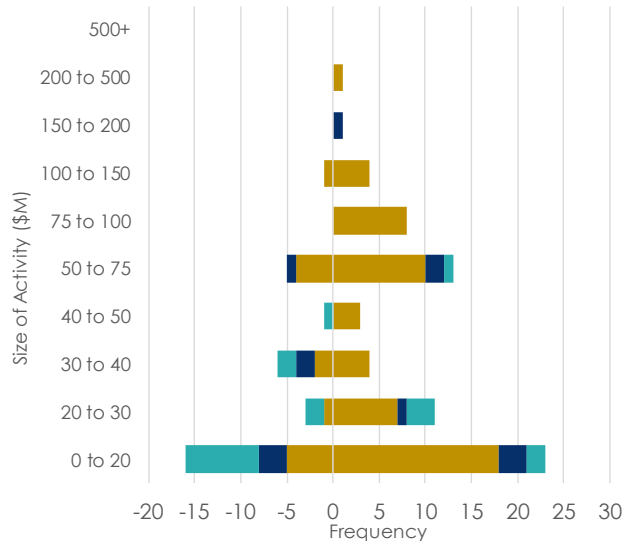
Banks with \$10B to \$50B in Total Assets

- Most purchases for these sized banks have been under \$75 million, and many a reverse action from a decrease of another type of BOLI

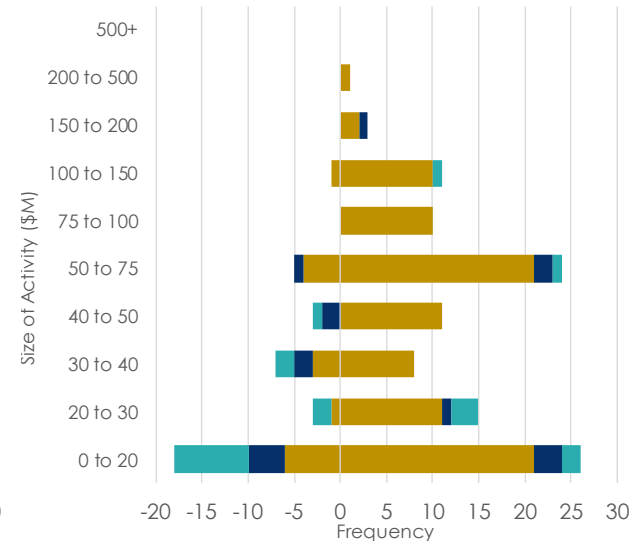
1-Year



3-Year



5-Year



Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million

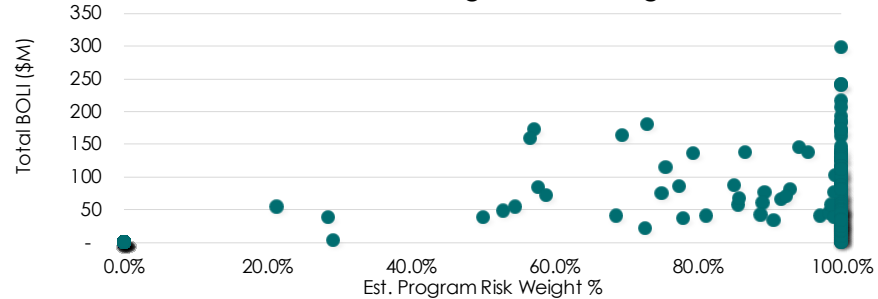
Market Analytics By Bank Size

Banks with \$2B to \$10B in Total Assets

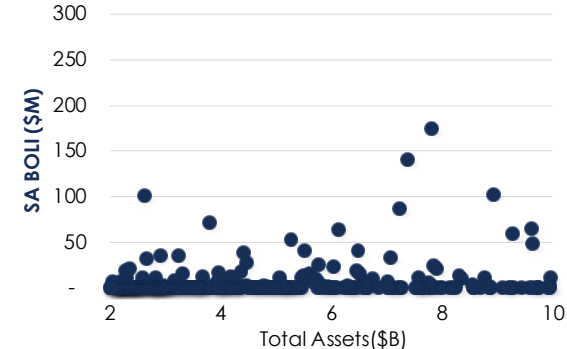
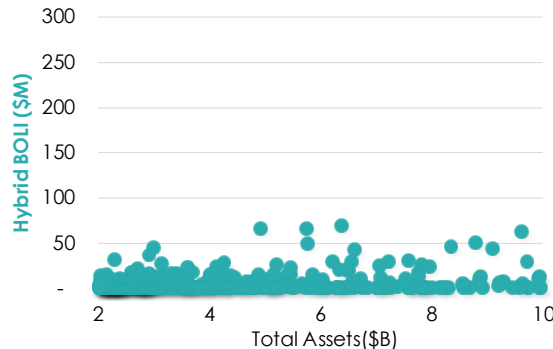
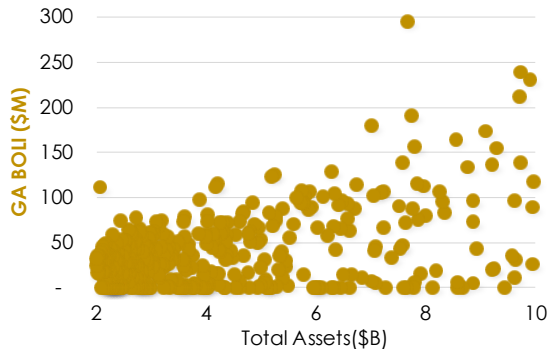
351 of 421 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
Total	14,707	2,013	1,665	18,384	10%
Average	44	6	5	55	11%
Last Q # of Increases	2	1	4	7	
Increase Total (\$M)	27	31	83	141	
Last Q # of Decreases	2	1	-	3	
Decrease Total (\$M)	(61)	(10)	-	(71)	

Total BOLI vs Est. Program Risk Weight



Types of BOLI by Bank Asset Size



Recent BOLI Transaction Counts & Totals

Banks with \$2B to \$10B in Total Assets

Time Period	Confirmed Purchases	Amount (Millions)	Likely Purchases	Amount (Millions)	Total Purchases	Amount (Millions)	Confirmed Surrenders	Amount (Millions)	Other Large Decreases	Amount (Millions)	Total Decreases	Amount (Millions)
TOTAL												
2024-Q2	1	40	6	101	7	141	0	0	3	-71	3	-71
1-Year	5	190	25	462	30	652	8	-298	11	-219	19	-517
3-Year	36	750	80	1,614	116	2,364	11	-334	23	-486	34	-820
5-Year	76	1,707	118	2,297	194	4,003	11	-334	28	-635	39	-969
SA												
2024-Q2	1	40	3	43	4	83	0	0	0	0	0	0
1-Year	2	102	8	138	10	240	0	0	2	-26	2	-26
3-Year	4	137	14	326	18	463	1	-11	8	-178	9	-189
5-Year	5	197	14	326	19	523	1	-11	8	-178	9	-189
GA												
2024-Q2	0	0	2	27	2	27	0	0	2	-61	2	-61
1-Year	3	89	15	283	18	372	7	-265	5	-118	12	-383
3-Year	31	598	59	1,177	90	1,776	8	-279	8	-171	16	-450
5-Year	70	1,495	97	1,860	167	3,355	8	-279	13	-320	21	-599
HYBRID												
2024-Q2	0	0	1	31	1	31	0	0	1	-10	1	-10
1-Year	0	0	2	41	2	41	1	-34	4	-74	5	-108
3-Year	1	15	7	110	8	125	2	-44	7	-137	9	-181
5-Year	1	15	7	110	8	125	2	-44	7	-137	9	-181

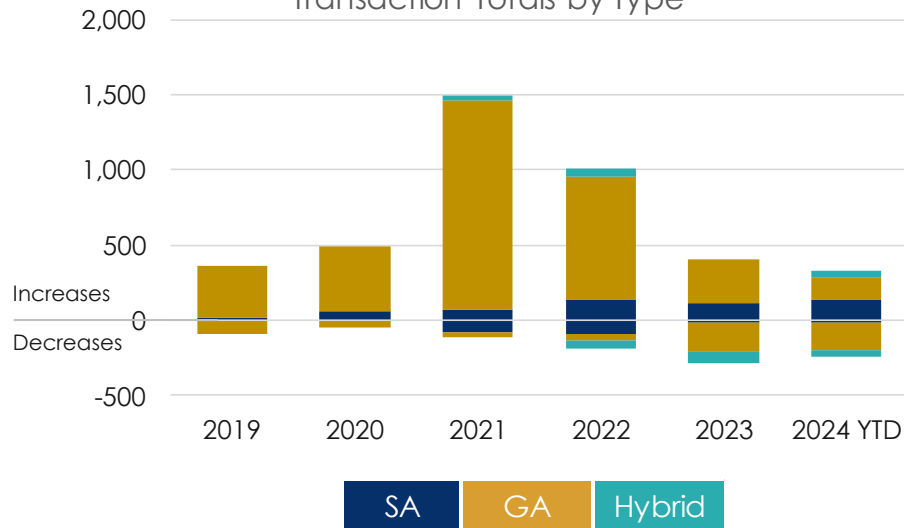
Listings of activity by institution are available upon request

Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million

Recent BOLI Transactions

Banks with \$2B to \$10B in Total Assets

Transaction Totals by Type



Activity in Millions | **Bolded** values are confirmed/noted in filings

Current Quarter		SA	GA	HY
2024-Q2	Cass Information Systems Inc	\$13	(\$45)	\$31
2024-Q2	Green Dot	\$40		
2024-Q2	Alpine Banks of Colorado	\$18	(\$16)	
2024-Q2	Centreville Bank		\$17	
2024-Q2	Cambridge Financial Group Inc	\$12		(\$10)
2024-Q2	First Carolina		\$11	

Recently Notable		SA	GA	HY
2024-Q1	FVCbank		(\$45)	
2024-Q1	Green Dot Corp		(\$40)	
2024-Q1	Kearny		\$40	
2024-Q1	Central Pacific	\$36	(\$24)	
2024-Q1	Hometrust Bancshares		\$22	(\$22)
2024-Q1	Cambridge Financial Group	\$14	(\$21)	\$10
2023-Q4	Horizon		(\$78)	(\$34)
2023-Q4	Financial Institutions	\$62	(\$43)	

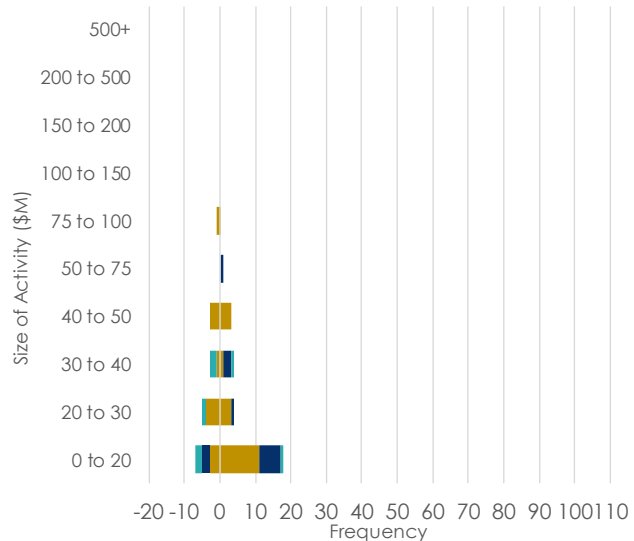
Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million

Frequency of BOLI Transaction Sizes

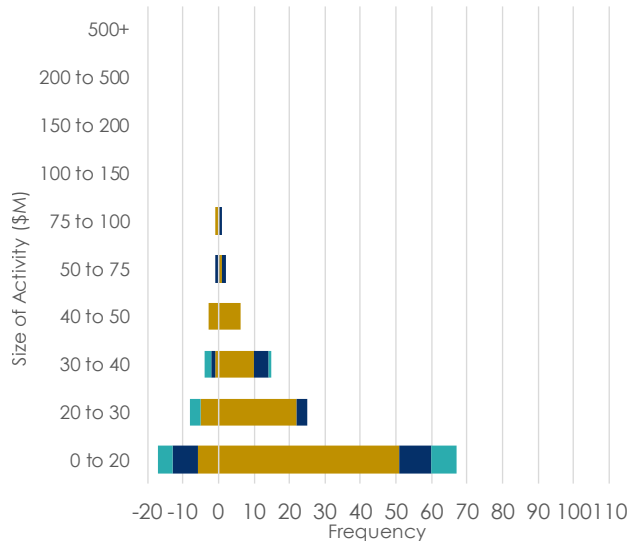
Banks with \$2B to \$10B in Total Assets

- This bank tier has only seen one recent purchase over \$75 million, with the majority under \$30 million
- Purchase activity increased significantly in 2021 compared to 2018-2020, but slowed again in 2023

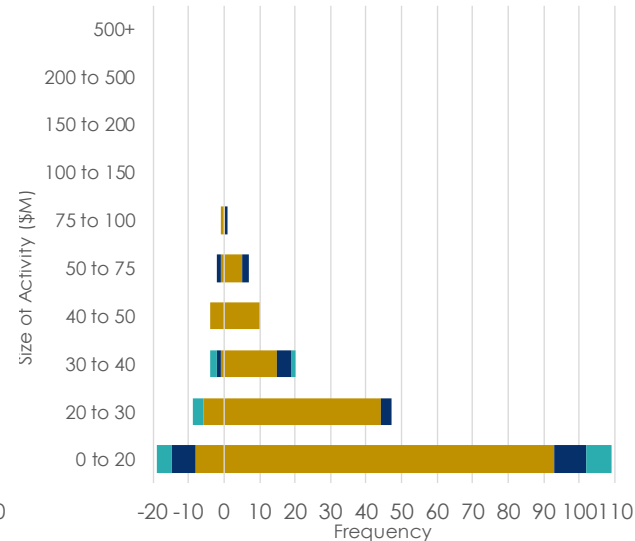
1-Year



3-Year



5-Year



Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million

BOLI Industry Allocations & Analytics

MBSA BOLI Industry Allocations Study

Our ongoing study attempts to track how SA BOLI is allocated over time

Gathered SA BOLI AUM data is categorized into portfolio types

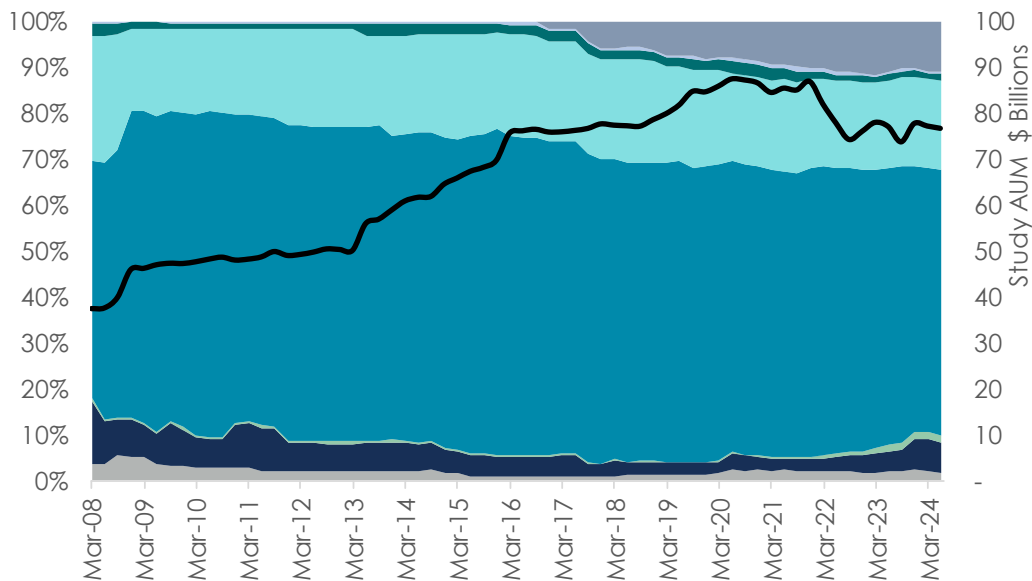
- Capital Efficient / Multi-Sector / Target RW
- High Yield
- Credit
- Core Fixed Income
- MBS / Securitized (ABS / CMBS)
- CLO / Bank Loan
- Short Duration
- Government

Portfolio types represent full portfolio MVs and do not look through to the holdings sector weights

Currently comprises \$80 billion – a massive share of the industry

SA BOLI Industry Allocations

SA BOLI Allocations Over Time



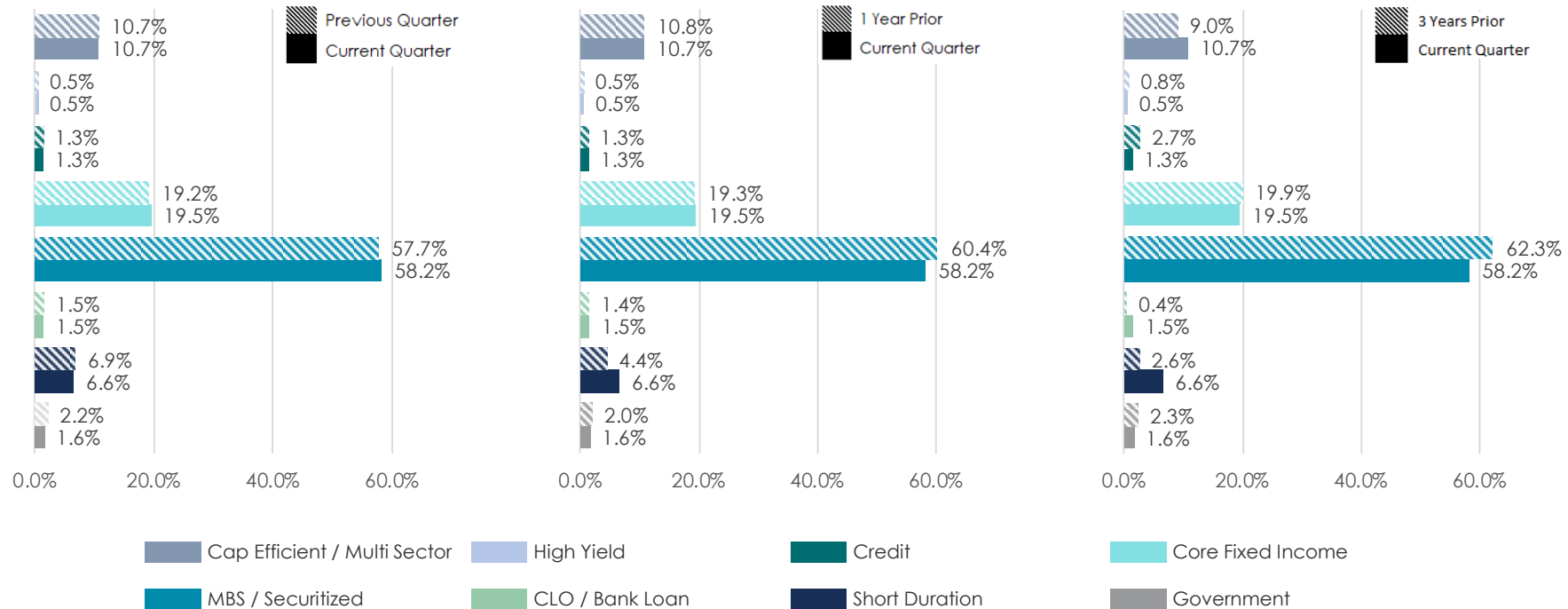
2024-Q2 Weights

Cap Efficient / Multi Sector	10.7%
High Yield	0.5%
Credit	1.3%
Core Fixed Income	19.5%
MBS / Securitized	58.2%
CLO / Bank Loan	1.5%
Short Duration	6.6%
Government	1.6%

— Black line (right axis) shows aggregate assets comprised in our study (number of participants have grown over time)

The aggregate assets black line decreases in 2022 due to the study's assets reported at MV which suffered losses while wrapped BOLI is reported as BV on Bank Call Reports

Recent Allocation Changes



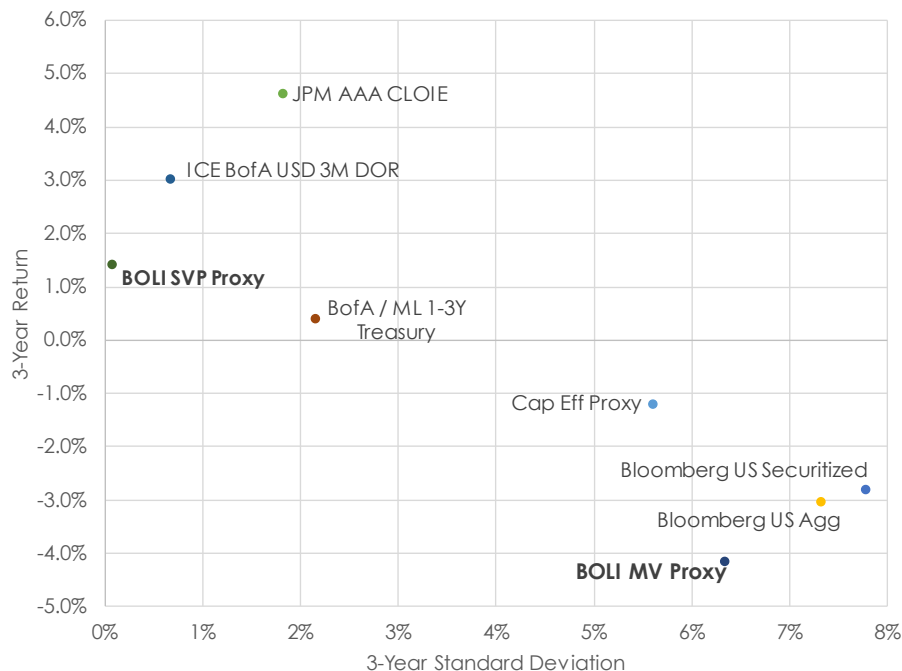
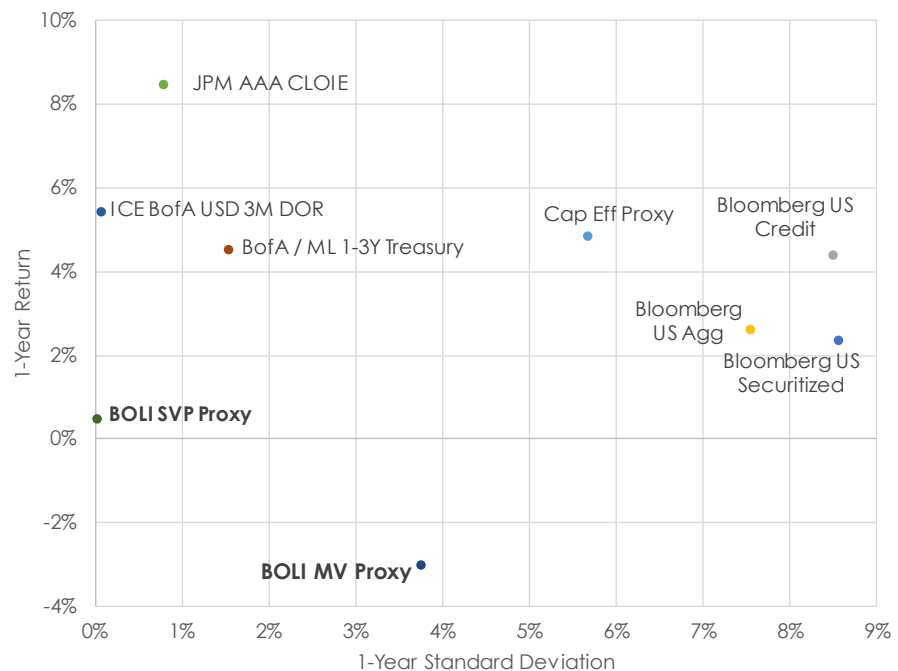
Investment Performance Proxy

Using common benchmarks for the categories, a proxy for the industry's SA Q2 MV performance is estimated at 0.28%

	Benchmark	Quarter	1-Year	3-Year	5-Year	Weights
Cap Efficient / Multi Sector	[Proxied by a sector blend]	0.54%	4.88%	-0.22%	1.43%	11.77%
High Yield	Bloomberg High Yield	1.16%	9.38%	1.39%	3.44%	0.50%
Credit	Bloomberg US Credit	-0.05%	4.42%	-2.94%	0.54%	1.25%
Core Fixed Income	Bloomberg US Agg	0.07%	2.63%	-3.02%	-0.23%	18.77%
MBS / Securitized	Bloomberg US Securitized	0.12%	2.38%	-2.81%	-0.63%	56.06%
CLO / Bank Loan	CLOE Index	1.77%	8.48%	4.63%	3.78%	1.47%
Short Duration	ICE BofA USD 3M DOR	1.30%	5.44%	3.01%	2.27%	8.66%
Government	BofA / ML 1-3Y Treasury	0.94%	4.53%	0.40%	1.06%	1.52%
Industry Proxy MV Performance using rolling weights:		0.28%	3.03%	-2.21%	-0.08%	
Industry Proxy Stable Value Performance:		0.59%	2.13%	1.96%	2.17%	

Stable Value performance represents book value growth of the industry proxy under a standard crediting rate formula beginning (MV=BV) in 2013

1 & 3-Year Risk/Return Plots with BOLI



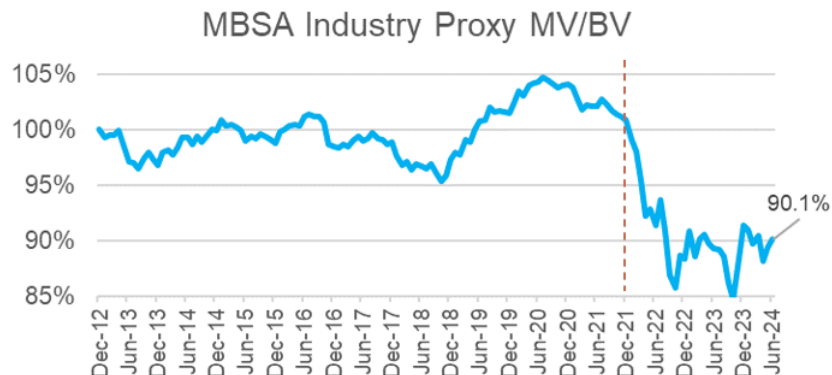
Data as of 2024-Q2

Industry MV/BV Ratio Developments

Ratios decreased sharply in April and a May through June rebound wasn't enough to bring the QoQ change positive. Overall, ratios decreased ~0.4% from Q1 to Q2.

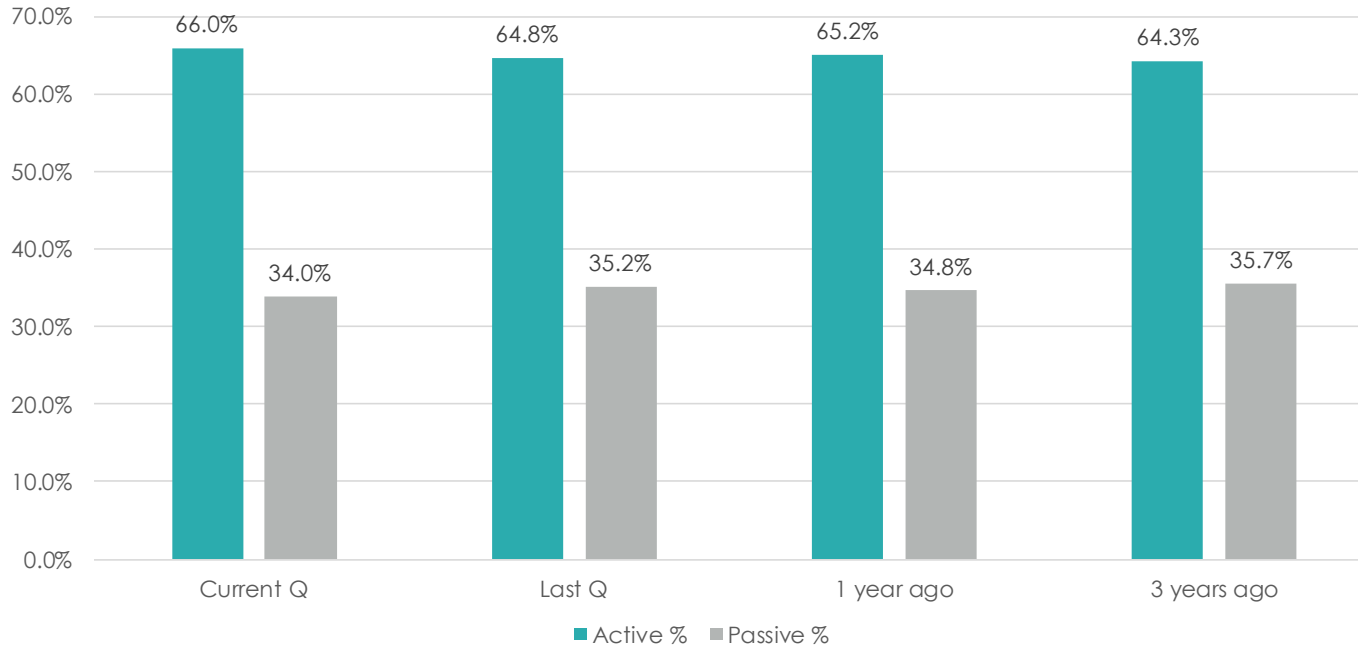
- MBSA began compiling market value and book value data to monitor the overall MV/BV ratios of BOLI allocations
 - ❖ As of Q2, the total MV in the carrier aggregate values was ~\$51 billion
- Additionally, using our proxy MV and BV performance monitoring from the prior pages, we calculate a proxy overall MV/BV ratio for the industry

	Carrier Aggregate MV/BV	MBSA Industry Proxy MV/BV
12/31/2021	100.9%	100.9%
3/31/2022	95.1%	95.5%
6/30/2022	91.1%	91.2%
9/30/2022	86.5%	86.7%
12/31/2022	88.2%	88.2%
3/31/2023	89.9%	90.2%
6/30/2023	89.1%	89.3%
9/30/2023	85.9%	86.2%
12/31/2023	91.2%	91.4%
3/31/2024	90.2%	90.4%
6/30/2024	89.7%	90.1%



Stable Value performance represents book value growth of the industry proxy under a standard crediting rate formula beginning (MV=BV) in 2013

Active / Passive Management Breakdown



Legislative, Regulatory, Judicial, Tax and Accounting Updates

Noteworthy Judicial Developments

Supreme Court Affirms IRS Position Regarding Life Insurance Owned by a Closely Held Corporation (Jun)

- On June 6 the Supreme Court of the United States [unanimously ruled](#) in favor of the IRS in an estate tax challenge (see *Connelly v. United States*). As a result, the Supreme Court determined that life insurance proceeds received by a company on the death of a shareholder must be included in determining the value of the company's shares for estate tax purposes.
- Situation
 - ❖ Brothers Michael (77%) and Thomas (23%) Connelly were the sole shareholders of a closely held corporation. They entered into an agreement with the corporation providing that if either brother died, the surviving brother would have the option to purchase the deceased brother's shares. If the surviving brother declined to buy the shares, the corporation itself would be contractually required to redeem the shares. To ensure that the corporation had sufficient funds to redeem the shares if required, the corporation obtained life insurance on each brother.
 - ❖ Michael died in 2013 and Thomas opted not to purchase Michael's shares. As a result, the corporation was obligated to redeem Michael's shares. Thomas and Michael's son agreed that the value of Michael's shares was \$3 million, and the corporation used the life insurance proceeds to redeem the shares. This left Thomas as the sole shareholder of the corporation.
- IRS Audit
 - ❖ The IRS audited the estate tax return. During the audit, Thomas obtained a formal valuation for the corporation. That valuation excluded the value of the life insurance proceeds (based on a holding in *Estate of Blount v. Commissioner*) and arrived at a valuation of the corporation of \$3.86 million.
 - ❖ The IRS counted the \$3 million of life insurance that was excluded by the valuation analyst to arrive at a corporation valuation of \$6.86 million. Based on the higher valuation, the IRS determined that the estate owed an additional \$900k in taxes.
 - ❖ The estate paid the deficiency and sued for a refund.

Continued...

Noteworthy Judicial Developments

Supreme Court Affirms IRS Position Regarding Life Insurance Owned by a Closely Held Corporation (Jun) Continued

- District Court Position
 - ❖ The District Court granted summary judgment to the Government. The court explained that under customary valuation principles, the corporation's obligation to redeem Michael's shares was not a liability that reduced the corporation's fair market value.
 - ❖ The Court of Appeals affirmed on the same basis.
- Supreme Court Arguments
 - ❖ Thomas argued that a contractual obligation to redeem the shares is a liability that offsets the value of life insurance proceeds.
 - ❖ The Government argued that the corporation's obligation to pay for Michael's shares did not reduce the value of those shares. Likewise, the Government contended that "no real-world buyer or seller would have viewed the redemption obligation as an offsetting liability." The Supreme Court agreed.
- Conceptual Example
 - ❖ Consider a corporation with one asset (\$10 million in cash) and two shareholders (A and B). A owns 80% and B owns 20% (100 shares in total). Each share is worth \$100,000 (\$10 million ÷ 100 shares).
 - ❖ Accordingly, A's shares are worth \$8 million, and B's shares are worth \$2 million.
 - ❖ To redeem B's shares at fair market value, the corporation would have to pay B \$2 million. After the redemption, A would be the sole shareholder of a corporation worth \$8 million and with 80 shares outstanding. Therefore, the value of A's shares is unchanged by the redemption of B's shares.
 - ❖ Thus, the Supreme Court concluded that a corporation's contractual obligation to redeem shares at fair market value does not reduce the value of those shares in and of itself.

Continued...

Noteworthy Judicial Developments

Supreme Court Affirms IRS Position Regarding Life Insurance Owned by a Closely Held Corporation (Jun) Continued

- Succession Planning Implications

- ❖ As has been widely reported, this ruling upends a commonly used practice in structuring buy-sell arrangements for closely held businesses. Instead, shareholders of such businesses should hold life insurance policies on other shareholders directly to fund cross-stock purchases.
- ❖ A [Mayer-Brown publication](#) succinctly summarized the implication as follows (emphasis added):
 - The taxpayers' intention could have comported with a lower estate tax burden if they had held the insurance policies on each other's lives in their own names. In that case, the insurance policy proceeds would have been received tax-free by each brother, the proceeds of the policy being owned by the brother who did not die would not have been included in the estate of the brother who did die and the value of the corporation would not have been increased by the death benefits. **There wouldn't have been any income tax differences because the premiums were non-deductible no matter who paid them.** Thus, the Court put an extremely high price on the form of the transaction, something that neither the Estate of Blount nor Cartwright v. Comm'r courts found justifiable

Noteworthy Judicial Developments

Court Dismisses NQDC Plan Participants' Lawsuit Versus FDIC (Jul)

- On July 12 the US District Court (Northern California) granted the FDIC's motion to dismiss a lawsuit brought on behalf of a group of former First Republic Bank employees that were participants in a Deferred Compensation Plan. This lawsuit was interesting because the Plaintiffs staked positions that are inconsistent with the general understanding of how Non-Qualified Deferred Compensation plans operate.
- Plaintiffs alleged that the FDIC (as receiver) inappropriately classified the Plaintiffs as unsecured creditors and deprived them of the assets held in the Non-Qualified Deferred Compensation Plan Trust ("Rabbi Trust"), which included some COLI policies. Plaintiffs asserted that they were entitled to the assets in the Rabbi Trust.
- The FDIC's response was consistent with our understanding. Interesting points include
 - ❖ "This plan was unfunded and structured to pay benefits from assets held in a "rabbi trust," a type of grantor trust whose assets are required, by operation of the plan and trust agreement, to belong to the plan sponsor (here First Republic) and to remain available to pay its general creditors in order to meet tax-code requirements for deferred taxation."
 - ❖ "In fact, established law prohibits participants in such a non-qualified deferred compensation plan from having any preferred claim or beneficial ownership interest in assets held in a rabbi trust. Plan participants instead can have only unsecured contractual rights against the employer sponsoring the plan."
 - ❖ Of the 168 named Plaintiffs in this lawsuit, 165 submitted administrative claims directly to the FDIC. The FDIC fully allowed 70 of the claims (totaling \$47.5 million). The FDIC partially allowed 94 claims (totaling of \$84.8 million for this group; or ~97% of the submitted claim amounts). One claim was fully disallowed (where the participant sought a distribution of First Republic stock).
- The Court ruled that it did not have jurisdiction because the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") expressly grants the FDIC authority to act as receiver with special powers expeditiously wind up the affairs of a failed financial institution.

Docket: Harrington v. FDIC Case No. 4:23-cv-06296-HSG

Noteworthy Judicial Developments

NY Premium Refund Litigation (Aug)

- On August 8, the US Court of Appeals (Second Circuit) affirmed a prior District Court ruling in a case alleging that the insurer (Lincoln Life & Annuity of New York) should be obligated to refund part of a planned, annual premium paid into a universal life insurance policy prior to the death of the insured.
- The plaintiff paid the last annual planned premium of \$54k in May 2018. The insured died in October. The plaintiff asserted that the insurer should be obligated to refund a portion of the premium paid, pursuant to NY Ins. Law § 3203(a)(2). The statute states (emphasis added):
 - ❖ "...if the death of the insured occurs during a period for which the premium has been paid, the insurer shall add to the policy proceeds a refund of any premium actually paid for any period beyond the end of the policy month in which such death occurred."
- The District Court ruled in favor of the insurer, noting that a planned premium into a universal life policy does not apply to any specific coverage period. The plaintiff appealed. Before ruling, the US Appeals Court certified a question to the New York Court of Appeals asking, "whether a planned payment into an interest-bearing policy account, as part of a universal life insurance policy, constitutes a 'premium actually paid for any period' under the refund provision of NY Insurance Law?" The NY Court of Appeals answered the question in the negative (i.e., agreeing with the District Court ruling). Likewise, the US Court of Appeals affirmed the District Court ruling.

Citation: Nitkewicz as Tr. of Joan C. Lupe Fam. Tr. v. Lincoln Life & Annuity Co. of N.Y., 49 F.4th 721, 730 (2d Cir. 2022)

Noteworthy Tax Developments

[No Tax Topics Covered This Quarter]

- To view prior quarter topics, please visit the LRA Library on our website.

Noteworthy Accounting Developments

[No Accounting Topics Covered This Quarter]

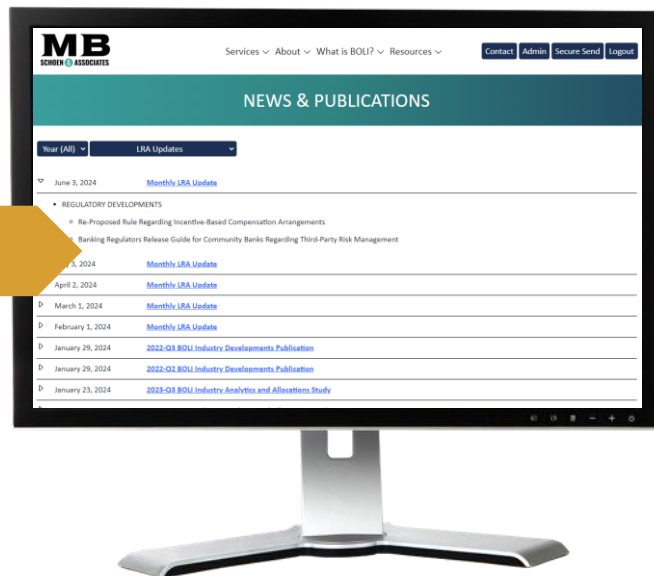
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LEGISLATIVE, REGULATORY, JUDICIAL,
AND ACCOUNTING DEVELOPMENTS



Noteworthy Regulatory Developments

FDIC Vice Chair Calls for Re-Proposal of Basel III Endgame (Jul)

- On July 24 FDIC Vice Chairman Travis Hill delivered [a speech](#) at the American Enterprise Institute. His remarks focused on bank liquidity (and the ability to rely on the Federal Reserve's discount window), FDIC receivership funding, and capital (including thoughts on Basel III Endgame). As it relates to Basel III Endgame, Mr. Hill expressed that the original proposal "...lacked appreciation for its real-world impacts..." and that he agrees with calls from others that a re-proposal is necessary. He also expressed skepticism for re-proposing only portions of the rule.
- On a related note, House Financial Services Committee Chairman Patrick McHenry called for a full re-proposal of Basel III Endgame in a hearing on July 10.

Basel Committee Releases Consultative Document on Sound Third-Party Risk Management (Jul)

- On July 9 the BCBS issued a [consultative document](#) proposing *Principles for the sound management of third-party risk* in the banking sector. The report observed an ongoing trend toward banks' increased dependency on third-party service providers (particularly related to digitalization).
- Similar to US regulatory guidance for managing third-party risk, the BCBS document focuses on the "life cycle" of a third-party service provider relationship. The primary stages of the life cycle include Due Diligence, Contracting, Onboarding, Ongoing Monitoring and Termination. Overall, the guidance appears to be largely consistent with the Interagency Guidance on Third-Party Relationships: Risk Management issued in June 2023. See our [June 2023 LRA update](#) for additional details on that guidance.
- One area that appears to be at least slightly expanded under the BCBS paper relative to US regulatory guidance is monitoring and assessing "nth parties." Nth parties are additional parties that a third-party service provider relies upon, including subcontractors and key supply chain dependencies. The US guidance addresses subcontractors and various systems-related considerations directly but does not specifically address supply chain dependencies.

Noteworthy Regulatory Developments

Updated FFIEC IT Examination Handbook (Aug)

- On August 29, the FFIEC issued the [Development, Acquisition and Maintenance \(DA&M\) booklet](#), which is part of the FFIEC Information Technology Examination Handbook. The DA&M booklet replaces a prior booklet issued in April 2004.
- The booklet addresses system and component development, acquisition and maintenance best practices. It includes overviews of IT project management, the system development life cycle (SDLC) and supply chain risk management.
- While the new booklet is significantly more detailed, the FDIC press release notes that the booklet does not impose new requirements on examined entities.
- We did not observe any content in the booklet that would directly impact BOLI programs.

Noteworthy Legislative Developments

[No Legislative-Related Items Covered This Quarter]

- To view prior quarter topics, please visit the LRA Library on our website.

Other Noteworthy Developments

[No Items Covered This Quarter]

- To view prior quarter topics, please visit the LRA Library on our website.

Insurance Company and Counterparty Updates

Current S&P Financial Strength Ratings

Insurance Carriers Rated AAA

- None

Insurance Carriers Rated AA+

- Guardian Life Insurance Company of America
- Massachusetts Mutual Life Insurance Co.
- New York Life Insurance and Annuity Corporation
- New York Life Insurance Company
- Northwestern Mutual Life Insurance Company
- USAA Life Insurance Company

Insurance Carriers Rated AA

- Canada Life Assurance Co. (US Branch)
- Empower Annuity Insurance Company of America
- Zurich Insurance Company

Insurance Carriers Rated AA-

- John Hancock Life Insurance Company (USA)
- Metropolitan Life Insurance Company
- Metropolitan Tower Life Insurance Company
- Minnesota Life Insurance Company
- Pacific Life Insurance Company
- Protective Life Insurance Company
- Pruco Life Insurance Company
- Prudential Insurance Company of America
- West Coast Life Insurance Company

Insurance Carriers Rated A+

- American General Life Insurance Company
- Ameritas Life Insurance Corp
- Athene Annuity and Life Company
- Brighthouse Life Insurance Company
- Equitable Financial Life Insurance Company
- Equitable Financial Life Insurance Company of America
- Lincoln National Life Insurance Company
- Midland National Life Insurance Company
- MONY Life Insurance Company
- National Life Insurance Company of Vermont
- Nationwide Life & Annuity Insurance Company
- Nationwide Life Insurance Company
- Principal Life Insurance Company
- Reliastar Life Insurance Company
- Transamerica Life Insurance Company
- U.S. Life Insurance Company in The City of NY

Insurance Carriers Rated A

- Connecticut General Life Insurance Company
- Jackson National Life Insurance Company
- Symetra Life Insurance Company
- Zurich American Life Insurance Company

Insurance Carriers Rated BBB+

- Delaware Life Insurance Company
- Talcott Resolution Life Insurance Company

Insurance Carriers Not Rated

- Everlake Life Insurance Company
- Augustar Life Insurance Company
- American Heritage Life Insurance Company
- Lincoln Benefit Life Company
- Security Life of Denver Insurance Company

*Categories based on S&P's Financial Strength Rating as of August 15, 2024

Current Fitch Financial Strength Ratings

Insurance Carriers Rated AAA

- New York Life Insurance and Annuity Corporation
- New York Life Insurance Company
- Northwestern Mutual Life Insurance Company

Insurance Carriers Rated AA+

- Massachusetts Mutual Life Insurance Co.

Insurance Carriers Rated AA

- Canada Life Assurance Co. (US Branch)
- Empower Annuity Insurance Company of America
- John Hancock Life Insurance Company (USA)
- Minnesota Life Insurance Company
- Zurich Insurance Company

Insurance Carriers Rated AA-

- Metropolitan Life Insurance Company
- Metropolitan Tower Life Insurance Company
- MONY Life Insurance Company
- Pacific Life Insurance Company
- Principal Life Insurance Company
- Protective Life Insurance Company
- Pruco Life Insurance Company
- Prudential Insurance Company of America
- West Coast Life Insurance Company

Insurance Carriers Rated A+

- American General Life Insurance Company
- Athene Annuity and Life Company
- Connecticut General Life Insurance Company
- Lincoln National Life Insurance Company
- Midland National Life Insurance Company
- U.S. Life Insurance Company in The City of NY

Insurance Carriers Rated A

- Brighthouse Life Insurance Company
- Jackson National Life Insurance Company
- Reliastar Life Insurance Company

Insurance Carriers Rated A-

- Augustar Life Insurance Company
- Delaware Life Insurance Company
- Security Life of Denver Insurance Company
- Talcott Resolution Life Insurance Company

Insurance Carriers Not Rated

- USAA Life Insurance Company
- Guardian Life Insurance Company of America
- Ameritas Life Insurance Corp
- Nationwide Life & Annuity Insurance Company
- Zurich American Life Insurance Company
- American Heritage Life Insurance Company
- Equitable Financial Life Insurance Company
- Equitable Financial Life Insurance Co of America
- National Life Insurance Company of Vermont
- Nationwide Life Insurance Company
- Symetra Life Insurance Company
- Transamerica Life Insurance Company
- Everlake Life Insurance Company
- Lincoln Benefit Life Company
- American Heritage Life Insurance Company
- Equitable Financial Life Insurance Company
- Equitable Financial Life Insurance Co of America
- National Life Insurance Company of Vermont
- Nationwide Life Insurance Company

*Categories based on Fitch's Financial Strength Rating as of August 15, 2024

Current Moody's Financial Strength Ratings

Insurance Carriers Rated Aaa

- New York Life Insurance and Annuity Corporation
- New York Life Insurance Company
- Northwestern Mutual Life Insurance Company

Insurance Carriers Rated Aa1

- Guardian Life Insurance Company of America
- USAA Life Insurance Company

Insurance Carriers Rated Aa2

- None

Insurance Carriers Rated Aa3

- Canada Life Assurance Co. (US Branch)
- Empower Annuity Insurance Company of America
- Massachusetts Mutual Life Insurance Co.
- Metropolitan Life Insurance Company
- Metropolitan Tower Life Insurance Company
- Minnesota Life Insurance Company
- Pacific Life Insurance Company
- Pruco Life Insurance Company
- Prudential Insurance Company of America
- Zurich Insurance Company

Insurance Carriers Rated A1

- Athene Annuity and Life Company
- Equitable Financial Life Insurance Company
- Equitable Financial Life Insurance Co. of America
- John Hancock Life Insurance Company (USA)
- MONY Life Insurance Company
- National Life Insurance Company of Vermont
- Nationwide Life & Annuity Insurance Company
- Nationwide Life Insurance Company
- Principal Life Insurance Company
- Protective Life Insurance Company
- Symetra Life Insurance Company
- Transamerica Life Insurance Company
- West Coast Life Insurance Company

Insurance Carriers Rated A2

- American General Life Insurance Company
- Connecticut General Life Insurance Company
- Lincoln National Life Insurance Company
- Reliastar Life Insurance Company
- U.S. Life Insurance Company in The City of NY

Insurance Carriers Rated A3

- Brighthouse Life Insurance Company
- Jackson National Life Insurance Company

Insurance Carriers Rated Baa1

- Security Life of Denver Insurance Company
- Talcott Resolution Life Insurance Company

Insurance Carriers Rated Ba1

- Augustar Life Insurance Company

Insurance Carriers Not Rated

- American Heritage Life Insurance Company
- Ameritas Life Insurance Corp
- Delaware Life Insurance Company
- Everlake Life Insurance Company
- Lincoln Benefit Life Company
- Midland National Life Insurance Company
- Zurich American Life Insurance Company

*Categories based on Moody's Insurance Financial Strength Rating as of August 15, 2024

Ratings or Outlook Revisions

John Hancock Life Insurance Company

- Ratings **upgraded** one notch by Fitch (Aug)

Lincoln National Life Insurance Company

- Outlook changed from negative to **stable** by Fitch (Jul)

Talcott Resolution Life Insurance Company

- Rating **upgraded** from Baa2 to Baa1 by Moody's (Aug)

USAA Life Insurance Company

- Outlook changed from stable to **negative** by S&P (Jun)

NEED UP TO DATE COUNTERPARTY TRACKING?

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Industry Developments

AIG Completes Deconsolidation of Corebridge Financial (Jun)

- On June 10, AIG [announced](#) the completion of the deconsolidation of Corebridge Financial for accounting purposes. AIG maintains a ~48% ownership share in Corebridge Financial at this time.
- As reported in last month's update, AIG has agreed to sell a 20% stake in Corebridge Financial to Nippon Life in a sale that is expected to close in the first quarter of 2025, subject to closing conditions.

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Custom Reports

Net Rating Changes by Period (Number of Notches)					
2022 Q1	2021 Q4	2022 YTD	2021	2020	2019
-	-	-	-	-	1
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-2	-	1
-	-	-	-1	-	-
-	-	-	-1	-	-1
-	-	-	-	-	-
-	-	-	-	-	1
-	-	-	-	-	-

Custom reports show historical changes to ratings to view stability and trends over time

Insurance Carriers	Current Financial Strength Ratings			Net Rating Changes by Period (Number of Notches)											
	Agency	Rating	Outlook	2019 Q4	2019 Q3	2019 YTD	2018	2017	2016	2015	2014	2013	2012	2011	2010
Carrier 1	S&P	A+	Stable	-	-	-	-	-	-	-	-	-	-	-	-1
	Fitch	A+	Positive	-	-	-	1	-	-	1	-	-	-	-	-1
	Moody's	A2	Stable	-	-1	-1	-	-	-	-	-	-	-	-	-
Carrier 2	S&P	AA	Stable	-	-	-	-	-	-	-	-	-	-	-	-
	Fitch	AA	Stable	-	-	-	-	-	-	-	-	-	-	-	-1
	Moody's	Aa3	Stable	-	-	-	-	-	-	-	-	-	-	-	-
Carrier 3	S&P	A	Negative	-	-	-	-2	-	-	-	1	1	-	-	-
	Fitch	A	Stable	-	-	-	-1	-	-	-	1	-	-	-	-
	Moody's	A2	Stable	-	-	-	-1	-	-	-	1	-	-	-	-

Contact Information

www.mbschoen.com

General Inquiries

Tradyn Foley

- **Email:** tradyn.foley@ mbschoen.com
- **Phone:** (805) 290-1601

Turner Fixen

- **Email:** turner.fixen@ mbschoen.com
- **Phone:** (701) 639-2151

Presentation Inquiries & Analytics

TJ Hopkins

- **Email:** tharemy.hopkins@mbschoen.com
- **Phone:** (701) 205-3571

Matt Johnson

- **Email:** matt.johnson@ mbschoen.com
- **Phone:** (701) 639-2157

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