



Evolving Trends in Bank-Owned Life Insurance Market

Complimentary Edition – 2022-Q3

December 2022

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Economic Backdrop

Economic Updates

Federal Reserve & Yield Curve

- The Fed continued to raise rates during the quarter, with 75bps increases to the federal funds rate during the July and September FOMC meetings.
- The treasury yield curve increased across all tenors of the yield curve. The largest changes happened at the front of the yield with the 3-month T-Bill yield increasing by 1.6% to 4% at quarter-end.

Sector Returns

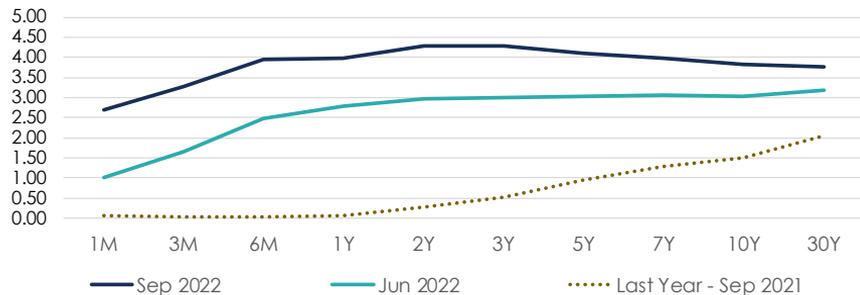
- Spreads increased during the quarter as rates continued to rise, resulting in most fixed income indices having negative excess returns compared to treasuries
- Equities continued the year to date negative performance with the S&P 500 down 5.3% on the quarter and 24.8%

US Economy

- The September CPI print showed an increase in the Consumer Price Index for All Urban consumers of 8.2% year-over year. Gasoline, shelter, and food were the largest contributors to the increase.

Financial Markets Update

US Treasury Yields



	1M	3M	6M	1Y	2Y	3Y	5Y	7Y	10Y	30Y
Sep 2022	2.68	3.27	3.93	3.99	4.28	4.29	4.09	3.99	3.83	3.78
Jun 2022	1.02	1.67	2.49	2.78	2.96	3.01	3.04	3.07	3.02	3.19
Q Change	1.66	1.60	1.45	1.21	1.32	1.28	1.05	0.91	0.82	0.59
Sep 2021	0.05	0.04	0.05	0.07	0.28	0.51	0.97	1.29	1.49	2.05
Year Change	2.63	3.23	3.89	3.92	4.00	3.78	3.13	2.70	2.34	1.73

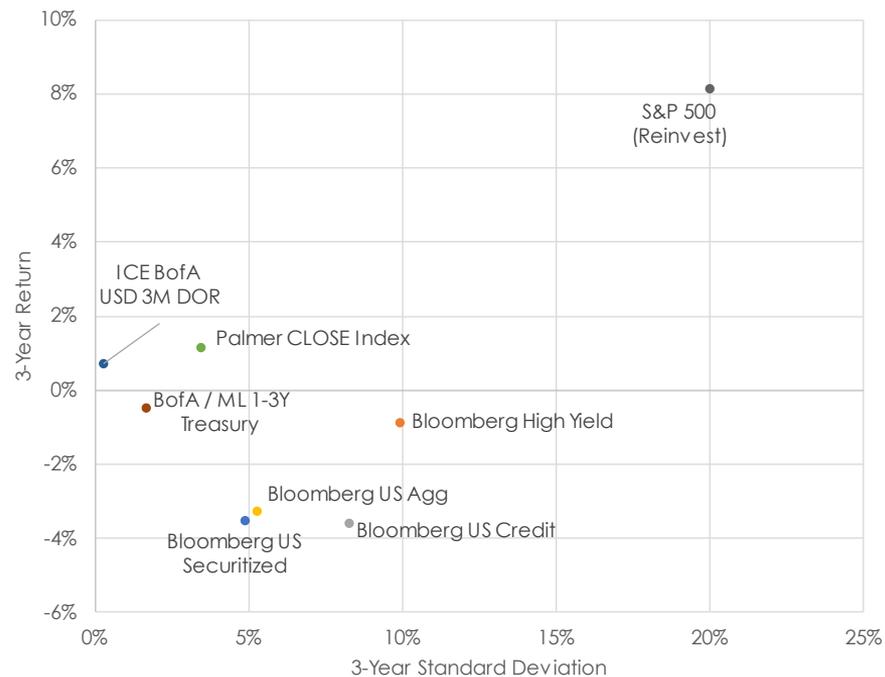
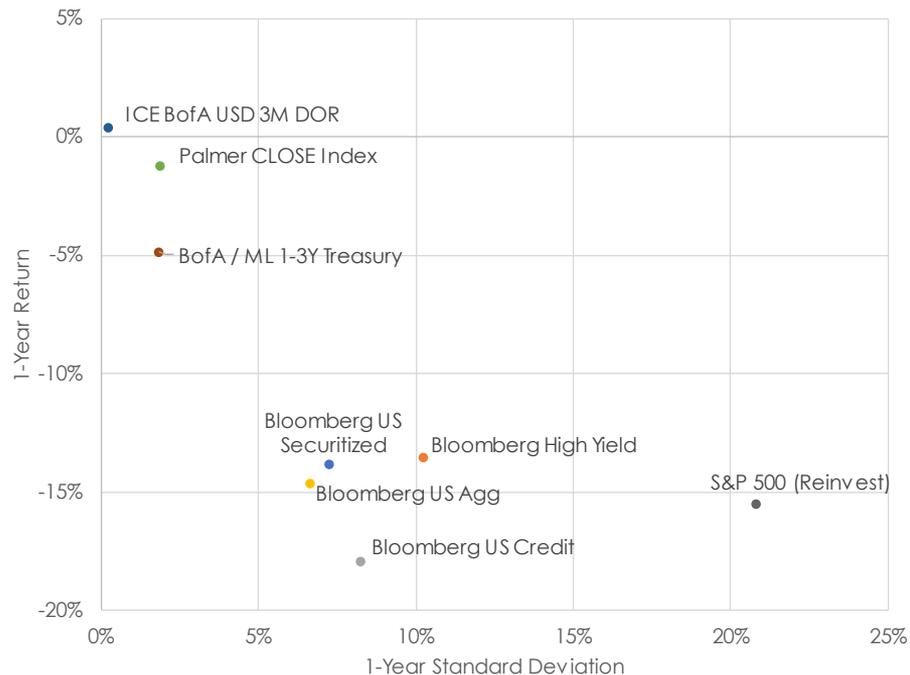
Sector Performance (As of Q2)

	YTW	Duration	OAS	3M Return	12M Return	3Y Return	5Y Return
Treasuries	4.13%	6.10	-0.02%	-4.35%	-12.94%	-3.11%	-0.23%
Corporate	5.69%	7.09	1.59%	-5.06%	-18.53%	-3.65%	-0.03%
CMBS	5.17%	4.70	1.05%	-3.85%	-12.38%	-2.07%	0.63%
ABS	4.84%	2.16	0.53%	-1.34%	-5.61%	-0.24%	1.02%
Credit Card ABS	4.69%	2.70	0.41%	-2.13%	-7.82%	-1.08%	0.52%
Auto ABS	4.98%	1.81	0.66%	-0.88%	-4.61%	0.11%	1.23%
Agency MBS	4.83%	5.94	0.69%	-5.35%	-13.98%	-3.67%	-0.92%
GNMA	4.88%	5.91	0.65%	-5.12%	-12.99%	-3.53%	-0.91%
FHLHC	4.80%	6.02	0.70%	-5.46%	-14.46%	-3.79%	-0.96%
FNMA	4.82%	5.88	0.71%	-5.37%	-14.07%	-3.61%	-0.85%
Palmer CLO AAA	6.19%	3.56	2.03%	0.35%	-0.89%	1.21%	1.98%

*Discount Margin

	3M Return	12M Return	3Y Return	5Y Return
SP 500 (Reinvest)	-4.88%	-15.47%	8.16%	9.24%
Energy	2.35%	45.70%	13.44%	6.09%
Materials	-7.13%	-12.15%	7.62%	5.89%
Industrials	-4.72%	-13.87%	4.02%	4.87%
Consumer Discretionary	4.36%	-20.89%	6.70%	10.51%
Consumer Staples	-6.62%	-0.09%	6.24%	7.60%
Health Care	-5.18%	-3.37%	12.46%	10.18%
Financials	-3.10%	-17.65%	4.92%	5.47%
IT	-6.21%	-20.00%	14.93%	16.74%
Telecom	-12.72%	-39.05%	-0.05%	1.95%
Utilities	-5.99%	5.58%	3.66%	7.82%

1 & 3-Year Benchmark Risk/Return Plots

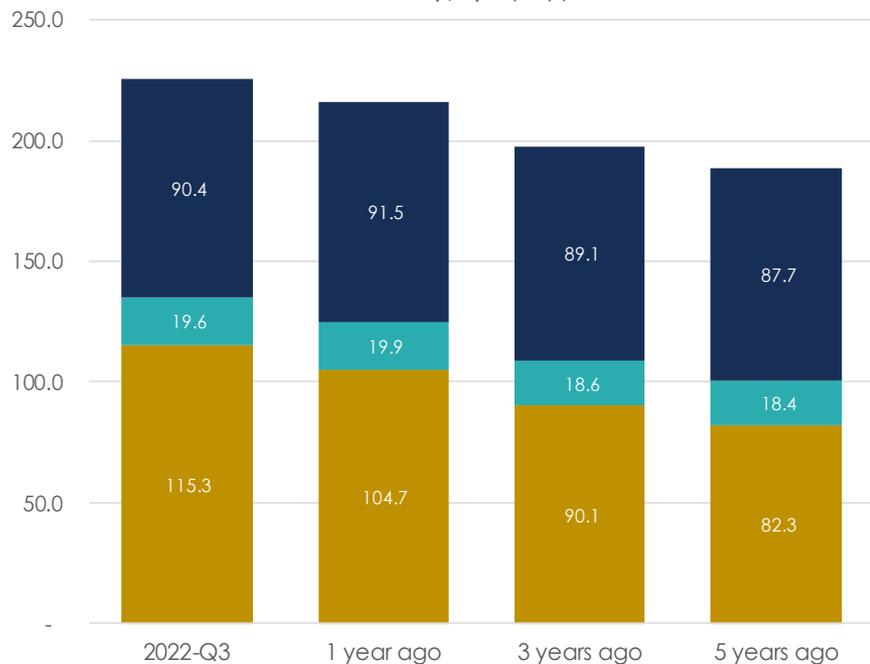


Data as of 2022-Q3

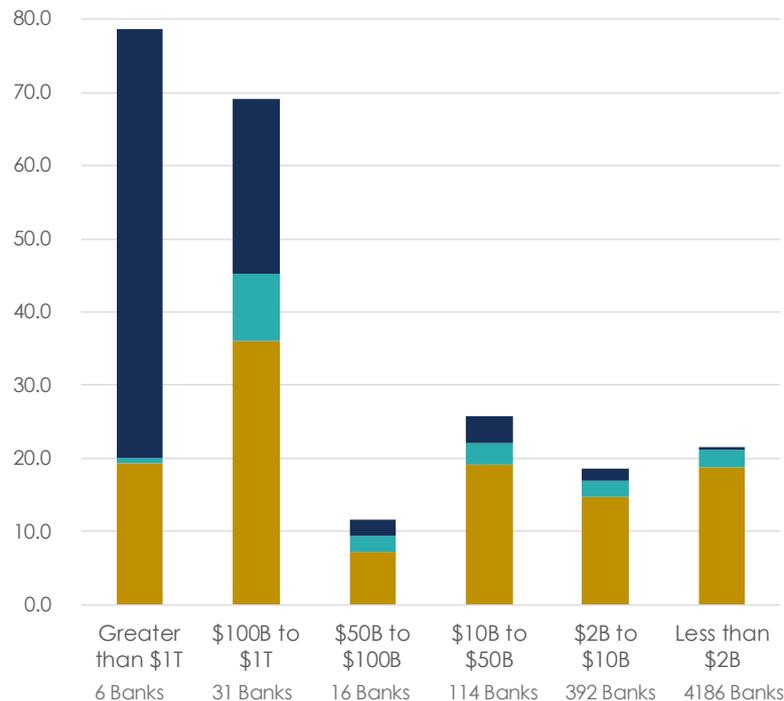
Recent Trends in BOLI

BOLI Market Overview as of 2022-Q3

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 2022-Q3

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%	13,822	19.4	0.7	58.7	78.8	7.83%	0.57%
\$100 Billion to \$1 Trillion	31	81%	7,688	36.0	9.3	23.8	69.1	9.62%	0.90%
\$50 Billion to \$100 Billion	16	94%	1,137	7.2	2.3	2.2	11.6	10.76%	1.02%
\$10 Billion to \$50 Billion	114	82%	2,483	19.1	2.9	3.7	25.7	9.86%	1.04%
\$2 Billion to \$10 Billion	392	84%	1,606	14.7	2.2	1.6	18.6	10.31%	1.16%
Less than \$2 Billion	4,186	66%	1,748	18.9	2.2	0.5	21.6	10.58%	1.24%
TOTALS	4,745	68%	28,484	115.3	19.6	90.4	225.4	9.10%	0.79%

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)	Total RWA / Total Exposure	Average Bank RW%
Greater than \$1 Trillion	6	100%	57.7	16.7	28.9%	29.1%
\$100 Billion to \$1 Trillion	31	81%	28.1	11.9	42.3%	50.2%
\$50 Billion to \$100 Billion	16	94%	4.0	2.9	72.3%	65.3%
\$10 Billion to \$50 Billion	114	82%	6.1	4.0	66.1%	81.5%
\$2 Billion to \$10 Billion	392	84%	2.2	1.8	79.3%	89.8%
Less than \$2 Billion	4,186	66%	0.5	0.5	91.4%	95.7%
Total	4,745	68%	98.6	37.7	38.2%	86.8%

Observations

- Bank RW% Median and Mode are both 100%, indicating most banks are defaulting to 100%
- Using category weights from our BOLI Allocations Study, MBSA estimates a ~27% effective risk-weight for the SA industry using the Basel III Standardized Approach
- The largest banks account for over half of SA Exposure, yet achieve lower RW%

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												
2022-Q3	8	147	22	1,911	30	2,058	0	0	8	-479	8	-479
1-Year	45	4,419	92	3,871	137	8,290	3	-36	12	-528	15	-564
3-Year	143	10,217	206	6,648	349	16,865	4	-80	28	-1,232	32	-1,311
5-Year	184	12,499	252	8,063	436	20,562	11	-314	35	-1,418	46	-1,732
SA												
2022-Q3	1	10	4	317	5	327	0	0	2	-49	2	-49
1-Year	3	53	11	595	14	648	1	-11	5	-83	6	-93
3-Year	5	131	18	1,034	23	1,165	2	-55	12	-412	14	-467
5-Year	6	161	25	1,392	31	1,553	5	-155	15	-522	20	-678
GA												
2022-Q3	6	122	16	1,502	22	1,623	0	0	2	-337	2	-337
1-Year	41	4,351	74	3,112	115	7,463	1	-15	3	-352	4	-367
3-Year	136	9,971	180	5,435	316	15,406	1	-15	12	-726	13	-741
5-Year	175	12,219	218	6,476	393	18,695	4	-106	16	-803	20	-909
HYBRID												
2022-Q3	1	15	2	93	3	108	0	0	4	-93	4	-93
1-Year	1	15	7	165	8	180	1	-10	4	-93	5	-103
3-Year	2	115	8	179	10	294	1	-10	4	-93	5	-103
5-Year	3	119	9	195	12	314	2	-52	4	-93	6	-145

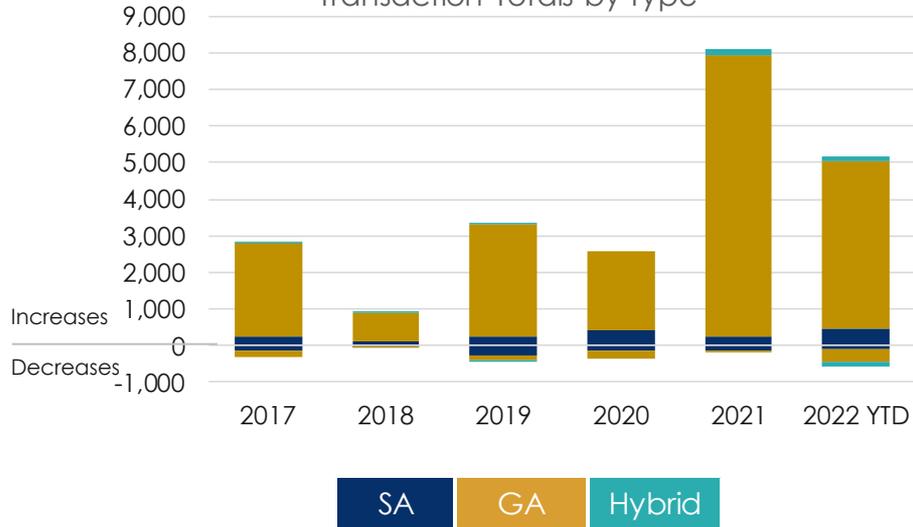
Listings of activity by institution are available upon request

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



Recent Notable Purchases / Increases

- In 2022-Q3, US Bank's GA BOLI increased by ~\$1.24 billion
- In 2022-Q3, First Republic's SA increased by ~\$35 million
- In 2022-Q2, Northern Trust purchased \$500 million of GA
- In 2022-Q2, First Republic purchased \$668 million of GA
- Over Q4-Q1, Truist's GA BOLI increased by ~\$882 million
- In 2021-Q4 PNC Financial purchased \$950 million of GA

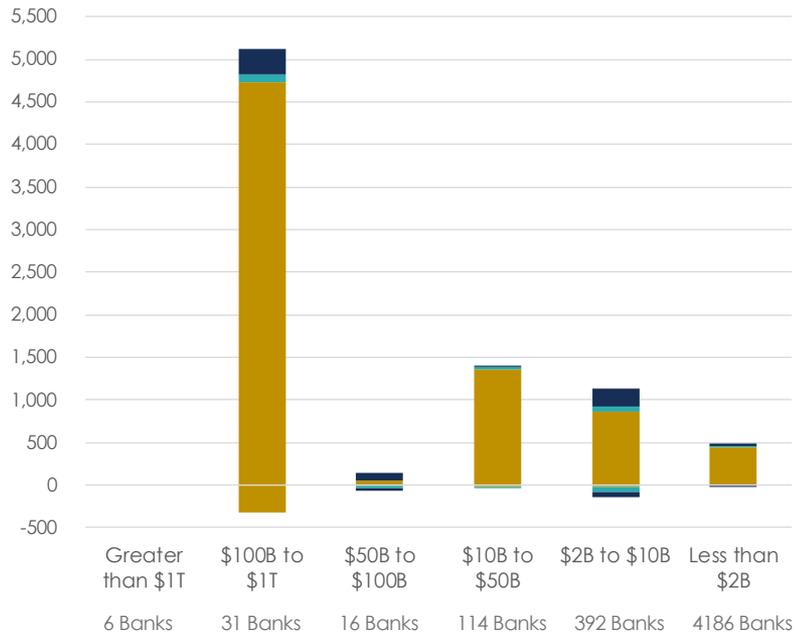
Recent Notable Surrenders / Decreases

- In 2022-Q3, M&T Bank's GA decreased by ~\$325million; However, SA increased \$247 million and HY increased \$82 million
- In 2022-Q3, NY Community Bcorp's HY decreased by ~\$31 million
- In 2022-Q3, Wintrust Financial's SA decreased by ~\$29 million while it's GA increased by the same amount

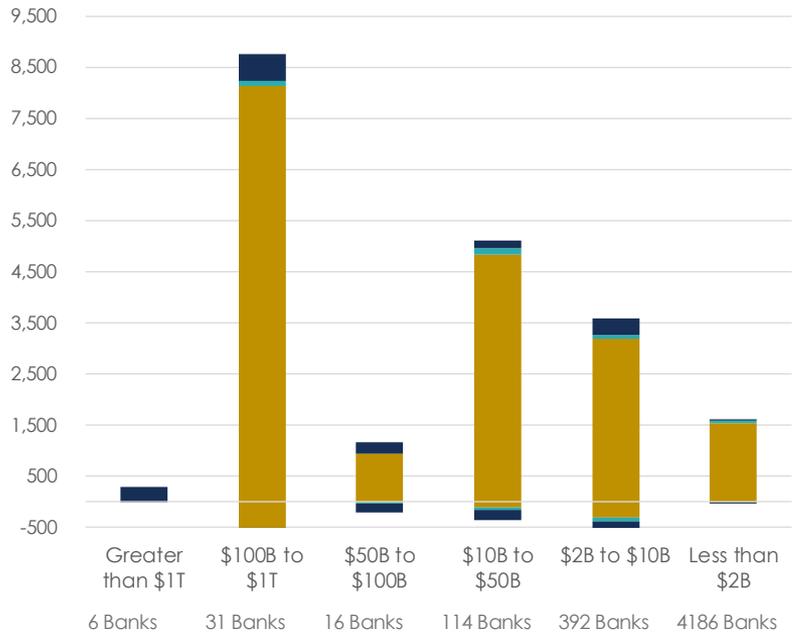
BOLI Transactions by Type and Bank Size

Movement or Transactions of \$10M or More

1-Year



5-Year



SA

GA

Hybrid

Listing of activity by institution are available upon request

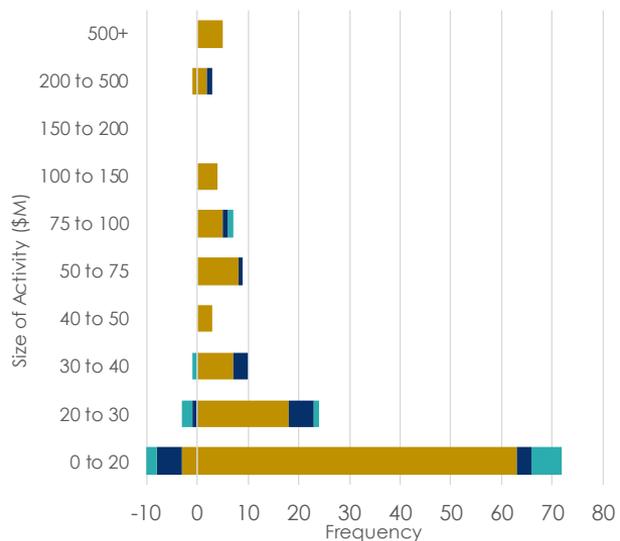
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Frequency of BOLI Transaction Sizes

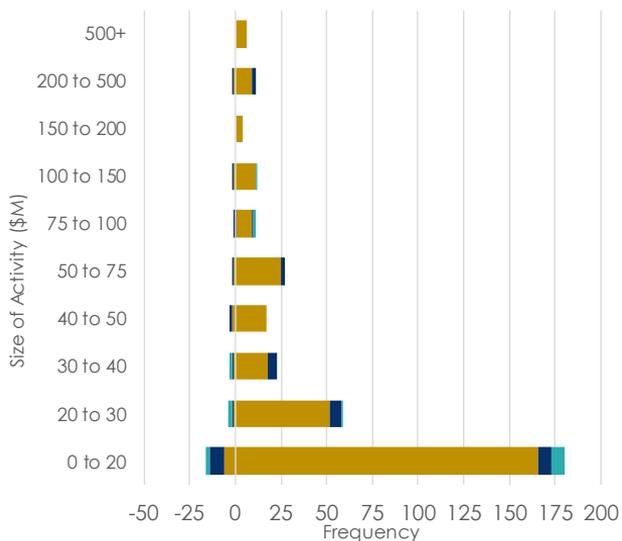
Movement or Transactions of \$10M or More

- Over the past 5 years, over 66% of transactions have been below \$30 Million, while 9% are over \$100 million

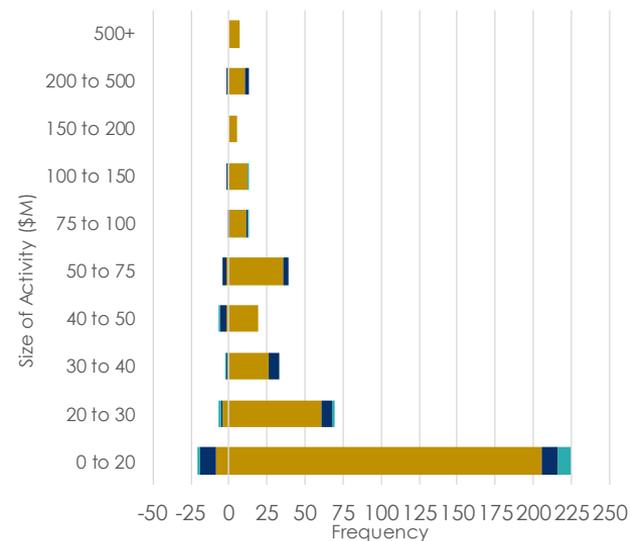
1-Year



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

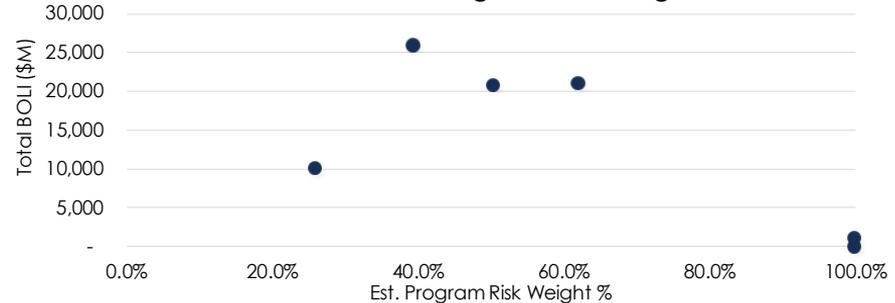
Market Analytics By Bank Size

Banks with over \$1T in Total Assets

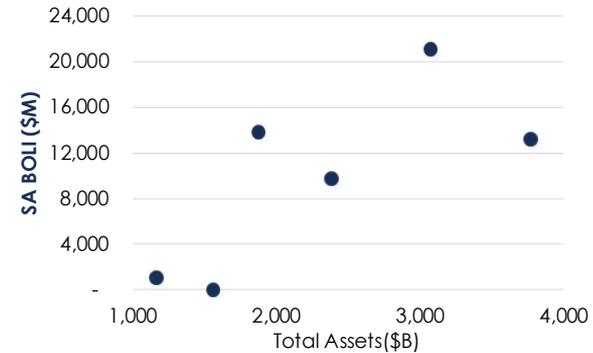
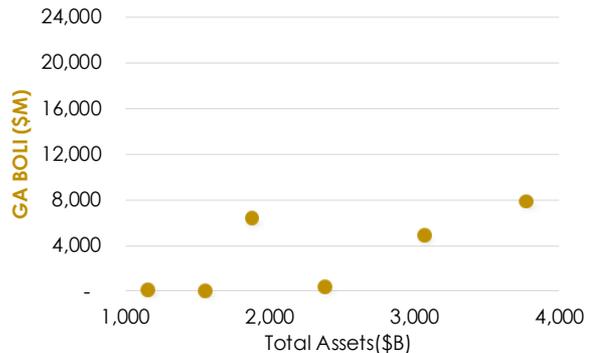
6 of 6 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
Total	19,409	652	58,700	78,761	8%
Average	3,235	109	9,783	13,127	7%
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 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												
2022-Q3	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	1	306	1	306	0	0	0	0	0	0
5-Year	0	0	1	306	1	306	0	0	0	0	0	0
SA												
2022-Q3	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	1	306	1	306	0	0	0	0	0	0
5-Year	0	0	1	306	1	306	0	0	0	0	0	0
GA												
2022-Q3	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
HYBRID												
2022-Q3	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

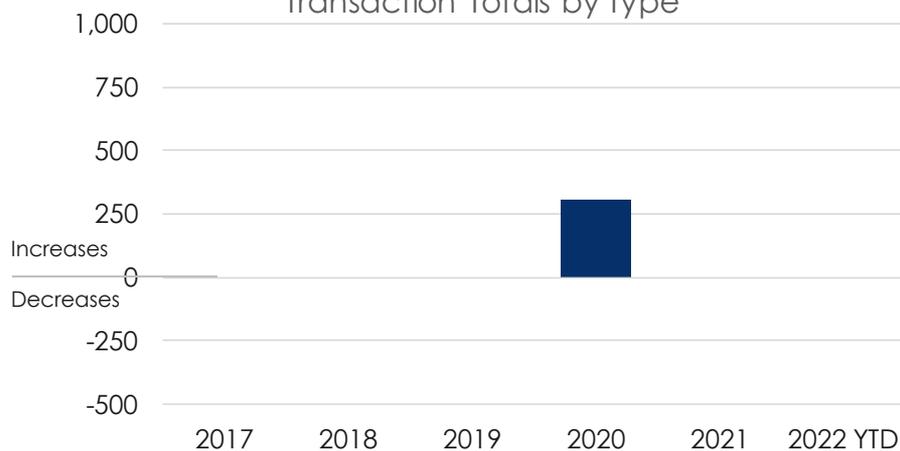
Listings of activity by institution are available upon request

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



SA

GA

Hybrid

Current Quarter Activity

- [None observed]

Recent Notable Actions

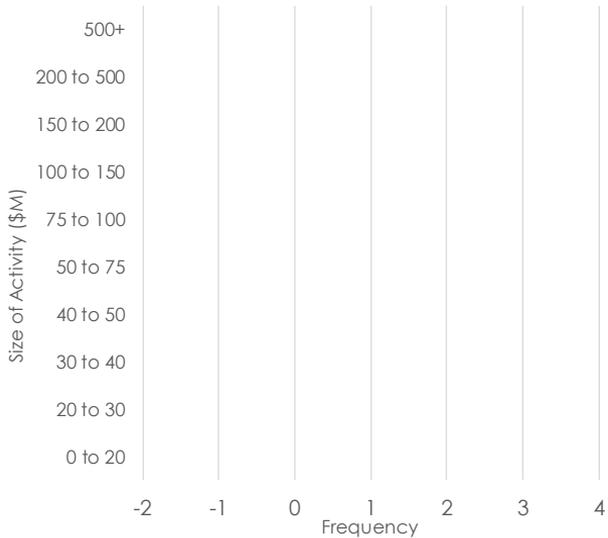
- In 2020-Q4, Morgan Stanley's SA BOLI increased by ~\$306 million

Frequency of BOLI Transaction Sizes

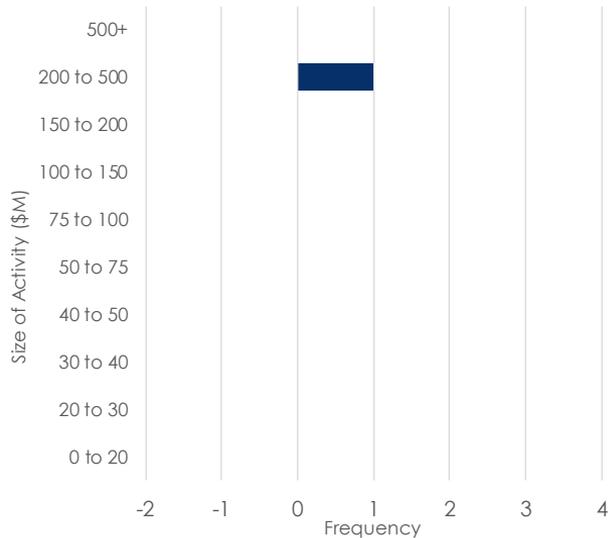
Banks with over \$1T in Total Assets

- While they own over a third of all BOLI, MBSA has only tracked one purchase over the last 5 years for \$1 Trillion+ banks

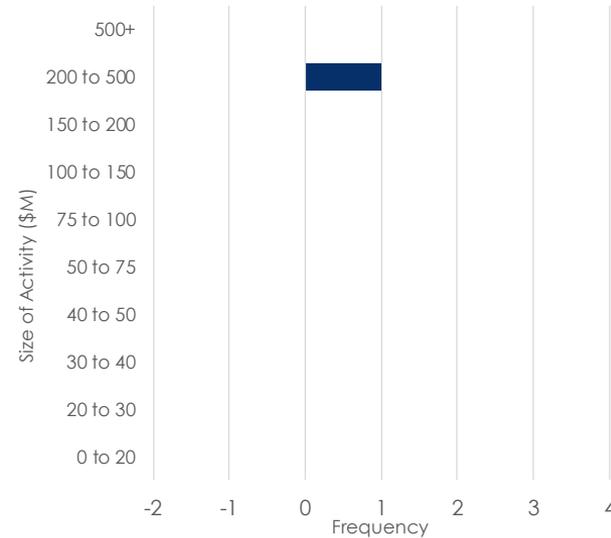
1-Year



3-Year



5-Year



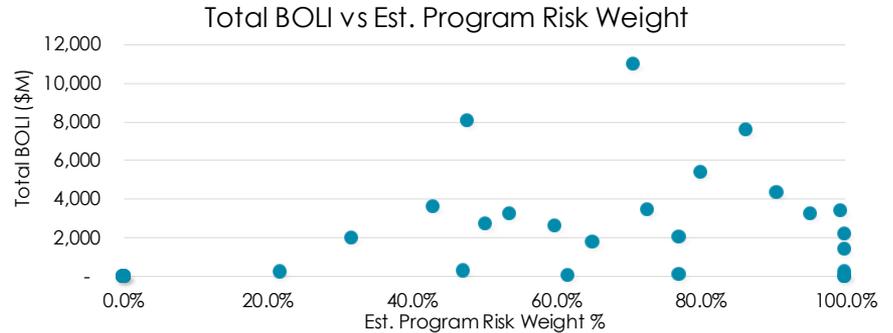
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Market Analytics By Bank Size

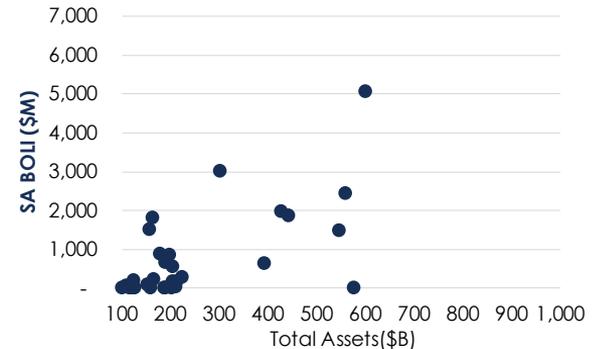
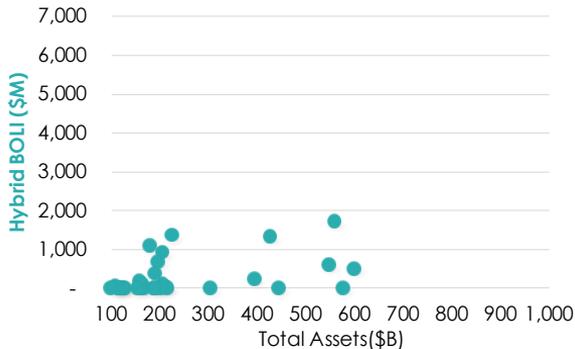
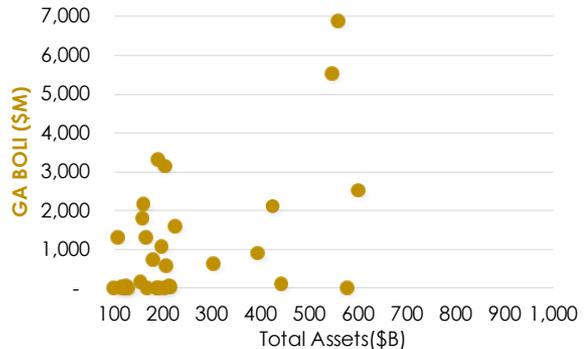
Banks with \$100B to \$1T in Total Assets

25 of 31 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
Total	36,021	9,293	23,763	69,078	10%
Average	1,162	300	767	2,228	22%
Last Q # of Increases	1	1	2	4	
Increase Total (\$M)	1,235	82	282	1,598	
Last Q # of Decreases	1	-	-	1	
Decrease Total (\$M)	(326)	-	-	(326)	



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												
2022-Q3	0	0	4	1,598	4	1,598	0	0	1	-326	1	-326
1-Year	7	3,242	5	1,874	12	5,116	0	0	1	-326	1	-326
3-Year	16	5,478	5	1,874	21	7,352	0	0	5	-610	5	-610
5-Year	18	6,679	6	2,079	24	8,758	0	0	5	-610	5	-610
SA												
2022-Q3	0	0	2	282	2	282	0	0	0	0	0	0
1-Year	1	18	2	282	3	300	0	0	0	0	0	0
3-Year	2	36	2	282	4	318	0	0	2	-104	2	-104
5-Year	2	36	3	487	5	523	0	0	2	-104	2	-104
GA												
2022-Q3	0	0	1	1,235	1	1,235	0	0	1	-326	1	-326
1-Year	6	3,224	2	1,511	8	4,735	0	0	1	-326	1	-326
3-Year	14	5,442	2	1,511	16	6,953	0	0	3	-506	3	-506
5-Year	16	6,643	2	1,511	18	8,154	0	0	3	-506	3	-506
HYBRID												
2022-Q3	0	0	1	82	1	82	0	0	0	0	0	0
1-Year	0	0	1	82	1	82	0	0	0	0	0	0
3-Year	0	0	1	82	1	82	0	0	0	0	0	0
5-Year	0	0	1	82	1	82	0	0	0	0	0	0

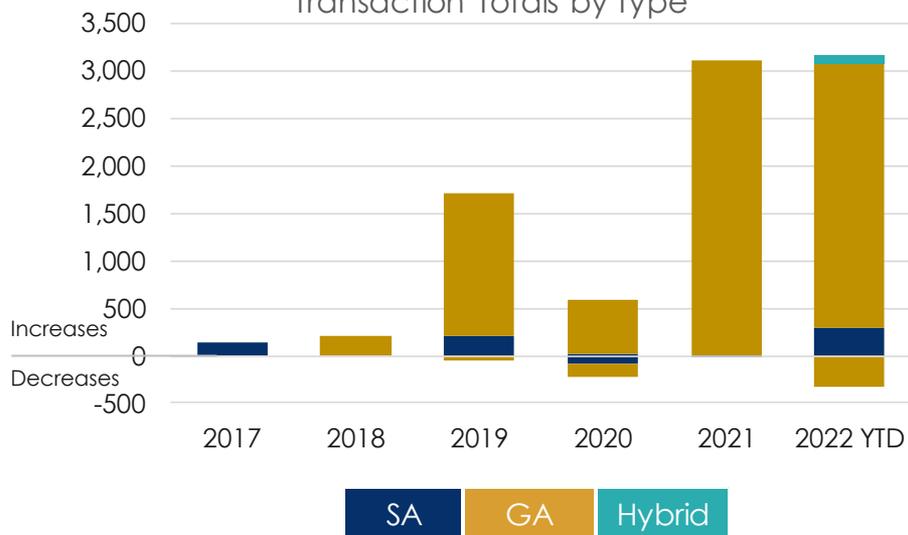
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Recent BOLI Transactions

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

Transaction Totals by Type



Current Quarter Activity

- US Bank's GA BOLI increased by ~\$1.24 billion
- First Republic's SA increased by ~\$35 million
- M&T Bank's GA decreased by ~\$325 million; However, SA increased \$247 million and HY increased \$82 million

Recent Notable Actions

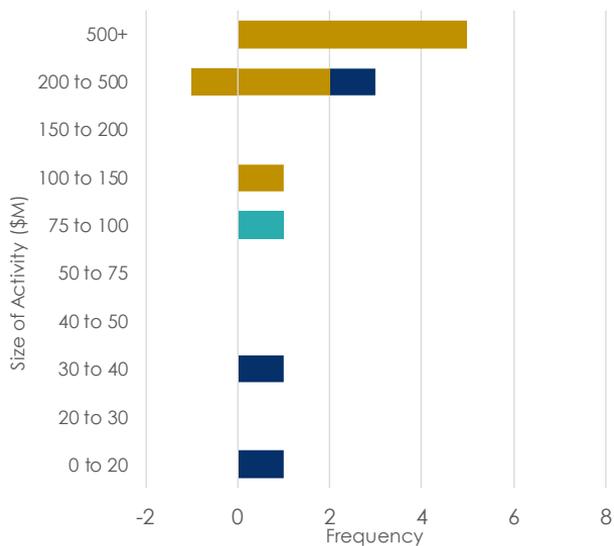
- In 2022-Q2, Northern Trust purchased \$500 million of GA
- In 2022-Q2, First Republic purchased \$668 million of GA
- From Q4-Q1, Truist Financial's GA increased by ~\$882 million
- Citizens Bank's total 2021-2022-Q1 GA purchases were \$1.15 billion
- In 2021-Q4 PNC Financial purchased \$950 million of GA
- Throughout 2021 First Republic purchased \$500 million of BOLI; Primarily GA, with some SA

Frequency of BOLI Transaction Sizes

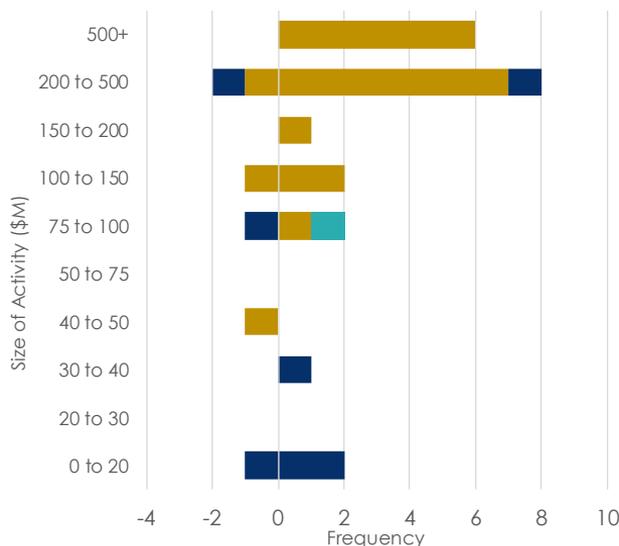
Banks with \$100B to \$1T in Total Assets

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

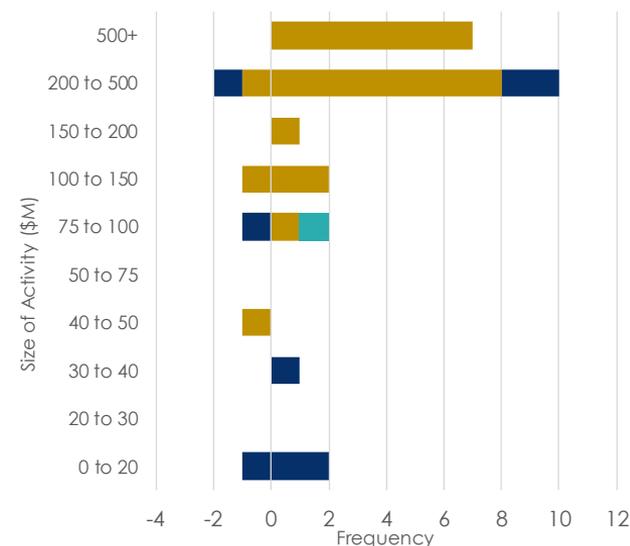
1-Year



3-Year



5-Year



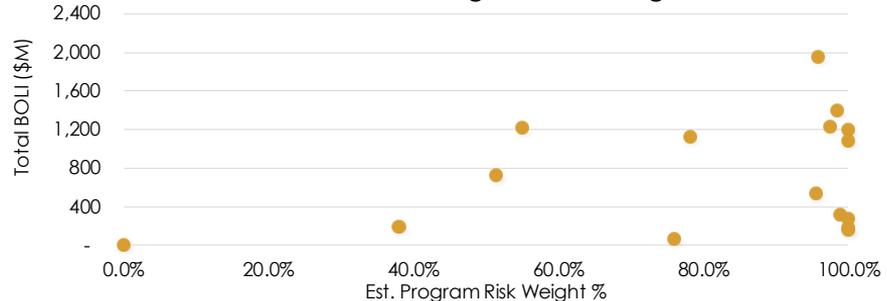
Market Analytics By Bank Size

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

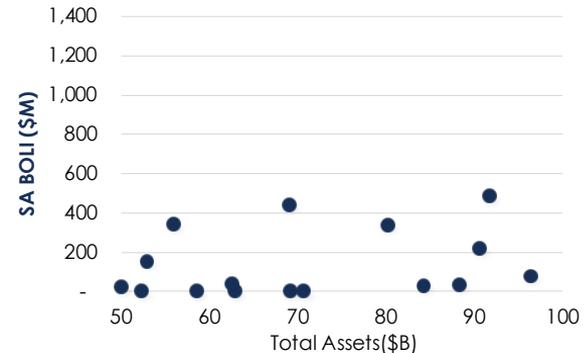
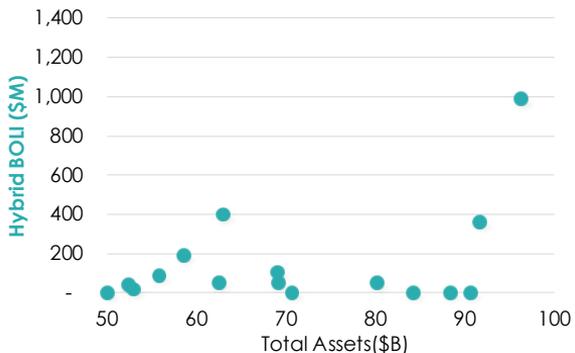
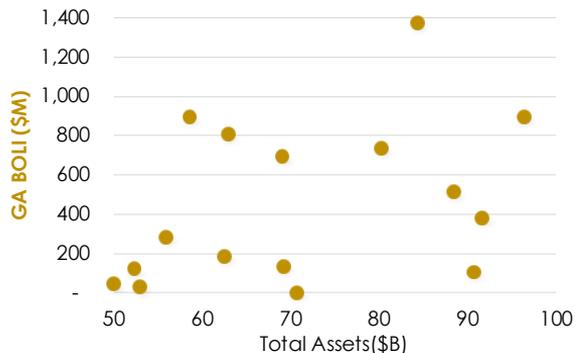
15 of 16 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
Total	7,159	2,323	2,166	11,647	11%
Average	447	145	135	728	10%
Last Q # of Increases	2	-	-	2	
Increase Total (\$M)	60	-	-	60	
Last Q # of Decreases	-	1	1	2	
Decrease Total (\$M)	-	(31)	(29)	(60)	

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												
2022-Q3	0	0	2	60	2	60	0	0	2	-60	2	-60
1-Year	0	0	4	149	4	149	0	0	2	-60	2	-60
3-Year	5	610	10	282	15	892	0	0	4	-195	4	-195
5-Year	6	655	13	521	19	1,176	0	0	5	-206	5	-206
SA												
2022-Q3	0	0	0	0	0	0	0	0	1	-29	1	-29
1-Year	0	0	2	89	2	89	0	0	1	-29	1	-29
3-Year	0	0	8	222	8	222	0	0	3	-164	3	-164
5-Year	0	0	8	222	8	222	0	0	4	-175	4	-175
GA												
2022-Q3	0	0	2	60	2	60	0	0	0	0	0	0
1-Year	0	0	2	60	2	60	0	0	0	0	0	0
3-Year	5	610	2	60	7	670	0	0	0	0	0	0
5-Year	6	655	5	299	11	954	0	0	0	0	0	0
HYBRID												
2022-Q3	0	0	0	0	0	0	0	0	1	-31	1	-31
1-Year	0	0	0	0	0	0	0	0	1	-31	1	-31
3-Year	0	0	0	0	0	0	0	0	1	-31	1	-31
5-Year	0	0	0	0	0	0	0	0	1	-31	1	-31

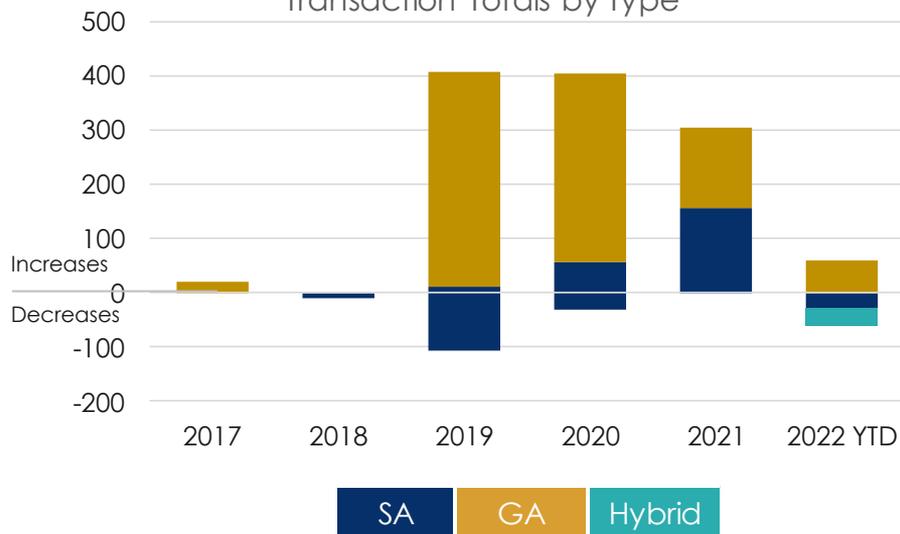
Listings of activity by institution are available upon request

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



Current Quarter Activity

- New York Community Bcorp's GA BOLI increased by ~31 million
- New York Community Bcorp's HY BOLI increased by ~31 million
- Wintrust Financial Corp's GA BOLI increased by ~29 million
- Wintrust Financial Corp's SA BOLI decreased by ~29 million

Recent Notable Actions

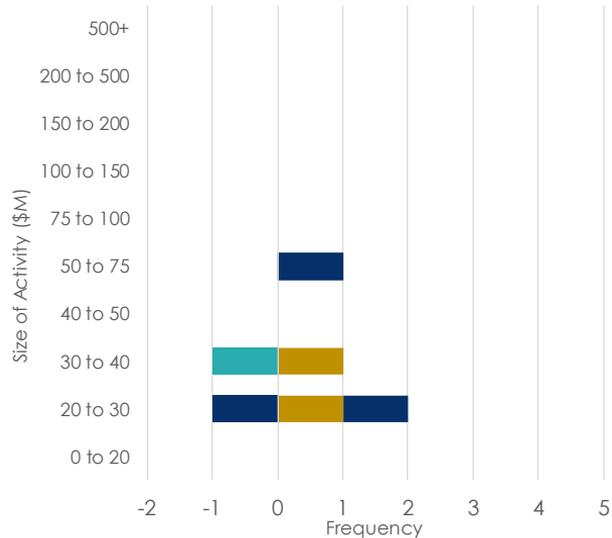
- In 2021-Q3 East West Bank purchased \$150 million of GA
- In 2021 Raymond James's SA BOLI increased by ~\$100 million
- In 2021-Q2 City National's SA BOLI increased by ~\$12 million
- In 2021-Q1 City National's SA BOLI increased by ~\$16 million
- In 2020-Q1 Synovus purchased \$250 million of GA
- In 2020 City's SA BOLI increased by ~\$67 million

Frequency of BOLI Transaction Sizes

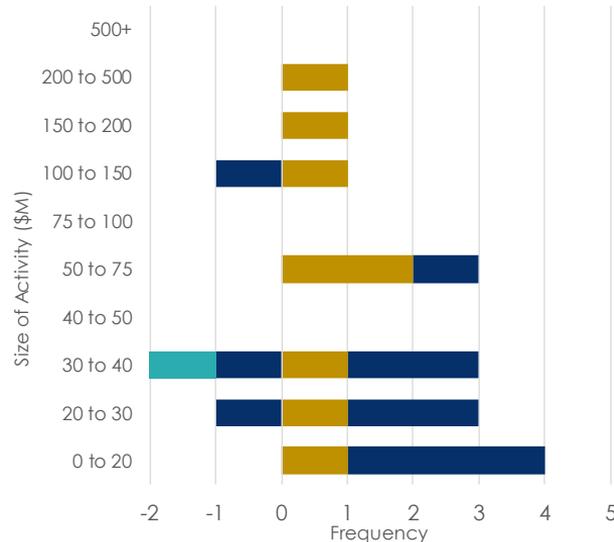
Banks with \$50B to \$100B in Total Assets

- Recent purchases have been fairly spread out in overall size

1-Year



3-Year

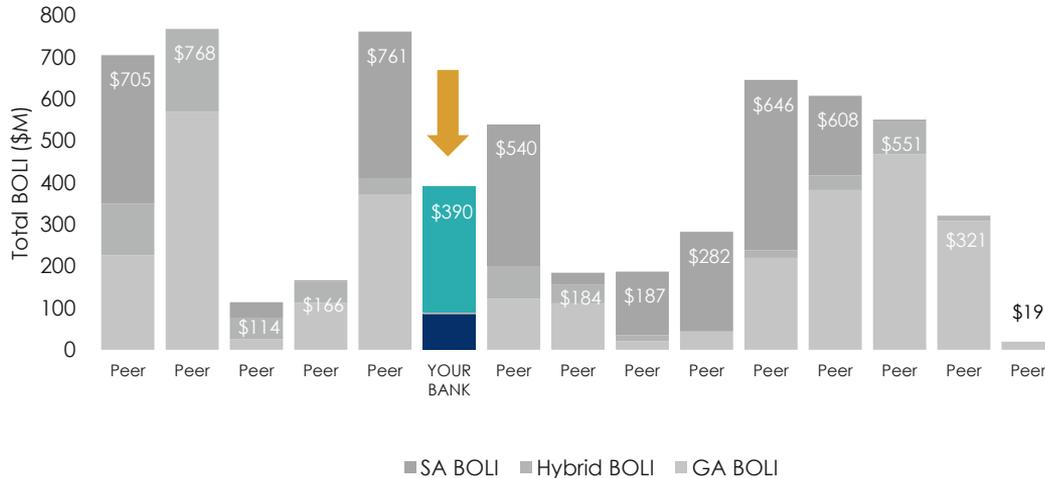


5-Year



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



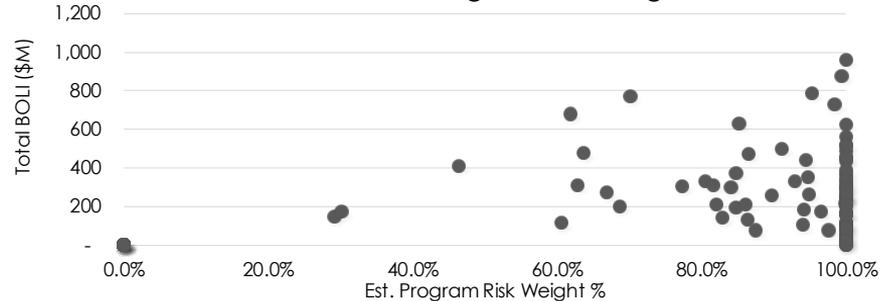
Market Analytics By Bank Size

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

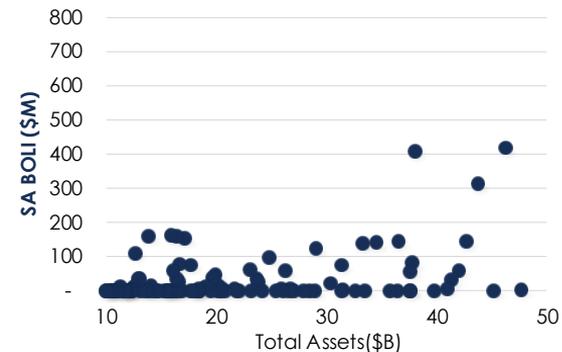
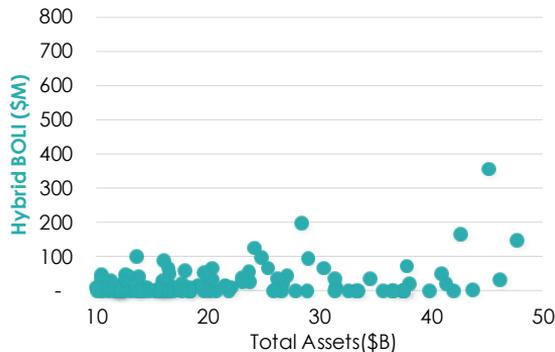
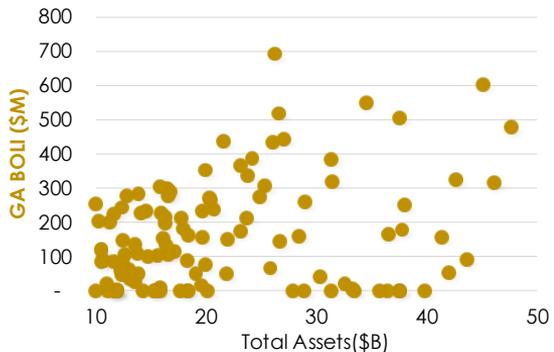
93 of 114 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
Total	19,136	2,882	3,729	25,747	10%
Average	168	25	33	226	13%
Last Q # of Increases	5	-	-	5	
Increase Total (\$M)	100	-	-	100	
Last Q # of Decreases	-	1	-	1	
Decrease Total (\$M)	-	(10)	-	(10)	

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

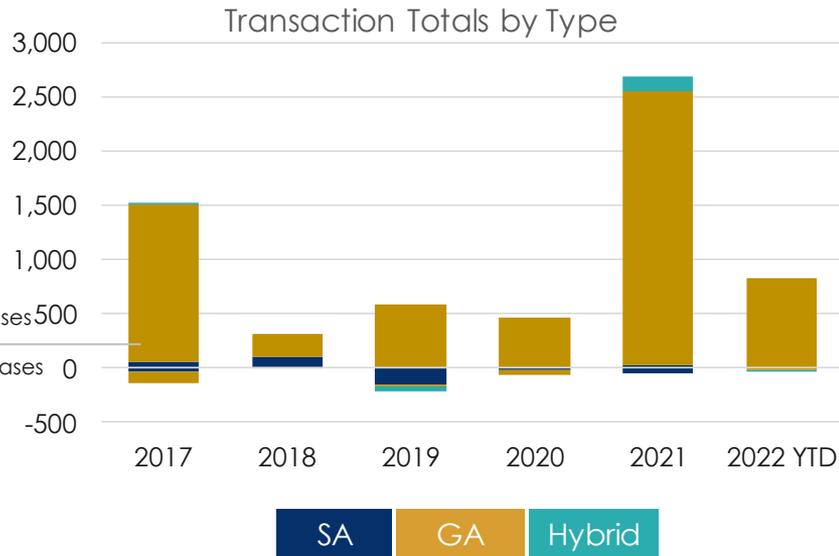
Time Period	Confirmed Purchases	Amount (Millions)	Likely Purchases	Amount (Millions)	Total Purchases	Amount (Millions)	Confirmed Surrenders	Amount (Millions)	Other Large Decreases	Amount (Millions)	Total Decreases	Amount (Millions)
TOTAL												
2022-Q3	2	45	3	55	5	100	0	0	1	-10	1	-10
1-Year	15	796	13	614	28	1,410	0	0	2	-25	2	-25
3-Year	43	2,519	29	1,550	72	4,069	1	-44	5	-89	6	-133
5-Year	55	3,085	41	2,031	96	5,116	6	-175	7	-188	13	-363
SA												
2022-Q3	0	0	0	0	0	0	0	0	0	0	0	0
1-Year	0	0	1	24	1	24	0	0	0	0	0	0
3-Year	0	0	1	24	1	24	1	-44	1	-15	2	-59
5-Year	1	30	4	119	5	149	3	-105	3	-114	6	-219
GA												
2022-Q3	2	45	3	55	5	100	0	0	0	0	0	0
1-Year	15	796	11	564	26	1,360	0	0	1	-15	1	-15
3-Year	42	2,419	27	1,501	69	3,920	0	0	3	-63	3	-63
5-Year	53	2,955	36	1,887	89	4,841	2	-29	3	-63	5	-92
HYBRID												
2022-Q3	0	0	0	0	0	0	0	0	1	-10	1	-10
1-Year	0	0	1	26	1	26	0	0	1	-10	1	-10
3-Year	1	100	1	26	2	126	0	0	1	-10	1	-10
5-Year	1	100	1	26	2	126	1	-42	1	-10	2	-52

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



Current Quarter Activity

- Fulton Financial's GA increased by ~\$28 million
- Pinnacle purchased \$25 million of GA
- Cadence Bank purchased \$19.6 million of GA
- Prosperity's GA increased by ~\$16.2 million
- Firstbank Holding Co's GA increased by ~10.4 million while it's HY decreased by the same amount

Recent Notable Actions

- In 2022-Q2, Ameris purchased \$50 million of GA
- In 2022-Q2, Dime Community Bancshares purchased \$30 million of GA
- In 2022-Q1 Bank of Hawaii purchased \$100 million of GA
- In 2022-Q1 Southstate purchased \$80 million of GA
- In 2022-Q1 Pinnacle purchased \$75 million of GA
- In 2022-Q1 Hancock Whitney purchased \$60 million of GA
- In 2022-Q1 First National Bank of Omaha's GA increased by ~\$126 million

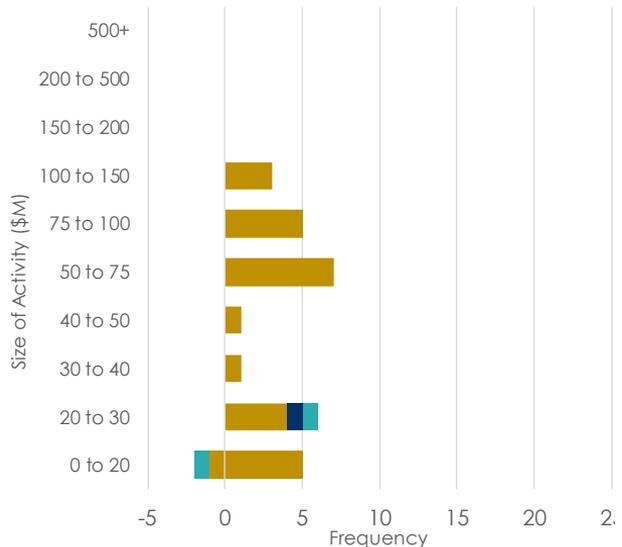
Data Sources: FFIEC Call Report Data, SEC 10-Q Filings, SEC 10-K Filings | MBSA only tracks movement in excess of \$10 million

Frequency of BOLI Transaction Sizes

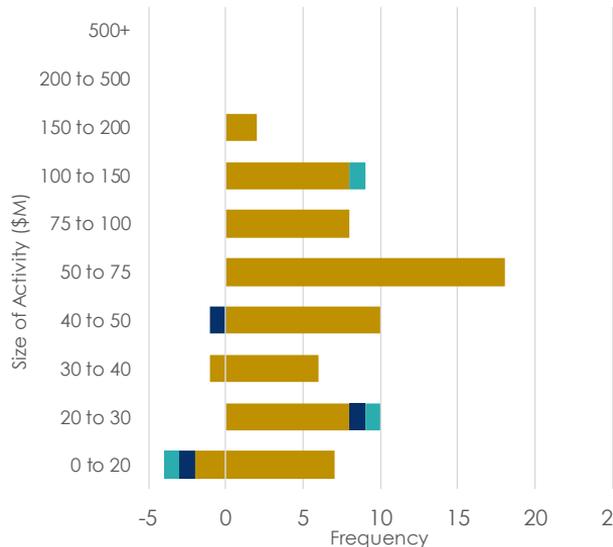
Banks with \$10B to \$50B in Total Assets

- Most purchases for these sized banks had been under \$75 million
- Decreases have been primarily under \$50 million

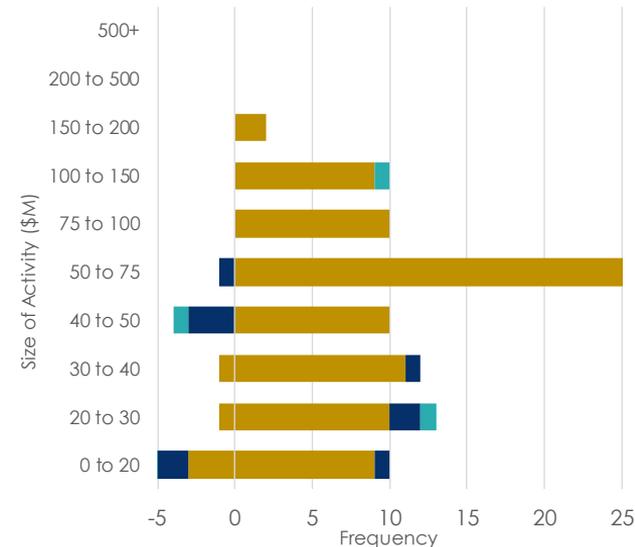
1-Year



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

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SA

GA

Hybrid

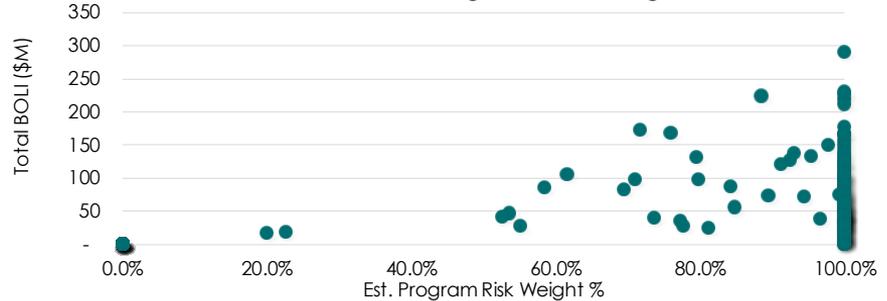
Market Analytics By Bank Size

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

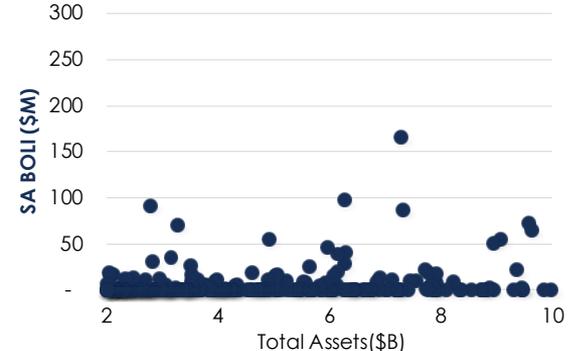
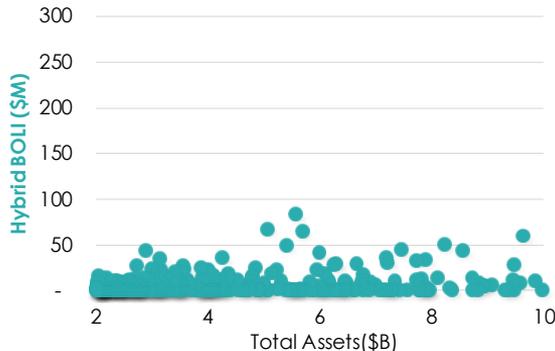
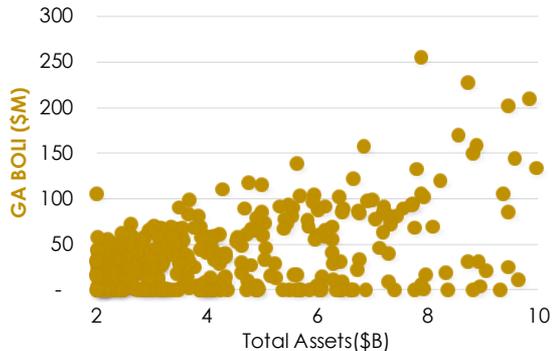
329 of 392 banks own BOLI

	GA (\$M)	Hybrid (\$M)	SA (\$M)	Total BOLI (\$M)	BOLI / Capital
Total	13,351	2,093	1,530	16,973	10%
Average	40	6	5	51	11%
Last Q # of Increases	10	2	3		
Increase Total (\$M)	183	26	45		
Last Q # of Decreases	1	2	1		
Decrease Total (\$M)	(11)	(52)	(20)		

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												
2022-Q3	6	102	9	152	15	254	0	0	4	-83	4	-83
1-Year	22	371	35	762	57	1,133	3	-36	6	-106	9	-142
3-Year	69	1,487	78	1,554	147	3,040	3	-36	13	-327	16	-363
5-Year	87	1,821	87	1,764	174	3,585	5	-139	17	-403	22	-542
SA												
2022-Q3	1	10	2	35	3	45	0	0	1	-20	1	-20
1-Year	2	35	5	177	7	212	1	-11	3	-43	4	-54
3-Year	3	95	5	177	8	272	1	-11	5	-119	6	-130
5-Year	3	95	7	225	10	320	2	-51	5	-119	7	-170
GA												
2022-Q3	4	77	6	106	10	183	0	0	1	-11	1	-11
1-Year	19	321	27	548	46	869	1	-15	1	-11	2	-26
3-Year	65	1,377	69	1,325	134	2,702	1	-15	6	-157	7	-172
5-Year	82	1,707	76	1,487	158	3,194	2	-78	10	-233	12	-311
HYBRID												
2022-Q3	1	15	1	11	2	26	0	0	2	-52	2	-52
1-Year	1	15	3	37	4	52	1	-10	2	-52	3	-62
3-Year	1	15	4	52	5	67	1	-10	2	-52	3	-62
5-Year	2	19	4	52	6	71	1	-10	2	-52	3	-62

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



Current Quarter Activity

- Stock Yards Bcorp purchased \$30 million of GA
- Horizon purchased \$25 million of GA, \$15 million of HY & \$10 million of SA
- ACNB Bank purchased \$12.2 million of GA
- Qcr Holdings purchased \$10 million of GA
- Liberty Bank's SA increased by \$26 million
- Alpine Banks of CO's HY decreased by \$26 million while it's GA increased by \$17.5 million, and SA increased by \$9 million
- Financial Institutions Inc's (NY) GA increased by \$25.5 million while it's HY decreased by the same amount
- Btc Financial Corp's GA increased by ~\$21 million
- Mercantile Bank Corp's GA increased by ~\$20 million while it's SA decreased by the same amount
- Traditional Bank, Inc.'s GA increased by ~12.3 million
- Heritage Financial Corp's HY increased by ~\$11 million while it's GA decreased by the same amount
- Wilson Bank Holding Co's GA increased by \$10.3 million

Recent Notable Actions

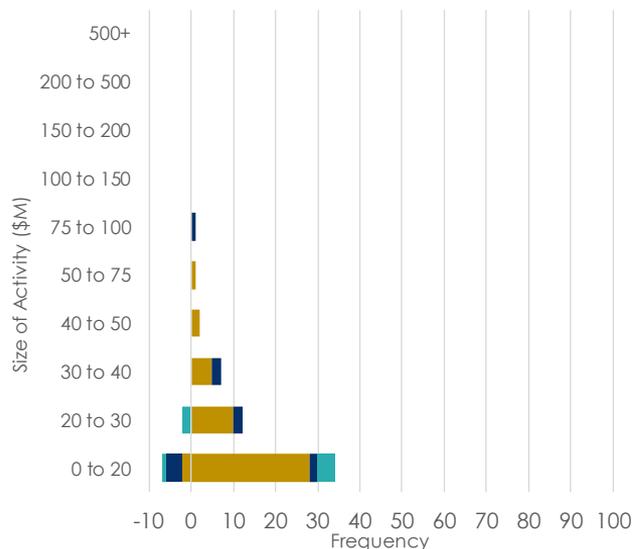
- In 2022-Q2, Connectone purchased \$30 million of GA
- In 2022-Q2, Peoples Bcorp purchased \$30 million of GA

Frequency of BOLI Transaction Sizes

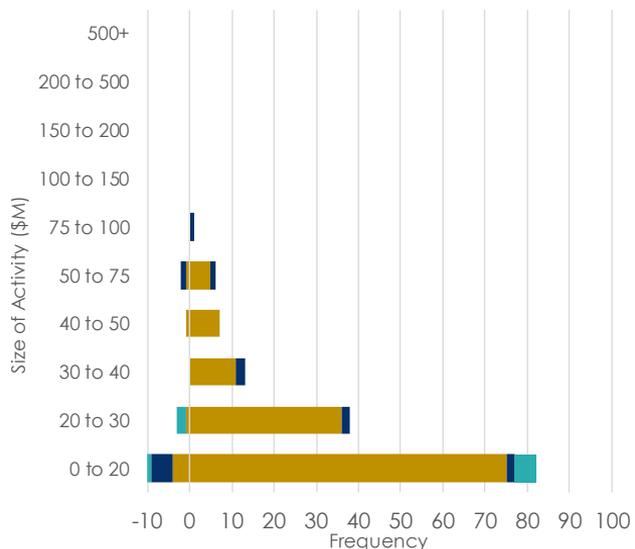
Banks with \$2B to \$10B in Total Assets

- 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

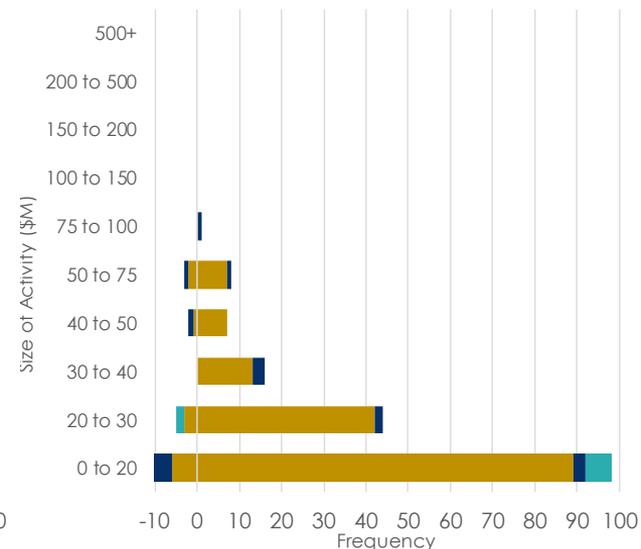
1-Year



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

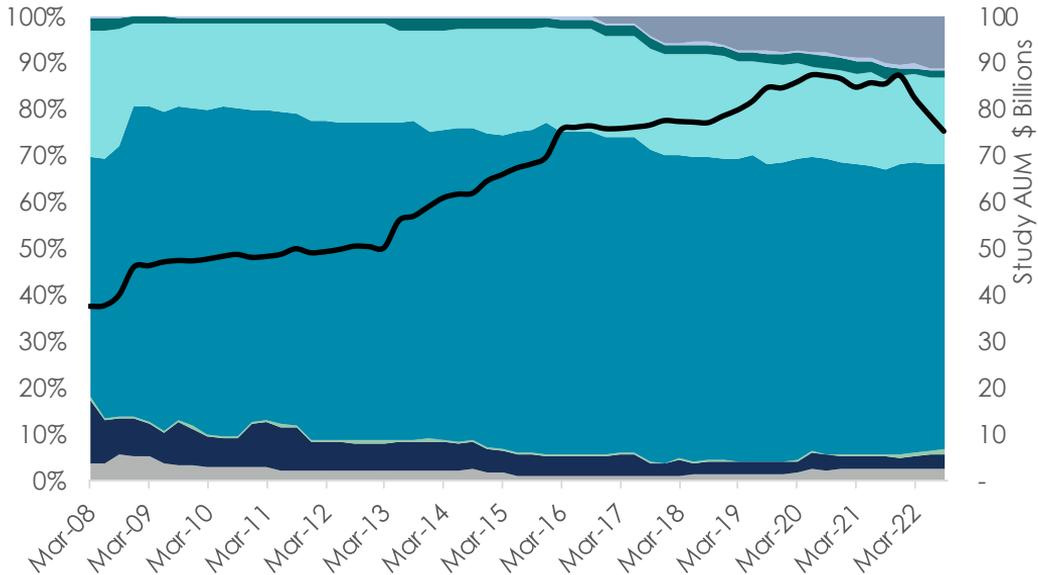
- Capital Efficient / Multi-Sector / Target RW
- High Yield
- Credit
- Core Fixed Income
- MBS / Securitized (ABS / CMBS)
- CLO / Bank Loan
- Short Duration
- Government

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

Currently comprises \$75 billion – a massive share of the industry

SA BOLI Industry Allocations

SA BOLI Allocations Over Time



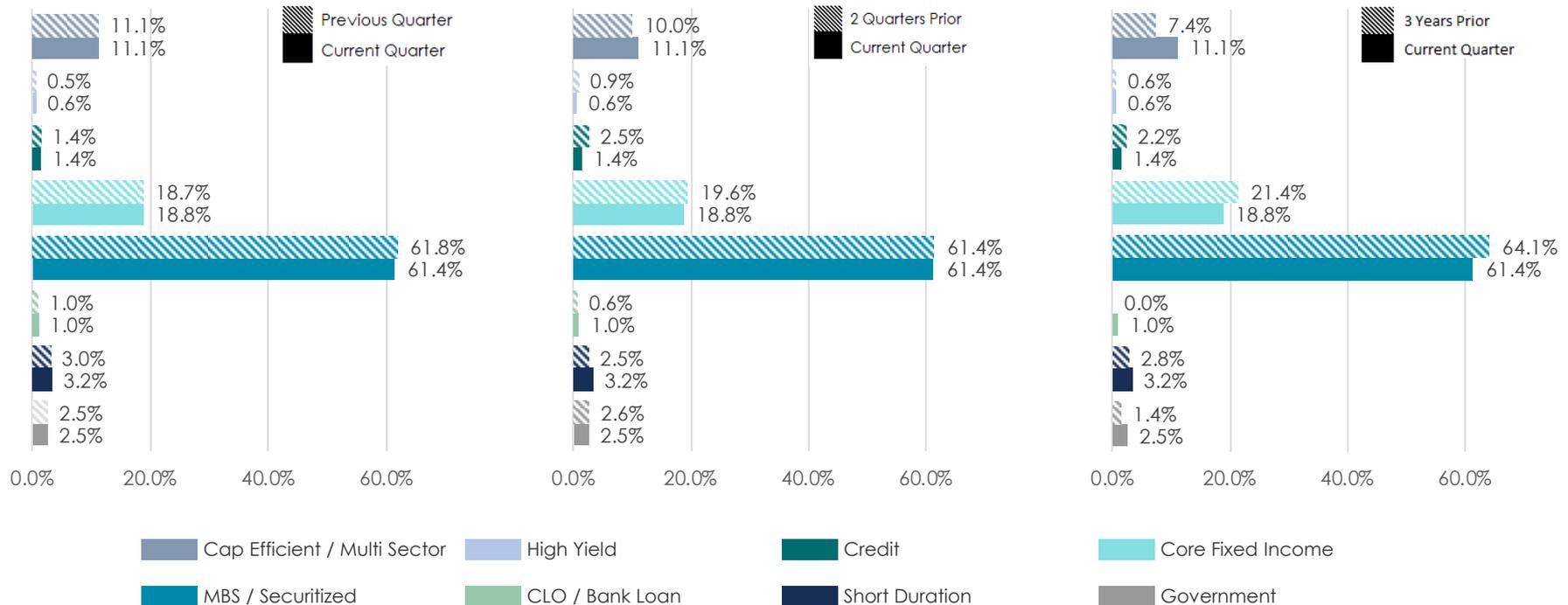
2022-Q3 Weights

Cap Efficient / Multi Sector	11.1%
High Yield	0.6%
Credit	1.4%
Core Fixed Income	18.8%
MBS / Securitized	61.4%
CLO / Bank Loan	1.0%
Short Duration	3.2%
Government	2.5%

— 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



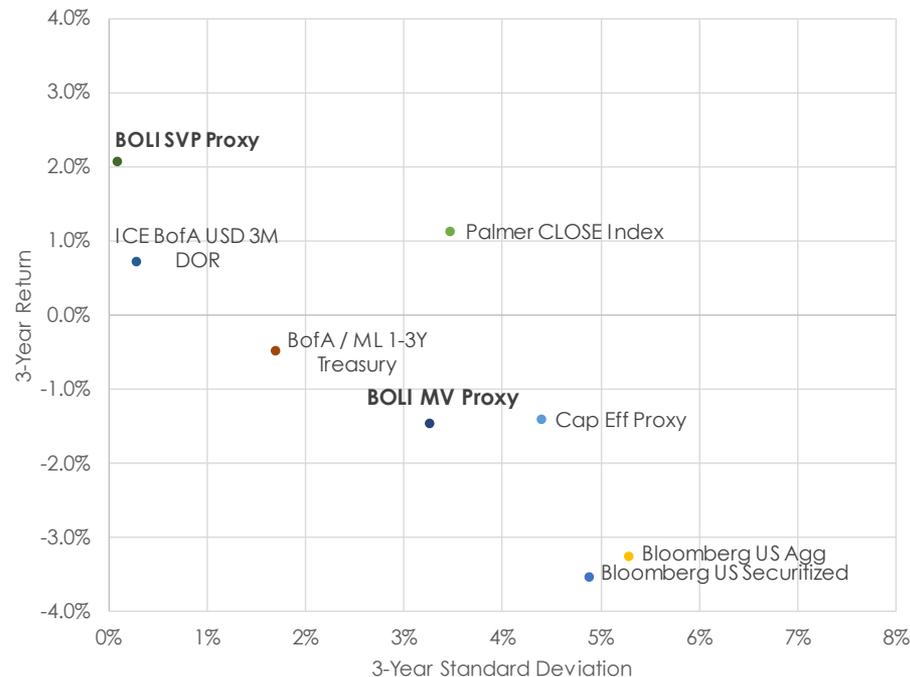
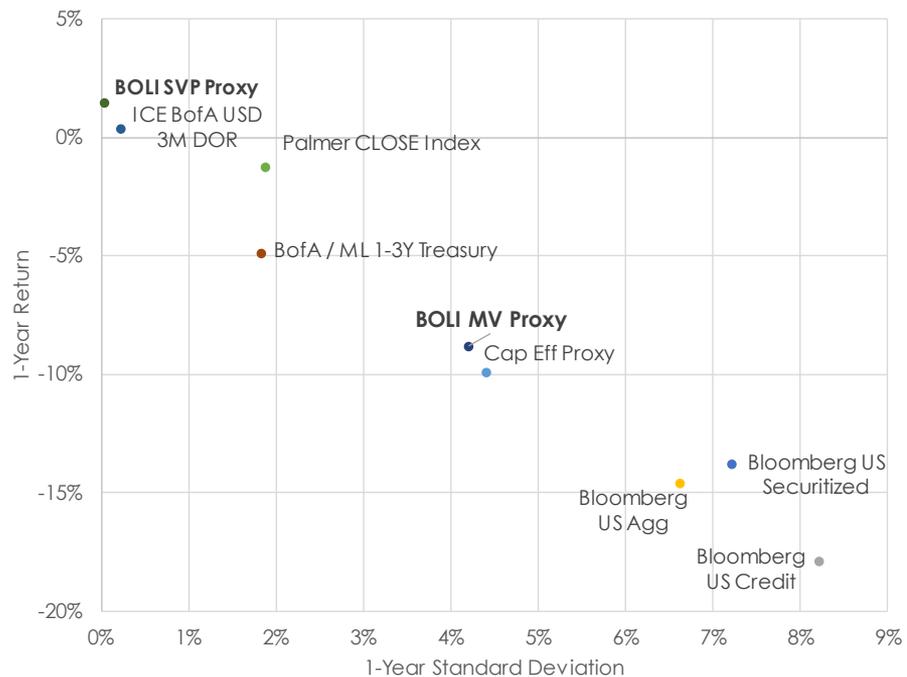
Investment Performance Proxy

Using common benchmarks for the categories, a proxy for the industry's SA Q3 MV performance is estimated at -4.49%

	Benchmark	Quarter	1-Year	3-Year	5-Year	Weights
Cap Efficient / Multi Sector	[Proxied by a sector blend]	-2.75%	-9.90%	-1.39%	0.78%	11.09%
High Yield	<i>Bloomberg High Yield</i>	-0.76%	-13.50%	-0.88%	1.46%	0.57%
Credit	<i>Bloomberg US Credit</i>	-4.95%	-17.89%	-3.61%	-0.05%	1.44%
Core Fixed Income	<i>Bloomberg US Agg</i>	-4.75%	-14.60%	-3.26%	-0.27%	18.78%
MBS / Securitized	<i>Bloomberg US Securitized</i>	-5.20%	-13.79%	-3.52%	-0.80%	61.38%
CLO / Bank Loan	<i>Palmer CLOSE Index</i>	0.42%	-1.20%	1.14%	1.96%	0.99%
Short Duration	<i>ICE BofA USD 3M DOR</i>	0.40%	0.41%	0.72%	1.31%	3.25%
Government	<i>BofA / ML 1-3Y Treasury</i>	-1.56%	-4.86%	-0.48%	0.57%	2.51%
Industry Proxy MV Performance using rolling weights:		-4.49%	-12.87%	-2.95%	-0.36%	
Industry Proxy Stable Value Performance:		0.39%	1.88%	2.22%	2.36%	

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



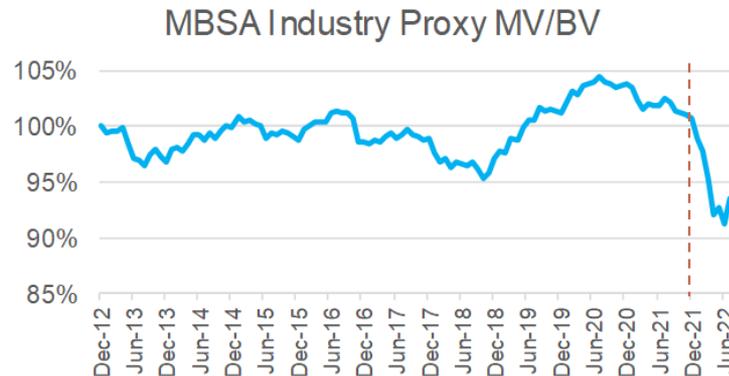
Data as of 2022-Q2

Industry MV/BV Ratio Developments

With continued yield increases, MV/BV ratios continued to decline – resulting in some breaches of SVP contractual thresholds (e.g., write-downs or forced reallocations)

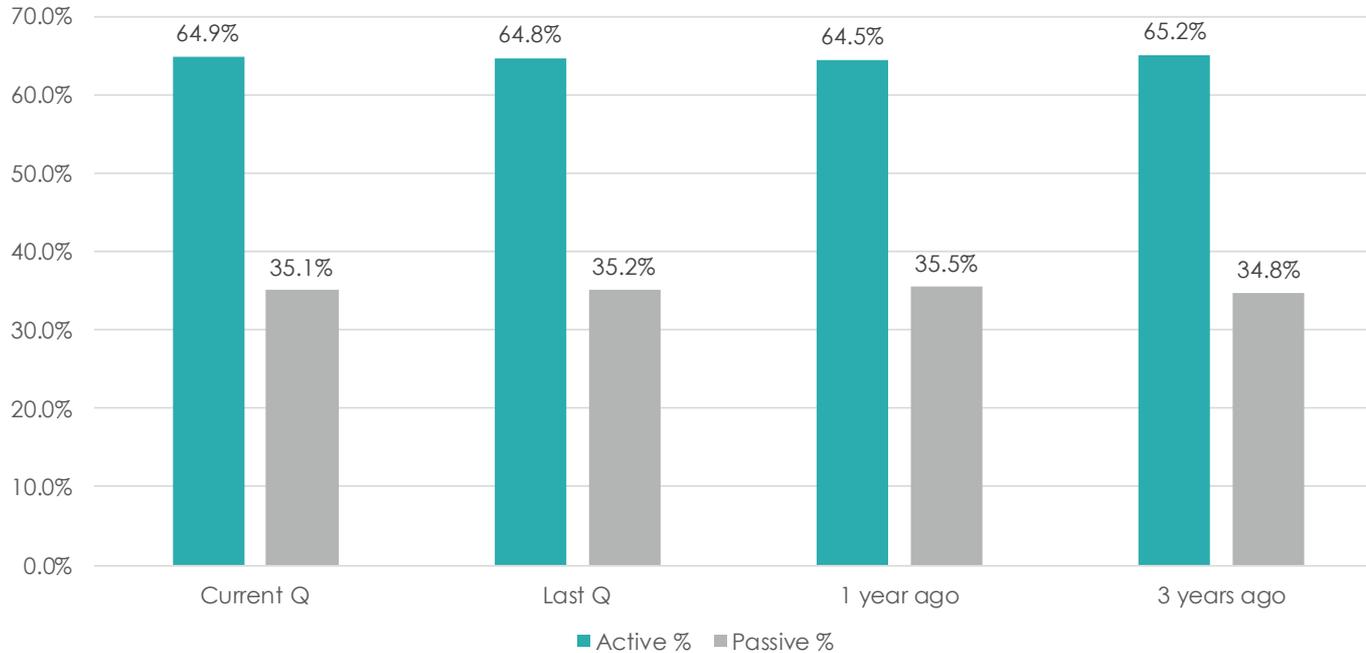
- MBSA began compiling market value and book value data to monitor the overall MV/BV ratios of BOLI allocations
 - ❖ As of Q3, the total MV in the carrier aggregate values was ~\$52 billion
- Additionally, using our proxy MV and BV performance monitoring from the prior pages, we calculate a proxy overall 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	86.7%	86.7%



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

Davydov (et al.) v. John Hancock – COI Litigation Update (Sep)

- On September 13 John Hancock filed a motion for summary judgment in the Southern District of NY. Many of the plaintiffs in this litigation challenging Cost of Insurance increases that John Hancock implemented in 2018 are institutional investors that purchased the life insurance policies in the secondary market.
- John Hancock also filed a statement of “undisputed facts” that included the following:
 - ❖ The Plaintiffs are sophisticated institutional owners who manage life insurance policies with face amounts in the millions.
 - ❖ Institutional owners rarely lapse policies and instead generally keep the policies in force until the death of the insured.
 - ❖ Plaintiffs understood that the COI rates could change under certain circumstances.
 - ❖ John Hancock reviewed COI rates for the policies and documented its methodology for calculating increased COI rates in an April 2018 memo.
 - ❖ John Hancock determined that its expectations had deteriorated significantly for certain groups of insureds (those over the age of 60) since the policies were priced.
 - ❖ John Hancock consulted with the NY DFS and ultimately obtained approval to implement.
 - ❖ John Hancock has represented that the increased COI rates do not result in profitability greater than the original underwriting expectations.
 - ❖ None of the Plaintiffs' policies have lapsed since the COI increase was implemented.
- The materials also summarize the universal life policies' contract provisions and the language surrounding John Hancock's discretion. [October's update on next page]

Docket: Davydov (et al.) v. John Hancock Life Insurance Company, Case No. 1:18-cv-09825 (SD – NY)

Noteworthy Judicial Developments

Davydov (et al.) v. John Hancock – COI Litigation Update (Oct)

- On October 19 the US District Court Judge denied John Hancock's motion, noting that the disputes raise genuine issues of material facts.
- The judge identified the following genuine disputes:
 - ❖ Future Expectations Claims
 - John Hancock maintains that it was allowed to base COI rate increases on changes of mortality of beneficiaries and persistence in maintaining policies (two of the five specified factors in the policies). John Hancock also contends that it was permitted to consider profits as an indicator of mortality and persistence changes.
 - Plaintiffs contend that profit was the driving factor, that John Hancock reverse-engineered the rate increases to course-correct the decreased profits that were built into the original pricing assumptions of the policies.
 - ❖ Nondiscrimination Claims
 - The policies prohibit John Hancock from imposing COI rate increases that discriminate unfairly with any class of lives insured. However, the policies do not define "class," and there has been no showing of an industry usage that is well settled.

Docket: Davydov (et al.) v. John Hancock Life Insurance Company, Case No. 1:18-cv-09825 (SD – NY)

Noteworthy Tax Developments

IRS Notice 2022-55 – Qualified Retirement Plan Cost of Living Adjustments (Oct)

- On October 21 the IRS released its annual adjustments for benefits and contributions limits under qualified retirement plans to account for cost-of-living increases ([Notice 2022-55](#)). Given the heightened inflation experienced over the past year, many of the adjustments are significant.
- Notable updates include:

Topic	2022	2023
Limit on Elective Deferrals under 402(g)(1) and 457(e)(15) [applicable to 401(k), 403(b), 457(b), etc.]	\$20,500	\$22,500
Annual Compensation Limit under 401(a)(17), 404(l), 408(k)(3)(C), and 408(k)(6)(D)(ii)	\$305,000	\$330,000
Highly Compensated Employee Threshold under section 414(a)(1)(B)	\$135,000	\$150,000

Noteworthy Accounting Developments

[None covered this quarter]

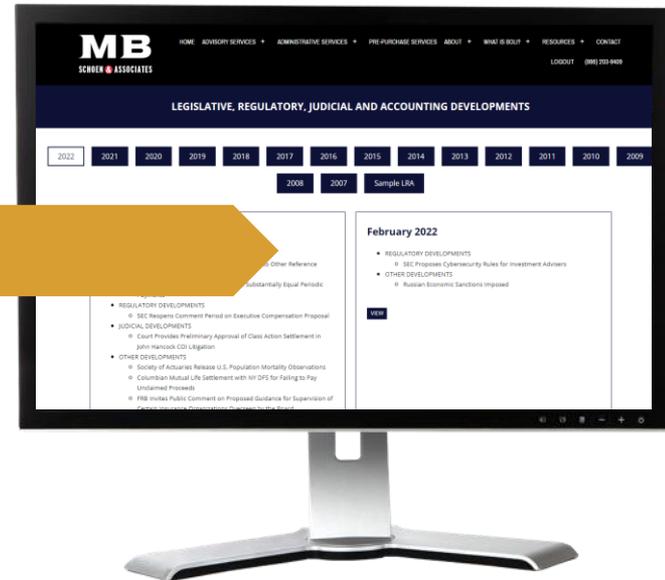
- For prior recent developments, see historical LRJA updates on our [website](#).

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LEGISLATIVE, REGULATORY, JUDICIAL,
AND ACCOUNTING DEVELOPMENTS



Noteworthy Regulatory Developments

Banking Regulators Reaffirm Commitment to Basel III Standards (Sep)

- On September 9 the US banking regulators issued press releases reaffirming their intent to implement enhanced regulatory capital requirements that align with the final set of “Basel III” standards issued by the Basel Committee on Banking Supervision in December 2017 ([OCC](#), [FRB](#), and [FDIC](#)). The press releases indicated that the agencies are currently working on a joint proposed rule to be released “as soon as possible.”
- As always, we will monitor for and review any rule proposals.

FRB and FDIC Proposed Rule for Large Bank Resolution Requirements (Oct)

- On October 14 the FRB and FDIC released a jointly developed [advance notice of proposed rulemaking](#) (ANPR) to enhance regulators’ ability to resolve large banks. In particular, the ANPR solicits public input regarding whether an extra layer of loss-absorbing capacity could improve optionality in resolving a large banking organization, and the costs and benefits of such a requirement.
- The term large banking organization refers to banks that have more than \$100 billion of total consolidated assets but excludes U.S. GSIBs. These banks correspond to Category II – IV under the FRB’s tiering framework.
 - ❖ Category II: Banking organizations that have \$700 billion or more in average total consolidated assets or \$75 billion or more in cross-jurisdictional activity.
 - ❖ Category III: Banking organizations that have between \$250 billion and \$700 billion in average total consolidated assets or \$75 billion or more in off-balance sheet exposures, nonbank assets, or short-term wholesale funding.
 - ❖ Category IV: Banking organizations that have between \$100 billion and \$250 billion in average total consolidated assets.
- The comment period closes on December 23, 2022 (60 days from publication in the [Federal Register](#)).

Noteworthy Regulatory Developments

SEC Adopts Final Clawback Rules (Oct)

- On October 26 the SEC adopted [final rules](#) to implement Section 954 of the Dodd-Frank Act. The final rules direct the national securities exchanges to establish listing standards that require each issuer to develop and implement a policy providing for the recovery, in the event of a required accounting restatement, of incentive-based compensation received by current or former executive officers where that compensation is based on the erroneously reported financial information.
- The recovery of incentive-based compensation is triggered if the issuer is required to restate previously issued financial statements to correct errors that are “material” (referred to as “Big R” restatements).
- In general, the rules only apply to incentive-based compensation; there is no requirement to recover non-incentive-based compensation such as salaries. The amount of incentive-based compensation subject to recovery is generally any amount by which the gross compensation paid exceeds the amount that would have been paid based on corrected financial statements.
- The rules define “executive officer” to mean the issuer's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the issuer in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the issuer.
- The rules will become effective 60 days after publication in the Federal Register, which has not yet occurred.

Noteworthy Regulatory Developments

Federal Reserve Framework for Supervision of Insurance Organizations (Oct)

- The October 4 Federal Register included [final guidance](#) from the Federal Reserve Board (FRB) adopting a new supervisory framework for depository institution holding companies that are significantly engaged in insurance activities (“supervised insurance organizations” or “SIOs”). Based on an FRB memo from 2021, this framework presently applies to the following entities:
 - ❖ Ameriprise Financial Inc.
 - ❖ The Auto Club Group
 - ❖ First American Financial Corporation
 - ❖ Ohio Farmers Insurance Company
 - ❖ Teachers Insurance and Annuity Association of America
 - ❖ United Services Automobile Association
- The final guidance is effective November 3, 2022. We do not expect this development to impact the BOLI/COLI market.

Noteworthy Legislative Developments

[None covered this quarter]

- For prior recent developments, see historical LRJA updates on our [website](#).

Other Noteworthy Developments

Senate Finance Committee Continues Investigation Into Private Placement Life Insurance (Sep)

- On September 21 the Senate Finance Committee posted a [press release](#) announcing that it was continuing its investigation into Private Placement Life Insurance (PPLI) used by the wealthiest Americans to avoid taxes. On the same date, Ron Wyden (Committee Chair) sent letters to Prudential Financial, Zurich and the American Council of Life Insurers (“ACLI”) seeking additional information and responses by September 30.
- In August we reported that Wyden sent a letter on this topic to Lombard International

ACLI Update on Life Insurance and Annuity Benefits in 2021 (Nov)

- On November 28 the American Council of Life Insurers (ACLI) released its [2022 Life Insurers Fact Book](#). Highlights include
 - ❖ Life insurance companies paid \$100 billion to beneficiaries of life insurance policies in 2021.
 - ❖ Life insurance payments increased 10.8% over 2020.
 - ❖ As we reported previously, life insurance benefits in 2020 increased by 15.4% over 2019 – which had been the largest single year increase since the influenza pandemic of 1918.
 - ❖ Table 2.4 provided aggregate information on the maturity profile of general account bonds. More than 20% of the bonds had remaining maturities in excess of 20 years.

Other Noteworthy Developments

ACLI Update on Life Insurance and Annuity Benefits in 2021 (Nov) Continued

- ❖ Table 2.4 provided aggregate information on the maturity profile of general account bonds. More than 20% of the bonds had remaining maturities in excess of 20 years.

Table 2.4

Distribution of General Account Bonds, by Remaining Maturity, 2017-2021

	Percentage of general account bonds held at year's end					Total
	1 year or less	More than 1 year to 5 years	More than 5 years to 10 years	More than 10 years to 20 years	More than 20 years	
Total						
2017	6.6	25.0	29.9	17.7	20.7	100.0
2018	6.9	25.1	30.3	17.3	20.3	100.0
2019	7.5	25.1	29.7	17.2	20.4	100.0
2020	7.8	26.0	28.1	17.2	21.0	100.0
2021	6.9	25.4	27.3	18.3	22.1	100.0

- ❖ Table 11.1 listed the largest life insurers by Total Assets. Prudential, MetLife, New York Life and MassMutual led the list. However, in terms of General Account assets, New York Life and MetLife were the leaders.

Table 11.1

Largest Life Insurers, by Total Assets, 2021 (millions)

Prudential Financial	\$707,207
MetLife, Inc.	461,437
New York Life	391,062
Massachusetts Mutual	369,048
TIAA-CREF	360,224
American International Group	345,825
Northwestern Mutual	334,765
Lincoln Financial	334,508
Jackson National	321,914
Manulife Financial	309,176

Other Noteworthy Developments

ACLI Update on Life Insurance and Annuity Benefits in 2021 (Nov) Continued

- ❖ Table 11.4 listed the life insurers by Individual Net Life Insurance Premiums in 2021.

Table 11.4

Largest Life Insurers, by Individual Net Life Insurance Premiums, 2021 (millions)

Northwestern Mutual	\$17,934
Prudential Financial	11,560
New York Life	11,411
Resolution Life US Holdings Group	10,494
Massachusetts Mutual	10,262
RGA Group	5,934
State Farm	5,480
Guardian	4,741
Pacific Life	3,864
Sammons Financial	3,471

- Population Demographics:

- ❖ The number of people in the US who are age 19 or younger has declined slightly since 2011 (82.1 million in 2021 versus 82.8 million in 2011).
- ❖ The number of people in the US who are age 65 or older has increased significantly since 2011 (55.8 million in 2021 versus 41.3 million in 2011).

Other Noteworthy Developments

ACLI Update on Life Insurance and Annuity Benefits in 2021 (Nov) Continued

- Table 12.1 shows age-adjusted death rates year to year. The most recent year (2020) had a significant increase.

Table 12.1, continued

Death Rates in the United States, continued

Age-adjusted rate per 1,000 population ¹			
Year	Male	Female	Total
2015	8.6	6.2	7.3
2016	8.6	6.2	7.3
2017	8.6	6.2	7.3
2018	8.6	6.1	7.2
2019	8.5	6.0	7.2
2020	10.0	7.0	8.4

Source: U.S. Department of Health and Human Services' National Center for Health Statistics, National Vital Statistics Reports.

¹ Based on population estimates from the 2000 census, which were modified for consistency with Office of Management and Budget racial categories as of 1977. All death rates have been revised, and may differ from previously published rates that were based on 1990 population estimates.

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
- Pacific 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 A-

- Security Life of Denver Insurance Company

Insurance Carriers Rated BBB+

- Delaware Life Insurance Company

Insurance Carriers Rated BBB

- Talcott Resolution Life Insurance Company

*Categories based on S&P's Financial Strength Rating as of November 15, 2022

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
- Pacific Life Insurance Company
- Pruco Life Insurance Company
- Prudential Insurance Company of America
- Zurich Insurance Company

Insurance Carriers Rated A1

- Equitable Financial Life Insurance Company
- Equitable Financial Life Insurance Co. of America
- John Hancock Life Insurance Company (USA)
- Lincoln 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
- 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
- Jackson 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
- Zurich American Life Insurance Company

Insurance Carriers Rated Baa1

- Security Life of Denver Insurance Company

Insurance Carriers Rated Baa2

- None

Insurance Carriers Rated Baa3

- Talcott Resolution Life Insurance Company

*Categories based on Moody's Insurance Financial Strength Rating as of November 15, 2022

Ratings or Outlook Revisions

AEGON N.V.

- Rating **downgraded** from A- to BBB+ by S&P; outlook is negative (Nov)
- Rating placed under review for **potential downgrade** by Moody's (Nov)

Allstate Corporation

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

Canada Life Assurance Co.

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

Empower Annuity Insurance Company of America

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

Guardian Life Insurance Company of America

- Rating **upgraded from Aa2 to Aa1** by Moody's, outlook changed to stable (Sep)
- Rating withdrawn at AA+ by Fitch due to commercial reasons

Lincoln National Corporation

- Rating **downgraded** from A- to BBB+ by S&P; outlook is stable (Nov)
- Outlook changed from stable to **negative** by Fitch (Nov)
- Outlook changed from stable to **negative** by Moody's (Nov)

Lincoln National Life Insurance Company

- Rating **downgraded** from AA- to A+ by S&P; outlook is stable (Nov)
- Outlook changed from stable to **negative** by Fitch (Nov)
- Outlook changed from stable to **negative** by Moody's (Nov)

Security Life of Denver Insurance Company

- Outlook changed from negative to **stable** by Moody's (Oct)

Transamerica 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 IPO of Corebridge Financial (Sep)

- AIG completed the initial public offering of the Life & Retirement business on September 14, 2022. The Life & Retirement business is now under the name of Corebridge Financial. The names of the subsidiary insurance companies, e.g., American General Life Insurance Company, will remain unchanged.
- AIG will retain ownership of 77.7% of Corebridge Financial initially. A subsidiary of Blackstone, Argon Holdco LLC, has a 9.9% stake in the company while public stockholders comprise the remaining 12.4% of ownership.

Talcott and Guardian Announce Reinsurance Transaction (Oct)

- Talcott Financial Group has [announced a reinsurance agreement](#) between its subsidiary, Talcott Resolution Life Insurance Company, and The Guardian Insurance & Annuity Company, Inc. Talcott will reinsure \$7.4 billion in variable annuity liabilities.
- The transaction is expected to close by year-end, subject to closing conditions.
- The announced transaction marks \$50 billion of reinsurance transactions by Talcott Resolution since 2021. The reinsurance transactions have followed Sixth Street's acquisition of Talcott on July 1, 2021.

Industry Developments

Resolution Life and Blackstone Strategic Partnership (Oct)

- Resolution Life and Blackstone announced a strategic partnership on October 12, 2022. Under the proposed partnership agreement, Resolution Life and Blackstone plan to raise \$3 billion of new equity capital, including \$500 million from Blackstone. Blackstone will initially manage up to \$25 billion of assets in private credit, real estate, and asset-based-finance markets within the first year, and up to \$60 billion over the next six years.
- The partnership is subject to regulatory approval and is anticipated to close in the second half of 2023.

Lincoln National Corp Earnings Announcement (Nov)

- Lincoln National [announced](#) third quarter earnings on November 2, 2022, which included a one-time charge of \$2.3 billion. The one-time charge was primarily related to a guaranteed universal life lapsation assumption update.
- The ratings actions mentioned above occurred following the earnings announcement and noted the lower risk based capital ratio as a result of the charge.

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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	-	-	-	-

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