

The \_\_\_\_\_ monitors developments in the capital markets globally and analyzes their potential impact on the investment portfolios of U.S. insurance companies. A list of archived Capital Markets Bureau Special Reports is available via the INDEX.

SS

## Analysts: Jennifer Johnson and Jean-Baptiste Carelus

For the first three quarters of 2020, U.S insurers net acquired about \$180 billion in bonds in terms of total price paid; for the first three quarters of 2019, however, they net disposed about \$33 billion in bonds in terms of total price received.

For both acquisitions and dispositions in the first three quarters of 2019 and 2020, unaffiliated

The Capital Markets Bureau

bond acquisitions and

dispositions for the first three quarters of 2019 and 2020 based on information provided by insurers in the quarterly statement filings of Schedule D Part 3 and Part 4 that are filed with the NAIC. The analysis showed that for the first three quarters of 2020, U.S. insurers net acquired about \$180 billion in bonds in terms of total price paid; for the first three quarters of 2019, however, they net disposed about \$33 billion in bonds in terms of total price received. This trend is due in part to individual insurer investment strategies and perceived market opportunities. It appears that insurers

Table 2: U.S. Insurer Acquisitions by Bond Type 2019, Q1

compared to smaller investors, as well as larger insurers having more cash available to invest than smaller insurers.

Table 5: Total Acquisitions in Q1 Q3 2020 by U.S. Insurer Assets Under Management

## Bond Type

U.S insurers dispositions for the first three quarters of 2020 totaled \$912.9 billion in terms of sale price, representing an 8% increase from the first three quarters of 2019. (See Table 6.) Dispositions include bond sales (and not maturing bonds). In 2020, there was a similar amount of dispositions in Q1 and Q2, but a 15% decrease from Q2 to Q3. Smilar to acquisitions, the majority of dispositions were with corporate bonds, representing half of all dispositions for the first three quarters of 2020. Note that after netting out the \$802 billion of disposed bonds in the first three quarters of 2020 from total bond acquisitions for the same time period, U.S insurers net acquired about \$180 billion in bonds during the first three quarters of 2020.

Table 6: U.S. Insurer Dispositions by Asset Type 2020, Q1 3 (\$ Sales Price)

Bond Type Q1 Q2 Q3 Total % of Total

Unaffiliated Corporate 147,001,093,171

In terms of sectors, mortgage securities represented 17%, while ABS and financials each accounted for 10% of the total. About 6% of total bond dispositions were reported without a sector by U.S. insurers for this time period.

For the first three quarters of 2019, total dispositions were about \$835 billion in terms of price paid upon sale, and they were evenly distributed across all three quarters. (See Table 7.) Smilar to 2020, about half of all dispositions in the first three quarters of 2019 were corporate bonds. When accounting for both acquisitions and dispositions in the first three quarters of 2019, U.S. insurers net disposed about \$33 billion in total bonds.

Table 10: Total Dispositions in Q1 Q3 2020 by U.S. Insurer Assets Under Management
The Capital Markets Bureau will continue to monitor trends regarding bond acquisitions and dispositions and report as deemed appropriate.