

The

historical consumer ABS outstanding for the most recent 10-year period. Note that credit card ABS outstandings have been on a declining trend since 2010, while auto ABS have increased.

Source: SIFMA

With regard to auto ABS, according to our research, Global Ratings (S&P) 2019 outlook, new issuance is expected to increase YOY, led by subprime auto loan ABS.² Prime collateral performance is expected to improve as a result of a strong employment outlook, recovery rates stabilizing, and lenders' continued focus on asset quality. Subprime collateral performance is expected to be mixed, but generally stable, and is highly interest rate-dependent,

to other fixed income investments with similar credit quality. Notwithstanding, consumer ABS, as well as other ABS and structured securities, account for a relatively small portion of U.S. insurer bond investments. For the three-year period ending 2018, U.S. insurer investments in consumer ABS had increased by about 10%, most of which was derived from auto ABS.

The NAIC Capital Markets Bureau will continue to monitor events and trends in consumer ABS and report as deemed appropriate.

Questions and comments are always welcome. Please contact the Capital Markets Bureau at CapitalMarkets@naic.org.

The views expressed in this publication do not necessarily represent the views of NAIC, its officers or members. NO WARRANTY IS MADE, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY OPINION OR INFORMATION GIVEN OR MADE IN THIS PUBLICATION.

© 1990 - 2019 National Association of Insurance Commissioners. All rights reserved.