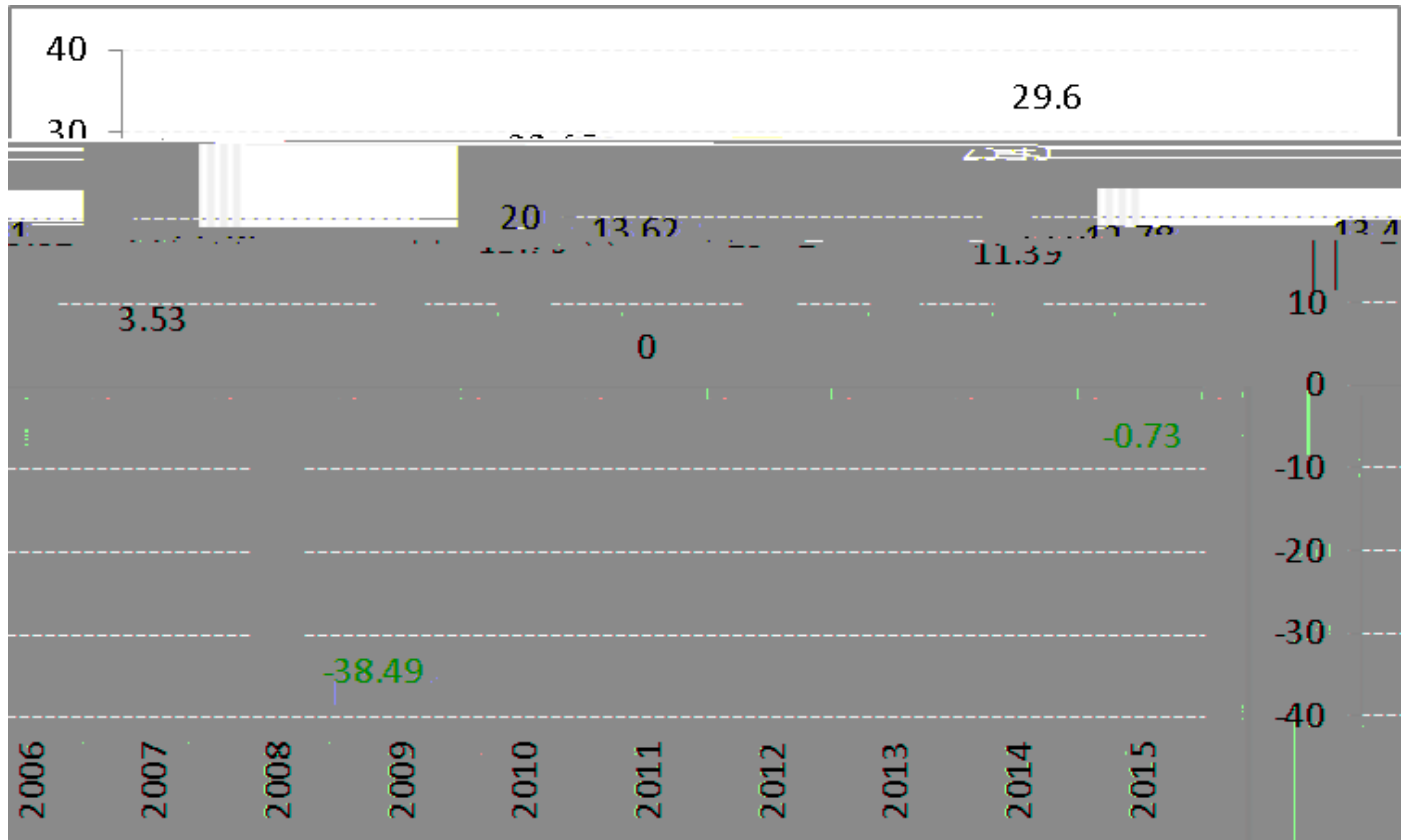


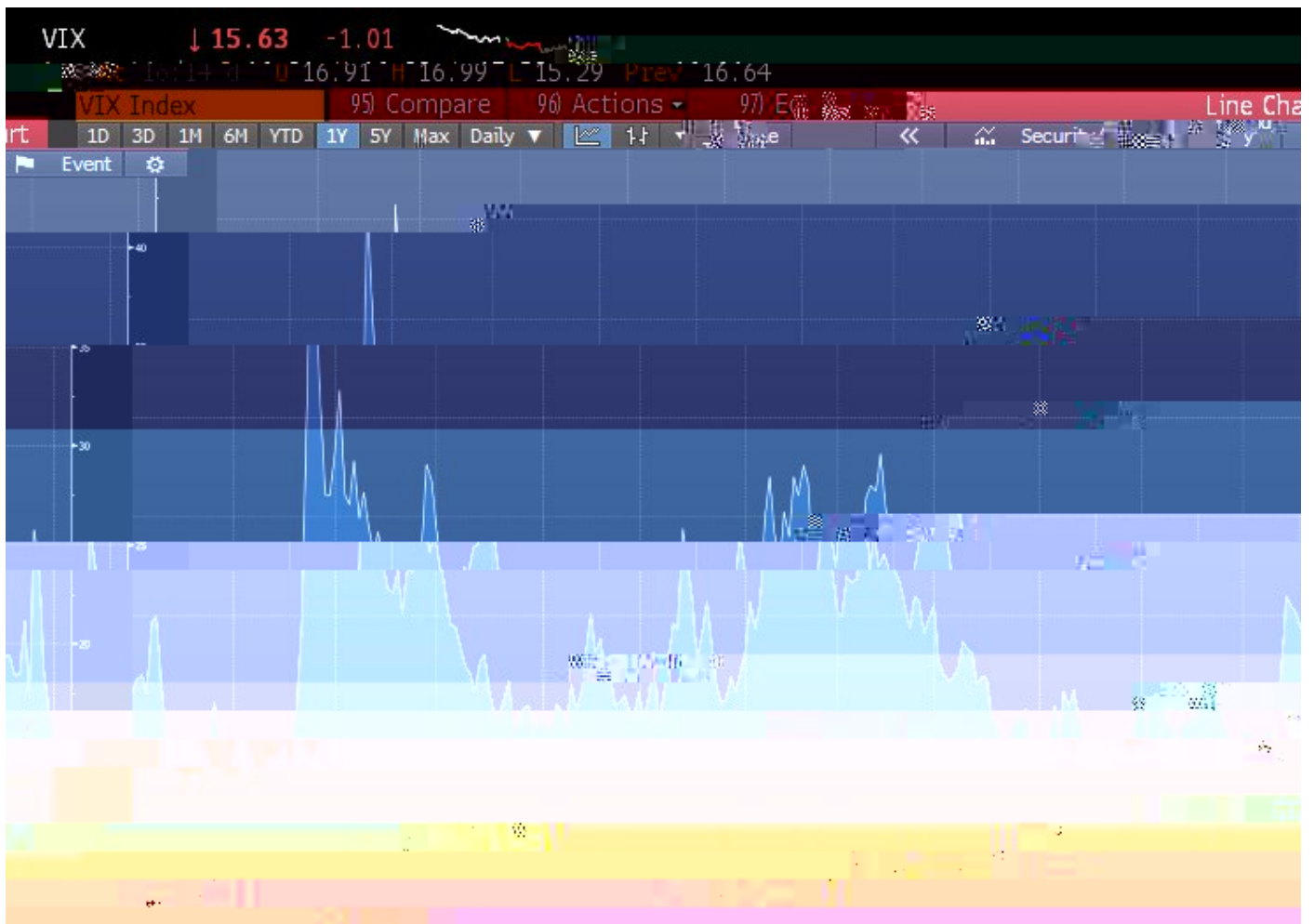


The $1\% - 10\%$ monitors developments in the capital markets globally and analyzes their potential impact on the financial impact of 1%

market economies were strong forces against market advancement. Stock market volatility, as measured by the Chicago Board Options Exchange (CBOE) Volatility Index (VIX)—which measures the implied market volatility interpreted from changes in option prices on the S&P 500—spiked, and the market began moving in a negative direction. The S&P 500 had negative returns in January and February of 2016. Although the index ended February 2016 in negative territory year-to-date, positive market developments, such as the February 2016 rally in West Texas Intermediate Crude (WTI) (which was up 50% as of March 22, 2016, from the start of 2016) and greater clarity on monetary policy worldwide, narrowed the loss to -0.4%. As of June 30, 2016, the return on the S&P 500 year-to-date was 2.7%.



The VIX is a measure of market expectations of near-term volatility as conveyed by S&P 500 stock index option prices. Since the introduction of this index in 1993, VIX has often been used by market observers as a measure of investor sentiment and market volatility. It is especially popular as a forward-looking volatility measure because, unlike backward-looking, historically based volatility measures which are plentiful in number, few alternatives exist to measure expectations for future market volatility.



U.S. Insurer Exposure

Historically, U.S. insurers have maintained an average exposure of 4% of cash and invested assets in unaffiliated common stock. However, 2008 was the lowest reported year where unaffiliated common stock fell to 2% of total cash and invested assets. As of year-end 2015, unaffiliated common stock was 5% of total cash and

Insurer Type	2015	2014	2013	2012	2011	2010	2009	2008	2007
P/C	48%	49%	49%	49%	49%	49%	49%	49%	49%
Life	17%	20%	20%	20%	20%	20%	20%	20%	20%
Total	65%	69%	69%	69%	69%	69%	69%	69%	69%

Note: Calculated return excluding dividends

The BACV of unaffiliated common stock for the U.S. insurance industry was \$269 billion as of year-end 2015, with P/C companies accounting for the largest proportion at \$233.6 billion (87% of total unaffiliated common stock). Unaffiliated common stock exposure decreased 5% for P/C and 15% for life companies from year-end 2014 to year-end 2015. The decrease in unaffiliated common stock exposure for P/C companies kept its share of total industry exposure to unaffiliated common stock relatively consistent year-over-year (i.e., to 48% from 49%, while life companies' share of total industry exposure to unaffiliated common stock dropped to 17% at year-end 2015 from 20% at year-end 2014.

	Common Stock	P/C	Life	Total	Common Stock/Total (%)		
Unaffiliated Common Stock	233,606	24,941	6,893	2,938	823	269,201	40%
Affiliated Common Stock	240,251	117,791	13,784	419	888	373,133	55%
Total	473,857	142,732	20,677	3,357	1,711	842,334	47%

Insurer Type	Common Stock	Total Cash & Invested Assets	Common Stock/Total (%)				
Unaffiliated Common Stock	245,722	30,506	8,617	3,771	620	297,770	42%
Affiliated Common Stock	240,251	117,791	13,784	419	888	373,133	55%
Total	485,973	148,297	22,401	4,190	1,508	870,903	47%
Total	406,551	140,425	73%	22%			

Common Stock Exposure by Insurer Size

Grouped by total cash and invested assets, U.S. insurers with cash and invested assets of greater than \$10 billion (large insurers) reported unaffiliated common stock investments with a BACV of \$180.7 billion, or about 67% of total unaffiliated common stock (see Table 5).

P/C companies accounted for 88% of the unaffiliated common stock exposure reported by large insurers. In fact, P/C companies comprised at least 82% of the unaffiliated common stock exposure reported by insurers for all size groupings except for those with cash and invested assets of between \$500 million and \$1 billion, where they accounted for 76%. The pattern of the largest companies having the greatest exposure to common stock is also true for life companies. Large life companies represented 74% of total common stock exposure reported by all life companies.

The BACV of una liated common stock held by P/C companies represented 13.6% of the P/C industry's total cash and invested assets as of year-end 2015. The second highest concentration of una liated common stock was held by title companies at 9.5% of total cash and invested assets. The life industry held only 0.7% of total cash and invested assets in una liated common stock at year-end 2015.

Una liated

	Less than \$250 million	Between \$250 million and \$500 million	Between \$500 million and \$1 billion	Between \$1 billion and \$2.5 billion	Between \$2.5 billion and \$5 billion	Greater than \$5 billion	Total
Fraternals	86	21	26	27	94	445	2,241
Life	359	321	367	808	1,467	3,236	18,408
P/C	5,725	5,819	6,154	21,995	12,178	23,966	159,820
Title	58	-	312	452	-	-	823
Health	742	824	1,278	3,205	348	907	301
Total	6,971	6,985	8,138	26,488	14,086	28,554	180,770

Note: The slight difference in una liated common stock totals in Table 3, Table 5, and Table 6 is due to the date difference of data-gathering.

Also with regard to una liated common stock, the largest five P/C insurers accounted for \$103.5 billion of the respective industry's una liated common stock, or 38% of the total. While una liated common stock represented 13.6% of the P/C industry's

July 15, 2016					Prior				
[REDACTED]									
96.24	7.2	7.2	(9.6)	89.77	89.81	106.42	Amerinrise		
26.0	2.58	2.57	3.73		Genworth	2.76	7.0	7.6	
15.1	29.75	29.76	50.26		Lingoh	42.60	10.2	10.1	
[REDACTED]									
Principal	44.26	7.6	7.7	(1.6)	41.13	41.10	44.98	Princi	
ntial	75.11	5.8	5.9	(7.7)	71.00	70.93	81.41	Prude	
[REDACTED]									
53.571				54.46	54.31	56.22	IPC	Axis Capital	
71.52	71.44	69.75		Arch Capital	69.97	(2.2)	(2.1)	0.3	
[REDACTED]									
[REDACTED]									
\$110.84	1.0	0.9	20.2	\$109.77	\$109.90	\$92.21	Other	AON	
[REDACTED]									
[REDACTED]									
14.9	15.1	(10.2)	10.46	10.44	13.39		Radian	12.02	

