



were \$69 billion, \$22 billion and \$14 billion, respectively, at year-end 2017 (totaling \$105 billion, or 1.7% of total cash and invested assets), as shown in Chart 1.



As of June 12, 2018, the Bloomberg Private Equity Index (PRIVEXPD)—

Life

Table 5: 2017 U.S. Insurer Exposure to Unaffiliated HF, PE and RE by Total Cash and Invested Assets (BACV, \$Mil.)

Asset	Less Than \$250mm	Between \$250mm and \$500mm	Between \$500mm and \$1B	Between \$1B and \$2.5B	Between \$2.5B and \$5B	Between \$5B and \$10B	Greater than \$10B	Total
Private Equity (PE)	225	437	607	1,900	2,228	4,733	59,088	69,218
Hedge Fund (HF)	240	552	733	3,361	1,260	1,845	13,872	21,863
Real Estate	127	84	221	1,150	954	1,884	9,899	14,318
<b>Total</b>	<b>592</b>	<b>1,073</b>	<b>1,561</b>	<b>6,411</b>	<b>4,442</b>	<b>8,462</b>	<b>82,859</b>	<b>105,399</b>
Pct of Total	1%	1%	1%	6%	4%	8%	79%	100%

Table 6: 2016 U.S. Insurer Exposure to Unaffiliated HF, PE and RE by Total Cash and Invested Assets (BACV, \$Mil.)

Asset	Less than \$250mm	Between \$250mm and \$500mm	Between \$500mm and \$1B	Between \$1B and \$2.5B	Between \$2.5B and \$5B	Between \$5B and \$10B	Greater than \$10B	Total
Private Equity (PE)	186	363	525	1,579	1,753	3,753	56,673	64,831
Hedge Fund (HF)	282	472	640	3,202	1,062	1,913	10,500	18,072
Real Estate	126	86	194	1,178	738	1,569	9,250	13,140
<b>Total</b>	<b>594</b>	<b>921</b>	<b>1,359</b>	<b>5,959</b>	<b>3,553</b>	<b>7,234</b>	<b>76,423</b>	<b>96,043</b>
Pct of Total	1%	1%	1%	6%	4%	8%	80%	100%

## Summary

As of year-end 2017, U.S. insurer exposure to other long-term invested assets, as reported in Schedule BA, reached about \$353.5 billion (including affiliated and unaffiliated exposure). Within the total \$148 billion of unaffiliated exposure (which was about 42% of the industry's other long-term invested assets), unaffiliated HF, PE and RE were the largest components at approximately \$105.4 billion, with PE being the largest at \$69.2 billion.

In comparison, unaffiliated HF, PE and RE exposure for U.S. insurers was about \$96 billion at year-end 2016, with the largest year-over-year increases occurring with HF (about 16%). Within the U.S. insurance industry's unaffiliated PE investments, the largest strategy type reported by insurers in 2017 was leveraged buyouts (\$39.8 billion), consistent with year-end 2016 reported data. U.S. insurers reported multi-strategy as the largest HF exposure at \$6 billion as of year-end 2017. Note, however, that the reported strategies (i.e., leveraged buyout, multi-strategies) are subjective and based on insurer reporting.

Liquidity, limited by restrictions on withdrawal, may be an issue for some U.S. insurers in asset-liability matching. The issue is greatest for small insurers, 15 of which reported new HF exposure in 2017, where these assets may be a significant percentage of capital and surplus.

The Capital Markets Bureau will continue to monitor trends within the insurance industry and report on any developments as deemed appropriate.

August 9, 2018							
Major Market Variables		Change %			Prior		
		Close	Week	QTD	YTD	Week	Quarter
Dow Jones Ind	25,509.23	0.5	5.8	3.2	25,384.15	24,103.11	24,719.22
S&P 500	2,852.94	1.6	8.0	6.7	2,807.32	2,640.87	2,673.61
S&P Financial	469.30	0.5	2.6	1.2	466.94	457.53	463.94
S&P Insurance	386.83	(0.9)	(0.9)	(3.8)	390.45	390.30	402.08
US Dollar \$		Change %			Prior		
/ Euro	\$1.15	(1.6)	(6.4)	(3.9)	\$1.17	\$1.23	\$1.20
/ Crude Oil bbl	66.72	(4.8)	2.7	11.0	70.12	64.94	60.11
/ Gold oz	1,211.70	(0.9)	(8.4)	(7.2)	1,222.60	1,322.80	1,305.20
Treasury Ylds %		Change bp			%	%	%
1 Year	2.42	0.01	0.32	0.67	2.41	2.10	1.75
10 Year	2.93	(0.05)	0.19	0.52	2.97	2.74	2.41
30 Year	3.07	(0.03)	0.09	0.33	3.10	2.98	2.74
Corp Credit Spreads -bp		Change %			Prior		
CDX.IG	59.28	0.5	(9.6)	20.9	59.01	65.56	49.02

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Questions and comments are always welcome. Please contact the Capital Markets Bureau at [CapitalMarkets@naic.org](mailto:CapitalMarkets@naic.org)