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## U.S. Insurers' Common Stock Exposure Declines at Year-End 2022

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U.S. insurers' total exposure to common stock decreased slightly to \$1 trillion at year-end 2022 from about \$1.2 trillion at year-end 2021.

Due mainly to the decrease in market valuation, total common stock was about **12.5%** of U.S. insurers' total cash and invested assets at year-end 2022, down from 14.6% at year-end 2021.

Property/casualty (P/C) companies accounted for the largest exposure at 77% of the total, followed by life insurance companies at 13.5%.

The value of U.S. insurers' unaffiliated and affiliated common stock changes year over year (YOY) based in part on market valuations. Over the last few years leading up to 2021, U.S. insurers' exposure to common stock had been increasing mainly due to positive market valuations (refer to Chart 1), as evidenced by positive returns generated by several equity market indices. This was due to economic recovery that occurred once COVID-19 was no longer considered a pandemic, and businesses began to reopen. From 2021 to 2022, however, U.S. insurers' common stock valuation declined. In mid-2022, the U.S. inflation rate, as measured by the Consumer Price Index (CPI), reached a 40-year high, and geopolitical tensions resulting from the war between Russia and Ukraine, as well as tensions between the U.S. and China, resulted in volatile financial markets. Note, however, that over the 10 years that ended in 2022, U.S. insurers' common stock exposure overall increased by 60.5%.





the Standard & Poor's 500 index (S&P 500) for the same time period. By insurer type, life companies' investments in publicly traded common stock experienced the largest increase in market value at 7.7%, followed by P/C companies at 6%. Title companies were the only insurer type to experience a decrease in market value at -5.97% through October 2023. However, their total exposure to unaffiliated publicly traded common stock was less than 1% of the industry's total common stock exposure. (Refer to Chart 3.)

Chart 3: Performance of U.S. Insurer Unaffiliated Publicly Traded Common Stocks by Insurer Type, YTD October 2023

Global equity markets, as well as other financial markets, were volatile in 2022. The MSCI World Index, a



Sector	1-year
[REDACTED]	+17.78%
[REDACTED]	+0.17%
[REDACTED]	-4.47%
[REDACTED]	+25.03%
[REDACTED]	+51.21%
[REDACTED]	+7.26%
[REDACTED]	+1.75%
[REDACTED]	-2.71%
[REDACTED]	-3.97%
[REDACTED]	-6.14%
[REDACTED]	+51.80%
[REDACTED]	-8.31%

Source: Fidelity Investments.

The NAIC Capital Markets Bureau will continue to monitor trends within the common stock market and report as deemed appropriate.

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

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