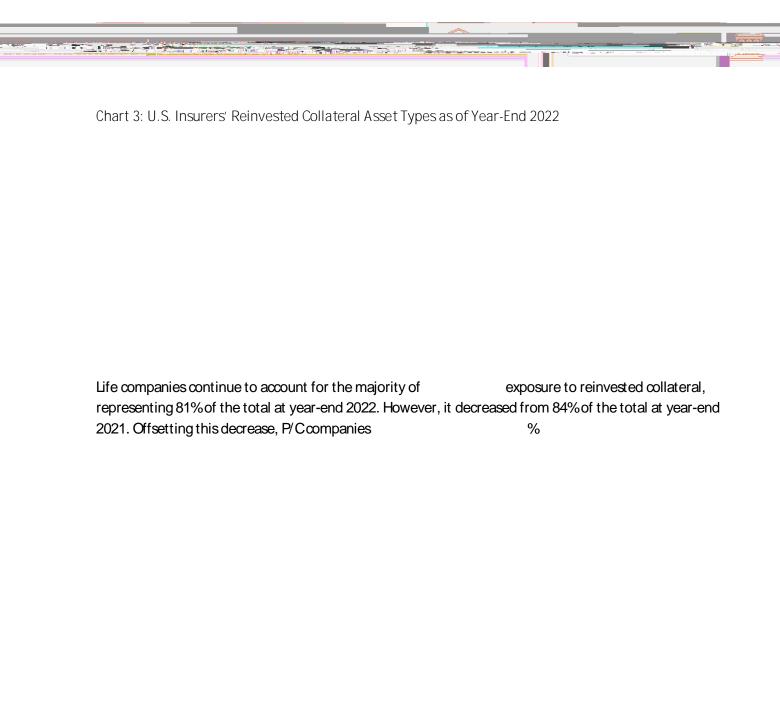
Analysts: Jennifer Johnson, George Lee and Jean-Baptiste Carelus

When engaging in securities lending activity, U.S insurers earn a modest income on fees charged to the borrowers (or counterparties) of the lent securities. In addition, they earn yield income on the cash or



has experienced structural changes that have not only streamlined operations, but also reduced counterparty risk.

NAIC disclosures i.e., the reporting requirements and Statement of Statutory Accounting Principles (SSAP) are intended to help monitor the solvency of individual insurance entities. U.Sinsurers are required to provide disclosures on maturity information of collateral received, as well as collateral reinvested, to address any mismatch in the maturity of the reinvested collateral and when a borrower can demand a return of the cash it posted, as indicated in the applicable securities lending agreement. The statutory accounting guidance also has collateral requirements that must be maintained for continued admittance of loaned assets.

The NAIC Capital Markets Bureau will continue to monitor trends in the securities lending and report markets and report as deemed appropriate.

Useful Links:

NAIC Capital Markets Primer Securities Lending, June 2018

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

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