



Federal Home Loan Bank Advances to Insurance Companies

FHLB Advances Outstanding to Life Insurance Groups

Federal Home Loan Bank (“FHLB”) advances outstanding to life insurance groups at year end 2019 totaled \$85.4 billion up \$8.2 billion (11%) over 2018 year end advances outstanding of \$76.8 billion, which was up \$6.4 billion (9%) over 2017 year end advances outstanding of \$70.4 billion.

In 2019, life insurance groups with notable increases to FHLB advances outstanding included AXA (\$2.9 billion), Symetra (\$1.4 billion), Equitrust (\$1.1 billion), Athene (\$0.8 billion), Mutual of Omaha (\$0.8 billion), VOYA (\$0.6 billion), Allianz (\$0.5 billion), Principal (\$0.5 billion), Reliance Standard (\$0.5 billion), and TIAA (\$0.5 billion).

In 2019, life insurance groups with notable decreases to FHLB advances outstanding included Transamerica (\$2.5 billion), New York Life (\$0.8 billion), Nationwide (\$0.7 billion) and Penn Mutual (\$0.6 billion).

In 2018, life insurance groups with notable increases to FHLB advances outstanding included AIG (\$2.7 billion), AXA (\$1.0 billion), Lincoln Financial (\$1.0 billion), New York Life (\$1.0 billion), VOYA (\$0.7 billion), and Nationwide Life (\$0.5 billion).

In 2018, life insurance groups with notable decreases to FHLB advances outstanding included Transamerica (\$1.1 billion), Jackson (\$0.6 billion), and Venerable (\$0.6 billion).

Among the 68 life insurance groups with FHLB Advances outstanding at year end 2019, advances as a percentage of reserves ranged from nil to 92.5% and averaged 5.4%. Metlife accounted for 18% of the total FHLB advances to life insurance groups. The ten life insurance groups with largest FHLB Advance amounts outstanding accounted for approximately 56% of the total FHLB advances to life insurance groups. Over 250 life insurance groups had no FHLB Advances outstanding at year end 2019. If those groups borrowed at the average rate of 5.4% of reserves the result would be approximately \$50 billion of additional advances.

FHLB Advances Outstanding to Property & Casualty and Health Insurance Groups

FHLB advances outstanding to property and casualty insurance groups at year end 2019 totaled \$3.9 billion up \$0.6 billion (19%) over 2018 year end advances outstanding of \$3.3 billion, which was up \$0.6 billion (22%) over 2017 year end advances outstanding of \$2.7 billion.

Among the 39 property and casualty insurance groups with FHLB Advances outstanding at year end 2019, advances as a percentage of liabilities ranged from nil to 24.5% and averaged 4.0%. 1,121 property and casualty insurance groups had no FHLB Advances outstanding at year end 2019. If those groups borrowed at the average rate of 4.0% of liabilities the result would be approximately \$50 billion of additional advances.

FHLB advances outstanding to health insurance groups at year end 2019 totaled \$1.2 billion down \$1.1 billion (48%) over 2018 year end advances outstanding of \$2.6 billion, which was down \$0.3 billion (12%) over 2017 year end advances outstanding of \$2.9 billion.

Among the 8 health groups with FHLB Advances outstanding at year end 2019, advances as a percentage of liabilities ranged from 0.5% to 7.8% and averaged 5.1%. Over 250 health insurance groups had no FHLB Advances outstanding at year end 2019. If those groups borrowed at the average rate of 5.1% of liabilities the result would be approximately \$8 billion of additional advances.

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Summary

The vast majority of the \$90.5 billion total advances outstanding to insurance group is being utilized for spread based borrowing. Assuming the FHLB advances generate 100bps of net pretax spread profit, FHLB advances are enhancing the insurance industries annual pretax profits by about \$0.9 billion. There is significantly higher usage of FHLB advances by life insurers versus property and casualty or health insurers. There is substantial room for growth of FHLB advances – most insurance groups are still not availing themselves of FHLB advances and there is still room for growth of usage among virtually all of those that are currently using advances.

About Montshire Advisors

Montshire Advisors serves the insurance industry with transactional oriented advice in several key areas: investment marketing and structuring, product and distribution development, reinsurance advisory and brokerage, and Federal Home Loan Bank advisory. Montshire Advisors can assist you in considering your specific benefits from becoming an FHLB member, assist with the membership process, and assist in implementation of a spread based borrowing program.

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Insurance Group	FHLB Advance Outstanding (Year End 2019) \$M	% of Reserves	FHLB Advance Outstanding (Year End 2018) \$M	% of Reserves	FHLB Advance Outstanding (Year End 2017) \$M	% of Reserves
MetLife (SNL Life Group)	15,320	10.7%	15,120	10.6%	15,320	10.8%
AXA Equitable (SNL Life Group)	6,900	13.0%	3,990	7.5%	3,000	6.7%
Principal Financial Group Inc. (SNL Life Group)	4,011	8.4%	3,512	7.8%	3,257	8.0%
Sammons Enterprises Inc. (SNL Life Group)	3,599	5.8%	3,599	6.1%	3,500	6.4%
Lincoln Financial (SNL Life Group)	3,580	3.6%	3,930	4.2%	2,900	2.9%
AIG (SNL Life Group)	3,474	2.2%	3,357	2.2%	605	0.4%
Western & Southern Financial (SNL Life Group)	3,128	9.5%	2,854	9.3%	2,677	9.1%
New York Life (SNL Life Group)	2,832	1.3%	3,584	1.8%	2,630	1.4%
OneAmerica (SNL Life Group)	2,369	12.1%	2,541	14.0%	2,530	14.8%
Jackson (SNL Life Group)	2,281	4.3%	2,016	3.7%	2,621	5.4%
Global Atlantic (SNL Life Group)	2,280	7.8%	2,000	8.2%	1,897	9.4%
EquiTrust Life Insurance Co.	2,125	15.7%	1,040	8.2%	1,060	8.8%
National Life Group (SNL Life Group)	2,107	10.5%	1,782	9.7%	1,514	8.8%
Transamerica (SNL Life Group)	1,995	3.9%	4,505	8.9%	5,620	11.4%
Nationwide (SNL Life Group)	1,886	3.0%	2,588	4.6%	2,090	4.2%
Voya Financial Inc. (SNL Life Group)	1,800	3.8%	1,205	2.4%	500	1.0%
Athene (SNL Life Group)	1,701	2.5%	926	1.5%	573	1.1%
CNO Financial Group (SNL Life Group)	1,644	9.2%	1,646	9.6%	1,647	8.5%
Mutual of Omaha (SNL Life Group)	1,589	9.5%	813	5.0%	659	4.1%
Symetra (SNL Life Group)	1,489	4.8%	106	0.4%	0	0.0%
Protective (SNL Life Group)	1,470	2.8%	1,050	2.5%	1,480	4.9%
RGA (SNL Life Group)	1,355	8.6%	1,139	7.3%	1,356	7.9%
MassMutual (SNL Life Group)	1,104	0.8%	1,104	0.9%	1,054	0.9%
Fidelity & Guaranty Life (SNL Life Group)	1,096	6.6%	872	5.6%	638	3.4%
Great American Insurance (SNL Life Group)	1,096	3.0%	1,096	3.3%	871	2.9%
Allianz (SNL Life Group)	1,000	1.0%	500	0.5%	500	0.5%
Guggenheim (SNL Life Group)	996	11.3%	983	11.5%	678	8.1%
CUNA Mutual (SNL Life Group)	930	10.0%	560	6.5%	545	6.5%
Reliance Standard (SNL Life Group)	855	9.1%	355	4.2%	355	5.2%
Standard (SNL Life Group)	778	5.6%	649	4.9%	673	5.3%
Brighthouse Financial (SNL Life Group)	595	1.3%	595	1.3%	595	1.3%
KUVARE (SNL Life Group)	580	9.3%	462	6.2%	480	6.2%
Delaware Life (SNL Life Group)	565	4.0%	365	2.9%	365	3.4%
Ameritas (SNL Life Group)	530	4.7%	520	4.8%	510	4.9%
American Fidelity (SNL Life Group)	512	15.5%	512	16.2%	512	17.0%
Horace Mann (SNL Life Group)	495	11.3%	625	9.8%	575	9.3%
Iowa Farm Bureau Federation (SNL Life Group)	488	7.3%	446	6.8%	415	6.5%
TIAA (SNL Life Group)	460	0.2%	0	0.0%	0	0.0%
Ohio National (SNL Life Group)	450	5.5%	450	4.3%	450	4.6%
Genworth (SNL Life Group)	440	0.8%	250	0.5%	279	0.5%
Lincoln Benefit Life Co.	410	10.7%	349	6.3%	408	6.8%
Aflac (SNL Life Group)	403	4.2%	283	3.0%	0	0.0%
Sagicor Life Insurance Co.	375	25.8%	315	29.3%	0	0.0%
Calton Holdings LLC (SNL Life Group)	350	10.3%	350	13.8%	350	13.1%
Kemper (SNL Life Group)	243	6.7%	10	0.3%	0	0.0%
RiverSource (SNL Life Group)	201	0.8%	151	0.6%	150	0.6%
Penn Mutual (SNL Life Group)	150	1.0%	775	5.9%	355	3.0%
Southern Farm Bureau Life Ins	143	1.4%	143	1.4%	72	0.7%
Fidelity Security Life (SNL Life Group)	113	23.4%	105	20.6%	68	13.0%
Americo (SNL Life Group)	112	2.9%	0	0.0%	0	0.0%
SB Mutl Life Ins Co. of MA	111	5.2%	75	3.8%	0	0.0%
Pacific Life (SNL Life Group)	102	0.1%	68	0.1%	0	0.0%



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Assurity (SNL Life Group)	100	5.4%	150	8.1%	139	7.5%
Securian (SNL Life Group)	95	0.4%	145	0.8%	350	2.3%
Hawthorn Life Insurance Co (SNL Life Group)	82	92.5%	70	82.4%	74	91.4%
Illinois Mutual Life Ins Co.	70	6.7%	25	2.4%	10	0.9%
Michigan Farm Bureau (SNL Life Group)	62	3.0%	11	0.5%	17	0.9%
Physicians Mutual (SNL Life Group)	55	2.0%	0	0.0%	59	2.3%
Liberty Bankers Life (SNL Life Group)	50	2.5%	0	0.0%	50	2.9%
Anthem (SNL Life Group)	50	15.2%	90	28.2%	95	30.4%
American Enterprise (SNL Life Group)	50	3.5%	50	3.7%	50	3.9%
Unity Financial Life Ins Co.	46	18.8%	43	18.2%	0	0.0%
Trustmark Cos. (SNL Life Group)	40	3.5%	50	4.7%	50	4.9%
Guardian (SNL Life Group)	36	0.1%	37	0.1%	0	0.0%
Venerable Insurance & Annty Co	10	0.1%	10	0.1%	600	3.2%
4 Ever Life Insurance Co.	10	59.0%	10	60.7%	10	62.9%
5 Star Life Insurance Co.	10	5.0%	10	5.0%	9	4.6%
US Alliance Corp. (SNL Life Group)	1	3.4%	0	0.0%	0	0.0%
Unum Group (SNL Life Group)	0	0.0%	104	0.4%	350	1.4%
Oxford Life (SNL Life Group)	0	0.0%	60	3.1%	60	3.6%
COUNTRY Financial (SNL Life Group)	0	0.0%	51	0.7%	35	0.5%
Hartford Life & Accdt Ins Co.	0	0.0%	10	0.1%	0	0.0%
Prudential Financial Inc. (SNL Life Group)	0	0.0%	0	0.0%	435	0.5%
Security Benefit (SNL Life Group)	0	0.0%	0	0.0%	100	0.4%
EMC National Life Co.	0	0.0%	0	0.0%	20	2.6%
LifeShield National Ins Co.	0	0.0%	0	0.0%	1	2.0%
Amer Century Life Ins Co of TX	0	0.0%	0	0.0%	0	1.6%
TOTAL	85,383	5.4%	77,195	3.5%	70,844	3.3%



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American Family Insurance (SNL P&C Group)	1,000	5.9%	501	3.3%	632	4.4%
MetLife (SNL P&C Group)	800	14.5%	800	14.7%	300	6.4%
CopperPoint Insurance Companies (SNL P&C Group)	300	8.9%	0	0.0%	0	0.0%
MGIC (SNL P&C Group)	155	3.7%	155	4.1%	155	4.3%
EMC Insurance (SNL P&C Group)	150	4.4%	0	0.0%	0	0.0%
State Compensation Ins Fund	150	1.0%	129	0.9%	153	1.1%
State Auto (SNL P&C Group)	137	3.5%	137	3.4%	137	3.3%
Radian (SNL P&C Group)	135	3.2%	83	2.3%	0	0.0%
FCCI (SNL P&C Group)	132	8.6%	132	8.8%	132	8.9%
Quincy Mutual (SNL P&C Group)	105	15.8%	67	10.7%	63	10.6%
Chesapeake Employers' Ins Co.	100	6.8%	100	6.6%	100	6.2%
AF Group (SNL P&C Group)	82	2.3%	86	2.6%	0	0.0%
Westfield Insurance (SNL P&C Group)	77	2.4%	117	3.6%	74	2.3%
Grange Insurance (SNL P&C Group)	60	4.2%	60	4.3%	60	4.3%
Horace Mann (SNL P&C Group)	50	6.7%	50	6.5%	50	6.9%
Farm Bureau Financial Services (SNL P&C Group)	49	3.5%	47	3.4%	44	3.3%
NCMIC (SNL P&C Group)	45	7.8%	45	8.5%	45	9.0%
Western National Insurance (SNL P&C Group)	45	4.0%	0	0.0%	45	4.6%
Coverys (SNL P&C Group)	44	2.0%	27	1.3%	71	3.8%
Norfolk & Dedham Group (SNL P&C Group)	43	10.8%	52	13.4%	61	16.4%
AmeriTrust (SNL P&C Group)	40	3.2%	40	3.2%	40	3.2%
West Bend Mutual Insurance Co.	30	1.6%	30	1.7%	30	1.8%
SECURA Insurance Companies (SNL P&C Group)	20	2.2%	19	2.1%	3	0.3%
Heritage Insurance (SNL P&C Group)	19	2.8%	19	2.8%	0	0.0%
Kansas Medical Mutual Ins Co. (SNL P&C Group)	17	22.9%	12	17.9%	5	8.5%
First Protective Insurance Co.	15	11.0%	0	0.0%	0	0.0%
Builders Insurance Group (SNL P&C Group)	15	2.4%	12	2.1%	12	2.3%
Kingstone Insurance Co.	14	9.4%	11	9.1%	0	0.0%
A.I.M. Mutual Insurance Companies (SNL P&C Group)	10	2.5%	13	3.3%	13	3.3%
Encova Insurance (SNL P&C Group)	9	0.3%	1	0.0%	0	0.0%
American European (SNL P&C Group)	7	6.4%	11	10.6%	11	11.2%
NORCAL (SNL P&C Group)	6	0.6%	0	0.0%	0	0.0%
Upland Mutual Insurance Inc.	5	24.5%	4	24.4%	0	0.0%
HAI Group (SNL P&C Group)	4	1.7%	6	2.3%	0	0.0%
Ohio Mutual Insurance Group (SNL P&C Group)	2	0.7%	4	1.5%	6	2.4%
Erie Insurance (SNL P&C Group)	2	0.0%	2	0.0%	2	0.0%
Columbia Insurance (SNL P&C Group)	1	0.2%	1	0.3%	1	0.3%
The Hanover Insurance Group (SNL P&C Group)	0	0.0%	125	1.8%	125	1.9%
AIG (SNL P&C Group)	0	0.0%	115	0.2%	189	0.3%
Selective (SNL P&C Group)	0	0.0%	110	2.0%	110	2.1%
CSAA Insurance Exchange (SNL P&C Group)	0	0.0%	100	2.1%	0	0.0%
COUNTRY Financial (SNL P&C Group)	0	0.0%	23	0.9%	0	0.0%
Michigan Farm Bureau (SNL P&C Group)	0	0.0%	10	1.2%	0	0.0%
Shelter Insurance (SNL P&C Group)	0	0.0%	0	0.0%	3	0.1%
Michigan Prof Ins Exchange	0	0.0%	0	0.0%	1	0.9%
Total	3,873 ▲	4.0%	3,253 ▲	3.1%	2,671 ▲	2.6%



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Insurance Group	FHLB Advance Outstanding (Year End 2019) \$M	% of Liabilities	FHLB Advance Outstanding (Year End 2018) \$M	% of Liabilities	FHLB Advance Outstanding (Year End 2017) \$M	% of Liabilities
HCSC (SNL Health Group)	549	4.8%	823	7.7%	1,062	9.9%
Blue Cross Blue Shield of MI (SNL Health Group)	345	7.2%	475	9.5%	776	15.1%
Blue Cross Blue Shield of MA (SNL Health Group)	200	7.8%	200	8.1%	200	7.5%
Horizon Blue Cross Blue Shield of NJ (SNL Health Group)	80	2.5%	249	8.8%	100	3.2%
Blue Cross & Blue Shield of LA (SNL Health Group)	30	2.5%	0	0.0%	0	0.0%
Blue Cross & Blue Shield of RI	2	0.5%	0	0.0%	0	0.0%
Anthem Inc. (SNL Health Group)	N/A	N/A	555	2.8%	730	3.4%
Blue Cross Blue Shield of AZ	N/A	N/A	25	3.3%	0	0.0%
Harvard Pilgrim Health Care (SNL Health Group)	N/A	N/A	0	N/A	30	4.3%
BlueCross BlueShield of TN (SNL Health Group)	N/A	N/A	0	N/A	25	2.2%
Fallon Health (SNL Health Group)	N/A	N/A	0	N/A	1	0.4%
Premera Blue Cross (SNL Health Group)	N/A	N/A	0	N/A	0	0.0%
Total	1,207	5.1%	2,328	7.8%	2,924	9.3%