

The NAIC Capital Markets Bureau monitors developments in the capital markets globally and analyzes their potential impact on the investment portfolios of U.S. insurance companies. Previously published [NAIC Capital Markets Bureau Special Reports](#) are available via its web page and the NAIC archives (for reports published prior to 2016).

## Insignificant Change to Federal Home Loan Bank Membership by U.S. Insurers but an Increase in Advances in 2023

Analysts: Jennifer Johnson and Jean-Baptiste Carelus

### Executive Summary

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According to annual statement filings with the NAIC, at year-end 2023, the number of U.S. insurers that were Federal Home Loan Bank (FHLB) members was 559, compared to 560 at year-end 2022. Property/Casualty (P/C) companies accounted for the majority, or 48% of the total, followed by life companies at 4%. About 12% of U.S. insurers were FHLB members at year-end 2023, relatively consistent with year-end 2022. U.S. insurers may borrow from the FHLB regional banks (i.e., advances) if they are members.



but they do not have to be members to do so. More discussion on the FHLB system and U.S. insurers as FHLB members may be found in the NAIC Capital Markets Bureau's [Primer on FHLBs](#)

Slight



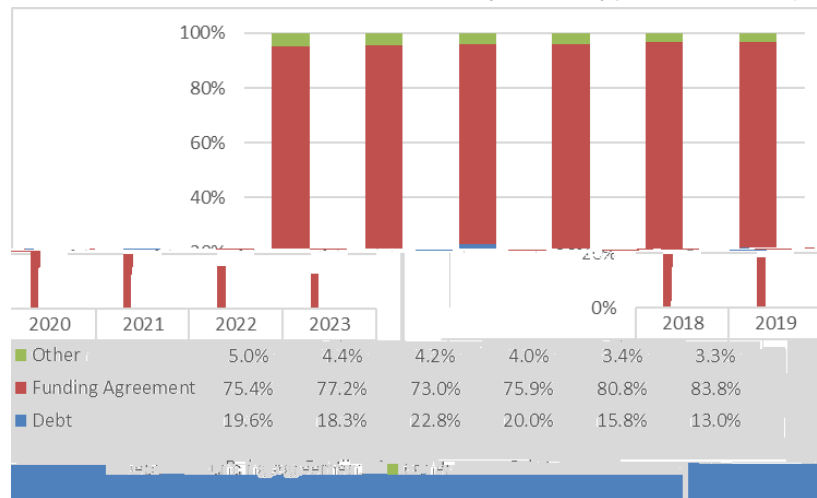
Decrease in Number of FHLB Advances **10** Increase in Total FHLB Advances Outstanding

FHLB Advances represent



Over the last few years, the largest proportion of U.S. insurers' FHLB advances has consistently been in the form of funding agreements. (Refer to Chart 2) These are deposit-type contracts that pay a guaranteed rate of return over a specified time period. Debt comprises most of the remainder. Funding agreements increased to almost 84% of total FHLB advances in 2023 from 73% in 2020. Conversely, the proportion of debt has decreased over the same time period to 13% of U.S. insurers' FHLB advances in 2023 from almost 23% in 2020. Other types of borrowings have been less than or equal to 5% of total FHLB advances for U.S. insurers over the six years ending 2023.

Chart 2: U.S. Insurers' FHLB Advances by Debt Type, 2018-2023 (\$BACV in millions)



Maximum advances are the total amount borrowed by U.S. insurers at any point of time during a given calendar year. Maximum advances reported by U.S. insurers totaled about \$162.5 billion at year-end 2023, representing a 5% increase from \$154.7 billion at year-end 2022. (Refer to Table 3 and Table 4) Life companies accounted for 92% of U.S. insurers' total FHLB maximum advances. Consistent with previous years, large U.S. insurers accounted for the largest proportion or 88% of total FHLB maximum advances at year-end 2023.

Table 3: U.S. Insurers' FHLB Maximum Advances by Total Cash and Invested Assets, Year-End 2023 (\$BACV in millions)

Industry Type	Less Than \$250M	Between \$250M and \$500M	Between \$500M and \$1.0B	Between \$1.0B and \$2.5B	Between \$2.5B and \$5.0B	Between \$5.0B and \$10.0B	Greater Than \$10B	Total	Pct of Total
Life	124.3	63.5	296.0	921.1	3,701.7	7,438.2	136,850.5	149,395.2	92%
P/C	81.7	247.5	538.1	1,080.2	1,080.7	583.8	4,258.8	7,870.8	5%
Health	5.0	15.0	320.8	1,618.7	900.9	1,074.3	1,250.0	5,184.7	3%
Total	211.1	326.0	1,154.8	3,620.1	5,683.3	9,096.3	142,359.2	162,450.7	100%
% of Total	0%	0%	1%	2%	3%	6%	88%	100%	





Consistent with prior years, the most named collateral type posted to the FHLB by U.S. insurers at year-end 2023 consisted of agency residential mortgage-backed securities (RMBS)

### U.S. Insurers' Exposure to FHLB Bonds is Down Slightly

U.S. insurers reported a total BACV of \$8.5 billion in FHLB bonds at year-end 2023, down slightly from \$8.8 billion at year-end 2022 (Refer to Table 6.) The proportion of FHLB bonds for life companies decreased to 44% of the total at year-end 2023, from 49% of the total at year-end 2022. Conversely, the proportion of FHLB bonds held by P/C companies increased to 43% of the total at year-end 2023, from 38% of the total at year-end 2022. Similar to prior years, life and P/C insurers together held almost 90% of the industry's total FHLB bonds at year-end 2023.

Table 6: U.S. Insurers' Year-End 2023 and 2022 Exposure to FHLB Bonds (\$BACV in millions)

Statement Type	2023	2022	Pct of Total
Life			
P/C			
Other			
Total			

Similar to year-end 2022, large U.S. insurers comprised the most, or 37%, of FHLB bond exposure at year-end 2023. (Refer to Table 7.) The majority were large life companies, which accounted for \$2.6 billion of the \$32 billion (82%) FHLB bonds held by all large U.S. insurers

Table 7: U.S. Insurers' Exposure to FHLB Bonds by Total Assets Under Management, Year-End 2023 (\$BACV in millions)

Similar to year-end 2022, FHLB bonds held by U.S. insurers with maturities of five years or less comprised 53% of total FHLB bonds at year-end 2023. In addition, almost 50% of FHLB bonds held by life insurers had maturities of 11 years or more at year-end 2023, whereas about 60% of FHLB bonds held by P/C companies had maturities of five years or less. The difference in the concentration of maturities across insurer types is typically a function of asset-liability matching.





The FHLB maintains a liquidity portfolio of cash and short-term investments in the event of a market disruption that could result in its inability to access the capital markets. As of 1Q2024, the liquidity portfolio increased to \$219 billion (from \$207 billion at year-end 2022) and was about 17% of the FHLB's total assets. As with year-end 2022, the largest short-term asset was reverse repos, which was 38.4% of the total. (Refer to Chart 4.)

Chart 4:

Source: FHLB Investor Presentation, July 2024.

The NAIC Capital Markets Bureau will continue to monitor trends with U.S. insurers' exposure to the FHLB and report as deemed appropriate.

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