

REINSURANCE GROUP OF AMERICA INC
Form 10-Q
August 03, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2018
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-11848

REINSURANCE GROUP OF AMERICA, INCORPORATED

(Exact name of Registrant as specified in its charter)

MISSOURI 43-1627032

(State or other jurisdiction (IRS employer
of incorporation or organization) identification number)

16600 Swingley Ridge Road

Chesterfield, Missouri 63017

(Address of principal executive offices)

(636) 736-7000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of July 31, 2018, 63,656,444 shares of the registrant's common stock were outstanding.

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PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	June 30, 2018	December 31, 2017
	(Dollars in thousands, except share data)	
Assets		
Fixed maturity securities available-for-sale, at fair value (amortized cost \$35,233,970 and \$35,281,412)	\$ 36,784,954	\$ 38,150,820
Equity securities, at fair value (cost \$121,744 and \$102,841)	108,070	100,152
Mortgage loans on real estate (net of allowances of \$9,706 and \$9,384)	4,558,669	4,400,533
Policy loans	1,339,252	1,357,624
Funds withheld at interest	5,981,092	6,083,388
Short-term investments	123,028	93,304
Other invested assets	1,605,562	1,505,332
Total investments	50,500,627	51,691,153
Cash and cash equivalents	1,397,679	1,303,524
Accrued investment income	400,160	392,721
Premiums receivable and other reinsurance balances	2,617,382	2,338,481
Reinsurance ceded receivables	789,429	782,027
Deferred policy acquisition costs	3,205,667	3,239,824
Other assets	855,553	767,088
Total assets	\$ 59,766,497	\$ 60,514,818
Liabilities and Stockholders' Equity		
Future policy benefits	\$ 22,286,622	\$ 22,363,241
Interest-sensitive contract liabilities	16,513,668	16,227,642
Other policy claims and benefits	5,334,210	4,992,074
Other reinsurance balances	412,846	488,739
Deferred income taxes	2,009,514	2,198,309
Other liabilities	1,094,826	1,102,975
Long-term debt	2,788,111	2,788,365
Collateral finance and securitization notes	724,998	783,938
Total liabilities	51,164,795	50,945,283
Commitments and contingent liabilities (See Note 8)		
Stockholders' Equity:		
Preferred stock - par value \$.01 per share, 10,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock - par value \$.01 per share, 140,000,000 shares authorized, 79,137,758 shares issued at June 30, 2018 and December 31, 2017	791	791
Additional paid-in capital	1,887,336	1,870,906
Retained earnings	6,952,170	6,736,265
Treasury stock, at cost - 15,465,272 and 14,685,663 shares	(1,243,566) (1,102,058
Accumulated other comprehensive income	1,004,971	2,063,631
Total stockholders' equity	8,601,702	9,569,535

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Total liabilities and stockholders' equity	\$ 59,766,497	\$ 60,514,818
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See accompanying notes to condensed consolidated financial statements (unaudited).

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REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
	(Dollars in thousands, except per share data)			
Revenues:				
Net premiums	\$2,594,460	\$2,480,451	\$5,177,011	\$4,846,147
Investment income, net of related expenses	528,061	518,538	1,044,390	1,032,902
Investment related gains (losses), net:				
Other-than-temporary impairments on fixed maturity securities	(3,350)	(3,401)	(3,350)	(20,590)
Other investment related gains (losses), net	(7,222)	59,696	(7,692)	137,408
Total investment related gains (losses), net	(10,572)	56,295	(11,042)	116,818
Other revenues	83,959	73,992	159,256	142,149
Total revenues	3,195,908	3,129,276	6,369,615	6,138,016
Benefits and Expenses:				
Claims and other policy benefits	2,279,593	2,164,363	4,641,694	4,270,508
Interest credited	109,327	115,285	189,776	222,969
Policy acquisition costs and other insurance expenses	320,276	319,832	677,178	699,221
Other operating expenses	194,959	154,356	386,233	312,862
Interest expense	37,025	29,352	74,479	71,754
Collateral finance and securitization expense	7,440	6,773	15,042	13,543
Total benefits and expenses	2,948,620	2,789,961	5,984,402	5,590,857
Income before income taxes	247,288	339,315	385,213	547,159
Provision for income taxes	42,914	107,125	80,609	169,457
Net income	\$204,374	\$232,190	\$304,604	\$377,702
Earnings per share:				
Basic earnings per share	\$3.19	\$3.60	\$4.74	\$5.86
Diluted earnings per share	\$3.13	\$3.54	\$4.65	\$5.76
Dividends declared per share	\$0.50	\$0.41	\$1.00	\$0.82
See accompanying notes to condensed consolidated financial statements (unaudited).				

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REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Comprehensive income (loss)	(Dollars in thousands)			
Net income	\$204,374	\$232,190	\$304,604	\$377,702
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(54,677)	43,565	(55,837)	21,352
Net unrealized investment gains (losses)	(368,719)	306,329	(1,002,323)	509,444
Defined benefit pension and postretirement plan adjustments	(29)	849	(500)	1,773
Total other comprehensive income (loss), net of tax	(423,425)	350,743	(1,058,660)	532,569
Total comprehensive income (loss)	\$(219,051)	\$582,933	\$(754,056)	\$910,271
See accompanying notes to condensed consolidated financial statements (unaudited).				

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REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (Unaudited)

	Six months ended June 30,	
	2018	2017
	(Dollars in thousands)	
Cash Flows from Operating Activities:		
Net income	\$ 304,604	\$ 377,702
Adjustments to reconcile net income to net cash provided by operating activities:		
Change in operating assets and liabilities:		
Accrued investment income	1,834	(34,676)
Premiums receivable and other reinsurance balances	(345,253)	(230,650)
Deferred policy acquisition costs	20,528	35,870
Reinsurance ceded receivable balances	18,245	(127,995)
Future policy benefits, other policy claims and benefits, and other reinsurance balances	598,015	745,799
Deferred income taxes	48,117	142,044
Other assets and other liabilities, net	(98,807)	(63,811)
Amortization of net investment premiums, discounts and other	(25,713)	(47,563)
Depreciation and amortization expense	21,554	13,869
Investment related (gains) losses, net	11,042	(116,818)
Other, net	29,422	(37,797)
Net cash provided by operating activities	583,588	655,974
Cash Flows from Investing Activities:		
Sales of fixed maturity securities available-for-sale	3,836,575	4,288,713
Maturities of fixed maturity securities available-for-sale	328,097	313,530
Sales of equity securities	29,099	166,916
Principal payments and sales of mortgage loans on real estate	213,691	135,450
Principal payments on policy loans	24,793	26,658
Purchases of fixed maturity securities available-for-sale	(3,880,733)	(5,311,818)
Purchases of equity securities	(11,930)	(32,299)
Cash invested in mortgage loans on real estate	(376,470)	(463,063)
Cash invested in policy loans	(6,421)	(5,830)
Cash invested in funds withheld at interest	(42,761)	(6,910)
Purchase of businesses, net of cash acquired of \$4,938	(29,315)	—
Purchases of property and equipment	(14,573)	31,686
Change in short-term investments	(9,843)	22,671
Change in other invested assets	(160,824)	(55,379)
Net cash used in investing activities	(100,615)	(889,675)
Cash Flows from Financing Activities:		
Dividends to stockholders	(64,370)	(52,815)
Repayment of collateral finance and securitization notes	(53,102)	(23,761)
Principal payments of long-term debt	(1,331)	(301,278)
Purchases of treasury stock	(165,069)	(10,578)
Exercise of stock options, net	1,252	2,527
Change in cash collateral for derivative positions and other arrangements	17,578	(7,046)
Deposits on universal life and other investment type policies and contracts	225,876	917,675
Withdrawals on universal life and other investment type policies and contracts	(329,899)	(402,528)

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Net cash (used in) provided by financing activities	(369,065)	122,196
Effect of exchange rate changes on cash	(19,753)	34,137
Change in cash and cash equivalents	94,155	(77,368)
Cash and cash equivalents, beginning of period	1,303,524	1,200,718
Cash and cash equivalents, end of period	\$1,397,679	\$1,123,350
Supplemental disclosures of cash flow information:		
Interest paid	\$84,670	\$90,425
Income taxes paid, net of refunds	\$59,397	\$26,447
Non-cash transactions:		
Transfer of invested assets	\$604,374	\$2,243,360
Purchase of businesses:		
Assets acquired, excluding cash acquired	\$65,948	\$—
Liabilities assumed	(36,633)	—
Net cash paid on purchase	\$29,315	\$—
See accompanying notes to condensed consolidated financial statements (unaudited).		

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REINSURANCE GROUP OF AMERICA, INCORPORATED AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Unaudited)

1. Business and Basis of Presentation

Reinsurance Group of America, Incorporated (“RGA”) is an insurance holding company that was formed on December 31, 1992. The accompanying unaudited condensed consolidated financial statements of RGA and its subsidiaries (collectively, the “Company”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, these condensed consolidated financial statements do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments, including normal recurring adjustments necessary for a fair presentation have been included. Results for the six months ended June 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018. These unaudited condensed consolidated financial statements include the accounts of RGA and its subsidiaries, and all intercompany accounts and transactions have been eliminated. These condensed consolidated statements should be read in conjunction with the Company’s 2017 Annual Report on Form 10-K filed with the Securities and Exchange Commission (“SEC”) on February 27, 2018 (the “2017 Annual Report”).

2. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share on net income (in thousands, except per share information):

	Three months ended		Six months ended	
	June 30,	June 30,	June 30,	June 30,
	2018	2017	2018	2017
Earnings:				
Net income (numerator for basic and diluted calculations)	\$204,374	\$232,190	\$304,604	\$377,702
Shares:				
Weighted average outstanding shares (denominator for basic calculation)	64,071	64,449	64,278	64,401
Equivalent shares from outstanding stock options	1,179	1,159	1,277	1,204
Denominator for diluted calculation	65,250	65,608	65,555	65,605
Earnings per share:				
Basic	\$3.19	\$3.60	\$4.74	\$5.86
Diluted	\$3.13	\$3.54	\$4.65	\$5.76

The calculation of common equivalent shares does not include the impact of options having a strike or conversion price that exceeds the average stock price for the earnings period, as the result would be antidilutive. The calculation of common equivalent shares also excludes the impact of outstanding performance contingent shares, as the conditions necessary for their issuance have not been satisfied as of the end of the reporting period. The following table presents approximate amounts of stock options and performance contingent shares excluded from the calculation of common equivalent shares (in millions):

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Excluded from common equivalent shares:				
Stock options	0.2	0.2	0.3	0.3
Performance contingent shares	0.2	0.3	0.2	0.3

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3. Equity

Common Stock

The changes in number of common stock shares, issued, held in treasury and outstanding are as follows for the periods indicated:

	Issued	Held In Treasury	Outstanding
Balance, December 31, 2017	79,137,758	14,685,663	64,452,095
Common stock acquired	—	991,477	(991,477)
Stock-based compensation ⁽¹⁾	—	(211,868)	211,868
Balance, June 30, 2018	79,137,758	15,465,272	63,672,486
	Issued	Held In Treasury	Outstanding
Balance, December 31, 2016	79,137,758	14,835,256	64,302,502
Stock-based compensation ⁽¹⁾	—	(189,355)	189,355
Balance, June 30, 2017	79,137,758	14,645,901	64,491,857

(1) Represents net shares issued from treasury pursuant to the Company's equity-based compensation programs.

Common Stock Held in Treasury

Common stock held in treasury is accounted for at average cost. Gains resulting from the reissuance of common stock held in treasury are credited to additional paid-in capital. Losses resulting from the reissuance of common stock held in treasury are charged first to additional paid-in capital to the extent the Company has previously recorded gains on treasury share transactions, then to retained earnings.

In January 2017, RGA's board of directors authorized a share repurchase program for up to \$400.0 million of RGA's outstanding common stock. The authorization was effective immediately and does not have an expiration date. During the first six months of 2018, RGA repurchased 1.0 million shares of common stock under this program for \$150.0 million. During the first six months ended June 30, 2017, no common stock was repurchased by RGA under this program.

Accumulated Other Comprehensive Income (Loss)

The balance of and changes in each component of accumulated other comprehensive income (loss) ("AOCI") for the six months ended June 30, 2018 and 2017 are as follows (dollars in thousands):

	Accumulated Currency Translation Adjustments	Unrealized Appreciation (Depreciation) of Investments ⁽¹⁾	Pension and Postretirement Benefits	Total
Balance, December 31, 2017	\$ (86,350)	\$ 2,200,661	\$ (50,680)	\$ 2,063,631
Other comprehensive income (loss) before reclassifications	(44,227)	(1,327,195)	(2,986)	(1,374,408)
Amounts reclassified to (from) AOCI	—	53,646	2,366	56,012
Deferred income tax benefit (expense)	(11,610)	271,226	120	259,736
Balance, June 30, 2018	\$ (142,187)	\$ 1,198,338	\$ (51,180)	\$ 1,004,971
	Accumulated Currency Translation Adjustments	Unrealized Appreciation (Depreciation) of Investments ⁽¹⁾	Pension and Postretirement Benefits	Total
Balance, December 31, 2016	\$ (172,541)	\$ 1,355,033	\$ (43,163)	\$ 1,139,329
Other comprehensive income (loss) before reclassifications	(13,936)	774,688	(196)	760,556
Amounts reclassified to (from) AOCI	—	(39,360)	2,935	(36,425)
Deferred income tax benefit (expense)	35,288	(225,884)	(966)	(191,562)

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Balance, June 30, 2017 \$ (151,189) \$ 1,864,477 \$ (41,390) \$ 1,671,898

Includes cash flow hedges of \$22,656 and \$2,619 as of June 30, 2018 and December 31, 2017, respectively, and (1)\$1,131 and \$(2,496) as of June 30, 2017 and December 31, 2016, respectively. See Note 5 - “Derivative Instruments” for additional information on cash flow hedges.

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The following table presents the amounts of AOCI reclassifications for the three and six months ended June 30, 2018 and 2017 (dollars in thousands):

Details about AOCI Components	Amount Reclassified from AOCI				Affected Line Item in Statements of Income
	Three months ended June 30,		Six months ended June 30,		
	2018	2017	2018	2017	
Net unrealized investment gains (losses):					
Net unrealized gains (losses) on available-for-sale securities	\$(24,642)	\$40,374	\$(39,098)	\$28,517	Investment related gains (losses), net
Cash flow hedges - Interest rate	29	—	(342)	—	(1)
Cash flow hedges - Currency/Interest rate	76	132	221	329	(1)
Cash flow hedges - Forward bond purchase commitments	—	51	—	101	(1)
Deferred policy acquisition costs attributed to unrealized gains and losses	(7,835)	4,565	(14,427)	10,413	(2)
Total	(32,372)	45,122	(53,646)	39,360	
Provision for income taxes	6,945	(15,218)	11,623	(12,024)	
Net unrealized gains (losses), net of tax	\$(25,427)	\$29,904	\$(42,023)	\$27,336	
Amortization of defined benefit plan items:					
Prior service cost (credit)	\$247	\$60	\$493	\$142	(3)
Actuarial gains/(losses)	(1,267)	(1,539)	(2,859)	(3,077)	(3)
Total	(1,020)	(1,479)	(2,366)	(2,935)	
Provision for income taxes	214	517	497	1,027	
Amortization of defined benefit plans, net of tax	\$(806)	\$(962)	\$(1,869)	\$(1,908)	
Total reclassifications for the period	\$(26,233)	\$28,942	\$(43,892)	\$25,428	

(1) See Note 5 - "Derivative Instruments" for additional information on cash flow hedges.

(2) This AOCI component is included in the computation of the deferred policy acquisition cost. See Note 8 - "Deferred Policy Acquisition Costs" of the 2017 Annual Report for additional details.

(3) This AOCI component is included in the computation of the net periodic pension cost. See Note 10 - "Employee Benefit Plans" for additional details.

Equity Based Compensation

Equity compensation expense was \$16.6 million and \$11.4 million in the first six months of 2018 and 2017, respectively. In the first quarter of 2018, the Company granted 0.2 million stock appreciation rights at \$150.87 weighted average exercise price per share and 0.1 million performance contingent units to employees. Additionally, non-employee directors were granted a total of 7,623 shares of common stock. As of June 30, 2018, 1.5 million share options at a weighted average strike price per share of \$65.70 were vested and exercisable, with a remaining weighted average exercise period of 4.4 years. As of June 30, 2018, the total compensation cost of non-vested awards not yet recognized in the condensed consolidated financial statements was \$36.9 million. It is estimated that these costs will vest over a weighted average period of 1.4 years.

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4. Investments

Fixed Maturity and Equity Securities Available-for-Sale

The Company holds various types of fixed maturity securities available-for-sale and classifies them as corporate securities (“Corporate”), Canadian and Canadian provincial government securities (“Canadian government”), residential mortgage-backed securities (“RMBS”), asset-backed securities (“ABS”), commercial mortgage-backed securities (“CMBS”), U.S. government and agencies (“U.S. government”), state and political subdivisions, and other foreign government, supranational and foreign government-sponsored enterprises (“Other foreign government”).

The following table provides information relating to investments in fixed maturity securities by sector as of June 30, 2018 (dollars in thousands):

June 30, 2018:	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value	% of Total	Other-than- temporary impairments in AOCI
Available-for-sale:						
Corporate	\$22,249,964	\$663,087	\$409,544	\$22,503,507	61.2 %	\$ —
Canadian government	2,789,699	1,277,020	3,876	4,062,843	11.0	—
RMBS	1,837,316	18,500	34,602	1,821,214	5.0	—
ABS	1,711,099	11,596	13,871	1,708,824	4.6	275
CMBS	1,249,616	8,591	15,698	1,242,509	3.4	—
U.S. government	1,583,622	8,193	66,665	1,525,150	4.1	—
State and political subdivisions	703,047	43,318	9,321	737,044	2.0	—
Other foreign government	3,109,607	112,887	38,631	3,183,863	8.7	—
Total fixed maturity securities	\$35,233,970	\$2,143,192	\$592,208	\$36,784,954	100.0%	\$ 275

The following table provides information relating to investments in fixed maturity and equity securities by sector as of December 31, 2017 (dollars in thousands):

December 31, 2017:	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value	% of Total	Other-than- temporary impairments in AOCI
Available-for-sale:						
Corporate	\$21,966,803	\$1,299,594	\$55,429	\$23,210,968	60.9 %	\$ —
Canadian government	2,843,273	1,378,510	1,707	4,220,076	11.1	—
RMBS	1,695,126	36,632	11,878	1,719,880	4.5	—
ABS	1,634,758	18,798	5,194	1,648,362	4.3	275
CMBS	1,285,594	22,627	4,834	1,303,387	3.4	—
U.S. government	1,953,436	12,089	21,933	1,943,592	5.1	—
State and political subdivisions	647,727	59,997	4,296	703,428	1.8	—
Other foreign government	3,254,695	154,507	8,075	3,401,127	8.9	—
Total fixed maturity securities	\$35,281,412	\$2,982,754	\$113,346	\$38,150,820	100.0%	\$ 275
Non-redeemable preferred stock	\$41,553	\$479	\$2,226	\$39,806	39.7 %	
Other equity securities	61,288	479	1,421	60,346	60.3	
Total equity securities	\$102,841	\$958	\$3,647	\$100,152	100.0%	

The Company enters into various collateral arrangements with counterparties that require both the pledging and acceptance of fixed maturity securities as collateral. Pledged fixed maturity securities are included in fixed maturity securities, available-for-sale in the condensed consolidated balance sheets. Fixed maturity securities received as collateral are held in separate custodial accounts and are not recorded on the Company’s condensed consolidated balance sheets. Subject to certain constraints, the Company is permitted by contract to sell or repledge collateral it receives; however, as of June 30, 2018 and December 31, 2017, none of the collateral received had been sold or

repledged. The Company also holds assets in trust to satisfy collateral requirements under derivative transactions and certain third-party reinsurance treaties. The following table includes fixed maturity securities pledged and received as collateral and assets in trust held to satisfy collateral requirements under derivative transactions and certain third-party reinsurance treaties as of June 30, 2018 and December 31, 2017 (dollars in thousands):

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	June 30, 2018		December 31, 2017	
	Amortized	Estimated	Amortized	Estimated
	Cost	Fair Value	Cost	Fair Value
Fixed maturity securities pledged as collateral	\$63,640	\$ 66,118	\$72,542	\$ 75,622
Fixed maturity securities received as collateral	n/a	626,081	n/a	590,417
Assets in trust held to satisfy collateral requirements	16,061,216	16,571,173	15,584,296	16,715,281

The Company monitors its concentrations of financial instruments on an ongoing basis and mitigates credit risk by maintaining a diversified investment portfolio which limits exposure to any one issuer. The Company's exposure to concentrations of credit risk from single issuers greater than 10% of the Company's stockholders' equity included securities of the U.S. government and its agencies as well as the securities disclosed below as of June 30, 2018 and December 31, 2017 (dollars in thousands).

	June 30, 2018		December 31, 2017	
	Amortized	Estimated	Amortized	Estimated
	Cost	Fair Value	Cost	Fair Value
Fixed maturity securities guaranteed or issued by:				
Canadian province of Quebec	\$1,101,825	\$1,850,642	\$1,119,337	\$1,917,996
Canadian province of Ontario	929,913	1,239,102	939,837	1,282,944

The amortized cost and estimated fair value of fixed maturity securities classified as available-for-sale at June 30, 2018 are shown by contractual maturity in the table below (dollars in thousands). Actual maturities can differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Asset and mortgage-backed securities are shown separately in the table below, as they are not due at a single maturity date.

	Amortized Cost	Estimated Fair Value
Available-for-sale:		
Due in one year or less	\$978,683	\$986,160
Due after one year through five years	7,550,595	7,649,023
Due after five years through ten years	9,208,763	9,323,786
Due after ten years	12,697,898	14,053,438
Asset and mortgage-backed securities	4,798,031	4,772,547
Total	\$35,233,970	\$36,784,954

Corporate Fixed Maturity Securities

The tables below show the major industry types of the Company's corporate fixed maturity holdings as of June 30, 2018 and December 31, 2017 (dollars in thousands):

June 30, 2018:	Estimated		
	Amortized Cost	Fair Value	% of Total
Finance	\$ 8,097,947	\$8,129,125	36.2 %
Industrial	11,705,150	11,847,762	52.6
Utility	2,446,867	2,526,620	11.2
Total	\$ 22,249,964	\$22,503,507	100.0 %

December 31, 2017:	Estimated		
	Amortized Cost	Fair Value	% of Total
Finance	\$ 7,977,885	\$8,362,774	36.1 %
Industrial	11,535,166	12,199,333	52.5
Utility	2,453,752	2,648,861	11.4

Total	\$ 21,966,803	\$23,210,968	100.0	%
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Other-Than-Temporary Impairments - Fixed Maturity Securities

As discussed in Note 2 – “Summary of Significant Accounting Policies” of the 2017 Annual Report, a portion of certain other-than-temporary impairment (“OTTI”) losses on fixed maturity securities is recognized in AOCI. For these securities, the net amount recognized in the condensed consolidated statements of income (“credit loss impairments”) represents the difference between the amortized cost of the security and the net present value of its projected future cash flows discounted at the effective interest rate implicit in the debt security prior to impairment. Any remaining difference between the fair value and amortized cost is recognized in AOCI. The following table sets forth the amount of pre-tax credit loss impairments on fixed maturity securities held by the Company as of the dates indicated, for which a portion of the OTTI loss was recognized in AOCI, and the corresponding changes in such amounts (dollars in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Balance, beginning of period	\$3,677	\$3,677	\$3,677	\$6,013
Credit loss OTTI previously recognized on securities impaired to fair value during the period	—	—	—	(2,336)
Balance, end of period	\$3,677	\$3,677	\$3,677	\$3,677

Unrealized Losses for Fixed Maturity and Equity Securities Available-for-Sale

The following table presents the total gross unrealized losses for the 2,580 fixed maturity securities as of June 30, 2018, where the estimated fair value had declined and remained below amortized cost by the indicated amount (dollars in thousands):

	June 30, 2018		
	Gross	Unrealized	% of Total
	Losses		
Less than 20%	\$571,151	96.4	%
20% or more for less than six months	21,045	3.6	
20% or more for six months or greater	12	—	
Total	\$592,208	100.0	%

The following table presents the total gross unrealized losses for the 1,116 fixed maturity and equity securities at December 31, 2017 where the estimated fair value had declined and remained below amortized cost by the indicated amount (dollars in thousands):

	December 31, 2017		
	Gross	Unrealized	% of Total
	Losses		
Less than 20%	\$113,466	97.0	%
20% or more for less than six months	689	0.6	
20% or more for six months or greater	2,838	2.4	
Total	\$116,993	100.0	%

The Company’s determination of whether a decline in value is other-than-temporary includes analysis of the underlying credit and the extent and duration of a decline in value. The Company’s credit analysis of an investment includes determining whether the issuer is current on its contractual payments, evaluating whether it is probable that the Company will be able to collect all amounts due according to the contractual terms of the security and analyzing the overall ability of the Company to recover the amortized cost of the investment.

The following table presents the estimated fair values and gross unrealized losses, including other-than-temporary impairment losses reported in AOCI, for 2,580 fixed maturity securities that have estimated fair values below

amortized cost as of June 30, 2018 (dollars in thousands). These investments are presented by class and grade of security, as well as the length of time the related fair value has remained below amortized cost.

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June 30, 2018:	Less than 12 months		12 months or greater		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
Investment grade securities:						
Corporate	\$9,135,620	\$ 299,909	\$818,555	\$ 51,938	\$9,954,175	\$ 351,847
Canadian government	46,392	668	110,326	3,058	156,718	3,726
RMBS	1,101,941	25,546	241,914	9,032	1,343,855	34,578
ABS	807,714	10,637	139,676	3,187	947,390	13,824
CMBS	612,214	11,097	104,426	4,601	716,640	15,698
U.S. government	584,758	20,707	747,679	45,958	1,332,437	66,665
State and political subdivisions	168,817	5,064	66,122	4,257	234,939	9,321
Other foreign government	919,229	25,758	199,578	5,407	1,118,807	31,165
Total investment grade securities	13,376,685	399,386	2,428,276	127,438	15,804,961	526,824
Below investment grade securities:						
Corporate	735,338	47,846	56,042	9,851	791,380	57,697
Canadian government	1,864	150	—	—	1,864	150
RMBS	—	—	1,194	24	1,194	24
ABS	—	—	1,148	47	1,148	47
Other foreign government	146,374	7,111	7,643	355	154,017	7,466
Total below investment grade securities	883,576	55,107	66,027	10,277	949,603	65,384
Total fixed maturity securities	\$14,260,261	\$ 454,493	\$2,494,303	\$ 137,715	\$16,754,564	\$ 592,208
The following table presents the estimated fair values and gross unrealized losses, including other-than-temporary impairment losses reported in AOCI, for 1,116 fixed maturity and equity securities that have estimated fair values below amortized cost as of December 31, 2017 (dollars in thousands):						
December 31, 2017:	Less than 12 months		12 months or greater		Total	
	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
Investment grade securities:						
Corporate	\$1,886,212	\$ 17,099	\$1,009,750	\$ 28,080	\$2,895,962	\$ 45,179
Canadian government	18,688	91	111,560	1,596	130,248	1,687
RMBS	566,699	5,852	224,439	6,004	791,138	11,856
ABS	434,274	2,707	168,524	2,434	602,798	5,141
CMBS	220,401	1,914	103,269	2,920	323,670	4,834
U.S. government	800,298	6,177	767,197	15,756	1,567,495	21,933
State and political subdivisions	43,510	242	68,666	4,054	112,176	4,296
Other foreign government	369,717	2,707	191,265	4,704	560,982	7,411
Total investment grade securities	4,339,799	36,789	2,644,670	65,548	6,984,469	102,337
Below investment grade securities:						
Corporate	194,879	3,317	75,731	6,933	270,610	10,250
Canadian government	1,995	20	—	—	1,995	20
RMBS	—	—	1,369	22	1,369	22
ABS	—	—	1,489	53	1,489	53
Other foreign government	28,600	113	15,134	551	43,734	664
Total below investment grade securities	225,474	3,450	93,723	7,559	319,197	11,009
Total fixed maturity securities	\$4,565,273	\$ 40,239	\$2,738,393	\$ 73,107	\$7,303,666	\$ 113,346

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Non-redeemable preferred stock	\$82	\$ 1	\$26,471	\$ 2,225	\$26,553	\$ 2,226
Other equity securities	5,820	1,023	47,251	398	53,071	1,421
Total equity securities	\$5,902	\$ 1,024	\$73,722	\$ 2,623	\$79,624	\$ 3,647

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The Company has no intention to sell, nor does it expect to be required to sell, the securities outlined in the table above, as of the dates indicated. However, unforeseen facts and circumstances may cause the Company to sell fixed maturity securities in the ordinary course of managing its portfolio to meet certain diversification, credit quality and liquidity guidelines.

Unrealized losses on below investment grade securities as of June 30, 2018 are primarily related to publicly traded and privately placed corporate securities. Changes in unrealized losses are primarily being driven by changes in interest rates.

Investment Income, Net of Related Expenses

Major categories of investment income, net of related expenses, consist of the following (dollars in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Fixed maturity securities available-for-sale	\$373,624	\$355,735	\$742,827	\$680,235
Equity securities	709	995	2,391	2,354
Mortgage loans on real estate	50,460	44,442	100,659	88,789
Policy loans	14,775	15,194	29,555	30,466
Funds withheld at interest	86,417	97,367	161,862	224,945
Short-term investments and cash and cash equivalents	2,964	1,779	6,209	3,289
Other invested assets	20,785	22,071	44,613	40,539
Investment income	549,734	537,583	1,088,116	1,070,617
Investment expense	(21,673)	(19,045)	(43,726)	(37,715)
Investment income, net of related expenses	\$528,061	\$518,538	\$1,044,390	\$1,032,902

Investment Related Gains (Losses), Net

Investment related gains (losses), net consist of the following (dollars in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Fixed maturity securities available for sale:				
Other-than-temporary impairment losses	\$(3,350)	\$(3,401)	\$(3,350)	\$(20,590)
Gain on investment activity	21,140	54,197	32,106	72,090
Loss on investment activity	(35,934)	(10,288)	(56,314)	(18,975)
Equity securities:				
Gain on investment activity	469	23	497	23
Loss on investment activity	—	(183)	(950)	(4,059)
Change in unrealized gains (losses) recognized in earnings	(6,966)	—	(11,103)	—
Other impairment losses and change in mortgage loan provision	(1,357)	(6,675)	(1,669)	(6,774)
Derivatives and other, net	15,426	22,622	29,741	95,103
Total investment related gains (losses), net	\$(10,572)	\$56,295	\$(11,042)	\$116,818

The fixed maturity impairments for the three and six months ended June 30, 2018 and 2017 were largely related to high-yield corporate securities. The other impairment losses and change in mortgage loan provision for the three and six months ended June 30, 2018 includes impairments on real estate joint ventures. The other impairment losses and change in mortgage loan provision for the three and six months ended June 30, 2017 includes impairments on limited partnerships. The fluctuations in investment related gains (losses) for derivatives and other for the three and six months ended June 30, 2018, compared to the same periods in 2017, are primarily due to changes in the fair value of embedded derivatives and interest rate swaps.

During the three months ended June 30, 2018 and 2017, the Company sold fixed maturity securities with fair values of \$1,174.4 million and \$696.4 million at losses of \$35.9 million and \$10.3 million, respectively. During the six months ended June 30, 2018 and 2017, the Company sold fixed maturity securities with fair values of \$2,438.0 million and \$1,125.0 million at losses of \$56.3 million and \$19.0 million, respectively. The Company did not sell any equity securities at losses during the three months ended June 30, 2018. During the three months ended June 30, 2017, the Company sold equity securities with fair values of \$14.1 million at losses of \$0.2 million. During the six months ended June 30, 2018 and 2017, the Company sold equity securities with fair values of \$28.4 million and \$161.7 million at losses of \$1.0 million and \$4.1 million, respectively. The Company generally does not buy and sell securities on a short-term basis.

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Securities Borrowing, Lending and Other

The following table includes the amount of borrowed securities, securities lent and securities collateral received as part of the securities lending program and repurchased/reverse repurchased securities pledged and received as of June 30, 2018 and December 31, 2017 (dollars in thousands).

	June 30, 2018		December 31, 2017	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Borrowed securities	\$350,350	\$365,730	\$358,875	\$377,820
Securities lending:				
Securities loaned	101,995	102,208	117,246	121,551
Securities received	n/a	112,000	n/a	128,000
Repurchase program/reverse repurchase program:				
Securities pledged	385,391	394,698	413,819	428,344
Securities received	n/a	397,712	n/a	417,550

The Company also held cash collateral for securities lending and the repurchase program/reverse repurchase programs of \$29.6 million and \$31.2 million at June 30, 2018 and December 31, 2017, respectively. No cash or securities have been pledged by the Company for its securities borrowing program as of June 30, 2018 and December 31, 2017.

The following tables present information on the Company's securities lending and repurchase transactions as of June 30, 2018 and December 31, 2017 (dollars in thousands). Collateral associated with certain borrowed securities is not included within the table, as the collateral pledged to each counterparty is the right to reinsurance treaty cash flows.

	June 30, 2018				
	Remaining Contractual Maturity of the Agreements				
	Overnight and Continuous	Up to 30 Days	30-90 Days	Greater than 90 Days	Total
Securities lending transactions:					
Corporate	\$—	\$—	\$—	—\$102,208	\$102,208
Total	—	—	—	102,208	102,208
Repurchase transactions:					
Corporate	—	—	—	151,519	151,519
U.S. government	—	—	—	219,154	219,154
Foreign government	—	—	—	22,894	22,894
Other	1,131	—	—	—	1,131
Total	1,131	—	—	393,567	394,698
Total transactions	\$1,131	\$—	\$—	—\$495,775	\$496,906

Gross amount of recognized liabilities for securities lending and repurchase transactions in preceding table	\$539,332
Amounts related to agreements not included in offsetting disclosure	\$42,426

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	December 31, 2017				
	Remaining Contractual Maturity of the Agreements				
	Overnight and Continuous	Up to 30 Days	30-90 Days	Greater than 90 Days	Total
Securities lending transactions:					
Corporate	\$—	\$—	\$—	\$121,551	\$121,551
Total	\$—	\$—	\$—	\$121,551	\$121,551
Repurchase transactions:					
Corporate	\$—	\$—	—\$312	\$184,334	\$184,646
U.S. government	—	—	—	220,765	220,765
Foreign government	—	—	—	21,802	21,802
Other	1,131	—	—	—	1,131
Total	1,131	—	312	426,901	428,344
Total borrowings	\$1,131	\$—	—\$312	\$548,452	\$549,895

Gross amount of recognized liabilities for securities lending and repurchase transactions in preceding table \$576,786

Amounts related to agreements not included in offsetting disclosure \$26,891

The Company has elected to offset amounts recognized as receivables and payables resulting from the repurchase/reverse repurchase programs. After the effect of offsetting, the net amount presented on the condensed consolidated balance sheets was a liability of \$0.4 million and \$1.1 million of June 30, 2018 and December 31, 2017, respectively. As of June 30, 2018 and December 31, 2017, the Company recognized payables resulting from cash received as collateral associated with a repurchase agreement as discussed above. Amounts owed to and due from the counterparties may be settled in cash or offset, in accordance with the agreements.

Mortgage Loans on Real Estate

Mortgage loans represented approximately 9.0% and 8.5% of the Company's total investments as of June 30, 2018 and December 31, 2017. As of June 30, 2018, mortgage loans were geographically dispersed throughout the U.S. with the largest concentrations in California (19.4%), Texas (9.6%) and Washington (7.8%) and include loans secured by properties in Canada (2.6%). The recorded investment in mortgage loans on real estate presented below is gross of unamortized deferred loan origination fees and expenses, and valuation allowances.

The distribution of mortgage loans by property type is as follows as of June 30, 2018 and December 31, 2017 (dollars in thousands):

Property type:	June 30, 2018		December 31, 2017	
	Carrying Value	% of Total	Carrying Value	% of Total
Office building	\$1,546,148	33.9 %	\$1,487,392	33.6 %
Retail	1,296,157	28.3	1,270,676	28.8
Industrial	962,049	21.0	938,612	21.3
Apartment	530,599	11.6	510,052	11.6
Other commercial	237,610	5.2	206,439	4.7
Recorded investment	4,572,563	100.0%	4,413,171	100.0%
Unamortized balance of loan origination fees and expenses	(4,188)		(3,254)	
Valuation allowances	(9,706)		(9,384)	
Total mortgage loans on real estate	\$4,558,669		\$4,400,533	

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The maturities of the mortgage loans as of June 30, 2018 and December 31, 2017 are as follows (dollars in thousands):

	June 30, 2018		December 31, 2017	
	Recorded Investment	% of Total	Recorded Investment	% of Total
Due within five years	\$1,153,623	25.2 %	\$1,091,066	24.8 %
Due after five years through ten years	2,623,105	57.4	2,516,872	57.0
Due after ten years	795,835	17.4	805,233	18.2
Total	\$4,572,563	100.0 %	\$4,413,171	100.0 %

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The following tables set forth certain key credit quality indicators of the Company's recorded investment in mortgage loans as of June 30, 2018 and December 31, 2017 (dollars in thousands):

	Recorded Investment Debt Service Ratios			Construction loans	Total	% of Total
	>1.20x	1.00x - 1.20x	<1.00x			
June 30, 2018:						
Loan-to-Value Ratio						
0% - 59.99%	\$2,125,328	\$102,254	\$19,439	\$ 17,602	\$2,264,623	49.5 %
60% - 69.99%	1,552,568	117,751	49,221	—	1,719,540	37.6
70% - 79.99%	315,274	25,121	101,213	—	441,608	9.7
Greater than 80%	101,870	12,933	31,989	—	146,792	3.2
Total	\$4,095,040	\$258,059	\$201,862	\$ 17,602	\$4,572,563	100.0%

	Recorded Investment Debt Service Ratios			Construction loans	Total	% of Total
	>1.20x	1.00x - 1.20x	<1.00x			
December 31, 2017:						
Loan-to-Value Ratio						
0% - 59.99%	\$2,148,428	\$53,979	\$3,801	\$ —	\$2,206,208	50.0 %
60% - 69.99%	1,517,029	47,128	43,921	—	1,608,078	36.4
70% - 79.99%	396,446	19,461	15,367	—	431,274	9.8
Greater than 80%	120,850	30,713	6,362	9,686	167,611	3.8
Total	\$4,182,753	\$151,281	\$69,451	\$ 9,686	\$4,413,171	100.0%

The age analysis of the Company's past due recorded investments in mortgage loans as of June 30, 2018 and December 31, 2017 (dollars in thousands):

	June 30, 2018	December 31, 2017
31-60 days past due	\$12,027	\$17,100
61-90 days past due	—	2,056
Total past due	12,027	19,156
Current	4,560,536	4,394,015
Total	\$4,572,563	\$4,413,171

The following table presents the recorded investment in mortgage loans, by method of measuring impairment, and the related valuation allowances as of June 30, 2018 and December 31, 2017 (dollars in thousands):

	June 30, 2018	December 31, 2017
Mortgage loans:		
Individually measured for impairment	\$30,653	\$5,858
Collectively measured for impairment	4,541,910	4,407,313
Recorded investment	\$4,572,563	\$4,413,171
Valuation allowances:		
Individually measured for impairment	\$—	\$—
Collectively measured for impairment	9,706	9,384
Total valuation allowances	\$9,706	\$9,384

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Information regarding the Company's loan valuation allowances for mortgage loans for the three and six months ended June 30, 2018 and 2017 is as follows (dollars in thousands):

	Three months ended June 30, 2018		Six months ended June 30, 2017	
Balance, beginning of period	\$8,864	\$7,786	\$9,384	\$7,685
Provision (release)	845	366	329	467
Translation adjustment	(3)	4	(7)	4
Balance, end of period	\$9,706	\$8,156	\$9,706	\$8,156

Information regarding the portion of the Company's mortgage loans that were impaired as of June 30, 2018 and December 31, 2017 is as follows (dollars in thousands):

	Unpaid Principal Balance	Recorded Investment	Related Allowan	Carrying Value
June 30, 2018:				
Impaired mortgage loans with no valuation allowance recorded	\$30,690	\$30,653	\$—	\$30,653
Impaired mortgage loans with valuation allowance recorded	—	—	—	—
Total impaired mortgage loans	\$30,690	\$30,653	\$—	\$30,653
December 31, 2017:				
Impaired mortgage loans with no valuation allowance recorded	\$6,427	\$5,858	\$—	\$5,858
Impaired mortgage loans with valuation allowance recorded	—	—	—	—
Total impaired mortgage loans	\$6,427	\$5,858	\$—	\$5,858

The Company's average investment in impaired mortgage loans and the related interest income are reflected in the table below for the periods indicated (dollars in thousands):

	Three months ended June 30, 2018		2017	
	Average Recorded Investment ⁽¹⁾	Interest Income	Average Recorded Investment ⁽¹⁾	Interest Income
Impaired mortgage loans with no valuation allowance recorded	\$27,038	\$247	\$2,088	\$33
Impaired mortgage loans with valuation allowance recorded	—	—	—	—
Total impaired mortgage loans	\$27,038	\$247	\$2,088	\$33

	Six months ended June 30, 2018		2017	
	Average Recorded Investment ⁽¹⁾	Interest Income	Average Recorded Investment ⁽¹⁾	Interest Income
Impaired mortgage loans with no valuation allowance recorded	\$19,978	\$304	\$2,131	\$67
Impaired mortgage loans with valuation allowance recorded	—	—	—	—
Total impaired mortgage loans	\$19,978	\$304	\$2,131	\$67

(1) Average recorded investment represents the average loan balances as of the beginning of period and all subsequent quarterly end of period balances.

The Company did not acquire any impaired mortgage loans during the six months ended June 30, 2018 and 2017. The Company had no mortgage loans that were on a nonaccrual status at June 30, 2018 and December 31, 2017.

Policy Loans

Policy loans comprised approximately 2.7% and 2.6% of the Company's total investments as of June 30, 2018 and December 31, 2017, respectively, the majority of which are associated with one client. These policy loans present no credit risk because the amount of the loan cannot exceed the obligation due to the ceding company upon the death of the insured or surrender of the underlying policy. The provisions of the treaties in force and the underlying policies determine the policy loan interest rates. The Company earns a spread between the interest rate earned on policy loans and the interest rate credited to corresponding liabilities.

Table of Contents**Funds Withheld at Interest**

Funds withheld at interest comprised approximately 11.8% of the Company's total investments as of both June 30, 2018 and December 31, 2017. Of the \$6.0 billion funds withheld at interest balance, net of embedded derivatives, as of June 30, 2018, \$4.0 billion of the balance is associated with one client. For reinsurance agreements written on a modified coinsurance basis and certain agreements written on a coinsurance funds withheld basis, assets equal to the net statutory reserves are withheld and legally owned and managed by the ceding company and are reflected as funds withheld at interest on the Company's condensed consolidated balance sheets. In the event of a ceding company's insolvency, the Company would need to assert a claim on the assets supporting its reserve liabilities. However, the risk of loss to the Company is mitigated by its ability to offset amounts it owes the ceding company for claims or allowances against amounts owed to the Company from the ceding company.

Other Invested Assets

Other invested assets include limited partnership interests, joint ventures (other than operating joint ventures), equity release mortgages, derivative contracts and fair value option ("FVO") contractholder-directed unit-linked investments. Other invested assets also include Federal Home Loan Bank of Des Moines ("FHLB") common stock which is included in other in the table below. Other invested assets represented approximately 3.2% and 2.9% of the Company's total investments as of June 30, 2018 and December 31, 2017, respectively. Carrying values of these assets as of June 30, 2018 and December 31, 2017 are as follows (dollars in thousands):

	June 30, 2018	December 31, 2017
Limited partnership interests and real estate joint ventures	\$857,599	\$781,124
Equity release mortgages	311,723	219,940
Derivatives	137,315	137,613
FVO contractholder-directed unit-linked investments	212,202	218,541
Other	86,723	148,114
Total other invested assets	\$1,605,562	\$1,505,332

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5. Derivative Instruments

Derivatives, except for embedded derivatives and longevity and mortality swaps, are carried on the Company's condensed consolidated balance sheets in other invested assets or other liabilities, at fair value. Longevity and mortality swaps are included on the condensed consolidated balance sheets in other assets or other liabilities, at fair value. Embedded derivative assets and liabilities on modified coinsurance or funds withheld arrangements are included on the condensed consolidated balance sheets with the host contract in funds withheld at interest, at fair value. Embedded derivative liabilities on indexed annuity and variable annuity products are included on the condensed consolidated balance sheets with the host contract in interest-sensitive contract liabilities, at fair value. The following table presents the notional amounts and gross fair value of derivative instruments prior to taking into account the netting effects of master netting agreements as of June 30, 2018 and December 31, 2017 (dollars in thousands):

	June 30, 2018			December 31, 2017		
	Notional Amount	Carrying Value/Fair Value Assets	Liabilities	Notional Amount	Carrying Value/Fair Value Assets	Liabilities
Derivatives not designated as hedging instruments:						
Interest rate swaps	\$1,084,555	\$43,439	\$ 2,514	\$996,204	\$59,809	\$ 2,372
Financial futures	348,874	—	—	412,438	—	—
Foreign currency forwards	4,512	—	8	6,030	—	28
Consumer price index swaps	328,190	1,126	199	221,932	—	2,160
Credit default swaps	928,300	6,725	122	961,200	8,319	1,651
Equity options	639,801	25,950	—	632,251	23,271	—
Longevity swaps	934,720	43,971	—	960,400	40,659	—
Mortality swaps	25,000	—	782	—	—	1,683
Synthetic guaranteed investment contracts	10,634,677	—	—	10,052,576	—	—
Embedded derivatives in:						
Modified coinsurance or funds withheld arrangements	—	144,610	—	—	122,194	—
Indexed annuity products	—	—	806,436	—	—	861,758
Variable annuity products	—	—	—	—	—	—