



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 Special Reports are available via the [Capital Markets Bureau web page](#) and the [NAIC archives](#) (for reports published prior to 2016).

Double-Digit Decrease in U.S. Insurers' Foreign Investments at Year-End 2024

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

Executive Summary

- U.S. insurers' exposure to foreign investments (bonds and stocks) decreased by more than half over the last decade ending 2024, to about \$260 billion in book/adjusted carrying value (BACV), down from almost \$675 billion in BACV at year-end 2015.
- Foreign investments were 3% of total cash and invested assets at year-end 2024, decreasing from 12% in 2015.
- The majority of U.S. insurers' foreign investments were bonds, almost 90% of which were corporate bonds; foreign stocks comprised a much smaller but increasing proportion.
- While exposure among property/casualty (P/C) insurers has been increasing, life insurers still accounted for the majority of the industry's foreign investments, at three-quarters of the total, followed by P/C insurers at 23%.
- Large insurers, or those with more than \$10 billion in assets under management, accounted for 83% of total U.S. insurer foreign investments.
- Almost all foreign bonds were of high credit quality based on their NAIC 1 and NAIC 2 designations.
- The United Kingdom (UK), Canada, and Australia continued to be the largest three country exposures, which is consistent with previous years, and represented about half of total U.S. insurers' foreign investments at year-end 2024.

U.S. insurers' exposure to foreign bonds and stocks declined significantly over the decade ending 2024. During this period, there were only two years (2015 and 2017) of growth in exposure; otherwise, U.S. insurers' total foreign investments have been declining by double digits since 2020. (Refer to Chart 1.) This trend may be due in part to various geopolitical events over the last few years, including the Russia-Ukraine war, turmoil in the Middle East, and increased trade tensions between the U.S. and China, to name a few. In addition, climate risk, the COVID-19 pandemic, and macroeconomic influences such as interest rate trends may have also influenced investment decisions away from foreign investments. The lower for longer interest rate period caused insurers to seek higher-yielding, less traditional investments



in assets such as structured securities and those reported in Schedule BA (Other Long-Term Investments). Insurers have also found attractive investments in commercial real estate.

More recently, the implementation of new tariffs imposed by the U.S. and reciprocal tariffs from other countries has escalated trade tensions that could potentially impact global credit conditions. As a result, there will be implications for economies, financial markets, and geopolitics worldwide, especially for China, Mexico, and Canada, among others. Consequently, this could influence future trends with U.S. insurers' foreign investments.

Chart 1: U.S. Insurers' Historical Foreign Investments*, 2015 – 2024



*Excludes Cayman Islands, Isle of Man, and Jersey.

U.S. insurers' total foreign investments decreased by 61.5% over the past decade ending 2024, to about \$260 billion in book/adjusted carrying value (BACV), having reported \$674.6 billion in BACV at year-end 2015. (Refer to Table 1.) Year-over-year (YOY), total foreign investments declined 16% from \$309.9 billion reported at year-end 2023. Foreign investments declined steadily over the 10-year time frame, to 3% of total cash and invested assets at year-end 2024 from a high of 12% at year-end 2015. Note that foreign investments reported as domiciled in the Cayman Islands, Isle of Man, and Jersey are most often for tax purposes, so they have been excluded from U.S. insurers' foreign investment totals for the purpose of this Special Report.

Table 1: U.S. Insurers' Foreign Investments, 2015–2024 (\$bil. BACV)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Foreign Bonds	630.1	582.4	573.6	562.7	529.3	470.8	402.7	331.4	275.8	218.3
Foreign Stocks (Common and Preferred)	44.5	25.2	25.3	35.0	36.7	35.0	34.0	28.3	34.1	41.6
Total Foreign Investments	674.6	607.6	598.9	597.7	566.0	505.8	436.7	359.7	309.9	259.9
Pct of U.S. Insurers Total Cash and Invested Assets	12%	10%	9%	9%	8%	7%	5%	4%	4%	3%



The decline in U.S. insurers' foreign investments has mostly been driven by foreign bonds, which decreased 20% to \$218.3 billion at year-end 2024 from \$275.8 billion at year-end 2023. While foreign bond exposure declined 65% over the decade ending 2024, it still represented the majority of U.S. insurers' foreign investments, or over 80% of the total in each of the 10 years, and in some cases, more than 90%. (Refer to Table 2.) There is some foreign currency risk within U.S. insurers' foreign bond exposure. Approximately 20%, or \$43.4 billion, of foreign bonds were reported as non-U.S. dollar-denominated at year-end 2024; however, the BACV, which is expressed in U.S. dollars, contains a foreign exchange conversion factor for these bonds.

Table 2: U.S. Insurer Foreign Investments, 2015–2024 (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Foreign Bonds	93%	96%	96%	94%	94%	93%	92%	92%	89%	84%
Foreign Stocks (Common and Preferred)	7%	4%	4%	6%	6%	7%	8%	8%	11%	16%
Total Foreign Investments	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Despite a decrease in foreign stocks to \$41.6 billion at year-end 2024 from \$44.5 billion at year-end 2015, they have been a small but growing proportion of U.S. insurers' total foreign investments. As a percentage of the total, foreign stocks ranged between a low of 4% in 2016 and 2017 and a high of 16% at year-end 2024. While foreign stock investments fluctuated over this time period in terms of BACV, likely due to market valuations, they began to increase as a percentage of total U.S. insurer foreign investments in 2019, while the percentage of foreign bonds declined. Note that over the 10 years ending 2024, publicly traded U.S. domestic stocks experienced three years of annual losses, as measured by the Standard & Poor's 500 index (S&P 500), U.S. stocks experienced an annualized loss in 2015 (-0.7%), 2018 (-6.2%), and 2022(-19.4%). This may have also influenced the foreign stock investment trend.

As in previous years, life insurers accounted for the majority of U.S. insurers' foreign investments at 76% and 80% of the total at year-end 2024 and year-end 2023, respectively. (Refer to Table 3 and Table 4.) YOY, the decrease in the percentage of total foreign investments held by life insurers was countered by an increase in the percentage held by property/casualty (P/C) insurers to 23% at year-end 2024 from 19% at year-end 2023.

Table 3: U.S. Insurers' Foreign Investments by Statement Type, Year-End 2024 (\$bil. BACV)

Foreign Investment	Life	Pct of Life	P/C	Pct of P/C	Title and Health	Pct of Title and Health	Total
Bonds	194.5	99%	21.6	36%	2.2	67%	218.3
Stocks	2.6	1%	37.9	64%	1.1	33%	41.6
Total	197.2	100%	59.5	100%	3.24	100%	259.9
Pct of Total	76%		23%		1%		100%

**Table 4: U.S. Insurers' Foreign Investments by Statement Type, Year-End 2023 (\$bil. BACV)**

Foreign Investment	Life	Pct of Life	P/C	Pct of P/C	Title and Health	Pct of Title and Health	Total
Bonds	244.0	99%	28.7	49%	3.1	73%	275.8
Stocks	3.1	1%	29.9	51%	1.1	27%	34.2
Total	247.0	100%	58.6	100%	4.3	100%	309.9
Pct of Total	80%		19%		1%		100%

Among life insurers, almost all of their foreign investments were in bonds, which is in line with the long-term duration of their liabilities. Conversely, P/C insurers held more foreign stocks than foreign bonds, which is consistent with their asset-liability management strategy. In addition, the YOY increase in foreign stocks held by P/C companies coincides with the increase in the percentage of U.S. insurers' foreign stock investments, as P/C insurers tend to have a higher concentration of stock investments than life insurers. For health and title insurers, the majority of their foreign investments were in bonds, at almost 70% of the total.

Large insurers accounted for over 80% of U.S. insurers' total foreign investments (refer to Table 5), which is consistent with the year prior. Another 7% was held by insurers with more than \$5 billion in assets under management.

Table 5: U.S. Insurers' Foreign Investments by Asset Under Management, Year-End 2024 (\$bil. BACV)*

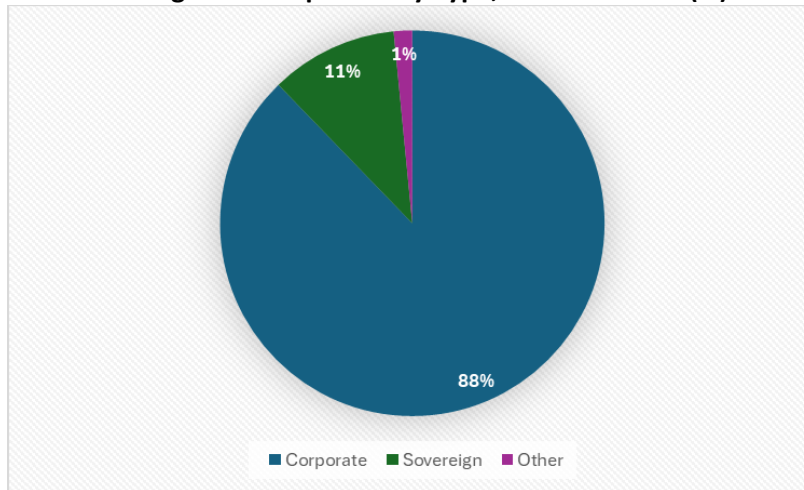
Assets Under Management	Life	P/C	Title and Health	Total	Pct of Total
Less Than \$250 mil.	0.5	0.9	0.2	1.6	1%
\$250 mil. - \$500 mil.	0.5	0.7	0.3	1.5	1%
\$500 mil. - \$1 bil.	1.2	1.5	0.5	3.2	1%
\$1 bil. - \$2.5 bil.	3.6	4.9	0.7	9.1	4%
\$2.5 bil. - \$5 bil.	6.6	2.9	0.7	10.2	4%
\$5 bil. - \$10 bil.	10.5	7.5	0.5	18.5	7%
Greater Than \$10 bil.	174.0	41.1	0.4	215.5	83%
Total	196.9	59.5	3.2	259.7	100%

*Numbers may not be consistent with other representations in this report due to rounding.

Similar to insurers' overall bond exposure, the majority of U.S. insurers' foreign bonds were corporates, totaling \$191.5 billion, or 88% of total foreign bonds at year-end 2024. (Refer to Chart 2.) The second largest was government bonds at \$23.4 billion, or 11% of the total. These percentages are also the same for corporate and sovereign bonds at year-end 2023. The remaining 1% (i.e., "Other" in Chart 2) included asset-backed securities (ABS) and other structured securities, bank loans, and municipal bonds.

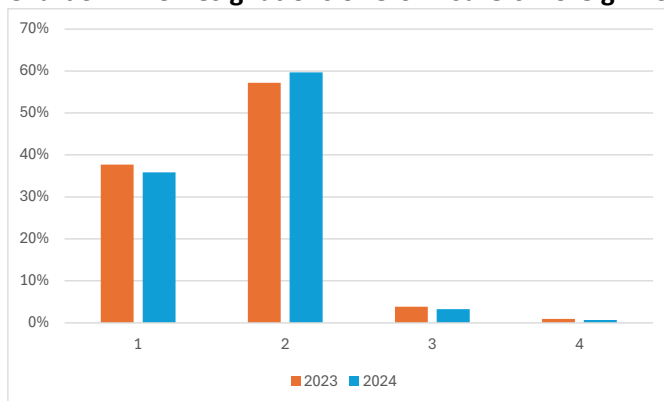


Chart 2: Foreign Bond Exposure by Type, Year-End 2024 (%)



More than 90% of total foreign bond exposure was high credit quality based on the reported NAIC 1 and NAIC 2 designations in both 2024 and 2023. However, the high credit quality declined marginally YOY, with a slight decrease in bonds carrying NAIC 1 designations (i.e., to 36% of the total in 2024 from 38% in 2023) and a small increase in foreign bonds carrying NAIC 2 designations (i.e., to 60% of the total in 2024 from 57% in 2023). Notwithstanding, together foreign bonds carrying NAIC 1 and NAIC 2 designations increased to 96% of total foreign bonds in 2024 from 95% in 2023. Foreign bonds that are implied to be of lower credit quality based on NAIC designations improved slightly; that is, those carrying NAIC 3 designations increased to 4% from 3%, and bonds carrying NAIC 4 designations accounted for 1% in both years.

Chart 3: NAIC Designations of U.S. Insurers' Foreign Bonds, 2023 and 2024 (%)



The top 10 country exposures represented about 80% of U.S. insurers' foreign investments at year-end 2024, which was a small increase from 79% at year-end 2023. (Refer to Table 6.) However, the BACV of the top 10 countries decreased by approximately 16% to \$207 billion at year-end 2024 from \$246 billion at year-end 2023. In both years, the top three country exposures—the United Kingdom (UK), Canada, and Australia—accounted for about half of U.S. insurers' total foreign investments. The top 10 countries



were the same in both 2024 and 2023; the top five countries also remained the same YOY, while the order of the bottom five shifted.

Table 6: Top 10 Country Exposures, Year-End 2024 and Year-End 2023 (\$bil. BACV)

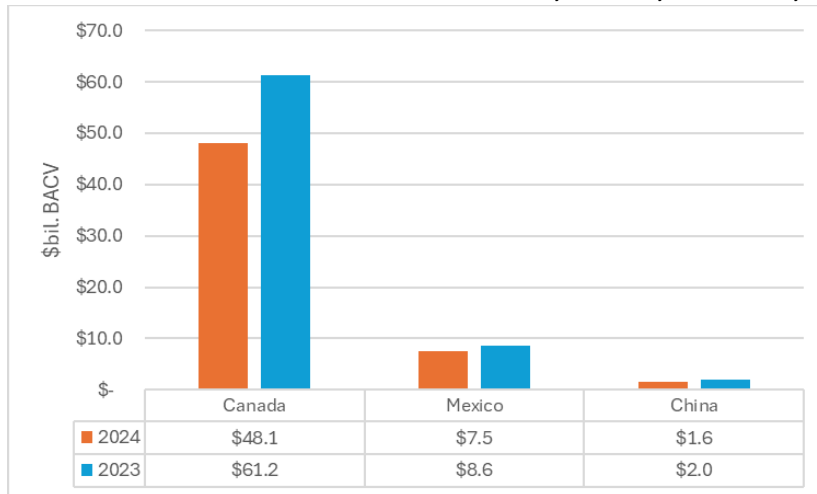
Year-End 2024			Year-End 2023		
Country	\$bil. BACV	Pct of Total	Country	\$bil. BACV	Pct of Total
United Kingdom	53.0	20%	United Kingdom	66.0	21%
Canada	48.1	19%	Canada	61.2	20%
Australia	27.0	10%	Australia	32.9	11%
Netherlands	23.5	9%	Netherlands	27.7	9%
France	12.9	5%	France	16.9	5%
Switzerland	11.7	5%	Ireland	11.7	4%
Ireland	8.7	3%	Bermuda	9.0	3%
Bermuda	7.7	3%	Mexico	8.6	3%
Mexico	7.5	3%	Luxembourg	7.0	2%
Luxembourg	6.9	3%	Switzerland	5.0	2%
Top 10 Countries:	207.0	80%	Top 10 Countries:	246.0	79%

Geopolitical instability has caused some volatility in financial markets and has been exacerbated by the recent trade tensions. According to the U.S. Census Bureau, Mexico, Canada, and China are the U.S.'s three largest trading partners, in that order (as of February 2025). They each account for 15%, 14%, and 9%, respectively, of U.S. total trade. U.S. insurers' exposure to China bonds and stocks was relatively small at year-end 2024, totaling \$1.6 billion, a decrease from \$2 billion at year-end 2023. About 55% of U.S. insurers' exposure to China (\$894 million) was in bonds, of which only 3% were sovereign. China's sovereign debt ratings are A+/A1 by S&P Global/Moody's Rating (Moody's), meaning they are of high credit quality. The minimal exposure to China also mitigates concern about U.S. insurers' exposure to a country with which the U.S. has had and continues to have trade tensions. Nevertheless, there is uncertainty regarding whether future resolutions or trade tensions will de-escalate.

For Mexico, and more so Canada, due to the higher concentration among U.S. insurer investments, concern is somewhat mitigated by the high credit quality of their sovereign ratings and relatively small sovereign debt exposures (versus corporate debt). Among Canada's bond investments, 14% (\$6.3 billion) was sovereign at year-end 2024, and Canada's sovereign debt is rated AAA/Aaa by S&P Global/Moody's, which is the highest credit quality rating. Among U.S. insurers' exposure to Mexico, 17% (\$1.3 billion) is sovereign debt, and the country's sovereign debt rating is BBB/Baa (investment grade) by S&P Global/Moody's.



Chart 4: U.S. Insurers' Investments in Canada, Mexico, and China, 2024 and 2023 (\$bil. BACV)



The NAIC Capital Markets Bureau will continue to monitor trends with foreign investments and report as deemed appropriate.

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

The views expressed in this publication do not necessarily represent the views of the NAIC, its officers, or members. NO WARRANTY IS MADE, EXPRESSED OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY OPINION OR INFORMATION GIVEN OR MADE IN THIS PUBLICATION.

© 1990 – 2025 National Association of Insurance Commissioners. All rights reserved.