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S&P: P&C Insurance Industry Reverses Trend, Increases Municipal Bond Holdings in 2020

Property and casualty insurers boosted their stakes in municipal holdings in 2020 for the first time in several years amid a positive climate for government-issued debt securities.

Insurance companies hold significant investments in municipal bonds, with the P&C space being the largest holder by sector. Since at least 2016, the P&C industry has been reducing its positions in municipal bonds, though they have remained a significant part of the industry's investable assets.

Year-end 2020, municipal bonds accounted for roughly 13.5% of the P&C industry's investable assets, with a reported carrying value of \$271.47 billion, an S&P Global Market Intelligence analysis shows. The year-end 2020 values were up \$11 billion compared to the previous year, but down nearly \$60 billion versus 2016. Full-year statutory insurance data from late filing companies, as well as group-level calculations, are not available until at least April of each year.

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2 Jul, 2021