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# Insurance Capital Markets - North America and Europe

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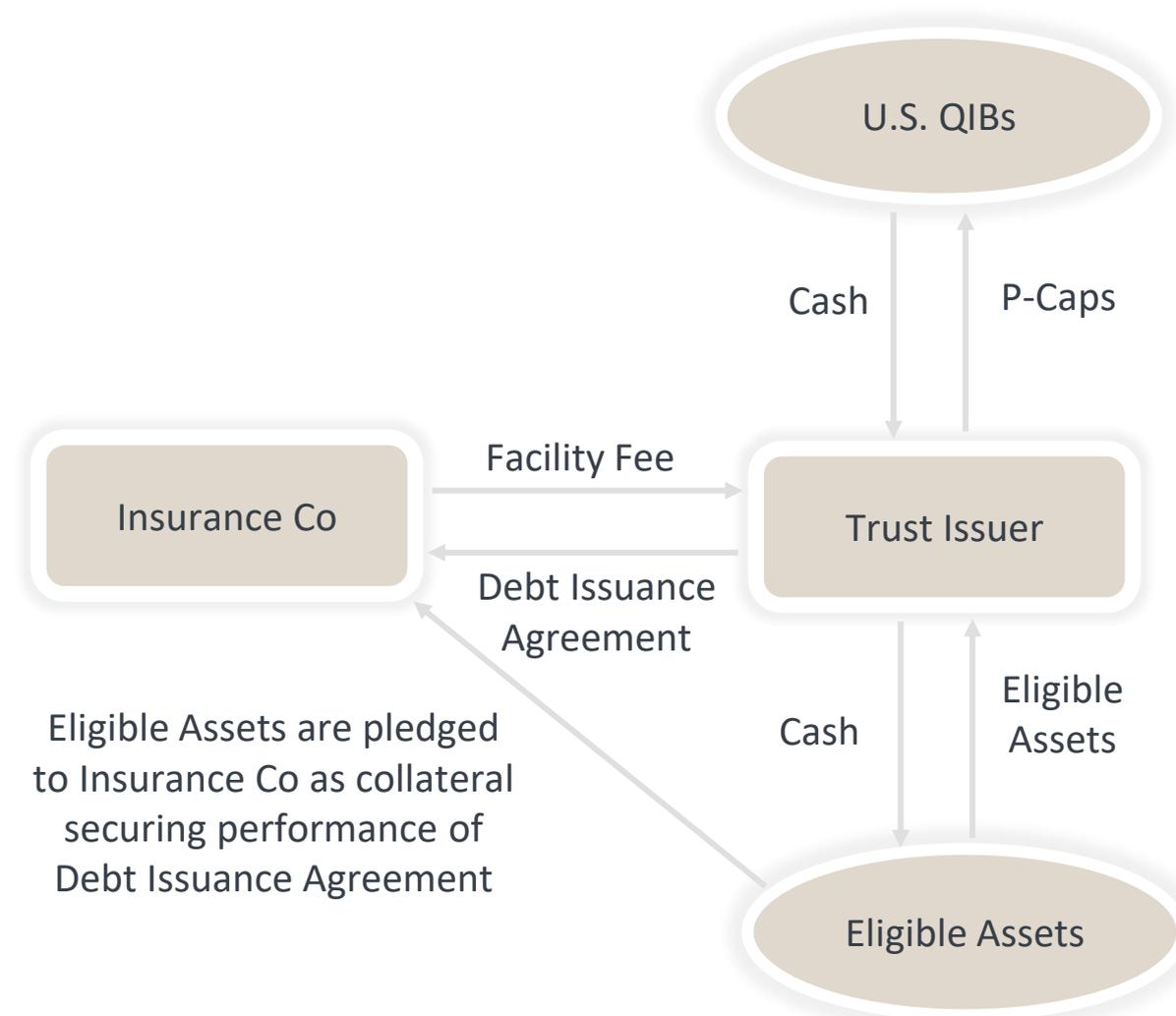
February 5, 2026

# Insurance capital markets trends

- In 2025, the insurance markets were quite active – with new issuance in 2025 outpacing activity in 2024
- In addition to relying on the issuance of senior notes for funding, in 2025, there were notable financing themes that emerged
  - More focus on short-term funding;
  - A return to the issuance of P-CAPS;
  - Reliance on surplus note issuance, including among affiliated entities in conjunction with larger transactions; and
  - A flurry of FABN deals and now more FABRs.
- So, before we discuss what's next, a brief recap on three structures

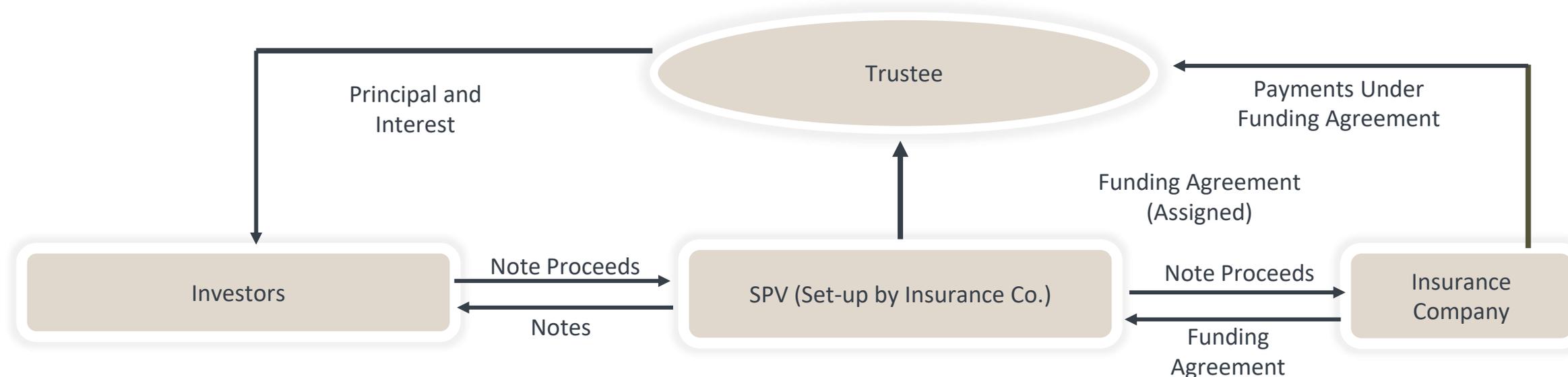
# P-CAPs

- P-CAPs, or pre-capitalized securities, are a trust-based financing structure used principally by insurance companies
- **How do P-CAPs work?**
  - Insurance Co forms a trust; trust accesses the debt market by issuing debt securities
  - The debt securities are held off-balance sheet for the Insurance Co's purposes and therefore do not contribute to the Insurance Co's leverage
  - Proceeds from the sale of the trust's debt securities are used by it to purchase Treasuries (principal or interest strips) from which the trust pays holders a coupon plus a spread, provided by the Insurance Co
  - Insurance Co has a put option to issue debt securities to the trust at any time and take the Treasuries
- Other important features of P-CAPs
  - **Automatic exercise event:** if a bankruptcy event occurs at the Insurance Co or Insurance Co fails to make a scheduled payment, the put is exercised
  - **Mandatory exercise event:** the put is exercised if a consolidated net worth threshold is breached or if Insurance Co breaches a cross-default trigger
- **Rating:** typically the P-CAPs bear the rating of the Insurance Co's senior unsecured (which would be issued upon exercise of the put)
- **Issuance methodology:** P-CAPs are issued by the trust; the trust is not a public reporting entity, so P-CAPs are issued in Rule 144A/Reg S offerings to QIBs and non-US Persons



# Funding Agreement-Backed Notes

- Funding agreement-backed notes (FABNs) are issued by special purpose vehicles formed by insurance companies. The notes are secured by funding agreements (FAs) that are issued by the insurance company sponsor.
- FAs are deposit-type insurance contracts that guarantee a stream of payments over a specified period. The FAs are structured so that the cash flows match those of the FABNs. Unlike unsecured debt, funding agreements are insurance products and rank pari-passu with policyholders.



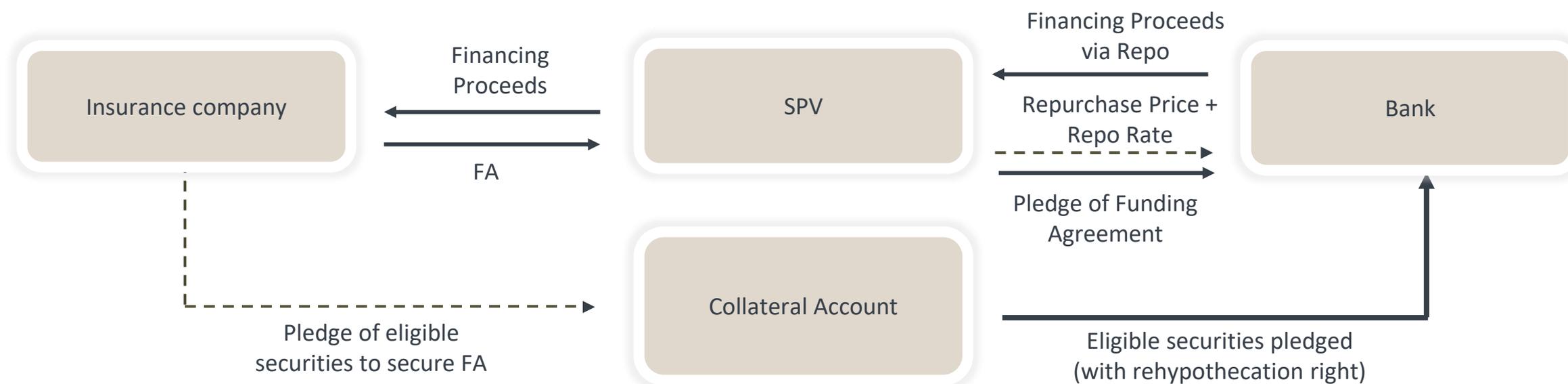
- Why issue FABNs?
  - Insurance companies establish a FABN issuance program and issue FABN when interest rate spreads are favorable and they can benefit by investing the proceeds from the issuance of the notes in higher yielding assets that are matched from a cashflow and duration perspective with the FA liability
  - FABN investors benefit from enhanced returns and rank pari passu with general account policyholders of the FA issuer

## Funding Agreement-Backed Notes *(cont'd)*

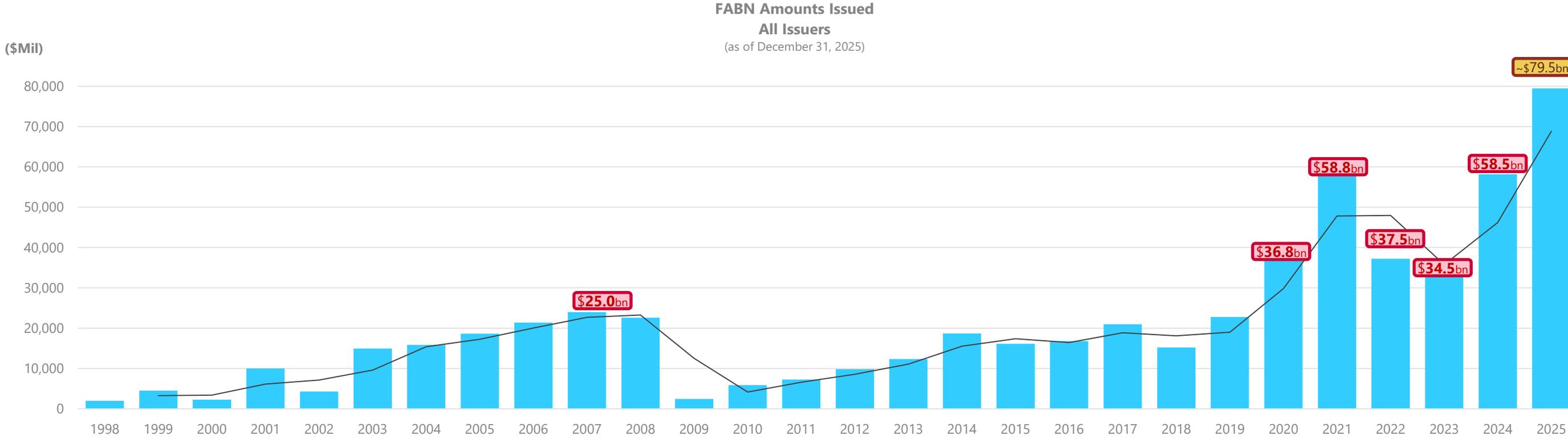
- **SPV structure:** each FABN issuance is a separate series of the SPV that is legally separate for insolvency purposes
- **Tax:** the FA is an insurance product but it is treated as debt for tax purposes
- **Issuance methodology:** insurance sponsors establish a Rule 144A/Reg S or a Reg S continuous offering program. Often, an issuer may place a security with a single investor pursuant to Section 4(a)(2). Program sizes range from \$1 billion to \$35 billion
- **Rating:** given that the FAs are pari-passu with general account policyholder obligations, the FABNs are assigned a rating that is aligned with the sponsoring insurer's financial strength rating. Rating agencies like Fitch, for example, do not include FABNs in their calculation of financial leverage or its total financial and commitments ratio because it is a match-funded obligation

# Funding Agreement-Backed Repo (FABR)

- An alternative means to finance issuance of funding agreements
- A funding agreement-backed repo (FABR) is similar to a FABN, except:
  - The FA is secured by collateral pledged from an issuer's general account
  - Instead of issuing FABNs the SPV enters into a repurchase agreement (repo) transaction with a bank counterparty
  - Pledged collateral is subject to daily margining
- Issuance of a secured FA increases operating leverage but not financial leverage
- Under a FABR, non-admitted asset treatment from over-collateralization limit of 5% does not apply



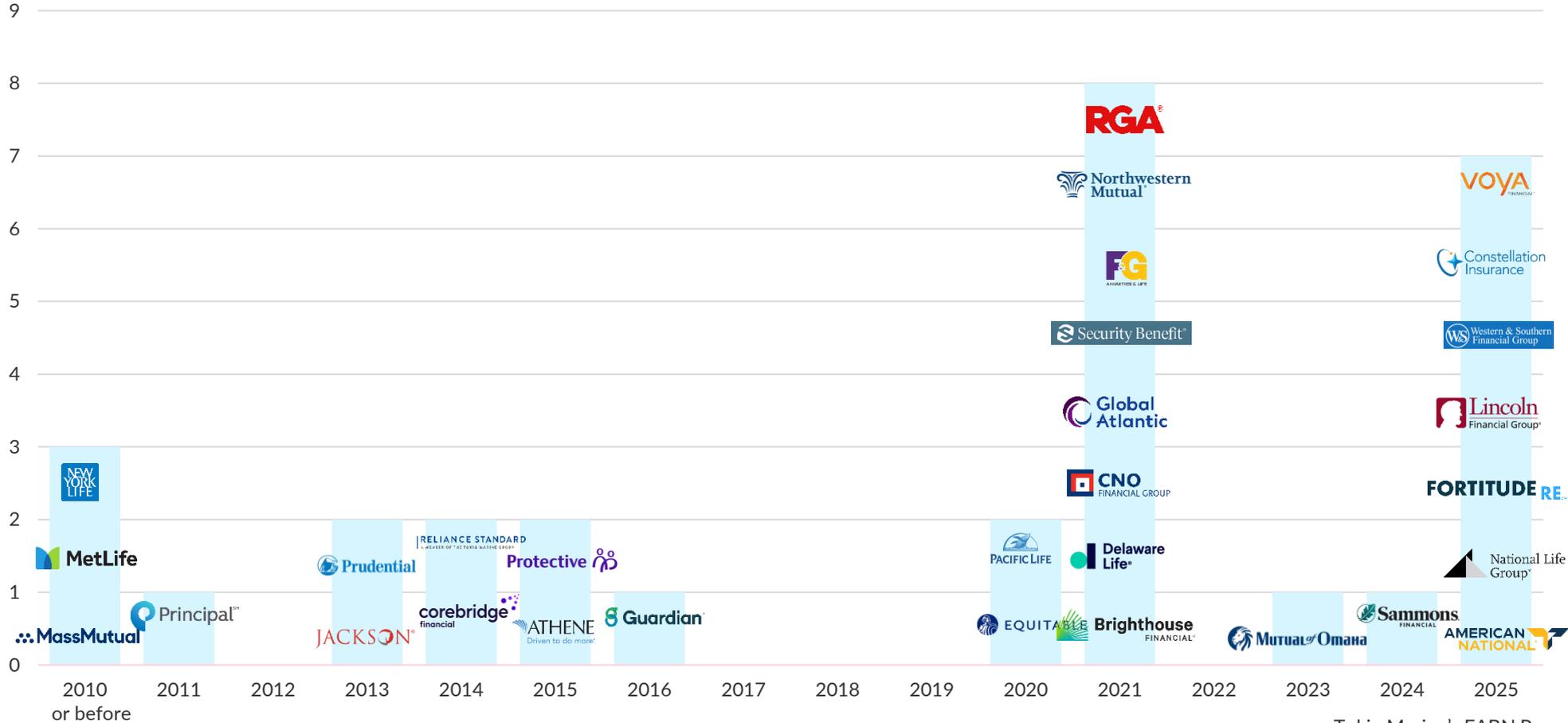
# Funding Agreement-Backed Notes (FABN) Record Issuance Volumes in 2025 + 7 New Programs Formed



Source: Fitch Ratings, Bloomberg Financial

# FABN Issuers Over Time

# of New FABN Issuers



Source: Fitch Ratings.

Tokio Marine's FABN Program was rated 'AA-' by Fitch in Jan 2026 but no issuance yet

# Fitch Rates 22 Funding Agreement Backed Note Programs

Plus 4 FABN CPs

IFS/FABN Rating <sup>1</sup>		Insurance Issuers	
AAA		<b>New York Life Global Funding</b> <b>\$38.2bn</b> (backed by New York Life Insurance Company)	 <b>Northwestern Mutual Global Funding</b> <b>\$10.2bn</b> (backed by Northwestern Mutual Life Insurance Company)
AA+		<b>MassMutual Global Funding II</b> <b>\$17.4bn</b> (backed by Massachusetts Mutual Life Insurance Company)	
AA		<b>Western-Southern Global Funding</b> <b>\$1.5bn</b> (backed by Western-Southern Life Assurance Company)	
AA-		<b>Metropolitan Life Global Funding</b> <b>\$32.7bn</b> (backed by Metropolitan Life Insurance Company)	 <b>Met Tower Global Funding</b> <b>\$3.6bn</b> (backed by Metropolitan Tower Life Insurance Company)
		<b>Pacific Life Global Funding II</b> <b>\$13.3bn</b> (backed by Pacific Life Insurance Company)	 <b>Protective Life Global Funding</b> <b>\$9.9bn</b> (backed by Protective Life Insurance Company)
A+		<b>PRICOA Global Funding</b> <b>\$5.6bn</b> (backed by The Prudential Insurance Company of America)	 <b>Tokio Marine Funding Solutions PIC, Ltd.</b> <sup>3</sup> (backed by Tokio Marine & Nichido Fire Insurance Co. Ltd)
		<b>Athene Global Funding</b> <b>\$34.6bn</b> (backed by Athene Annuity & Life Assurance Company)	 <b>Lincoln Financial Global Funding</b> <b>\$1.5bn</b> (backed by Lincoln National Life Insurance Company)
A		<b>Sammons Financial Group Global Funding</b> <b>\$2.3bn</b> (backed by Midland National Life Insurance Company)	
		<b>American National Global Funding</b> <b>\$1.5bn</b> (backed by American National Insurance Company)	 <b>CNO Global Funding</b> <b>\$3.4bn</b> (backed by Bankers Life and Casualty Company)
A-		<b>Constellation Global Funding</b> <b>\$0.35bn</b> (backed by Augustar Life Insurance Company)	 <b>GA Global Funding Trust</b> <b>\$8.4bn</b> (backed by Forethought Life Insurance Company)
		<b>Jackson National Life Global Funding</b> <b>\$7.9bn</b> (backed by Jackson National Life Insurance Company)	
A-		<b>Delaware Life Global Funding</b> <b>\$0.3bn</b> (backed by Delaware Life Insurance Company)	 <b>F&amp;G Global Funding</b> <b>\$3.3bn</b> (backed by Fidelity & Guaranty Life Insurance Company)
		<b>Fortitude Global Funding</b> <b>\$0.5bn</b> (backed by Fortitude Life Insurance and Annuity Company)	 <b>Security Benefit Global Funding</b> <b>---</b> (backed by Security Benefit Life Insurance Company)

Outstanding FABN amounts

FABN CP Rating		Insurance Issuers	
F1+		<b>Jackson National Life Short Term Funding, LLC</b> (backed by Jackson National Life Insurance Company)	 <b>Pacific Life Short Term Funding, LLC</b> (backed by Pacific Life Insurance Company)
		<b>MetLife Short Term Funding LLC</b> (backed by Metropolitan Life Insurance Company)	
F1		<b>Brighthouse Financial Short Term Funding, LLC</b> (backed by Brighthouse Life Insurance Company)	

Notes:

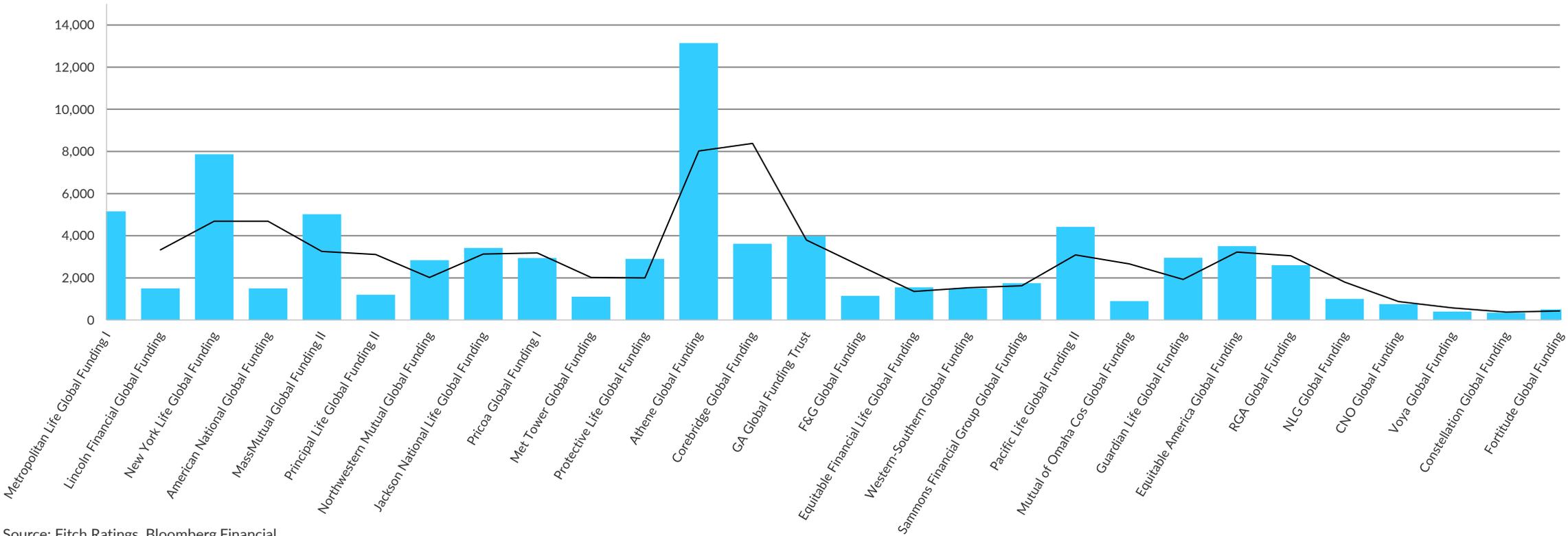
1. Notionals and ratings as of January 5, 2026

# 2025 FABN Issuance

## Amounts Issued by Issuer

All Issuers  
2025

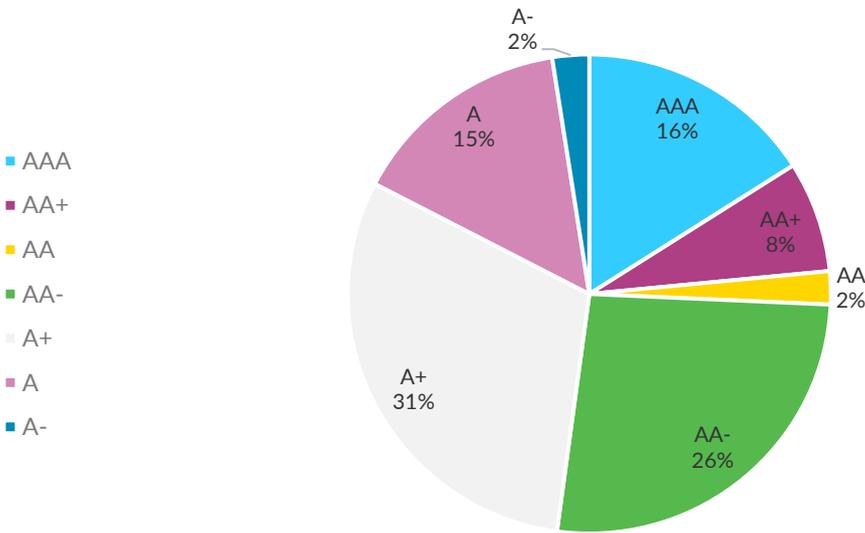
(\$Mil.)



Source: Fitch Ratings, Bloomberg Financial

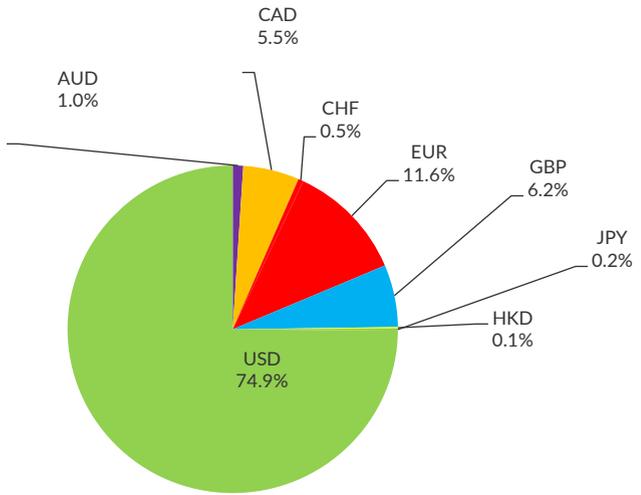
# 2025 FABN Issuance

2025 Issuances By Fitch Rating Level



Source: Fitch Ratings, Bloomberg Financial

2025 Issuance by Currency



Source: Fitch Ratings, Bloomberg Financial

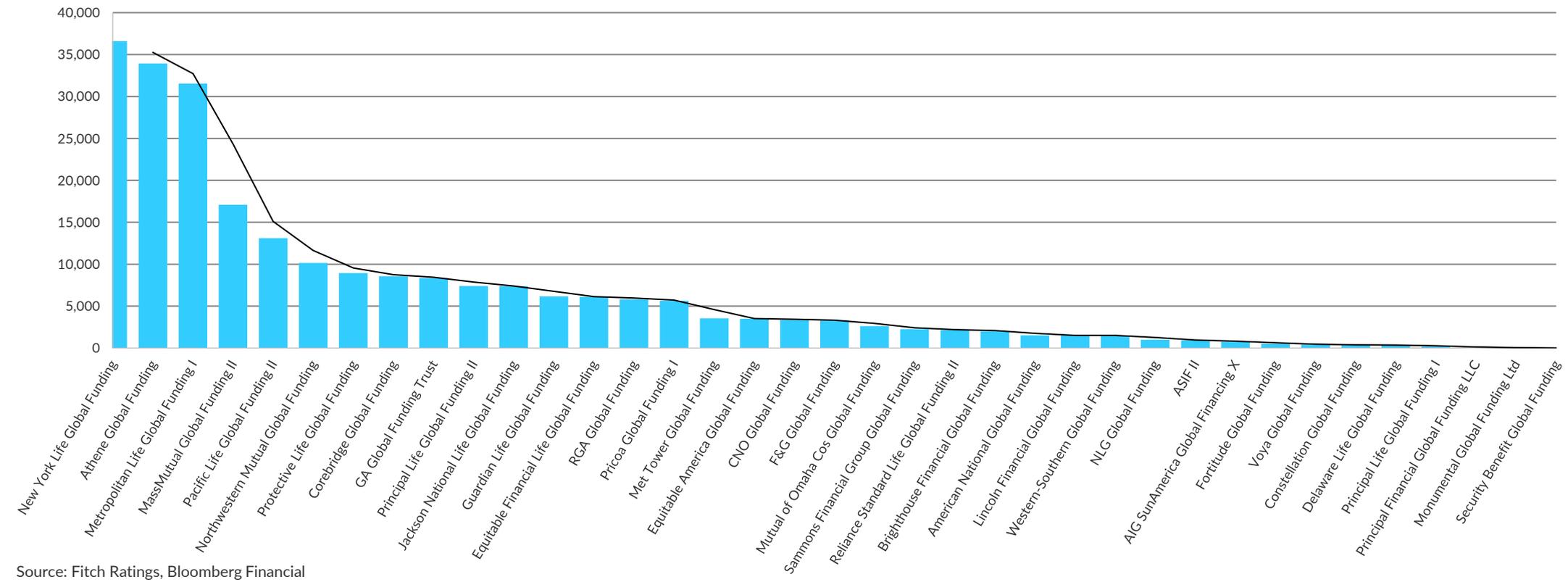
# FABNs Outstanding

## Amounts Outstanding by Issuer

All Issuers

(As of December 31, 2025)

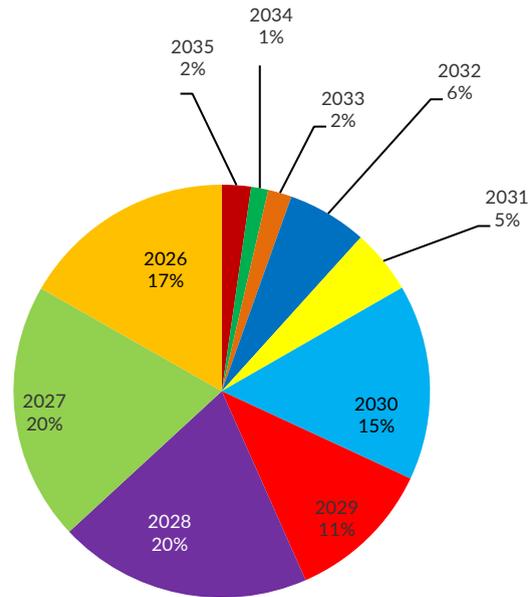
(\$Mil.)



Source: Fitch Ratings, Bloomberg Financial

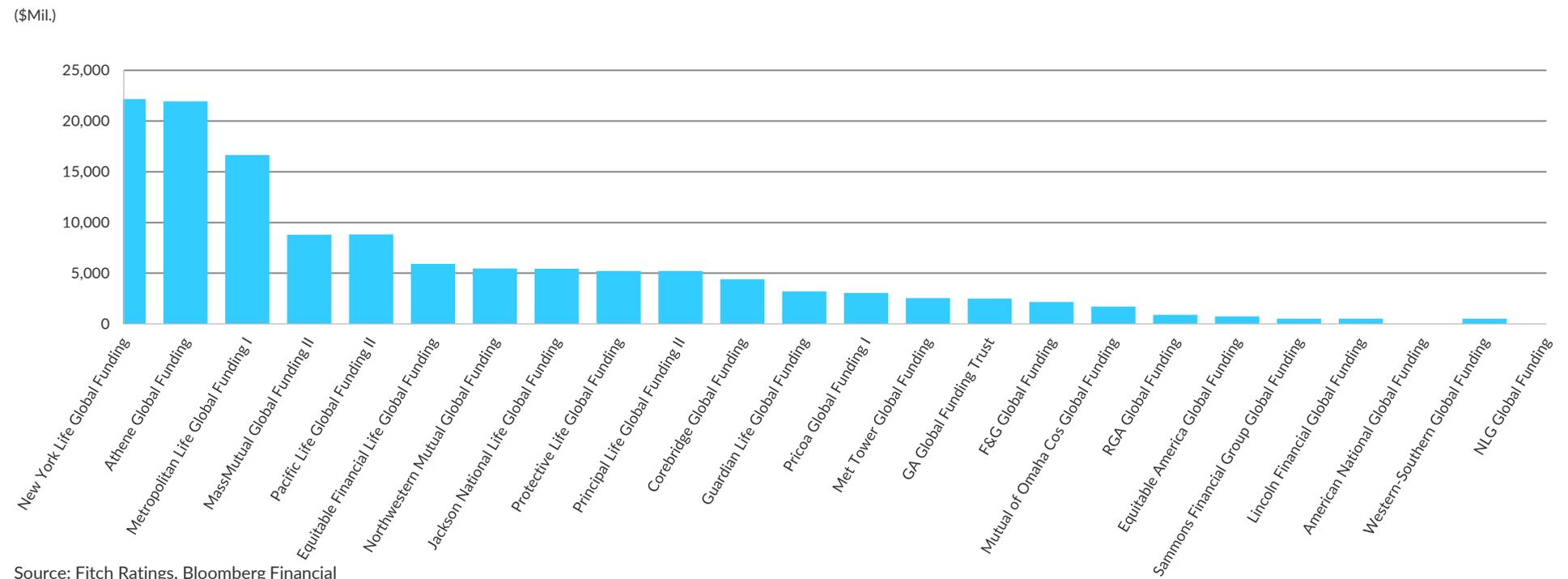
# FABN Maturities

**Amount Outstanding by Maturity**  
All Issuers  
(As of December 31, 2025)



Source: Fitch Ratings, Bloomberg Financial

**Amounts Maturing Through 2028**  
All Issuers  
(As of December 31, 2025)



Source: Fitch Ratings, Bloomberg Financial

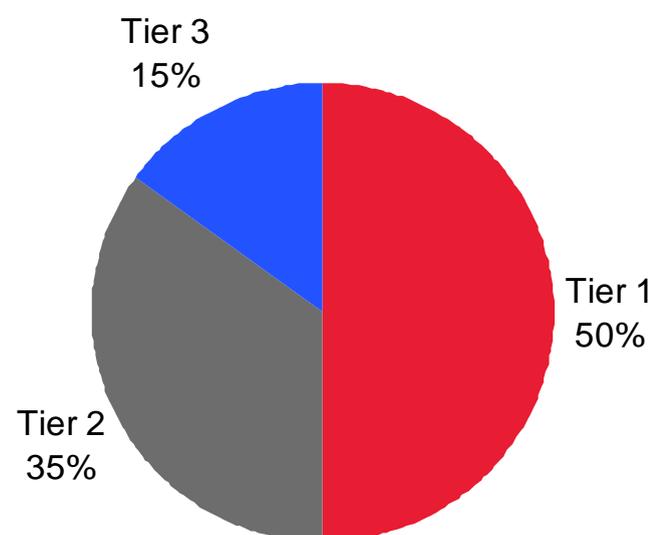
# P-Caps

Group	Vehicle	#	Notional	Issue Date	Status/Tenor
	Five Corners Funding Trust		\$1,500 mm	Nov 2013	Matured (10y)
		II	\$1,500 mm	May 2020	--- (10y)
		III	\$800 mm	Mar 2023	--- (20y)
		IV	\$700 mm	Mar 2023	--- (30y)
	Peachtree Corners Funding Trust		\$500 mm	Mar 2015	--- (10y)
		II	\$600 mm	May 2021	--- (10y)
	Belrose Funding Trust		\$500 mm	Aug 2020	Drawn was (10y)
		II	\$1,000 mm	May 2025	--- (30y)
	Harborwalk Funding Trust		\$800 mm	Feb 2019	Drawn (was 40y)
	Hill City Funding Trust		\$350 mm	Nov 2021	Drawn (was 20y)
	200 Park Funding Trust		\$1,250 mm	March 2025	--- (30y)
	Maple Grove Funding Trust	I	\$750 mm	Oct 2021	--- (30y)
	Pine Street Trust	I	\$600 mm	Mar 2019	Tender in 24 (10y)
		II	\$400 mm	Mar 2019	Tender in 24 (30y)
		III	\$600 mm	June 2024	--- (30y)
	High Street Funding Trust	I	\$400 mm	Mar 2018	Drawn (was 10y)
		II	\$350 mm	Mar 2018	--- (30y)
		III	\$500 mm	Feb 2025	--- (30y)
	Beacon Funding Trust		\$1,250 mm	Nov 2024	--- (30y)

# European Insurers – Resilient Subordinated Debt Supply

- Solvency II-debt pipeline:
  - Supply to remain strong despite end of grandfathering period
  - Mainly for refinancing purposes
  - Tier 2 preferred class
  - RT1 is a niche market but will develop further (cheaper “equity”)
  - Growing pension risk transfer market in UK needs capital
  - Some rating headroom on financial leverage is present
  - Quantitative limits for Solvency Capital Requirement apply

## Own Funds – Limits for SCR



Source Fitch Ratings  
SCR: Solvency Capital Requirement  
Unrestricted Tier 1 must make up at least 50% of the SCR and at least 80% of Tier 1 items.  
% assume Tier 3 reaching the max of 15%. Tier 2 can cover up to 50% of the SCR

# Hybrids Criteria Application

- Notching based on subordination status and non-performance risk

## European Solvency II Debt and Hybrid Notching

Illustrative example	Holding company	Operating entity
Unsecured Senior	-1	0
Subordinated (Tier 3)	-2	-1
Subordinated (Tier 2)	-3	-2
Deeply subordinated (RT1)	-3	-3

Notes: Example is specific to Europe with Group Solvency notching. Notching is shown relative to the Long-Term IDR. RT1 – restricted Tier 1.  
Source: Fitch Ratings

- For Fitch’s financial leverage ratio
  - RT1s benefit from 100% capital treatment
  - Dated T2 and T3 securities count as 100% debt.
- For Fitch’s capital adequacy ratio, all hybrids count as eligible capital
  - according to their own characteristics (RT1), or
  - by applying the regulatory override provision, if applicable (T2 and T3).

# Speakers



## Federico Faccio

Senior Director – EMEA, Fitch Ratings  
federico.faccio@fitchratings.com

Federico Faccio is a senior director in Fitch Ratings' insurance group. His primary area of coverage is the Italian and the French markets, as well as other European territories, most notably the Benelux regions. Federico is also involved in various capacities in Fitch's ratings of CIS, Turkey and MENA regions, as well as Financial Guarantors. Federico covers both life and non-life segments, including the Lloyd's market place and has proximity with the UK Life space. He also oversees the hybrids notching and equity credit process and is involved in rating criteria development.

Federico was previously a credit analyst at Banca IMI, Milan. He provided the internal sales/trading desks and bank's clients with sector views, updated corporate developments (earnings, ratings, M&A) and trade ideas on the largest pan-European bond issuers in the insurance sector. Federico also worked as a portfolio analyst at Epsilon SGR, Milan (an asset management company) primarily developing a quantitative model supporting asset allocation strategies on equity securities. Federico started his career at KPMG Audit, Milan, where he analyzed due diligences on business transactions and audited internal reporting processes.

He earned a B.S. in business administration from Bocconi University, and an M.S. in corporate finance from Bocconi Business School. During that time, he became part of the M&A advisory team at Banca Intesa, Milan, working on financial modelling, company valuation, and feasibility studies on M&A transactions.



## Jamie Tucker

Senior Director – North America, Fitch Ratings  
jamie.tucker@fitchratings.com

Jamie R. Tucker is a Senior Director and life insurance sector head for Fitch Ratings' North American Insurance Ratings Group.

Since joining Fitch in 2015, Jamie has covered a wide variety of life insurers and has been the lead author on numerous life insurance industry research reports. Jamie has also been a thought leader on new, complex accounting issues and has represented Fitch's life insurance group with investors, regulators, the media and issuers. Additionally, Jamie led a global criteria task force, which led to the implementation of an enhanced liquidity ratio in the Insurance Rating Criteria. In 2019, Jamie was awarded an Analytical Contribution & Excellence Award.

Prior to joining Fitch, Jamie worked at New York Life Insurance Company for over five years. Jamie held various roles at New York Life, including most recently working as a Senior Associate in the Investment Accounting Group of the Controller's Department. Jamie began his career at New York Life as a Financial Associate within the Insurance Group, primarily focused on life insurance reporting and projections.

Jamie graduated summa cum laude from Binghamton University with a B.S. degree in Management and earned an M.S. in Accounting from Baruch College. Jamie is a Certified Public Accountant and a Chartered Financial Analyst (CFA) charterholder. He is a member of the CFA Institute and the CFA Society of New York.



## Anna Pinedo

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Anna represents issuers, investment banks and other financial intermediaries as well as investors in financing transactions, including public offerings and private placements of equity, equity-linked and debt securities. She also advises on structured products and derivatives matters.

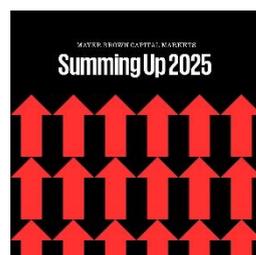
She works closely with financial institutions to create and structure innovative financing techniques, including new securities distribution methodologies and financial products. She has particular financing experience in certain industries, including technology, telecommunications, healthcare, financial institutions, REITs and consumer and specialty finance. Anna has worked closely with foreign private issuers in their securities offerings in the United States and in the Euro markets.

Anna also works with financial institutions in connection with international offerings of equity and debt securities, equity- and credit-linked notes, and hybrid and structured products, as well as medium term note and other continuous offering programs.

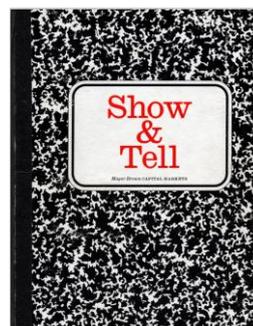
## Resources

Access our presentation: [Insurance Company Capital Markets Solutions](#) (July 2025)

Read: [26 Trends Affecting Capital Markets in 2026](#)



Read our wrap up [Summing up 2025 and more.](#)



Access [client stories.](#)

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