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IRC Report Documents Property-Casualty Insurance Industry Investments in Municipal Bonds

MALVERN, Pa.— Insurance industry investments in municipal bonds help fund the construction of schools, roads, and hospitals, and support a variety of other public sector activities. According to a new report issued by the Insurance Research Council (IRC), property-casualty insurers held investments of more than \$320 billion in municipal bonds at the end of 2005, and nearly one-fourth (23 percent) of those investments funded education-related activities and projects.

The report, *Municipal Bond Holdings of Property-Casualty Insurance Companies*, analyzes the types of public projects funded through municipal bonds purchased by insurers. The report reveals that municipal bonds for projects involving public utilities made up 15 percent of the total combined value of all municipal bonds held by property-casualty insurers. Transportation-related bonds accounted for 12 percent of insurers' municipal bond investments.

Insurance companies invest the premiums paid by policyholders to ensure that the money to pay claims is readily available when the need arises. Municipal bonds make up a large portion of the investment portfolios of many property-casualty insurers.

"Property-casualty insurers' impact on the economy goes beyond insurance," explained Elizabeth A. Sprinkel, senior vice president of the IRC. "Insurers also provide a major source of capital for the public sector."

The findings of the IRC report, *Municipal Bond Holdings of Property-Casualty Insurance Companies*, are based on data compiled by A.M. Best Co. IRC analyzed municipal bond data to determine the bonds' purpose and the state in which they were issued. Bonds held by insurers as of December 31, 2005, were analyzed.

For more detailed information on the study's methodology and findings, contact Elizabeth Sprinkel by phone at (610) 644-2212, ext. 7568; or by e-mail at irc@cpcuiia.org. Or visit IRC's Web site at www.ircweb.org. Copies of the study are available at \$100 each in the U.S. (\$115 elsewhere) postpaid from the Insurance Research Council, 718 Providence Rd., Malvern, Pa. 19355-3402. Phone: (610) 644-2212, ext. 7569. Fax: (610) 640-5388.

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NOTE TO EDITORS: The Insurance Research Council is a division of the American Institute for CPCU and the Insurance Institute of America. The Institutes are independent, not-for-profit organizations dedicated to providing educational programs, professional certification, and research for the property-casualty insurance business. The IRC provides timely and reliable research to all parties involved in public policy issues affecting insurance companies and their customers. The IRC does not lobby or advocate legislative positions. It is supported by leading property-casualty organizations.

