is calculated using observed credit spreads on Funding Agreement Backed Notes[2] (FABNs) issued by insurers. The ELB

Losses

large

100% of the value of their policies. Conversely, the average recovery rate experienced by policyholders of Executive Life Insurance Company, a California-domiciled insurer that infamously failed in 1991, was 87.2%, with claims in excess of guaranty association coverage always greater than 77.7%[4].

insurers start
conservatively

x   best   could

%.

x   n extremely

x Using life insurance company experience, rather than general corporate debt,

creditworthiness reliably

believes   General Account

                                                                              that is
maintained by their employer.

x
spreads

signaling