

**AMERICAN COUNCIL OF LIFE INSURERS**

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**LIFE INSURERS  
FACT BOOK 2010**

The American Council of Life Insurers is a Washington, D.C.-based trade association. Its member companies offer life insurance, long-term care insurance, disability income insurance, reinsurance, annuities, pensions, and other retirement and financial protection products.

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## PREFACE

The *life insurers Fact Book*, the annual statistical report of the American Council of Life Insurers (ACLI), provides information on trends and statistics about the life insurance industry. ACLI represents more than 300 legal reserve life insurer and fraternal benefit society member companies operating in the United States. These member companies represent over 90% of the assets and premiums of the U.S life insurance and annuity industry.

ACLI advocates the interests of life insurers and their millions of policyholders before federal and state legislators, state insurance departments, administration officials, federal regulatory agencies, and the courts. ACLI expands awareness of how the products offered by life insurers—life insurance, pensions, annuities, disability income insurance, and long-term care insurance—help Americans plan for and achieve financial and retirement security.

Unless otherwise noted, the data reported in the *Life Insurers Fact Book* are ACLI tabulations of the National Association of Insurance Commissioners (NAIC) 2009 statutory data for the life industry as of June 2010, and represent U.S. legal reserve life insurance companies and fraternal benefit societies. NAIC data are used by permission. The NAIC does not endorse any analysis or conclusions based on use of its data.

We would like to acknowledge ACLI staff who prepared the *Life Insurers Fact Book 2010*: Michele Alexander, Khari Cook, Jim Bishop, Bill Hart, Alex Olson, Laura Polutanovich, Ken Shields, Anna Varnavas, and Jiangmei Wang.

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## METHODOLOGY

Unless otherwise noted, data in the *Life Insurers Fact Book* come from the annual statements of life insurers filed with the National Association of Insurance Commissioners (NAIC). These data represent the U.S. insurance business of companies (or branches of foreign companies) regulated by state insurance commissioners. Unless otherwise noted, data for years after 2002 include information for both life insurance companies and for fraternal benefit societies that sell life insurance products. Prior to 2003, data do not include fraternal benefit insurance sales. Where fraternal data are included, they are included as individual, rather than group, business. Data on life insurance sales by savings banks and the U.S. Department of Veterans Affairs are provided separately in Chapter 1 only.

Most of the *Fact Book* data are reported in standardized tables that summarize information for the current year (2009 data), last year (2008 data), and 10 years previous (1999 data), along with the average annual percentage change over the last year and the last ten years. In cases where 1999 data are not available, then the oldest available data are reported.

Company ownership is reflected on a fleet basis. That is, if a stock company is owned by a mutual parent, both are now classified as mutual companies. The same is true for insurance companies owned by non-U.S. parents. This affects most notably tables in Chapter 1.

The assets of a fleet typically differ slightly from the sum of the assets of individual companies in the fleet, because the net value (stockholder equity) of the subsidiary is counted at both the subsidiary and the parent level. This same double-counting discrepancy exists for liabilities, investment income, and surplus. Adjustments have been made, when possible, to eliminate the double-counting of assets, liabilities, investment income, and surplus.

Chapter 4 presents calculations of gross and net rates of return on investment based on formulas traditionally used in the industry. The net rate of return is calculated as:

$$\frac{(\text{net investment income}) / 2\text{-year average net invested assets. The formula for average net invested assets is } (\text{current year net invested assets} + \text{current year investment income due} - \text{current year borrowed money} - \text{current year payable for securities} - \text{current year capital notes} - \text{current year surplus notes} + \text{previous year net invested assets} + \text{previous year investment income due} - \text{previous year borrowed money} - \text{previous year payable for securities} - \text{previous year capital notes} - \text{previous year surplus notes} - \text{net investment income}) / 2.$$

The gross rate of return on fixed-rate assets is calculated as:

$$(\text{Gross investment income on bonds}) / \text{average net investment in bonds. The denominator is } (\text{CY Bonds} + \text{PY Bonds} - \text{gross investment income on bonds}) / 2.$$



## Key U.S. Life Insurers Statistics

	1999	2008	2009	Average annual percent change	
				1999/2009	2008/2009
<b>Life insurance in force (millions)<sup>1</sup></b>					
Individual	\$9,172,397	\$10,254,379	\$10,324,455	1.2	0.7
Credit	213,453	148,443	125,512	-5.2	-15.4
Group	6,110,218	8,717,453	7,688,328	2.3	-11.8
Total	15,496,069	19,120,276	18,138,295	1.6	-5.1
<b>Annuity considerations (millions)<sup>2</sup></b>					
Individual <sup>3</sup>	\$115,621	\$208,965	\$128,853	1.1	-38.3
Group	154,591	119,169	102,727	-4.0	-13.8
Total	270,212	328,135	231,580	-1.5	-29.4
<b>Payments under life insurance and annuity contracts (millions)</b>					
Payments to beneficiaries	\$41,363	\$59,949	\$59,470	3.7	-0.8
Surrender values <sup>4</sup>	231,144	295,283	230,846	0.0	-21.8
Policyholder dividends	19,149	19,053	16,163	-1.7	-15.2
Annuity payments <sup>5</sup>	62,485	69,648	67,068	0.7	-3.7
Matured endowments	528	614	573	0.8	-6.7
Other payments <sup>6</sup>	620	555	768	2.2	38.4
Total	355,288	445,101	374,888	0.5	-15.8
<b>Income of life insurers (millions)</b>					
Life insurance premiums	\$120,274	\$147,182	\$124,564	0.4	-15.4
Annuity considerations <sup>2</sup>	270,212	328,135	231,580	-1.5	-29.4
Health insurance premiums	100,049	165,034	166,164	5.2	0.7
Total	490,535	640,350	522,308	0.6	-18.4
Investment income	186,563	260,123	211,650	1.3	-18.6
Other income <sup>7</sup>	49,830	40,166	47,468	-0.5	18.2
Aggregate total	726,928	940,638	781,426	0.7	-16.9
<b>Life insurers doing business in the United States (units)</b>					
Stock	1,064	736	709	-4.0	-3.7
Mutual <sup>8</sup>	250	137	136	-5.9	-0.7
Fraternal <sup>9</sup>	NA	95	93	NA	-2.1
Other <sup>10</sup>	33	8	8	-13.2	0.0
Total	1,347	976	946	-3.5	-3.1

Source: ACLI tabulations of National Association of Insurance Commissioners (NAIC) data, used by permission.

Notes: NAIC does not endorse any analysis or conclusions based on use of its data. Codification effective with 2001 Annual Statement filings changed the reporting of certain lines of business, particularly deposit-type contracts, as explained in numbered footnotes.

NA: Not available.

<sup>1</sup>Data represent direct business.

<sup>2</sup>Beginning in 2001, excludes deposits for guaranteed interest contracts due to codification.

<sup>3</sup>For 2008 and 2009, includes supplementary contracts with life contingencies.

<sup>4</sup>Beginning in 2001, excludes payments under deposit-type contracts, and includes annuity withdrawals of funds, for which a comparable amount in prior years is not available.

<sup>5</sup>For 2008 and 2009, excludes payments under deposit-type contracts.

<sup>6</sup>Includes some disability benefits and retained assets.

<sup>7</sup>Includes commissions and expense allowance on reinsurance ceded. For 2008 and 2009, includes amortization of interest maintenance reserve.

<sup>8</sup>Includes stock companies owned by mutual holding companies.

<sup>9</sup>Includes stock companies owned by fraternal benefit societies.

<sup>10</sup>Includes farm bureau, reciprocal, and risk retention groups.



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