

**AMERICAN COUNCIL OF LIFE INSURERS**

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**LIFE INSURERS  
FACT BOOK 2018**

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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Library of Congress Catalog Number 47-27134

## CONTENTS

<b>Preface</b>	<b>ix</b>	<b>6 Reinsurance</b>	<b>57</b>
<b>Methodology</b>	<b>xi</b>	Allocating Risk	57
<b>Key Statistics</b>	<b>xiii</b>	Reinsurance Relationship	58
<b>1 Overview</b>	<b>1</b>	Underwriting Strength	58
Organizational Structure	1	Product Flexibility	58
Stock and Mutual Life Insurers	1	Capital Management	58
Other Life Insurance Providers	1	Types of Reinsurance	58
Employment	2	Proportional Reinsurance	58
Foreign Ownership	2	Non-Proportional Reinsurance	59
<b>2 Assets</b>	<b>7</b>	<b>7 Life Insurance</b>	<b>63</b>
Bond Holdings and Acquisitions	7	Individual Life Insurance	63
Types of Bonds	8	Types of Policies	64
Characteristics of Bonds	8	Characteristics of Individual Policies	64
Stock Holdings and Acquisitions	9	Group Life Insurance	65
Mortgages	9	Credit Life Insurance	65
Real Estate	9	Policy Claims Resisted or Compromised	66
Policy Loans	10	<b>8 Annuities</b>	<b>73</b>
Foreign-Controlled Assets	10	Group and Individual Annuities	73
<b>3 Liabilities</b>	<b>23</b>	Supplementary Contracts, Annuities	74
Policy Reserves	23	Certain, and Other Annuities	74
Deposit-Type Contracts	24	<b>9 Disability Income</b>	
Asset Fluctuation Reserves	24	<b>and Long-Term Care Insurance</b>	<b>79</b>
Other Liabilities	24	Disability Income Insurance	79
Surplus Funds and Capital Stock	24	Individual Disability Income Insurance	79
Capital Ratios	24	Group Disability Income Insurance	80
<b>4 Income</b>	<b>35</b>	Long-Term Care Insurance	81
Premium Income	35	Individual Long-Term Care Insurance	81
Investment Income and Rate of Return	36	Group Long-Term Care Coverage	82
Net Gain From Operations	36	Accelerated and Supplemental Benefits	82
<b>5 Expenditures</b>	<b>47</b>	<b>10 In the States</b>	<b>85</b>
Contract Payments	47	<b>11 Industry Rankings</b>	<b>97</b>
From Life Insurance Policies	47	<b>12 Mortality and Life Expectancy</b>	<b>119</b>
From Annuity Contracts	48	<b>APPENDIX</b>	<b>133</b>
From Health Insurance Policies	48	<b>A Glossary of Insurance Related Terms</b>	<b>135</b>
Operating Expenses	48	<b>B Historic Dates</b>	<b>151</b>
Taxes	48	<b>C Life Insurance Related Organizations</b>	<b>161</b>
Investment Expenses	49		



## ILLUSTRATIONS

### TABLES

#### *Overview*

1.1	Number of U.S. Life Insurers, by Organizational Structure	2
1.2	Size of U.S. Life Insurers by Organizational Structure, 2017 (millions)	3
1.3	Veterans Life Insurance, 2017	3
1.4	Insurance Industry Employment in the United States	3
1.5	Foreign-Owned U.S. Life Insurers, 2013–2017	4
1.6	Foreign-Owned Life Insurers Operating in the United States, by Country of Origin	4
1.7	U.S. Life Insurers Organizational Structure, by Year	5
1.8	Insurance Industry Employment in the United States, by Year	6

#### *Assets*

2.1	Distribution of Life Insurer Assets, by Account Type, 2017 (millions)	11
2.2	Distribution of Life Insurer Assets, by Account Type and Year	12
2.3	Distribution of Long-Term General Account Bond Investments	14
2.4	Distribution of General Account Bonds, by Remaining Maturity, 2013–2017	15
2.5	Distribution of General Account Bonds, at Time of Purchase, 2017	15
2.6	Distribution of General Account Bonds, by NAIC Quality Class	16
2.7	Quality of Mortgages Held by Life Insurers (millions)	18
2.8	General Account Mortgages for Life Insurers, by Type and Loan-to-Value Ratios, 2017 (millions)	19
2.9	Real Estate Owned by Life Insurers, by Type	19
2.10	Foreign-Controlled Assets of U.S. Life Insurers, by Country and Year (millions)	20
2.11	Asset Distribution of Life Insurers, by Year (millions)	21

#### *Liabilities*

3.1	Liabilities and Surplus Funds of Life Insurers	25
3.2	Policy Reserves of Life Insurers, by Line of Business	27
3.3	Deposit-Type Contracts, 2017 (millions)	29
3.4	Capital Ratios of Life Insurers (percent)	29
3.5	Levels of Risk-Based Capital Held by Life Insurers, 2007–2017	30
3.6	Life Insurers Policy Reserves, by Line of Business and Year (millions)	31
3.7	Life Insurance Policy Reserves, by Type and Year (millions)	32
3.8	Life Insurer Liabilities and Surplus Funds, by Year (millions)	33
3.9	Capital Ratios of Life Insurers, by Year (percent)	34

*Income*

4.1	Income of Life Insurers	37
4.2	Premium Receipts of Life Insurers	37
4.3	Individual and Group Life Insurance Net Premium Receipts, 2017 (millions)	38
4.4	Individual and Group Annuity Considerations, 2017 (millions)	39
4.5	Individual Life Premiums and Annuity Considerations as Percentage of Disposable Personal Income	39
4.6	Accident and Health Insurance Net Premium Receipts	39
4.7	Net Investment Income	40
4.8	Rates of Return on Invested Assets of Life Insurers	40
4.9	Net Gain From Operations After Federal Income Taxes	41
4.10	Income of Life Insurers, by Year (millions)	42
4.11	Individual Life Insurance Premium Receipts, by Year (millions)	43
4.12	Individual Annuity Considerations, by Year (millions)	44
4.13	Rates of Return on Invested Assets of Life Insurers, by Year (percent)	45

*Expenditures*

5.1	Expenditures of Life Insurers	49
5.2	Payments From Life Insurance Policies	50
5.3	Payments From Annuity Contracts	51
5.4	Payments From Health Insurance Policies	51
5.5	Life Insurer Home- and Field-Office Expenses	52
5.6	Taxes, Licenses, and Fees	52
5.7	Investment Expenses of Life Insurers	53
5.8	Payments Under Life Insurance Policies and Annuity Contracts, by Year (millions)	54
5.9	Payments to Life Insurance Beneficiaries, by Year	55
5.10	Health Insurance Benefit Payments by Life Insurers, by Year (millions)	56

*Reinsurance*

6.1	Reinsurance Assumed and Ceded—Premiums	60
6.2	Life Reinsurance Assumed (face amount)	61

*Life Insurance*

7.1	Life Insurance in the United States	66
7.2	Individual Life Insurance Purchases in the United States, by Plan Type, 2017	68
7.3	Life Insurance Purchases, by Participating Status	68
7.4	Voluntary Termination Rates for Life Insurance Policies, Calculated by Face Amount (percent)	69
7.5	Voluntary Termination Rates for Life Insurance Policies, Calculated by Number of Policies (percent)	69
7.6	Life Insurance With Disability Provisions, 2017	70
7.7	New Policy Claims Resisted or Compromised (thousands)	70
7.8	Life Insurance Purchases, by Year	71
7.9	Life Insurance in Force in the United States, by Year (millions)	72

*Annuities*

8.1	Annuity Considerations	74
8.2	Reserves for Annuity Contracts	75
8.3	Annuity Benefit Payments	75
8.4	Annuity Considerations, by Year (millions)	76
8.5	Annuity Reserves, by Year	77

*Disability Income and**Long-Term Care Insurance*

9.1	Selected Accident and Health Products of Life Insurers	84
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*In the States*

10.1	Life Insurers, by State of Domicile, 2017	86
10.2	Life Insurance Purchases, by State, 2017 (millions)	87
10.3	Life Insurance in Force, by State, 2017	88
10.4	Life Insurance and Annuity Benefit Payments, by State, 2017 (thousands)	90
10.5	Payments to Life Insurance Beneficiaries, by State, 2017 (thousands)	92
10.6	Direct Premium Receipts of Life Insurers, by State, 2017 (millions)	94
10.7	Mortgages Owned by Life Insurers, by Type and State, 2017 (thousands)	95
10.8	Real Estate Owned by Life Insurers, by State, 2017 (thousands)	96

*Industry Rankings*

11.1	Largest Life Insurers, by Total Assets, 2017 (thousands)	98
11.2	Largest Life Insurers, by General Account Assets, 2017 (thousands)	99
11.3	Largest Life Insurers, by Separate Account Assets, 2017 (thousands)	100
11.4	Largest Life Insurers, by Individual Net Life Insurance Premiums, 2017 (thousands)	101
11.5	Largest Life Insurers, by Group Net Life Insurance Premiums, 2017 (thousands)	102
11.6	Largest Life Insurers, by Total Net Life Insurance Premiums, 2017 (thousands)	103
11.7	Largest Life Insurers, by Individual Direct Life Insurance Premiums, 2017 (thousands)	104
11.8	Largest Life Insurers, by Group Direct Life Insurance Premiums, 2017 (thousands)	105
11.9	Largest Life Insurers, by Total Direct Life Insurance Premiums, 2017 (thousands)	106
11.10	Largest Life Insurers, by Individual Life Insurance Issued, 2017 (thousands)	107
11.11	Largest Life Insurers, by Group Life Insurance Issued, 2017 (thousands)	108
11.12	Largest Life Insurers, by Total Life Insurance Issued, 2017 (thousands)	109
11.13	Largest Life Insurers, by Individual Life Insurance in Force, 2017 (thousands)	110
11.14	Largest Life Insurers, by Group Life Insurance in Force, 2017 (thousands)	111
11.15	Largest Life Insurers, by Total Life Insurance in Force, 2017 (thousands)	112
11.16	Largest Life Insurers, by Individual Direct Annuity Considerations, 2017 (thousands)	113
11.17	Largest Life Insurers, by Group Direct Annuity Considerations, 2017 (thousands)	114
11.18	Largest Life Insurers, by Total Direct Annuity Considerations, 2017 (thousands)	115

11.19	Largest Life Insurers, by Individual Annuity Reserves, 2017 (millions)	116
11.20	Largest Life Insurers, by Group Annuity Reserves, 2017 (millions)	117
11.21	Largest Life Insurers, by Total Annuity Reserves, 2017 (millions)	118
<i>Mortality and Life Expectancy</i>		
12.1	Death Rates in the United States	120
12.2	Life Expectancy, by Age and Gender, 1900–2016	121
12.3	Mortality Tables	130
<b>FIGURES</b>		
2.1	Growth of Life Insurers' Assets	12
2.2	Asset Distribution of Life Insurers, 2017	14
2.3	Mortgages Held by Life Insurers, by Type	17
2.4	Real Estate Owned by Life Insurers, 2017	17
3.1	Growth of Life Insurers' Policy Reserves	26
3.2	Distribution of Life Insurers' Policy Reserves, 2017	28
4.1	Distribution of Life Insurers' Net Premium Receipts, 2017	38
5.1	Distribution of Life Insurers' Expenditures, 2017	50
7.1	Individual, Group, and Credit Life Insurance in Force in the United States (face amount)	67
7.2	Average Face Amount of Individual Life Insurance Policies Purchased	67



## **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 approximately 290 legal reserve life insurer and fraternal benefit society member companies operating in the United States. These member companies represent 95 percent of industry assets, 93 percent of life insurance premiums, and 98 percent of annuity considerations in the United States.

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) 2017 statutory data for the life industry as of June 2018, 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 2018*: Michele Alexander, Jim Bishop, Khari Cook, Ken Shields, Vagiz Sultanbikov, 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 (2017 data), last year (2016 data), and 10 years previous (2007 data), along with the average annual percentage change over the last year and the last ten years. In cases where 2007 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:

$$\frac{(\text{Gross investment income on bonds})}{\text{average net investment in bonds}}$$

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



## Key U.S. Life Insurers Statistics

	2007	2016	2017	Average annual percent change	
				2007/2017	2016/2017
<b>Life insurance in force (millions)<sup>1</sup></b>					
Individual	\$10,231,765	\$11,991,547	\$11,927,253	1.5	-0.5
Group	9,157,919	8,245,991	8,410,652	-0.8	2.0
Credit	149,536	78,117	77,787	-6.3	-0.4
Total	19,539,219	20,315,655	20,415,692	0.4	0.5
<b>Annuity considerations (millions)<sup>2</sup></b>					
Individual <sup>3</sup>	\$192,503	\$202,312	\$164,790	-1.5	-18.5
Group	121,722	124,484	130,070	0.7	4.5
Total	314,225	326,795	294,861	-0.6	-9.8
<b>Payments under life insurance and annuity contracts (millions)</b>					
Payments to beneficiaries	\$57,957	\$76,039	\$77,057	2.9	1.3
Surrenders values <sup>4</sup>	310,013	268,236	312,579	0.1	16.5
Policyholder dividends	19,519	18,447	17,725	-1.0	-3.9
Annuity payments <sup>5</sup>	72,332	79,120	81,649	1.2	3.2
Matured endowments	623	448	464	-2.9	3.6
Other payments <sup>6</sup>	564	708	608	0.8	-14.2
Total	461,008	442,998	490,083	0.6	10.6
<b>Income of life insurers (millions)</b>					
Life insurance premiums	\$142,661	\$119,334	\$141,794	-0.1	18.8
Annuity considerations <sup>2</sup>	314,225	326,795	294,861	-0.6	-9.8
Health insurance premiums	151,462	164,002	170,498	1.2	4.0
Total	608,348	610,131	607,152	0.0	-0.5
Investment income	267,394	279,101	280,764	0.5	0.6
Other income <sup>7</sup>	74,624	96,614	85,522	1.4	-11.5
Aggregate total	950,366	985,845	973,438	0.2	-1.3
<b>Life insurers doing business in the United States (units)</b>					
Stock	768	598	584	-2.7	-2.3
Mutual <sup>8</sup>	133	113	112	-1.7	-0.9
Fraternal <sup>9</sup>	99	78	76	-2.6	-2.6
Other <sup>10</sup>	9	8	9	0.0	12.5
Total	1,009	797	781	-2.5	-2.0

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.

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

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

<sup>3</sup>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>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. Also, 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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