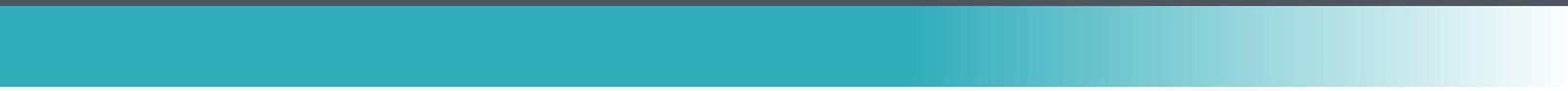


American Council of Life Insurers

**LIFE INSURERS FACT BOOK
2020**

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American Council of Life Insurers

LIFE INSURERS

FACT BOOK

2020

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 approximately 280 legal reserve life insurer and fraternal benefit society member companies operating in the United States. These member companies represent 94 percent of industry assets, 92 percent of life insurance premiums, and 97 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) 2019 statutory data for the life industry as of June 2020, 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 2020: Michele Alexander, Khari Cook, Aaron Hoppenstedt, Vagiz Sultanbikov, and Jiangmei Wang.

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Vice President, Research & Chief Economist

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 (2019 data), last year (2018 data), and 10 years previous (2009 data), along with the average annual percentage change over the last year and the last ten years. In cases where 2009 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

	2009	2018	2019	Average annual percent change	
				2009/2019	2018/2019
Life insurance in force (millions)¹					
Individual	\$10,324,455	\$12,120,445	\$12,388,298	1.8	2.2
Group	7,688,328	7,366,765	7,358,413	-0.4	-0.1
Credit	125,512	83,534	87,346	-3.6	4.6
Total	18,138,295	19,570,744	19,834,056	0.9	1.3
Annuity considerations (millions)²					
Individual ³	\$128,853	\$154,660	\$204,309	4.7	32.1
Group	102,727	124,638	143,185	3.4	14.9
Total	231,580	279,298	347,494	4.1	24.4
Payments under life insurance and annuity contracts (millions)					
Payments to beneficiaries	\$59,949	\$79,703	\$78,358	2.7	-1.7
Surrender values ⁴	295,283	354,352	344,507	1.6	-2.8
Policyholder dividends	19,053	18,405	18,222	-0.4	-1.0
Annuity payments ⁵	69,648	83,408	88,099	2.4	5.6
Matured endowments	614	405	446	-3.1	10.0
Other payments ⁶	555	676	663	1.8	-1.8
Total	445,101	536,949	530,295	1.8	-1.2
Income of life insurers (millions)					
Life insurance premiums	\$124,564	\$150,192	\$156,623	2.3	4.3
Annuity considerations ²	231,580	279,298	347,494	4.1	24.4
Health insurance premiums	166,164	185,446	188,088	1.2	1.4
Total	522,308	614,935	692,205	2.9	12.6
Investment income	211,650	312,524	314,493	4.0	0.6
Other income ⁷	47,468	80,763	87,660	6.3	8.5
Aggregate total	781,426	1,008,222	1,094,358	3.4	8.5
Life insurers doing business in the United States (units)					
Stock	714	580	570	-2.2	-1.7
Mutual ⁸	131	109	108	-1.9	-0.9
Fraternal ⁹	93	75	74	-2.3	-1.3
Other ¹⁰	8	9	9	1.2	0.0
Total	946	773	761	-2.2	-1.6

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. Data represent U.S. life insurers and fraternal benefit societies. NA: Not available

¹ Data represent net business. ² Excludes deposits for guaranteed interest contracts due to codification. Data represents net business.

³ Includes supplementary contracts with life contingencies. ⁴ Excludes payments under deposit-type contracts, and includes annuity withdrawals of funds, for which a comparable amount in prior years is not available. ⁵ Excludes payments under deposit-type contracts.

⁶ Includes some disability benefits and retained assets. ⁷ Includes commissions and expense allowance on reinsurance ceded. Also, includes amortization of interest maintenance reserve. ⁸ Includes stock companies owned by mutual holding companies. ⁹ Includes stock companies owned by fraternal benefit societies. ¹⁰ Includes farm bureau, reciprocal, and risk retention groups.

FACT BOOK 2020

1

OVERVIEW

U.S. life insurance companies sell the vast majority of life insurance and annuities purchased in the United States. Fraternal organizations and federal government agencies are also in the marketplace, and certain Canadian life insurers with U.S. legal reserves are allowed to sell insurance directly from their Canadian offices to U.S. purchasers. Data from Canadian companies are not included in this chapter.

At the end of 2019, 761 life insurance companies were in business in the United States (Table 1.1). The number of active companies peaked in 1988 (Table 1.7), and has since fallen steadily, mostly due to company mergers and consolidations. This streamlining has helped to reduce operating costs and general overhead, and has significantly increased efficiency.

ORGANIZATIONAL STRUCTURE

Stock and Mutual Life Insurers

Most life insurers are organized as either stock or mutual companies. Stock life insurance companies issue stock and are owned by their stockholders. Mutual companies are legally owned by their

policyholders and consequently do not issue stock.

Stock life insurers can be owned by other stock life insurance companies, mutual life insurance companies, or companies outside the life insurance industry. Only policyholders own a mutual company, however. If a stock company is owned by a mutual company, that stock company is categorized as a mutual company. The majority of life insurers are stock companies—570, or 75 percent of the industry (Table 1.1). Many life insurers are affiliated with other life and non-life insurance companies in fleets with a single owner.

Besides consolidation, another trend in the life insurance industry is demutualization and the formation of mutual holding companies—a structure that allows easier and less expensive access to capital. In creating a mutual holding company, the mutual insurer either starts a stock insurance company or acquires a stock company. For data in this chapter, mutual holding companies are included in the totals for pure mutual companies.

Together, stock and mutual life insurers provide most of the insurance and annuities underwritten by U.S.

organizations (Table 1.2). Mutual companies had \$6.8 trillion of life insurance in force in 2019 and stock life insurers, \$12.5 trillion. Fraternal societies and other type companies underwrite the remainder of U.S. insurance.

Other Life Insurance Providers

Fraternal benefit societies provide both social and insurance benefits to their members. These organizations are legally required to operate through a lodge system, allowing only lodge members and their families to own the fraternal society's insurance. In 2019, there were 74 fraternal life insurance companies that had \$355 billion of life insurance in force and \$184 billion in assets (Tables 1.1 and 1.2).

The Department of Veterans Affairs provides protection to U.S. veterans under six insurance programs: U.S. Government Life Insurance, National Service Life Insurance, Veterans' Special Life Insurance, Service-Disabled Veterans Insurance, Veterans' Reopened Insurance, and Veterans' Mortgage Life Insurance. The federal agency also oversees three life insurance programs for members of the uniformed services: Servicemembers' Group Life Insurance, SGLI Family Coverage, and Veterans' Group Life Insurance.

Veterans' Special Life Insurance in force totaled \$1.2 billion in 2019 (Table 1.3). U.S. Government Life Insurance, covering World War I veterans, had less than \$100,000 of insurance in force in 2019, while National Service Life Insurance, for veterans of World War II and those covered by the Insurance Act of 1951, totaled \$1.9 billion. Service-Disabled Veterans Insurance—for veterans separated from service after April 1951 who have a service-connected disability but are otherwise insurable—had \$2.9 billion of insurance in force in 2019.

The largest life insurance plan, Servicemembers' Group Life Insurance, had \$796 billion of insurance in force with 2.2 million policies at year-end 2019 (Table 1.3).

EMPLOYMENT

The insurance industry plays an important role in the nation's economy. In 2019, U.S. insurers employed 2.8 million individuals in all of their branches, a 2.9 percent increase from a year earlier (Table 1.4).

Government data on employees of insurance agencies and home offices in 2019 show 1.6 million insurance home-office personnel (349,700 in life insurance) and 1.2 million insurance agents, brokers, and service personnel.

FOREIGN OWNERSHIP

The proportion of life insurance companies operating in the United States that are foreign-owned was 12.9 percent in 2019 (Table 1.5).

Practically, the same countries have fielded the major foreign players in the U.S. market since the mid-1990s. Among life insurance companies operating in the United States during 2019, Canada controlled 26 companies; Japan, 16; Bermuda, 14; Switzerland, 12; Cayman Islands, 10; the United Kingdom, 7; Germany, 5; the Netherlands, 3; France, 3; Spain, 1; and Panama, 1 (Table 1.6).

Table 1.1

Number of U.S. Life Insurers, by Organizational Structure			
	In business at year's end		Average annual percent change
	2018	2019	2018/2019
Stock	580	570	-1.7
Mutual¹	109	108	-0.9
Fraternal²	75	74	-1.3
Other³	9	9	0.0
Total	773	761	-1.6

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

Note: NAIC does not endorse any analysis or conclusions based on use of its data.

¹ Includes stock companies owned by mutual parents (life & PC) and mutual holding companies.

² Includes stock companies owned by fraternal benefit societies.

³ Includes farm bureau, reciprocal, and risk retention groups.

Table 1.2

Size of U.S. Life Insurers, by Organizational Structure, 2019 (millions)					
	Stock	Mutual¹	Fraternal	Other²	Total
Life insurance in force	\$12,500,608	\$6,775,771	\$354,516	\$203,162	\$19,834,056
Life insurance purchased	2,056,378	967,741	36,731	28,726	3,089,575
Assets	5,517,350	1,835,633	184,425	29,790	7,567,199
Benefit Payments³	516,343	152,548	12,185	1,895	682,972
Premium income⁴	512,534	167,536	10,292	1,843	692,205

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

Note: NAIC does not endorse any analysis or conclusions based on use of its data.

¹ Includes stock companies owned by mutual holding companies.

² Includes farm bureau, reciprocal, and risk retention groups.

³ Includes payments to beneficiaries, surrender values, policy dividends, annuity payments, matured endowments, and other payments.

⁴ Includes life insurance premiums, annuity considerations, and accident and health premiums.

Table 1.3

Veterans Life Insurance, 2019

	Policies	Face amount in force (millions)
Veterans programs		
U.S. Government Life Insurance	6	\$0
National Service Life Insurance	151,784	1,938
Veterans' Special Life Insurance	77,933	1,153
Service-Disabled Veterans Insurance	279,405	2,938
Veterans' Reopened Insurance	5,954	63
Veterans' Mortgage Life Insurance	2,582	358
Total	517,664	6,450
Uniformed service member programs		
Servicemembers' Group Life Insurance (SGLI)	2,221,500	796,478
Traumatic Injury Protection (TSGLI)*	-	214,250
SGLI Family Coverage	2,671,000	110,232
Veterans' Group Life Insurance	432,658	78,346
Total	5,325,158	1,199,306
Aggregate total	5,842,822	1,205,756

Source: U.S. Department of Veterans Affairs.

*TSGLI is a rider to the basic SGLI coverage.

Table 1.4

Insurance Industry Employment in the United States					
	Number employed			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
Home-office personnel					
Life insurance	362,600	344,900	349,700	-0.4	1.4
Health insurance	440,300	537,900	573,300	2.7	6.6
Other	660,400	658,100	675,500	0.2	2.6
Total	1,463,300	1,540,900	1,598,500	0.9	3.7
Agents, brokers, and service personnel					
	907,400	1,171,800	1,191,700	2.8	1.7
Aggregate total	2,370,700	2,712,700	2,790,200	1.6	2.9

Source: U.S. Department of Labor, Bureau of Labor Statistics. Current Employment Statistics survey (National).

Note: The Bureau of Labor Statistics adjusts annual employment data in April of the year following its survey.

Table 1.5

Foreign-Owned U.S. Life Insurers, 2015-2019							
	Number of companies					Average annual percent change	
	2015	2016	2017	2018	2019	2015/2019	2018/2019
U.S. life insurers	814	797	781	773	761	-1.7	-1.6
Foreign-owned U.S. life insurers	97	106	107	105	98	0.3	-6.7
Percentage of U.S. life insurers	11.9%	13.3%	13.7%	13.6%	12.9%		

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. Companies are defined as foreign owned if 50 percent or more of stock is owned by a foreign entity or entities.

Table 1.6

Foreign-Owned Life Insurers Operating in the United States, by Country of Origin

	Number of companies				
	2015	2016	2017	2018	2019
Barbados	1	-	-	-	-
Bermuda	14	15	15	14	14
Canada	27	27	27	27	26
Cayman Islands	5	10	11	10	10
France	8	8	8	8	3
Germany	5	5	5	5	5
Japan	10	15	15	16	16
Netherlands	4	4	4	4	3
Panama	-	1	1	1	1
South Africa	1	-	-	-	-
Spain	2	2	2	1	1
Switzerland	14	14	14	14	12
United Kingdom	6	5	5	5	7
Total	97	106	107	105	98

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. Companies are defined as foreign owned if 50 percent or more of stock is owned by a foreign entity or entities.

Table 1.7

U.S. Life Insurers Organizational Structure, by Year

Year	In business at year's end				Total
	Stock	Mutual	Fraternal	Other	
1950	507	142	NA	NA	649
1955	942	165	NA	NA	1,107
1960	1,286	155	NA	NA	1,441
1965	1,475	154	NA	NA	1,629
1970	1,627	153	NA	NA	1,780
1975	1,603	143	NA	NA	1,746
1980	1,823	135	NA	NA	1,958
1981	1,855	136	NA	NA	1,991
1982	1,926	134	NA	NA	2,060
1983	1,985	132	NA	NA	2,117
1984	2,062	131	NA	NA	2,193
1985	2,133	128	NA	NA	2,261
1986	2,128	126	NA	NA	2,254
1987	2,212	125	NA	NA	2,337
1988	2,225	118	NA	NA	2,343
1989	2,153	117	NA	NA	2,270
1990	2,078	117	NA	NA	2,195
1991	1,947	117	NA	NA	2,064
1992	1,835	109	NA	NA	1,944
1993	1,736	108	NA	NA	1,844
1994	1,565	115	NA	10	1,690
1995*	1,356	259	NA	35	1,650
1996*	1,331	240	NA	36	1,607
1997*	1,193	238	NA	45	1,476
1998*	1,167	248	NA	29	1,444
1999*	1,064	250	NA	33	1,347
2000*	1,018	221	NA	30	1,269
2001*	986	222	117	16	1,341
2002*	956	204	114	10	1,284
2003*	931	180	105	11	1,227
2004*	901	161	108	9	1,179
2005*	857	151	102	9	1,119
2006*	818	142	103	9	1,072
2007*	768	133	99	9	1,009
2008*	741	132	95	8	976

Table 1.7, continued

U.S. Life Insurers Organizational Structure, by Year, Continued

Year	In business at year's end				Total
	Stock	Mutual	Fraternal	Other	
2009*	714	131	93	8	946
2010*	700	121	89	7	917
2011*	687	117	85	6	895
2012*	660	120	82	6	868
2013*	648	113	82	7	850
2014*	636	106	81	7	830
2015*	616	110	81	7	814
2016*	598	113	78	8	797
2017*	584	112	76	9	781
2018*	580	109	75	9	773
2019*	570	108	74	9	761

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. After 1993, data include life insurance companies that sell accident and health insurance.

NA: Not available.

*Beginning with 1995 data, stock companies that are part of fleets headed by non-stock companies are counted by the parent's ownership type, not as stock companies.

Table 1.8

Insurance Industry Employment in the United States, by Year

Year	Home-office personnel				Agents, brokers, and service personnel	Aggregate total
	Life insurance	Health insurance	Other	Total		
1960	452,400	50,200	329,100	831,700	217,300	1,049,000
1965	481,200	54,200	358,000	893,400	250,300	1,143,700
1970	525,600	93,900	410,200	1,029,700	288,000	1,317,700
1975	520,500	122,100	442,700	1,085,300	356,600	1,441,900
1980	531,900	141,900	550,300	1,224,100	463,800	1,687,900
1981	542,200	142,700	552,000	1,236,900	475,800	1,712,700
1982	546,100	142,100	549,100	1,237,300	485,900	1,723,200
1983	539,900	144,800	544,200	1,228,900	498,900	1,727,800
1984	536,700	153,900	549,100	1,239,700	525,000	1,764,700
1985	559,300	170,700	561,600	1,291,600	548,200	1,839,800
1986	578,200	188,100	598,500	1,364,800	579,400	1,944,200
1987	578,000	202,100	634,900	1,415,000	611,800	2,026,800
1988	570,400	216,500	648,500	1,435,400	639,600	2,075,000
1989	550,200	228,100	660,100	1,438,400	651,800	2,090,200
1990	522,600	204,200	611,600	1,338,400	677,800	2,016,200
1991	537,200	219,000	613,500	1,369,700	681,400	2,051,100
1992	530,600	228,300	627,000	1,385,900	672,200	2,058,100
1993	552,500	237,900	640,400	1,430,800	684,000	2,114,800
1994	562,600	249,400	649,300	1,461,300	700,300	2,161,600
1995	547,200	260,100	626,800	1,434,100	712,600	2,146,700
1996	510,000	278,000	642,800	1,430,800	726,400	2,157,200
1997	505,300	292,100	678,800	1,476,200	744,100	2,220,300
1998	510,600	306,200	729,400	1,546,200	766,300	2,312,500
1999	496,100	319,200	742,800	1,558,100	783,400	2,341,500
2000	481,100	330,600	732,600	1,544,300	806,800	2,351,100
2001	470,300	340,500	728,600	1,539,400	823,000	2,362,400
2002	446,000	348,000	743,000	1,537,000	839,400	2,376,400
2003	440,500	351,400	753,400	1,545,300	856,200	2,401,500
2004	392,400	374,900	721,000	1,488,300	879,200	2,367,500
2005	334,500	430,400	680,900	1,445,800	893,200	2,339,000
2006	362,400	428,200	677,100	1,467,700	911,400	2,379,100
2007	352,800	434,400	674,000	1,461,200	930,500	2,391,700
2008	356,300	444,500	674,600	1,475,400	929,600	2,405,000

Table 1.8, continued

Insurance Industry Employment in the United States, by Year, Continued

Year	Home-office personnel			Total	Agents, brokers, and service personnel	Aggregate total
	Life insurance	Health insurance	Other			
2009	362,600	440,300	660,400	1,463,300	907,400	2,370,700
2010	366,400	437,700	641,100	1,445,200	895,500	2,340,700
2011	346,700	442,300	637,200	1,426,200	910,300	2,336,500
2012	347,300	463,900	625,200	1,436,400	931,800	2,368,200
2013	340,600	472,600	619,900	1,433,100	955,800	2,388,900
2014	334,400	494,600	619,800	1,448,800	1,017,100	2,465,900
2015	330,200	499,500	636,700	1,466,400	1,071,800	2,538,200
2016	347,800	471,100	668,800	1,487,700	1,105,000	2,592,700
2017	345,600	504,800	666,300	1,516,700	1,142,900	2,659,600
2018	344,900	537,900	658,100	1,540,900	1,171,800	2,712,700
2019	349,700	573,300	675,500	1,598,500	1,191,700	2,790,200

Source: U.S. Department of Labor, Bureau of Labor Statistics. Current Employment Statistics survey (National).

Notes: Figures comprise only those on the payroll of insurers that participate in the unemployment insurance program; The Bureau of Labor Statistics adjusts annual employment data in April of the year following its survey.

2

ASSETS

Assets held by life insurers back the companies' life, annuity, and health liabilities. Accumulating these assets—via the collection of premiums from policyholders and earnings on investments—provides the U.S. economy with an important source of investment capital. Life insurers held \$7.6 trillion in assets in 2019 (Table 2.1). Assets of U.S. life insurers rose 8.2 percent during 2019 (Table 2.2).

Financial instruments comprise most life insurance company assets and can generally be classified into:

- Bonds, both corporate and government
- Stocks
- Mortgage and real estate holdings
- Policy loans

A life insurer divides its assets between two accounts that differ largely in the nature of the liabilities or obligations for which the assets are being held and invested. The *general account* supports contractual obligations for guaranteed, fixed-dollar benefit payments, such as life insurance policies. The *separate account* supports liabilities associated with investment

risk pass-through products or lines of business, such as variable annuities, variable life insurance, and pension products.

State laws allow assets in separate accounts to be invested without regard to the restrictions usually placed on the general account. A separate account portfolio might comprise only common stocks or bonds or mortgages, or some combination of these and other investments. Separate account assets totaled \$2.8 trillion at the end of 2019—up 13.7 percent from the previous year (Table 2.2). General account assets amounted to \$4.7 trillion in 2019, up 5.2 percent from 2018.

BOND HOLDINGS AND ACQUISITIONS

Bonds are publicly traded debt securities. Often referred to as fixed-income securities, bonds generally offer low risk and a greater certainty of rates of return. Not only does the borrower (seller of the bond) agree to pay a fixed amount of interest periodically and repay a fixed amount of principal at maturity, but the obligation to make payments on the bond takes precedence over other claims of lenders and

stockholders.

At year-end 2019, 48 percent of life insurer assets were held in bonds. Total bond holdings of both general and separate accounts amounted to \$3.6 trillion, up \$145 billion from 2018 (Tables 2.1–2.2). Holdings of bonds in separate accounts increased 10.5 percent in 2019 to \$436 billion. Bond holdings in general accounts increased to \$3.2 trillion (Table 2.2).

Bonds are issued by a variety of borrowing organizations, including domestic and foreign corporations, the U.S. government agencies, and state, local, and foreign governments. Long-term U.S. government obligations in the general account totaled \$152 billion, and foreign government bonds \$46 billion (Table 2.3). The largest portion of long-term bonds was in unaffiliated securities, with both U.S. and foreign investments totaling \$2.3 trillion, or more than two-thirds of all long-term general account bonds (72%). Long-term bonds issued by U.S. states, territories, and political subdivisions came to \$45 billion, while bonds issued for U.S. special revenue and assessment totaled \$170 billion.

Types of Bonds

Corporate Bonds

Life insurers are significant investors in the corporate bond market, having been the largest institutional holder of corporate bonds issued in U.S. markets since the 1930s. Private or direct placements—where the financial institution negotiates directly with the corporation over the terms of the offering—account for a sizable share of life insurer investments in corporate bonds. Life insurance companies are the major lenders in the direct placement market.

Corporate debt issues in 2019 represented the largest component of life insurer assets at 34 percent (Table

2.1). Corporate debt issues totaled \$2.6 trillion by year's end (Table 2.2). These investments have generally increased steadily for many years and have grown at a 5 percent annual rate in the last decade.

Government Bonds

Bonds of the U.S. government include U.S. Treasury securities and others issued by federal agencies. Total government securities rose to \$485 billion at the end of 2019, up \$10 billion from the previous year (Tables 2.1–2.2). These holdings include U.S. Treasury and federal agency guaranteed obligations, special revenue, and other issues of the 50 states, District of Columbia, Puerto Rico, and U.S. territories and possessions and their political subdivisions.

The vast majority of long-term securities were invested in U.S. government securities (\$432 billion) as opposed to those of foreign governments and international agencies (\$53 billion), such as the International Bank for Reconstruction and Development (Table 2.1).

Characteristics of Bonds

Maturity

Bonds have limited lives and expire on a given date, called the issue's maturity date. Thirty percent of general account bonds held at year-end 2019 had a maturity between five and 10 years. Another 25 percent matured between one and five years, 20 percent had a maturity over 20 years, 17 percent matured between 10 and 20 years, and 7 percent had a maturity of one year or less (Table 2.4).

At the time of purchase, 40 percent of bonds had a maturity date of 20 years or more, while 33 percent had a maturity date of 10 to 20 years (Table 2.5). Bonds with maturity dates of five to 10 years (22%), and less than five years (5%) made up the remainder.

Quality

In purchasing a bond, investors examine its quality. The higher the quality of the bond, the lower the risk, and the higher the degree of assurance that investors will get their money back at maturity. Consequently, high-quality bonds are ideal for long-term capital accumulation.

Bond holdings can be categorized among six quality classes established by the National Association of Insurance Commissioners. At year-end 2019, 95 percent of total general account bonds were investment grade, Classes 1 and 2 (Table 2.6). The percentage of total bonds in or near default (Class 6) was 0.1 percent.

Of the \$3.3 trillion in general account bonds held by insurance companies in 2019, \$2.1 trillion was invested in publicly traded bonds and \$1.2 trillion in privately traded bonds (Table 2.6). Ninety-seven percent of the publicly traded bonds were investment grade (Classes 1 and 2) compared with 92 percent of the privately traded bonds. Of the publicly traded bonds, 0.1 percent were in or near default (Class 6), compared with 0.2 percent of the privately traded bonds.

STOCK HOLDINGS AND ACQUISITIONS

Life insurers' changing portfolios reflect long-term shifts in investment demand. Since the early 1990s, the share of assets held in stocks has been increasing. The average annual growth in equity holdings was 5.2 percent between 2009 and 2019 (Table 2.2).

Historically, stocks had been a small percentage of total assets for reasons rooted in both the investment philosophy of the industry and the laws regulating life

insurance. Stocks had not been heavily used as a major investment medium for funds backing life insurance policies because of the policies' contractual guarantees for specified dollar amounts.

Part of the investment shift is due to changes in the relative yields of various investment types. Other factors are the introduction of variable life insurance and the growth in funding pension plans with equity securities of life insurers and variable annuities. State laws generally permit certain assets of these and other plans to be maintained in an account separate from a company's other assets, with up to 100 percent invested in stocks or other equities.

Life insurer holdings of corporate stock rose 14.9 percent between 2018 and 2019 to \$2.3 trillion, accounting for 30 percent of total assets. At year-end 2019, \$2.2 trillion, or 95 percent, of stock held by life insurance companies was in separate accounts (Table 2.1-2.2).

Common stock accounted for \$2.3 trillion, or 99 percent, of all stock held by life insurers in 2019 (Table 2.1). Holdings of common stock increased 15 percent in 2019, while there was a 3 percent increase in preferred stock holdings (Tables 2.1-2.2).

MORTGAGES

Mortgages generally are considered riskier fixed-income investments than bonds. Over the past few decades, life insurers have slightly reduced the relative size of their mortgage portfolios in favor of other investments, including mortgage-backed securities (MBS). In 2019, mortgages increased 8.9 percent to \$615 billion and accounting for 8.1 percent of combined account assets (Tables 2.1-2.2).

Properties underlying life insurer holdings of non-farm, nonresidential mortgages cover a broad range of

commercial, industrial, and institutional uses. Among them are retail stores and shopping centers, office buildings and factories, hospitals and medical centers, and apartment buildings. Commercial mortgages have grown in importance, representing 90 percent (\$555 billion) of U.S. mortgages held by life insurers at the end of 2019 (Table 2.1). Mortgages for residential properties were \$33 billion, or 6 percent of total mortgages held by life insurers on U.S. properties. Farm mortgages were \$27 billion, accounting for 4 percent of total mortgages in 2019.

Almost all of the mortgages held by life insurers were in good standing (99.6%) in 2019. Of industry-held mortgages, only 0.4 percent were either restructured, overdue, or in foreclosure in 2019 (Table 2.7).

At year-end 2019, \$9 billion (1%) was held in general account mortgages with a loan-to-value ratio above 95 percent, compared with \$519 billion (90%) in mortgages with a loan-to-value ratio below 71 percent (Table 2.8).

REAL ESTATE

U.S. life insurers' holdings of directly owned real estate were \$42 billion at the end of 2019. This represents a 7.8 percent increase from 2018 (Table 2.9).

By the end of 2019, real estate amounted to .5 percent of life insurers' assets (Table 2.1). Real estate holdings in separate accounts increased \$416 million during the year as real estate in general accounts increased \$2.6 billion (Table 2.2).

Real estate held to produce income totaled \$34 billion, or 82 percent of all real estate owned, while real estate held for sale amounted to \$1.2 billion (Table 2.9, Figure 2.4). The remainder was in land and

property held for company use, primarily home and regional offices.

POLICY LOANS

Life insurance companies can loan money to policyholders up to the cash value of their life insurance. Life insurers must make these policy loans from funds that otherwise would be invested. Since premium rates are based in part on an anticipated investment return, interest must be charged on the loans. Because the amount of a policy's protection is reduced by the amount of the loan, life insurers advise policyholders that an outstanding loan can seriously impair a family's insurance planning. The policy loan amounts shown in Tables 2.1–2.2 do not include loans made to policyholders by banks or other lending institutions holding borrowers' life insurance policies as collateral.

Life insurer loans to policyholders against the cash value of their life insurance amounted to \$134 billion by year-end 2019, down 2 percent from the loans outstanding a year earlier (Tables 2.1–2.2). Policy loans accounted for 1.8 percent of company assets at the end of 2019.

FOREIGN-CONTROLLED ASSETS

Foreign-controlled assets were \$1.5 trillion, or 20 percent of total industry assets in 2019 (Table 2.10). Canada, followed by the United Kingdom, the Netherlands, and Germany own the most foreign-controlled assets of U.S. life insurers.

Table 2.1

Distribution of Life Insurer Assets, by Account Type, 2019 (millions)

	General account		Separate account		Combined accounts	
	Year's end	Percent distribution	Year's end	Percent distribution	Year's end	Percent distribution
Bonds						
Government securities						
U.S.	\$367,183	7.8	\$65,043	2.3	\$432,226	5.7
Foreign	46,025	1.0	6,509	0.2	52,535	0.7
Total government	413,209	8.7	71,552	2.5	484,761	6.4
Corporate securities	2,344,388	49.5	244,512	8.6	2,588,900	34.2
Mortgage-backed securities ¹	444,475	9.4	119,707	4.2	564,182	7.5
Total long-term bonds	3,202,071	67.6	435,772	15.4	3,637,843	48.1
Stocks						
Common	97,709	2.1	2,185,434	77.1	2,283,143	30.2
Preferred	13,684	0.3	992	0.0	14,676	0.2
Total	111,393	2.4	2,186,426	77.2	2,297,819	30.4
Mortgages						
Farm	23,069	0.5	3,971	0.1	27,039	0.4
Residential	31,486	0.7	1,839	0.1	33,325	0.4
Commercial	523,896	11.1	31,123	1.1	555,019	7.3
Total	578,451	12.2	36,932	1.3	615,383	8.1
Real estate	23,296	0.5	18,257	0.6	41,552	0.5
Policy loans	133,902	2.8	-	0.0	133,902	1.8
Short-term investments	32,369	0.7	8,424	0.3	40,793	0.5
Cash & cash equivalents	90,500	1.9	27,092	1.0	117,592	1.6
Derivatives	79,625	1.7	8,512	0.3	88,138	1.2
Other invested assets	239,531	5.1	87,559	3.1	327,090	4.3
Non-invested assets	242,673	5.1	24,412	0.9	267,085	3.5
Aggregate total	4,733,812	100.0	2,833,387	100.0	7,567,199	100.0

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. Data reflect investments held at year's end. Data represent U.S. life insurers and fraternal benefit societies.

¹Includes Ginnie Mae (GNMA).

Table 2.2

Distribution of Life Insurer Assets, by Account Type and Year¹

	General account (millions)			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
Bonds					
Government	\$292,860	\$403,898	\$413,209	3.5	2.3
Corporate	1,507,604	2,226,330	2,344,388	4.5	5.3
MBS ¹	561,136	468,287	444,475	-2.3	-5.1
Total	2,361,600	3,098,515	3,202,071	3.1	3.3
Stocks					
Common	65,597	87,859	97,709	4.1	11.2
Preferred	12,125	12,944	13,684	1.2	5.7
Total	77,723	100,803	111,393	3.7	10.5
Mortgages	325,942	533,970	578,451	5.9	8.3
Real estate	19,772	20,710	23,296	1.7	12.5
Policy loans	122,707	132,080	133,902	0.9	1.4
Short-term investments	89,608	29,705	32,369	-9.7	9.0
Cash & cash equivalents	36,285	77,470	90,500	9.6	16.8
Derivatives	NA	56,450	79,625	NA	41.1
Other invested assets	130,597	215,594	239,531	6.3	11.1
Non-invested assets	160,028	234,996	242,673	4.3	3.3
Aggregate total	3,324,262	4,500,294	4,733,812	3.6	5.2

Table 2.2, continued

Distribution of Life Insurer Assets, by Account Type and Year¹, continued

	Separate account (millions)			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
Bonds					
Government	\$38,323	\$71,087	\$71,552	6.4	0.7
Corporate	85,130	215,078	244,512	11.1	13.7
MBS ¹	96,522	108,079	119,707	2.2	10.8
Total	219,975	394,244	435,772	7.1	10.5
Stocks					
Common	1,307,460	1,897,521	2,185,434	5.3	15.2
Preferred	739	1,306	992	3.0	-24.1
Total	1,308,200	1,898,827	2,186,426	5.3	15.1
Mortgages	10,374	30,869	36,932	13.5	19.6
Real estate	7,942	17,841	18,257	8.7	2.3
Policy loans	576	4,623	NA	NA	NA
Short-term investments	19,143	9,687	8,424	-7.9	-13.0
Cash & cash equivalents	16,156	31,294	27,092	5.3	-13.4
Derivatives	NA	2,908	8,512	NA	192.8
Other invested assets	32,953	79,313	87,559	10.3	10.4
Non-invested assets	19,114	22,894	24,412	2.5	6.6
Aggregate total	1,634,432	2,492,500	2,833,387	5.7	13.7

Table 2.2 , continued

Distribution of Life Insurer Assets, by Account Type and Year, continued

	Combined accounts (millions)			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
Bonds					
Government	\$331,183	\$474,985	\$484,761	3.9	2.1
Corporate	1,592,735	2,441,408	2,588,900	5.0	6.0
MBS ¹	657,658	576,366	564,182	-1.5	-2.1
Total	2,581,575	3,492,759	3,637,843	3.5	4.2
Stocks					
Common	1,373,058	1,985,380	2,283,143	5.2	15.0
Preferred	12,865	14,250	14,676	1.3	3.0
Total	1,385,923	1,999,630	2,297,819	5.2	14.9
Mortgages	336,316	564,839	615,383	6.2	8.9
Real estate	27,714	38,551	41,552	4.1	7.8
Policy loans	123,283	136,704	133,902	0.8	-2.0
Short-term investments	108,751	39,393	40,793	-9.3	3.6
Cash & cash equivalents	52,442	108,764	117,592	8.4	8.1
Derivatives	NA	59,358	88,138	NA	48.5
Other invested assets	163,550	294,906	327,090	7.2	10.9
Non-invested assets	179,141	257,890	267,085	4.1	3.6
Aggregate total	4,958,693	6,992,794	7,567,199	4.3	8.2

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. Data reflect investments held at year's end. Data represent U.S. life insurers and fraternal benefit societies.

¹Includes Ginnie Mae (GNMA).

NA: Not available.

Table 2.3

Distribution of Long-Term General Account Bond Investments

	2019	
	Amount (millions)	Percent distribution
U.S. government obligations	\$151,766	4.7
Foreign government	46,025	1.4
U.S. states and territories	19,492	0.6
U.S. political subdivisions	25,854	0.8
U.S. special revenue and assessment	170,072	5.3
Mortgage-backed securities	444,475	13.9
Other		
Unaffiliated securities	2,312,860	72.2
Affiliated securities	31,528	1.0
Total	3,202,071	100.0

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. Data represent U.S. life insurers and fraternal benefit societies.

Table 2.4

Distribution of General Account Bonds, by Remaining Maturity, 2015-2019

		Percentage of general account bonds held at year's end					
		1 year or less	More than 1 year to 5 years	More than 5 years to 10 years	More than 10 years to 20 years	More than 20 years	Total
Government							
	2015	10.2	19.1	18.2	24.8	27.7	100.0
	2016	11.2	20.0	18.1	24.6	26.0	100.0
	2017	8.2	20.7	19.5	25.5	26.1	100.0
	2018	10.1	19.4	20.3	25.0	25.2	100.0
	2019	11.6	19.2	20.9	24.1	24.3	100.0
Corporate							
	2015	7.7	26.2	34.4	13.0	18.7	100.0
	2016	6.9	26.3	34.0	13.8	19.0	100.0
	2017	6.1	26.3	33.2	15.3	19.1	100.0
	2018	6.0	26.7	33.1	15.2	19.0	100.0
	2019	6.5	26.7	32.0	15.5	19.4	100.0
Total							
	2015	8.3	24.5	30.6	15.8	20.8	100.0
	2016	7.9	24.8	30.2	16.4	20.7	100.0
	2017	6.6	25.0	29.9	17.7	20.7	100.0
	2018	6.9	25.1	30.3	17.3	20.3	100.0
	2019	7.5	25.1	29.7	17.2	20.4	100.0

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. Data represent U.S. life insurers and fraternal benefit societies.

Table 2.5

Distribution of General Account Long-Term Bonds, at Time of Purchase, 2019

Maturity	Percent distribution
20 years and over	39.8
10 years to less than 20 years	33.1
5 years to less than 10 years	22.2
Less than 5 years	4.9
Total	100.0

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. Data represent U.S. life insurers and fraternal benefit societies.

Table 2.6

Distribution of General Account Bonds, by NAIC Quality Class¹

PUBLIC BONDS	2009		2018		2019	
	Amount (millions)	Percentage of publicly traded bonds	Amount (millions)	Percentage of publicly traded bonds	Amount (millions)	Percentage of publicly traded bonds
High quality						
Class 1	\$1,338,884	72.0	\$1,371,419	65.2	\$1,386,690	65.8
Class 2	414,793	22.3	653,516	31.1	650,616	30.9
Medium quality						
Class 3	62,550	3.4	51,938	2.5	48,805	2.3
Low quality						
Class 4	29,666	1.6	22,796	1.1	17,801	0.8
Class 5	10,340	0.6	3,666	0.2	3,677	0.2
Class 6	2,813	0.2	507	0.0	1,100	0.1
Total	1,859,047	100.0	2,103,842	100.0	2,108,690	100.0

Table 2.6, continued

Distribution of General Account Bonds, by NAIC Quality Class¹, continued

PRIVATE BONDS	2009		2018		2019	
	Amount (millions)	Percentage of privately traded bonds	Amount (millions)	Percentage of privately traded bonds	Amount (millions)	Percentage of privately traded bonds
NAIC quality class						
High quality						
Class 1	\$283,974	46.0	\$534,264	50.7	\$591,211	51.0
Class 2	252,334	40.9	430,115	40.8	470,875	40.6
Medium quality						
Class 3	43,380	7.0	51,330	4.9	56,914	4.9
Low quality						
Class 4	21,209	3.4	25,447	2.4	27,554	2.4
Class 5	12,516	2.0	10,581	1.0	11,854	1.0
Class 6	3,284	0.5	1,827	0.2	1,782	0.2
Total	616,697	100.0	1,053,563	100.0	1,160,189	100.0

Table 2.6, continued

Distribution of General Account Bonds, by NAIC Quality Class¹, continued						
TOTAL BONDS	2009		2018		2019	
NAIC quality class	Amount (millions)	Percentage of general account bonds	Amount (millions)	Percentage of general account bonds	Amount (millions)	Percentage of general account bonds
High quality						
Class 1	\$1,622,858	65.6	\$1,905,683	60.4	\$1,977,901	60.5
Class 2	667,127	26.9	1,083,630	34.3	1,121,491	34.3
Medium quality						
Class 3	105,929	4.3	103,268	3.3	105,719	3.2
Low quality						
Class 4	50,875	2.1	48,243	1.5	45,355	1.4
Class 5	22,856	0.9	14,247	0.5	15,531	0.5
Class 6	6,098	0.2	2,333	0.1	2,882	0.1
Aggregate total	2,475,744	100.0	3,157,404	100.0	3,268,879	100.0

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. Figures include both government and corporate bonds held in general accounts of U.S. life insurers and fraternal benefit societies.

NAIC bond classes are: Class 1--highest quality; Class 2--high quality; Class 3--medium quality; Class 4--low quality; Class 5--lower quality; Class 6--in or near default. Class 1 and Class 2 bonds are investment grade.

¹Includes long-term bonds, short-term investments, and cash equivalents.

Table 2.7

Quality of Mortgages Held by Life Insurers

	2009		2018		2019	
	Amount (millions)	Percent distribution	Amount (millions)	Percent distribution	Amount (millions)	Percent distribution
Farm						
In good standing	\$17,747	99.9	\$24,210	98.9	\$26,694	98.7
Restructured	10	0.1	21	0.1	130	0.5
Overdue	3	0.0	100	0.4	127	0.5
Foreclosed	0	0.0	146	0.6	88	0.3
Total	17,761	100.0	24,478	100.0	27,039	100.0
Residential						
In good standing	4,380	98.5	24,645	96.0	31,955	95.9
Restructured	30	0.7	464	1.8	477	1.4
Overdue	19	0.4	377	1.5	519	1.6
Foreclosed	18	0.4	189	0.7	373	1.1
Total	4,447	100.0	25,675	100.0	33,325	100.0
Commercial						
In good standing	312,493	99.5	513,814	99.8	554,104	99.8
Restructured	845	0.3	633	0.1	679	0.1
Overdue	473	0.2	169	0.0	95	0.0
Foreclosed	297	0.1	70	0.0	141	0.0
Total	314,108	100.0	514,686	100.0	555,019	100.0
All categories						
In good standing	334,620	99.5	562,669	99.6	612,753	99.6
Restructured	886	0.3	1,118	0.2	1,286	0.2
Overdue	495	0.1	647	0.1	742	0.1
Foreclosed	315	0.1	405	0.1	603	0.1
Aggregate total	336,316	100.0	564,839	100.0	615,383	100.0

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. Data represent U.S. life insurers and fraternal benefit societies.

Table 2.8

General Account Mortgages for Life Insurers, by Type and Loan-to-Value Ratios, 2019 (millions)			
Loan-to-value ratio	Farm	Non-Farm	Total
Above 95%	\$40	\$8,633	\$8,673
91 - 95%	1	1,479	1,480
81 - 90%	9	6,877	6,885
71 - 80%	172	42,424	42,596
Below 71%	22,847	495,971	518,818
Total	23,069	555,382	578,451

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. Data represents U.S. life insurers and fraternal benefit societies.

Table 2.9

Real Estate Owned by Life Insurers, by Type					
	Millions			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
Investment property					
Held for income	\$20,868	\$31,972	\$34,290	5.1	7.3
Held for sale	510	563	1,160	8.6	106.0
Total	21,379	32,535	35,450	5.2	9.0
Occupied by company	6,335	6,016	6,102	-0.4	1.4
Aggregate total	27,714	38,551	41,552	4.1	7.8

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. Data represent U.S. life insurers and fraternal benefit societies.

Table 2.10

Foreign-Controlled Assets of U.S. Life Insurers, by Country and Year (millions)					
	2015	2016	2017	2018	2019
Barbados	\$1,194	-	-	-	-
Bermuda	111,457	\$121,070	\$137,600	\$156,495	\$170,597
Canada	350,166	356,693	386,661	363,099	380,189
Cayman Islands	7,342	26,800	50,351	50,323	58,205
France	171,193	180,995	202,002	197,142	2,177
Germany	135,192	153,145	164,365	170,255	187,702
Japan	66,381	128,467	137,579	154,162	177,179
Netherlands	207,850	213,801	217,573	201,204	214,535
Panama	-	113	115	121	123
South Africa	4	-	-	-	-
Spain	84	82	84	59	59
Switzerland	38,626	41,056	41,249	40,003	37,950
United Kingdom	202,752	220,391	246,487	242,465	283,109
Total	1,292,241	1,442,612	1,584,066	1,575,329	1,511,825
Percentage of industry assets	19.9%	21.3%	22.1%	22.5%	20.0%

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. Companies are defined as foreign controlled if 50 percent or more of stock is owned by a foreign entity or entities.

Table 2.11

Asset Distribution of Life Insurers, by Year (millions)

Year	Bonds	Stocks	Mortgages	Real estate	Policy loans	Miscellaneous assets	Total
1917	\$2,537	\$83	\$2,021	\$179	\$810	\$311	\$5,941
1920	3,298	75	2,442	172	859	474	7,320
1925	4,333	81	4,808	266	1,446	604	11,538
1930	6,431	519	7,598	548	2,807	977	18,880
1935	10,041	583	5,357	1,990	3,540	1,705	23,216
1940	17,092	605	5,972	2,065	3,091	1,977	30,802
1945	32,605	999	6,636	857	1,962	1,738	44,797
1950	39,366	2,103	16,102	1,445	2,413	2,591	64,020
1955	47,741	3,633	29,445	2,581	3,290	3,742	90,432
1960	58,555	4,981	41,771	3,765	5,231	5,273	119,576
1965	70,152	9,126	60,013	4,681	7,678	7,234	158,884
1970	84,166	15,420	74,375	6,320	16,064	10,909	207,254
1975	121,014	28,061	89,167	9,621	24,467	16,974	289,304
1980	212,618	47,366	131,080	15,033	41,411	31,702	479,210
1981	233,308	47,670	137,747	18,278	48,706	40,094	525,803
1982	268,288	55,730	141,989	20,624	52,961	48,571	588,163
1983	308,738	64,868	150,999	22,234	54,063	54,046	654,948
1984	358,897	63,335	156,699	25,767	54,505	63,776	722,979
1985	421,446	77,496	171,797	28,822	54,369	71,971	825,901
1986	486,583	90,864	193,842	31,615	54,055	80,592	937,551
1987	557,110	96,515	213,450	34,172	53,626	89,586	1,044,459
1988	640,094	104,373	232,863	37,371	54,236 *	97,933	1,166,870
1989	716,204	125,614	254,215	39,908	57,439	106,376	1,299,756
1990	793,443	128,484	270,109	43,367	62,603	110,202	1,408,208
1991	893,005	164,515	265,258	46,711	66,364	115,348	1,551,201
1992	990,315	192,403	246,702	50,595	72,058	112,458	1,664,531
1993	1,113,853	251,885	229,061	54,249	77,725	112,354	1,839,127
1994	1,186,139	281,816	215,332	53,813	85,499	119,674	1,942,273
1995	1,278,416	371,867	211,815	52,437	95,939	133,070	2,143,544
1996	1,348,425	477,505	207,779	49,484	100,460	139,894	2,323,547
1997	1,451,289	598,358	209,898	46,076	104,549	168,908	2,579,078
1998	1,518,998	757,958	216,336	41,313	104,507	187,410	2,826,522
1999	1,551,618	989,762	229,797	38,186	98,757	162,533	3,070,653
2000	1,605,178	997,329	236,701	36,059	101,978	204,491	3,181,736
2001	1,731,792	909,026	243,596	32,368	104,273	247,966	3,269,019
2002	1,955,548	791,429	250,531	32,848	105,229	244,414	3,380,000

Table 2.11, continued

Asset Distribution of Life Insurers, by Year (millions), continued

Year	Bonds	Stocks	Mortgages	Real estate	Policy loans	Miscellaneous assets	Total
2003	2,181,533	1,022,071	268,986	30,673	107,007	277,921	3,888,190
2004	2,347,322	1,179,397	282,534	31,005	108,658	303,470	4,252,385
2005	2,440,412	1,285,468	294,876	32,574	109,500	319,165	4,481,995
2006	2,461,479	1,530,892	313,741	33,096	112,914	370,701	4,822,824
2007	2,571,525	1,670,338	336,150	34,943	116,633	361,997	5,091,586
2008	2,602,753	1,135,797	352,676	32,497	122,485	401,938	4,648,147
2009	2,581,575	1,385,923	336,316	27,714	123,283	503,884	4,958,693
2010	2,744,758	1,570,225	326,988	27,851	126,821	514,561	5,311,204
2011	2,877,492	1,546,085	342,831	28,909	129,333	568,008	5,492,658
2012	2,935,705	1,725,259	354,053	30,559	130,715	601,129	5,777,420
2013	3,000,116	2,003,944	373,716	31,285	131,672	609,567	6,150,300
2014	3,107,150	2,072,474	395,079	31,511	133,350	666,396	6,405,961
2015	3,201,985	2,000,887	437,171	44,471	134,713	658,592	6,477,819
2016	3,347,615	2,055,574	472,104	46,925	134,593	715,205	6,772,014
2017	3,479,586	2,261,700	513,551	42,718	136,542	749,275	7,183,372
2018	3,492,759	1,999,630	564,839	38,551	136,704	760,311	6,992,794
2019	3,637,843	2,297,819	615,383	41,552	133,902	840,699	7,567,199

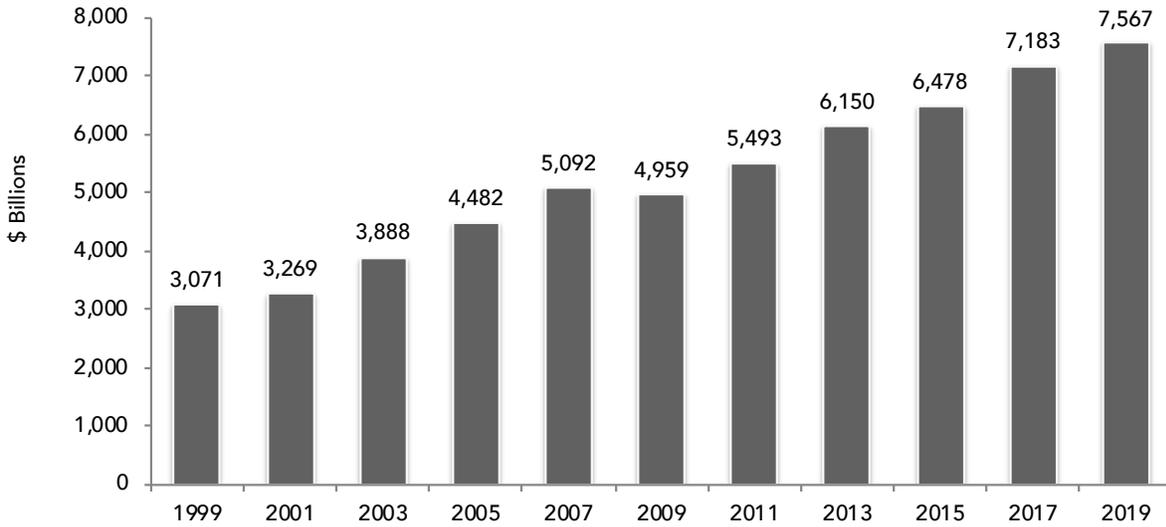
Source: ACLI tabulations of National Association of Insurance Commissioners (NAIC) data, used by permission.

Notes: NAIC does not endorse any analysis or conclusions based on use of its data. Beginning with 1962, data include assets in separate accounts. Data represents U.S. life insurers and, as of 2003, fraternal benefit societies.

*Excludes an estimated \$600 million of securitized policy loans.

Figure 2.1

Growth of Life Insurer Assets

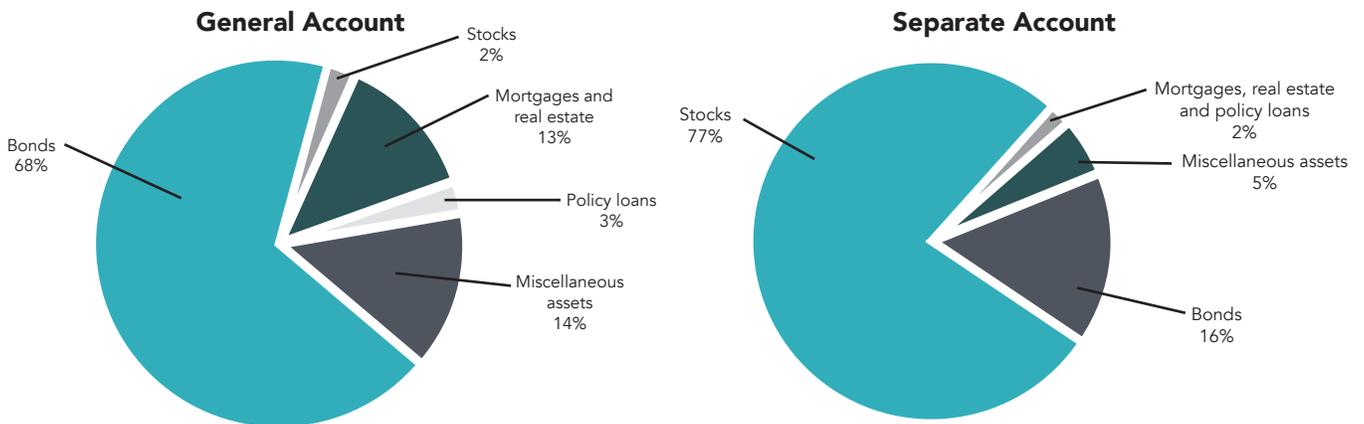


Source: ACLI tabulations of National Association of Insurance Commissioners (NAIC) data, used by permission.

Notes: NAIC does not endorse any analysis or conclusions based on use of its data. Data represent U.S. life insurers and, as of 2003, fraternal benefit societies.

Figure 2.2

Asset Distribution of Life Insurers, 2019

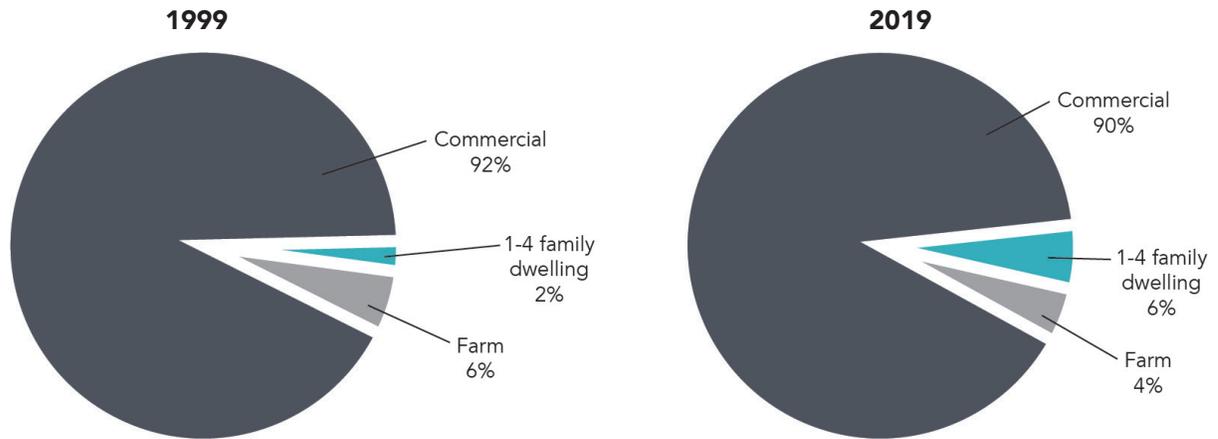


Source: ACLI tabulations of National Association of Insurance Commissioners (NAIC) data, used by permission.

Notes: NAIC does not endorse any analysis or conclusions based on use of its data. Data represent U.S. life insurers and fraternal benefit societies.

Figure 2.3

Mortgages Held by Life Insurers, by Type

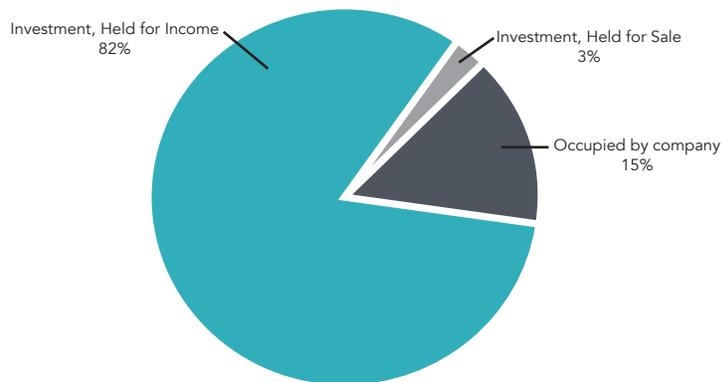


Source: ACLI tabulations of National Association of Insurance Commissioners (NAIC) data, used by permission.

Notes: NAIC does not endorse any analysis or conclusions based on use of its data. Data represent U.S. life insurers, and for 2019, fraternal benefit societies.

Figure 2.4

Real Estate Owned by Life Insurers, 2019



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. Data represent U.S. life insurers and fraternal benefit societies.

3

LIABILITIES

The liabilities of U.S. life insurers primarily comprise the reserves held by each insurer to back its obligations to policyholders and their beneficiaries. Of the many different kinds of reserves, policy and asset fluctuation reserves are the most important. Liabilities also include small amounts of other funds and obligations.

Based on standard accounting principles applied to all businesses, total liabilities plus the company's net value must equal its total assets. Net value is a company's surplus plus its capital stock and is available to support policyholder claims if necessary.

POLICY RESERVES

Policy reserves concern an insurer's obligation to its customers arising from its product in force. State law requires each company to maintain its policy reserves at a level that will assure payment of all policy obligations as they fall due. That level is calculated on an actuarial basis, taking into account funds from future premium payments, assumed future interest earnings, and expected mortality experience. At the end of 2019, policy reserves of U.S. life insurers totaled \$5.8 trillion, 7.7 percent higher than 2018 (Table 3.1).

Policy reserves are held and identified for each type of business conducted by a life insurer:

- Life insurance policies
- Annuities and supplementary contracts
- Health insurance policies

The composition of life insurer policy reserves has changed over the years, reflecting a shift in the basic types of business undertaken. Annuity contract reserves now account for a larger proportion of total policy reserves, while reserves set aside for life insurance policies have a lesser share.

In 2019, reserves for life insurance comprised 29 percent of total policy reserves, at \$1.7 trillion (Figure 3.2, Table 3.2). This proportion has shrunk from 1980, when life insurance products commanded 51 percent of total reserves (Table 3.7). In 2019, these reserves consisted of \$1.5 trillion for individual life policies, \$179 billion for group policies, and less than \$1 billion for credit life policies (Table 3.2).

By contrast, reserves for annuities and supplementary contracts climbed to two-thirds of total reserves in 2019 (67%), or \$3.9 trillion, from 46 percent in 1980.

Much of the increase reflects the strong growth in retirement plans administered by life insurers.

In 2019, annuity reserves consisted of \$2.7 trillion for individual annuities, up 9.2 percent from 2018, and \$1.2 trillion for group annuities, also up 9.2 percent. General account annuity reserves increased 3.8 percent and separate account annuity reserves rose 14 percent (Table 3.2).

Reserves held under supplementary contracts with life contingencies in 2019 totaled \$26 billion, and for health insurance policies, \$257 billion.

DEPOSIT-TYPE CONTRACTS

Contracts issued by life insurers that do not incorporate mortality or morbidity risks are known as deposit-type contracts. Benefit payments under these contracts are not contingent upon death or disability as they are in life and disability insurance contracts, or upon continued survival as they are in annuity contracts. Categories of deposit-type contracts, as defined by the National Association of Insurance Commissioners (NAIC), include GICs, supplementary contracts without life contingencies, annuities certain, premium and other deposit funds, dividend and coupon accumulations, lottery payouts, and structured settlements.

Under codified statutory accounting practices implemented in 2001, cash inflows and outflows on deposit-type contracts are no longer reported as income and expenditure. Instead, they are recorded directly as increasing or decreasing reserves. During 2019, \$250 billion was deposited to these contracts and \$249 billion was withdrawn, with a total reserve of \$572 billion at year's end (Table 3.3).

In 2019, premium and other deposit funds remained the largest category of the deposit-type business with \$148 billion in deposits, \$143 billion in payments, and \$248 billion in reserve at year-end. GICs received \$81 billion from policyholders and paid out \$83 billion in 2019, leaving a reserve of \$208 billion at year's end.

ASSET FLUCTUATION RESERVES

Besides policy reserves, insurers are required to establish two statutory reserves to absorb gains and losses in their invested assets.

The asset valuation reserve (AVR) absorbs both realized and unrealized, credit-related capital gains and losses. The AVR consists of a default component, which provides for credit-related losses on fixed-income assets, and an equity component, which provides for all types of equity investments.

The interest maintenance reserve (IMR) captures all realized, interest-related capital gains and losses on fixed-income assets. The IMR amortizes these gains and losses into income over the remaining life of the investments sold.

In 2019, the industry's total AVR increased 27.6 percent to \$72 billion, and its IMR increased 16.7 percent to \$24 billion (Table 3.1).

OTHER LIABILITIES

In addition to reserves, other liability funds of U.S. life insurers at the end of 2019 included \$52 billion in policy and contract claims; \$18 billion set aside for the following year's dividend payments to policyholders; and \$573 billion for liabilities not directly allocable to policyholders—incurred expenses, mandatory reserves for fluctuations in security values, and insurance

premiums paid in advance, for example (Table 3.1).

SURPLUS FUNDS AND CAPITAL STOCK

Surplus and capital amounted to \$441 billion for U.S. life insurers at the end of 2019 (Table 3.1). Surplus funds provide extra reserve safeguards for such contingencies as an unexpected rise in death rates among policyholders, unusual changes in the value of securities, and general protection for policy obligations. Several factors influence the amount of surplus that a life insurer retains, including company size, kinds of insurance written, mortality experience, general business conditions, and government regulation. Capital refers to the total par value of shares of the companies' capital stock.

CAPITAL RATIOS

One measure of the adequacy of a life insurer's surplus is its capital ratio: surplus funds plus capital stock plus AVR as a percentage of general account assets. Theoretically, the higher the capital ratio, the better a company is able to withstand adverse investment and mortality experience. However, the type of company and the distribution of its book of business can make comparisons among companies and with an industry wide average much less meaningful. In 2019, the aggregate capital ratio of U.S. life insurers was 10.8 percent (Table 3.4).

Life insurance regulators created the risk-based capital (RBC) ratio to monitor life insurance company solvency. Risk-based capital, calculated according to an NAIC model law, is considered the minimum amount of capital an insurer needs to avoid triggering regulatory action. The RBC ratio is total adjusted capital divided by risk-based capital, for a threshold ratio of 100 percent. The ratio provides a means for

evaluating the adequacy of an insurer's capital relative to the risks inherent in the insurer's operations.

From 1993 when life insurers began reporting risk-based capital, the average RBC ratio rose steadily to a plateau of 290 percent in 1997, which remained unbroken until 2001. That year, the ratio jumped to 346 percent, mainly due to two changes enacted by NAIC: accounting codification and an adjusted RBC formula that reflects changed risks for assets. The ratio reached its peak of 489 percent in 2014 and declined until it reached 424 in 2018. From 2018 to 2019, the ratio increased 9 percentage points to 433 (Table 3.5).

Most companies have an RBC ratio well above the regulatory minimum level of 100 percent. By year-end 2019, 708 companies, or 94.5 percent of life insurers, had a ratio of 200 percent or more. These companies carried 99.1 percent of the industry's total assets.

Table 3.1

Liabilities and Surplus Funds of Life Insurers

	General account (millions)			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
Reserves					
Policy reserves	\$2,373,867	\$3,148,207	\$3,253,453	3.2	3.3
Other reserves					
Liabilities for deposit-type contracts	288,533	330,214	348,561	1.9	5.6
Asset valuation reserve (AVR)	20,667	56,342	71,899	13.3	27.6
Policy and contract claims	42,358	49,472	51,666	2.0	4.4
Funds set aside for policyholder dividends	17,591	18,162	18,317	0.4	0.9
Interest maintenance reserve (IMR)	10,789	20,445	23,849	8.3	16.6
Miscellaneous reserves ¹	16,652	29,268	27,862	5.3	-4.8
Total other reserves	396,590	503,902	542,153	3.2	7.6
Total reserves	2,770,456	3,652,109	3,795,607	3.2	3.9
Non-reserve liabilities	255,813	432,688	499,824	6.9	15.5
Total liabilities	3,026,270	4,084,797	4,295,431	3.6	5.2
Capital and surplus	297,992	415,496	438,381	3.9	5.5
Total liabilities and surplus funds	3,324,262	4,500,293	4,733,812	3.6	5.2

	Separate account (millions)			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
Reserves					
Policy reserves	\$1,438,384	\$2,227,149	\$2,534,272	5.8	13.8
Other reserves					
Liabilities for deposit-type contracts	127,945	194,023	223,020	5.7	14.9
Interest maintenance reserve (IMR)	119	-111	-124	NC	11.5
Total other reserves	128,064	193,912	222,895	5.7	14.9
Total reserves	1,566,448	2,421,061	2,757,167	5.8	13.9
Non-reserve liabilities	64,754	68,247	73,274	1.2	7.4
Total liabilities	1,631,202	2,489,308	2,830,441	5.7	13.7
Surplus	3,229	3,192	2,946	-0.9	-7.7
Total liabilities and surplus funds	1,634,432	2,492,500	2,833,387	5.7	13.7

Table 3.1, continued

Liabilities and Surplus Funds of Life Insurers, continued

	Combined account (millions)			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
Reserves					
Policy reserves	\$3,812,251	\$5,375,356	\$5,787,725	4.3	7.7
Other reserves					
Liabilities for deposit-type contracts	416,478	524,237	571,580	3.2	9.0
Asset valuation reserve (AVR)	20,667	56,342	71,899	13.3	27.6
Policy and contract claims	42,358	49,472	51,666	2.0	4.4
Funds set aside for policyholder dividends	17,591	18,162	18,317	0.4	0.9
Interest maintenance reserve (IMR)	10,908	20,334	23,725	8.1	16.7
Miscellaneous reserves ¹	16,652	29,268	27,862	5.3	-4.8
Total other reserves	524,654	697,814	765,049	3.8	9.6
Total reserves	4,336,905	6,073,170	6,552,774	4.2	7.9
Non-reserve liabilities	320,568	500,935	573,098	6.0	14.4
Total liabilities	4,657,472	6,574,105	7,125,872	4.3	8.4
Capital and surplus	301,221	418,688	441,327	3.9	5.4
Total liabilities and surplus funds	4,958,693	6,992,794	7,567,199	4.3	8.2

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. Data represent U.S. life insurers and fraternal benefit societies.

NC: Not calculated

¹ Includes insurance premiums paid in advance. The amount previously was included in non-reserve liabilities.

Table 3.2

Policy Reserves of Life Insurers, by Line of Business

	General account (millions)			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
Life insurance					
Individual	\$901,014	\$1,155,644	\$1,201,028	2.9	3.9
Group	52,018	69,894	57,778	1.1	-17.3
Credit	969	531	571	-5.2	7.6
Total	954,001	1,226,068	1,259,377	2.8	2.7
Annuities					
Individual	901,716	1,253,281	1,303,681	3.8	4.0
Group	308,836	404,618	417,569	3.1	3.2
Supplementary contracts with life contingencies	15,316	23,845	24,327	4.7	2.0
Total	1,225,868	1,681,744	1,745,576	3.6	3.8
Health insurance					
Total	193,998	240,395	248,500	2.5	3.4
Aggregate total	2,373,867	3,148,207	3,253,453	3.2	3.3
	Separate account (millions)			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
Life insurance					
Individual	\$142,479	\$236,466	\$270,249	6.6	14.3
Group	81,809	111,313	120,765	4.0	8.5
Total	224,289	347,778	391,013	5.7	12.4
Annuities					
Individual	722,048	1,196,038	1,371,763	6.6	14.7
Group	489,152	674,744	760,967	4.5	12.8
Supplementary contracts with life contingencies	761	1,563	1,760	8.7	12.7
Total	1,211,962	1,872,344	2,134,490	5.8	14.0
Health insurance					
Total	2,133	7,027	8,768	15.2	24.8
Aggregate total	1,438,384	2,227,149	2,534,272	5.8	13.8

Table 3.2, continued

Policy Reserves of Life Insurers, by Line of Business, continued

	Combined account (millions)			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
Life insurance					
Individual	\$1,043,493	\$1,392,110	\$1,471,277	3.5	5.7
Group	133,828	181,206	178,542	2.9	-1.5
Credit	969	531	571	-5.2	7.6
Total	1,178,290	1,573,847	1,650,390	3.4	4.9
Annuities					
Individual	1,623,764	2,449,318	2,675,444	5.1	9.2
Group	797,989	1,079,362	1,178,535	4.0	9.2
Supplementary contracts with life contingencies	16,077	25,407	26,087	5.0	2.7
Total	2,437,830	3,554,088	3,880,067	4.8	9.2
Health insurance					
Total	196,131	247,422	257,269	2.8	4.0
Aggregate total	3,812,251	5,375,356	5,787,725	4.3	7.7

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. Data represent U.S. life insurers and fraternal benefit societies.

Table 3.3

Deposit-Type Contracts, 2019 (millions)			
	Deposits	Withdrawals	Reserves
General account			
Guaranteed interest contracts (GICs)	\$68,166	\$66,137	\$98,978
Annuities certain	6,947	6,907	44,222
Supplementary contracts			
without life contingencies	13,030	13,933	50,241
Dividend accumulations or refunds	786	1,829	15,202
Premium and other deposit funds	128,669	122,058	139,917
Total	217,598	210,863	348,561
Separate account			
Guaranteed interest contracts (GICs)	12,375	16,438	108,538
Annuities certain	624	442	1,298
Supplementary contracts			
without life contingencies	45	64	189
Dividend accumulations or refunds	0	87	4,899
Premium and other deposit funds	19,666	20,871	108,096
Total	32,711	37,902	223,020
Combined account			
Guaranteed interest contracts (GICs)	80,540	82,575	207,515
Annuities certain	7,571	7,349	45,520
Supplementary contracts			
without life contingencies	13,075	13,998	50,430
Dividend accumulations or refunds	786	1,916	20,102
Premium and other deposit funds	148,336	142,929	248,013
Total	250,309	248,765	571,580

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. Data represent U.S. life insurers and fraternal benefit societies.

Table 3.4

Capital Ratios of Life Insurers (percent)			
	2009	2018	2019
Including AVR	9.7	10.6	10.8
Excluding AVR	9.1	9.3	9.3

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. Capital ratio is equal to capital plus surplus plus the asset valuation reserve (AVR) divided by general account assets. Data represent U.S. life insurers and fraternal benefit societies.

Table 3.5

Levels of Risk-Based Capital Held by Life Insurers, 2009 - 2019

Risk-based capital ratio	Number of companies										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018*	2019*
200% or more	812	803	794	776	780	768	747	733	723	711	708
175 - 199	29	20	19	22	17	15	14	17	10	16	16
150 - 174	20	26	23	15	12	7	12	10	13	10	10
125 - 149	15	13	11	17	7	3	4	3	4	4	5
100 - 124	10	10	9	6	5	8	6	3	5	5	4
Less than 100%	19	11	10	8	7	5	9	10	6	9	6
Total	905	883	866	844	828	806	792	776	761	755	749
Average risk-based capital ratio	418%	450%	457%	466%	481%	489%	486%	480%	470%	424%	433%

Risk-based capital ratio	Percentage of companies (percent)										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018*	2019*
200% or more	89.7	90.9	91.7	91.9	94.2	95.3	94.3	94.5	95.0	94.2	94.5
175 - 199	3.2	2.3	2.2	2.6	2.1	1.9	1.8	2.2	1.3	2.1	2.1
150 - 174	2.2	2.9	2.7	1.8	1.4	0.9	1.5	1.3	1.7	1.3	1.3
125 - 149	1.7	1.5	1.3	2.0	0.8	0.4	0.5	0.4	0.5	0.5	0.7
100 - 124	1.1	1.1	1.0	0.7	0.6	1.0	0.8	0.4	0.7	0.7	0.5
Less than 100%	2.1	1.2	1.2	0.9	0.8	0.6	1.1	1.3	0.8	1.2	0.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Risk-based capital ratio	Distribution of total assets (percent)										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018*	2019*
200% or more	98.7	99.0	98.9	99.2	99.5	99.8	99.3	99.7	99.3	98.5	99.1
175 - 199	0.2	0.2	0.3	0.3	0.1	0.1	0.0	0.2	0.6	1.4	0.8
150 - 174	0.5	0.6	0.7	0.2	0.3	0.0	0.5	0.0	0.0	0.0	0.1
125 - 149	0.5	0.1	0.0	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.0
100 - 124	0.0	0.0	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Less than 100%	0.1	0.1	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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. Risk-based capital ratio is total adjusted capital divided by total risk-based capital. Data represent U.S. life insurers and fraternal benefit societies.

*The change in Risk-Based Capital ratio can be partly attributed to the 2017 Tax Cuts and Jobs Act.

Table 3.6

Life Insurers Policy Reserves for Accident and Health Contracts, by Line of Business

	2019	
	Amount (millions)	Percent distribution
Comprehensive	\$3,673	1.4
Medicare/Medicaid	2,340	0.9
Dental only	251	0.1
Vision only	48	0.0
Disability income	73,113	28.4
Long term care	147,283	57.2
Credit	928	0.4
Other	29,633	11.5
Total	257,269	100.0

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. Data represent U.S. life insurers and fraternal benefit societies.

Table 3.7

Life Insurers Policy Reserves, by Line of Business and Year (millions)

Year	Amount	Year	Amount	Year	Amount	Year	Amount
1890	\$670	1910	\$3,226	1925	\$9,927	1940	\$27,238
1900	1,443	1915	4,399	1930	16,231	1945	38,667
1905	2,295	1920	6,338	1935	20,404	1950	54,946

Table 3.7, continued

Life Insurers Policy Reserves, by Line of Business and Year (millions), continued

Year	Life insurance	Health insurance	Annuities ¹		Supplementary contracts ²	Total
			Individual	Group		
1955	\$54,588	\$575	*	\$13,216	\$6,980	\$75,359
1960	70,791	865	\$4,327	14,952	7,538	98,473
1965	90,795	1,432	5,028	22,187	8,178	127,620
1970	115,442	3,474	6,951	34,009	7,903	167,779
1975	150,063	6,293	12,442	59,907	8,411	237,116
1980	197,865	11,015	31,543	140,417	9,499	390,339
1985	235,854	18,805	96,969	303,021	10,653	665,302
1986	252,035	21,294	121,146	355,756	11,693	761,924
1987	276,404	23,994	156,135	392,540	13,060	862,133
1988	299,901	26,852	193,820	433,889	14,501	968,963
1989	324,178	29,855	239,593	473,934	16,118	1,083,678
1990	348,774	33,448	282,129	515,794	16,822	1,196,967
1991	372,082	38,225	328,325	548,191	17,955	1,304,778
1992	402,413	45,159	380,677	559,774	19,068	1,407,091
1993	436,293	51,386	439,390	601,836	20,898	1,549,803
1994	468,469	58,019	482,172	612,394	22,989	1,644,043
1995	511,021	63,233	594,147	618,666	25,258	1,812,325
1996	556,133	69,567	622,012	690,482	27,596	1,965,790
1997	606,260	74,902	693,011	761,951	28,435	2,164,559
1998	655,983	82,020	763,329	845,164	30,952	2,377,449
1999	705,226	91,662	873,519	907,181	32,338	2,609,926
2000	741,603	95,704	880,874	960,128	33,542	2,711,851
2001	815,544	100,706	944,961	571,451	13,309	2,445,972
2002	832,927	110,768	980,065	569,856	13,699	2,507,314
2003	921,142	123,451	1,172,623	662,474	15,315	2,895,003
2004	987,568	133,641	1,311,552	712,149	15,587	3,160,497
2005	1,029,486	140,895	1,415,104	758,484	15,847	3,359,815
2006	1,109,868	153,104	1,521,074	806,944	16,753	3,607,743
2007	1,148,256	166,148	1,615,276	843,146	17,819	3,790,645
2008	1,134,470	186,105	1,421,597	715,587	13,107	3,470,867
2009	1,178,290	196,131	1,623,764	797,989	16,077	3,812,251
2010	1,223,899	213,896	1,779,931	863,100	16,761	4,097,587
2011	1,285,684	229,459	1,840,174	871,126	18,008	4,244,451
2012	1,302,046	227,521	1,942,530	958,095	19,239	4,449,433
2013	1,365,035	228,227	2,137,385	1,028,743	20,344	4,779,735

Table 3.7, continued

Life Insurers Policy Reserves, by Line of Business and Year (millions), continued

Year	Life insurance	Health insurance	Annuities ¹		Supplementary contracts ²	Total
			Individual	Group		
2014	1,422,537	233,867	2,227,842	1,049,840	21,637	4,955,724
2015	1,462,842	242,231	2,276,004	1,021,589	22,582	5,025,249
2016	1,500,319	264,489	2,390,559	1,053,070	23,234	5,231,672
2017	1,562,691	278,501	2,548,346	1,128,756	23,781	5,542,077
2018	1,573,847	247,422	2,449,318	1,079,362	25,407	5,375,356
2019	1,650,390	257,269	2,675,444	1,178,535	26,087	5,787,725

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. Before 1947, the business of health insurance departments of life insurers was not included in this series. Codification effective with 2001 Annual Statement filings changed the reporting of annuities.

Data represent U.S. life insurers and, as of 2003, fraternal benefit societies.

* Included with group annuities.

¹ Beginning in 2001, excludes reserves for guaranteed interest contracts (GICs). Figures for GICs are shown in Table 3.3.

² Beginning in 2001, includes reserves for supplementary contracts with life contingencies; reserves for supplementary contracts without life contingencies are included in liabilities for deposit-type contracts in Table 3.3.

Table 3.8

Life Insurance Policy Reserves, by Type and Year (millions)				
Year	Individual	Group	Credit	Total
1956	\$56,875	\$787	--	\$57,662
1960	69,524	1,267	--	70,791
1965	88,784	2,011	--	90,795
1970	112,349	3,093	--	115,442
1975	144,368	4,995	\$700	150,063
1980	187,872	8,818	1,175	197,865
1981	196,407	9,379	1,200	206,986
1982	202,789	9,766	1,228	213,783
1983	209,466	10,148	1,354	220,968
1984	215,309	9,111	1,484	225,904
1985	224,204	9,927	1,723	235,854
1986	239,295	10,770	1,970	252,035
1987	263,515	10,559	2,330	276,404
1988	285,853	11,581	2,467	299,901
1989	309,168	12,569	2,441	324,178
1990	332,808	13,506	2,460	348,774
1991	355,719	13,950	2,413	372,082
1992	381,323	18,684	2,406	402,413
1993	412,542	21,336	2,415	436,293
1994	441,894	23,911	2,664	468,469
1995	480,967	27,342	2,712	511,021
1996	523,901	29,396	2,836	556,133
1997	565,601	37,787	2,872	606,260
1998	608,283	44,515	3,184	655,983
1999	645,499	56,426	3,302	705,226
2000	679,546	58,493	3,564	741,603
2001	720,583	91,563	3,398	815,544
2002	746,383	83,742	2,802	832,927
2003	827,892	91,049	2,200	921,142
2004	881,817	103,931	1,820	987,568
2005	923,429	104,463	1,594	1,029,486
2006	988,620	119,841	1,407	1,109,868
2007	1,011,179	135,733	1,343	1,148,256
2008	999,991	133,291	1,189	1,134,470
2009	1,043,493	133,828	969	1,178,290
2010	1,083,731	139,360	807	1,223,899

Table 3.8, continued

Life Insurance Policy Reserves, by Type and Year (millions), continued				
Year	Individual	Group	Credit	Total
2011	1,141,356	143,661	667	1,285,684
2012	1,148,376	153,034	637	1,302,046
2013	1,197,727	166,687	620	1,365,035
2014	1,246,789	175,127	621	1,422,537
2015	1,292,526	169,683	634	1,462,842
2016	1,319,065	180,687	567	1,500,319
2017	1,383,172	179,010	510	1,562,691
2018	1,392,110	181,206	531	1,573,847
2019	1,471,277	178,542	571	1,650,390

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. Credit life insurance is limited to insurance on loans of 10 years' or less duration. Prior to 1973, all credit insurance was included in the individual and group categories. Data represent U.S. life insurers and, as of 2003, fraternal benefit societies.

Table 3.9

Life Insurer Liabilities and Surplus Funds, by Year (millions)

Year	Policy reserves	Liabilities for deposit-type contracts¹	Funds set aside for policy dividends	Other obligations	Policy and contract claims²	Mandatory securities or asset valuation reserves³	Interest maintenance reserve	Capital and surplus funds	Total
1952	\$62,579	\$1,675	\$841	\$3,024	--	NA	--	\$5,256	\$73,375
1955	75,359	2,239	1,201	3,562	--	\$1,063	--	7,008	90,432
1960	98,473	3,381	1,780	4,851	--	1,417	--	9,674	119,576
1965	127,620	4,326	2,647	7,295	--	3,160	--	13,836	158,884
1970	167,779	6,068	3,540	10,295	--	2,249	--	17,323	207,254
1975	237,116	8,814	4,875	16,241	--	1,695	--	20,563	289,304
1980	390,339	12,727	7,659	27,701	--	6,426	--	34,358	479,210
1985	665,302	14,638	11,710	66,932	--	10,539	--	56,780	825,901
1986	761,924	15,174	11,704	69,270	--	15,330	--	64,149	937,551
1987	862,133	15,837	12,043	71,063	--	16,013	--	67,370	1,044,459
1988	968,963	16,601	12,478	75,939	--	17,939	--	74,950	1,166,870
1989	1,083,678	17,278	13,373	82,306	--	19,438	--	83,683	1,299,756
1990	1,196,967	18,000	13,921	73,164	--	14,783	--	91,373	1,408,208
1991	1,304,778	18,531	13,196	89,804	--	18,854	--	106,038	1,551,201
1992	1,407,091	19,189	13,102	85,212	--	20,801	\$3,899	115,237	1,664,531
1993	1,549,803	19,619	13,172	72,525	\$20,680	25,063	10,245	128,020	1,839,127
1994	1,644,043	19,702	13,150	74,646	21,993	25,010	6,988	136,741	1,942,273
1995	1,812,325	19,950	13,739	83,923	23,987	29,676	9,000	150,944	2,143,544
1996	1,965,790	20,441	14,863	111,629	25,399	33,202	9,360	147,240	2,327,924
1997	2,164,559	20,456	16,197	141,042	29,181	36,159	11,398	160,086	2,579,078
1998	2,377,449	20,520	16,831	155,266	31,309	37,882	14,567	172,695	2,826,520
1999	2,609,920	20,808	17,356	157,860	31,096	40,089	12,275	181,248	3,070,653
2000	2,711,851	21,149	18,137	162,300	33,161	37,893	8,746	188,499	3,181,736
2001	2,445,972	337,713	18,689	201,087	35,721	30,603	8,507	190,727	3,269,019
2002	2,507,314	363,514	18,489	220,160	35,043	22,851	10,310	202,318	3,380,000
2003	2,895,003	410,554	18,825	251,209	37,202	29,187	14,890	231,321	3,888,190
2004	3,160,497	445,431	18,416	287,629	37,880	35,125	17,764	249,643	4,252,386
2005	3,359,815	456,325	18,810	300,912	36,719	37,832	17,011	254,572	4,481,995
2006	3,607,743	487,490	19,494	345,648	39,361	43,389	13,827	265,872	4,822,824
2007	3,790,645	516,905	20,134	383,090	41,120	45,913	11,948	281,831	5,091,586
2008	3,470,867	453,860	18,582	368,303	42,493	21,243	9,521	263,278	4,648,147
2009	3,812,251	416,478	17,591	337,219	42,358	20,667	10,908	301,221	4,958,693
2010	4,097,587	420,494	17,356	367,469	42,106	31,340	16,133	318,720	5,311,204
2011	4,244,451	413,044	17,328	392,148	43,607	39,725	21,230	321,126	5,492,658

Table 3.9

Life Insurer Liabilities and Surplus Funds, by Year (millions)

Year	Policy reserves	Liabilities for deposit-type contracts¹	Funds set aside for policy dividends	Other obligations	Policy and contract claims²	Mandatory securities or asset valuation reserves³	Interest maintenance reserve	Capital and surplus funds	Total
2012	4,449,433	430,531	17,150	424,835	43,281	45,411	26,339	340,442	5,777,420
2013	4,779,735	450,448	17,603	436,347	43,425	48,365	26,509	347,868	6,150,300
2014	4,955,724	468,150	18,153	472,516	43,463	52,862	26,938	368,155	6,405,961
2015	5,025,249	470,429	18,494	463,235	44,121	49,489	23,935	382,867	6,477,819
2016	5,231,672	495,471	17,942	507,710	45,795	51,514	23,702	398,209	6,772,014
2017	5,542,077	530,434	17,727	549,041	48,489	57,393	25,280	412,931	7,183,372
2018	5,375,356	524,237	18,162	530,203	49,472	56,342	20,334	418,688	6,992,794
2019	5,787,725	571,580	18,317	600,960	51,666	71,899	23,725	441,327	7,567,199

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 annuities and deposit-type funds, as explained in footnotes. Data represent U.S. life insurers and, as of 2003, fraternal benefit societies.

NA: Not available

¹ Prior to 2001, represents policyholder dividend accumulations. Beginning in 2001, includes liabilities for guaranteed interest contracts, supplementary contracts without life contingencies, policyholder dividend accumulations, and premium and other deposits.

² Prior to 1993, included with other obligations.

³ Beginning in 1992, asset valuation reserve replaced mandatory securities valuation reserve.

Table 3.10

Capital Ratios of Life Insurers, by Year (percent)

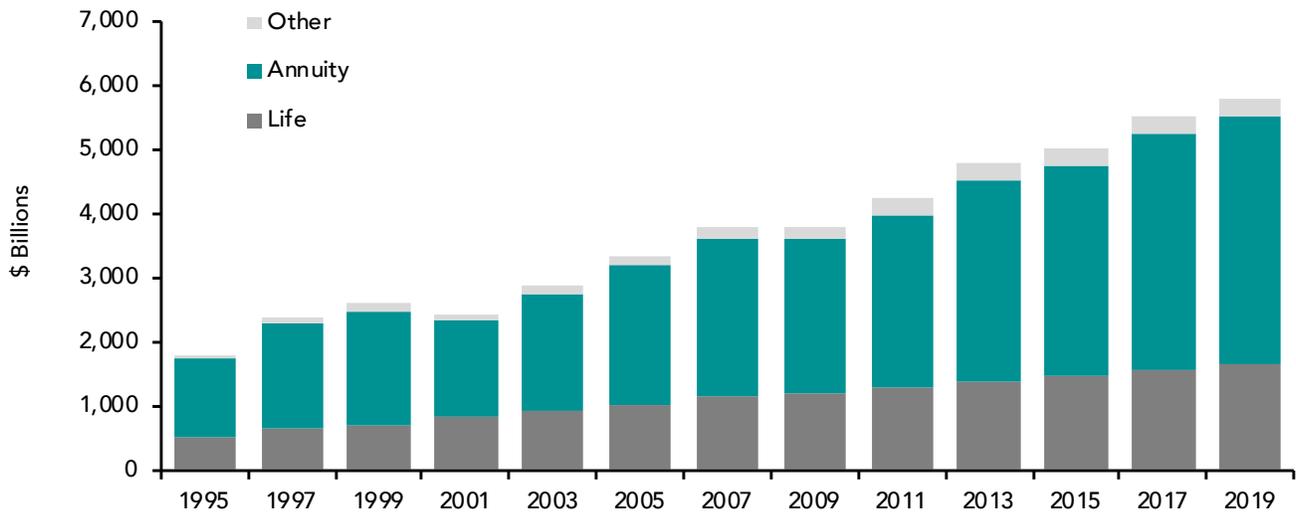
Year	Including MSVR/AVR	Excluding MSVR/AVR	Year	Including MSVR/AVR	Excluding MSVR/AVR
1970	9.7	8.6	2003	9.6	8.5
1975	8.1	7.4	2004	9.8	8.6
1980	9.2	7.7	2005	9.7	8.5
1985	9.1	7.7	2006	10.0	8.6
1990	8.5	7.3	2007	10.3	8.9
1991	9.3	7.9	2008	8.7	8.1
1992	9.6	8.1	2009	9.7	9.1
1993	10.0	8.4	2010	10.1	9.2
1994	10.2	8.6	2011	9.9	8.8
1995	10.7	9.0	2012	10.4	9.2
1996	11.9	10.0	2013	10.4	9.2
1997	10.6	8.7	2014	10.6	9.3
1998	11.0	9.0	2015	10.7	9.5
1999	11.1	9.1	2016	10.6	9.4
2000	11.1	9.2	2017	10.6	9.3
2001	10.1	8.7	2018	10.6	9.3
2002	9.3	8.4	2019	10.8	9.3

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. Capital ratio is equal to capital plus surplus plus the asset valuation reserve (AVR), or mandatory securities valuation reserve (MSVR) prior to 1992, divided by general account assets. Data represent U.S. life insurers and, as of 2003, fraternal benefit societies.

Figure 3.1

Growth of Life Insurers' Policy Reserves

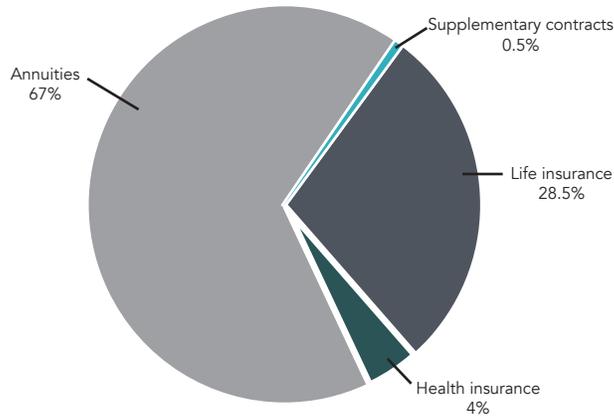


Source: ACLI tabulations of National Association of Insurance Commissioners (NAIC) data, used by permission.

Notes: NAIC does not endorse any analysis or conclusions based on use of its data. Data represent U.S. life insurers and, as of 2003, fraternal benefit societies.

Figure 3.2

Distribution of Life Insurers' Policy Reserves, 2019



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. Data represent U.S. life insurers and fraternal benefit societies.

4

INCOME

The gross income of life insurance companies comes from two main sources: premiums paid by policyholders and earnings on investments. In 2019, total income of all U.S. life insurers increased 8.5 percent to \$1.1 trillion (Table 4.1). Insurance premiums and annuity considerations contributed 63 percent of total income. Investment earnings contributed 29 percent. The remainder of gross income came from amortization of interest maintenance reserve, commissions and expense allowance on reinsurance ceded, and miscellaneous income.

Under statutory accounting rules, net gain from (insurance) operations is calculated prior to net income. Net gain from operations equals gross income minus operating expenditures, policyholder dividends, and federal income taxes. Capital gains, net of tax, are then added to net gain from operations to calculate (after tax) net income.

PREMIUM INCOME

Premium receipts - derived from sales of life insurance, health insurance, and annuities - increased 12.6 percent to \$692 billion in 2019 (Table 4.2).

The mix of premiums from life insurance and annuity considerations has changed markedly over time. Prior to 1986, premium receipts from life policies were greater than annuity considerations, but starting in 1986, annuity premiums have exceeded life insurance premiums (Table 4.10). By 2019, life policies accounted for nearly a quarter of premium receipts (23%), while annuity considerations contributed a half (50%) (Figure 4.1).

Premiums for life insurance policies totaled \$157 billion in 2019, a 4.3 percent increase from the previous year (Table 4.2). Individual policy premiums accounted for the largest share at \$126 billion, or 80 percent. Most were renewals, representing \$87 billion, or 69 percent, of individual premiums (Table 4.3). Group insurance was the second-largest contributor to life insurance premiums at \$30 billion, or 19 percent of the total (Table 4.2). Again, renewals constituted the largest portion at \$26 billion, or 84 percent, of all group premiums (Table 4.3). Credit life provided \$671 million of all life insurance premiums (Table 4.2). Americans spent 0.94 percent of total disposable (after-tax) personal income on direct individual life insurance in 2019 (Table 4.5).

Annuity considerations increased 24.4 percent in 2019 to \$347 billion (Table 4.2). Individual annuities provided \$204 billion in premium receipts, increasing 32.1 percent from 2018. Of individual annuity considerations, first-year annuity considerations constitute the largest share of this category at \$96 billion, or 47 percent, while group considerations counted renewals as the largest contributor with \$90 billion, or 63 percent (Table 4.4). Direct individual annuity considerations amounted to 1.38 percent of disposable personal income in 2019 (Table 4.5).

Premiums for accident and health insurance increased 1.4 percent to \$188 billion in 2019 with group premiums being the largest portion at \$127 billion, up 3.7 percent from 2018 (Table 4.2). Individual accident and health premiums decreased 3 percent to \$61 billion, with the largest share at \$32 billion coming from guaranteed renewable contracts (Table 4.6).

INVESTMENT INCOME AND RATE OF RETURN

Net investment income of life insurance companies amounted to \$298 billion in 2019 (Table 4.7). The largest source of investment income was from bonds at \$153 billion, followed by common stock (\$95 billion) and mortgage loans (\$27 billion). Gross investment income increased 0.6 percent in 2019 to \$314 billion. Investment expenses, taxes, and deductions totaled \$16 billion, increasing 5.4 percent from the previous year.

As a way of tracking investment performance, life insurers routinely calculate their net rate of return on invested assets. The net rate of return on invested assets is determined by dividing net investment income by the two-year average of the net invested assets. The gross rate of return on total fixed income assets is

calculated by dividing the gross investment income on bonds by the average net investment in bonds.

In 2019, life insurers' net rate of return on total assets was 4.57 percent, down from 4.72 a year earlier (Table 4.8). This net rate is an annual average based on aggregates of all U.S. life insurance companies after investment expenses, but before federal income taxes. Excluding separate accounts, the portfolio net rate of return on general account assets was 4.58 percent in 2019, down from 4.75 percent in 2018.

The gross rate of return on fixed-income assets measures the return on bonds, preferred stocks, and mortgages. It does not account for depreciation or investment expenses and excludes equity investments (other than preferred stocks), avoiding the uneven treatment of gains in the numerator and denominator of net rate data.

Gross rate data apply to fixed-income assets of both general and separate accounts. The industry's gross rate on total fixed-income assets was 4.43 percent in 2019, up from 4.40 percent in 2018.

NET GAIN FROM OPERATIONS

Statutory accounting calculates net gain from (insurance) operations as gross income minus operating expenses, policyholder dividends, and federal income taxes (not including tax on capital gains, since capital gains are not included in gain from operations). Net gain from operations after federal income taxes increased 18.4 percent in 2019 to \$58 billion (Table 4.9). Net gains can be calculated separately for each major line of business. Net gains from annuities increased 41.7 percent to \$30 billion in 2019. The net gain from life insurance increased 13.3 percent to \$7 billion.

Table 4.1

Income of Life Insurers					
	Millions			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
Net Premiums and considerations					
Life insurance premiums	\$124,564	\$150,192	\$156,623	2.3	4.3
Annuity considerations	231,580	279,298	347,494	4.1	24.4
Health insurance premiums	166,164	185,446	188,088	1.2	1.4
Total	522,308	614,935	692,205	2.9	12.6
Investment income	211,650	312,524	314,493	4.0	0.6
Other income¹	47,468	80,763	87,660	6.3	8.5
Aggregate total	781,426	1,008,222	1,094,358	3.4	8.5

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. Data represent U.S. life insurers and fraternal benefit societies.

¹ Includes commissions and expense allowance on reinsurance ceded. Also, includes amortization of interest maintenance reserve. Premiums are net of reinsurance business and fluctuate with reinsurance activities as well as sale changes. Please see Chapter 6 for reinsurance business.

Table 4.2

Premium Receipts of Life Insurers					
	Millions			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
NET BUSINESS					
Life insurance premiums					
Individual	\$98,579	\$117,962	\$125,600	2.5	6.5
Group	25,143	31,603	30,352	1.9	-4.0
Credit	842	627	671	-2.2	7.0
Total	124,564	150,192	156,623	2.3	4.3
Annuity considerations					
Individual	128,853	154,660	204,309	4.7	32.1
Group	102,727	124,638	143,185	3.4	14.9
Total	231,580	279,298	347,494	4.1	24.4
Health insurance premiums					
Individual	75,404	62,529	60,644	-2.2	-3.0
Group	90,005	122,229	126,763	3.5	3.7
Credit	756	687	681	-1.0	-0.9
Total	166,164	185,446	188,088	1.2	1.4
Aggregate total	522,308	614,935	692,205	2.9	12.6
DIRECT BUSINESS					
Life insurance premiums					
Individual	\$124,619	\$146,856	\$153,734	2.1	4.7
Group	29,802	38,489	39,748	2.9	3.3
Credit	1,249	815	811	-4.2	-0.5
Total	155,669	186,161	194,293	2.2	4.4
Annuity considerations					
Individual	202,116	217,440	225,401	1.1	3.7
Group	108,216	146,170	148,120	3.2	1.3
Total	310,332	363,610	373,521	1.9	2.7
Health insurance premiums					
Individual	79,357	62,603	64,527	-2.0	3.1
Group	91,465	134,735	141,094	4.4	4.7
Credit	979	853	889	-1.0	4.3
Total	171,800	198,191	206,510	1.9	4.2
Aggregate total	637,801	747,962	774,324	2.0	3.5

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. Data represent U.S. life insurers and fraternal benefit societies. Differences between net and direct premiums are caused by reinsurance activities, as reported in Chapter 6.

Table 4.3

Individual and Group Life Insurance Net Premium Receipts, 2019 (millions)						
	Individual	Percent distribution	Group	Percent distribution	Total	Percent distribution
First-year	\$19,200	15.3	\$3,291	10.8	\$22,490	14.4
Single¹	19,437	15.5	1,435	4.7	20,872	13.4
Renewal	86,964	69.2	25,626	84.4	112,590	72.2
Aggregate total	125,600	100.0	30,352	100.0	155,952	100.0

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. Credit life premiums on loans of 10 years' or less duration are excluded. Data represent U.S. life insurers and fraternal benefit societies.

¹ Includes dividend additions, excess premiums beyond planned periodic premiums, and single-premium riders.

Premiums are net of reinsurance business and fluctuate with reinsurance activities as well as sale changes. Please see Chapter 6 for reinsurance business.

Table 4.4

Individual and Group Annuity Considerations, 2019 (millions)						
	Individual¹	Percent distribution	Group¹	Percent distribution	Total	Percent distribution
First-year	\$95,691	46.8	\$15,924	11.1	\$111,615	32.1
Single²	79,758	39.0	37,502	26.2	117,260	33.7
Renewal	28,860	14.1	89,759	62.7	118,618	34.1
Total	204,309	100.0	143,185	100.0	347,494	100.0

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. Data represent U.S. life insurers and fraternal benefit societies.

¹ Excludes certain deposit-type funds from income due to codification, and includes supplementary contracts with life contingencies. Also excludes reserves for supplementary contracts without life contingencies and annuities certain, lottery payouts, structured settlements, and income payout options.

² Includes supplementary contracts with life contingencies for individual annuity considerations.

Premiums are net of reinsurance business and fluctuate with reinsurance activities as well as sale changes. Please see Chapter 6 for reinsurance business.

Table 4.5

Individual Life Premiums and Annuity Considerations as Percentage of Disposable Personal Income

	Percent		
	2009	2018	2019
Individual			
Life premiums	1.14	0.99	0.94
Annuity considerations ¹	1.85	1.45	1.38
Total	3.00	2.44	2.32

Sources: U.S. Department of Commerce; 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. Data represent U.S. life insurers and fraternal benefit societies. U.S. Department of Commerce data from past years may be revised.

¹ Excludes certain deposit-type funds from income due to codification, and includes supplementary contracts with life contingencies. Also excludes reserves for supplementary contracts without life contingencies and annuities certain, lottery payouts, structured settlements, and income payout options.

Beginning with 2017 edition of Fact Book, data used in this table represent direct business. Prior editions of Fact Book used net business.

Table 4.6

Accident and Health Insurance Net Premium Receipts

	Millions			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
Group	\$90,005	\$122,229	\$126,763	3.5	3.7
Credit	756	687	681	-1.0	-0.9
Individual					
Collectively renewable	34	11	12	-10.1	3.1
Noncancelable	6,787	4,061	4,265	-4.5	5.0
Guaranteed renewable	33,247	37,951	31,817	-0.4	-16.2
Nonrenewable	5,641	1,517	1,616	-11.7	6.5
Other accident	10,872	6,102	5,638	-6.4	-7.6
All other	18,823	12,887	17,296	-0.8	34.2
Total	75,404	62,529	60,644	-2.2	-3.0
Aggregate total	166,164	185,446	188,088	1.2	1.4

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. Premium receipts are net of reinsurance. Data represent U.S. life insurers and fraternal benefit societies.

Premiums are net of reinsurance business and fluctuate with reinsurance activities as well as sale changes. Please see Chapter 6 for reinsurance business.

Table 4.7

Net Investment Income					
	Millions			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
Gross investment income					
Bonds	\$141,860	\$149,131	\$152,998	0.8	2.6
Preferred stock	790	745	756	-0.4	1.5
Common stock	31,251	96,731	95,347	11.8	-1.4
Mortgage loans	20,700	24,535	27,320	2.8	11.4
Real estate	4,200	4,710	4,555	0.8	-3.3
Contract loans	8,136	8,193	8,239	0.1	0.6
Cash/Short-term investments	914	2,894	3,800	15.3	31.3
Other invested assets	6,095	18,736	18,496	11.7	-1.3
Derivative instruments	-2,640	6,425	2,480	NC	-61.4
Other write-ins	344	424	502	3.9	18.4
Total	211,650	312,524	314,493	4.0	0.6
Expenses, taxes, and deductions	12,143	15,210	16,028	2.8	5.4
Net investment income	199,506	297,314	298,465	4.1	0.4

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

Notes: Data represent U.S. life insurers and fraternal benefit societies. NAIC does not endorse any analysis or conclusions based on use of its data.

NC: Not calculated.

Table 4.8

Rates of Return on Invested Assets of Life Insurers			
	Percent		
	2009	2018	2019
Net rate			
Total assets	4.60	4.72	4.57
General account only	5.25	4.75	4.58
Gross rate			
Total fixed-income assets	5.91	4.40	4.43

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. Data represent U.S. life insurers and fraternal benefit societies.

Table 4.9

Net Gain From Operations After Federal Income Taxes					
	Millions			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
Life insurance					
Individual	\$7,259	\$4,396	\$5,447	-2.8	23.9
Group	2,196	2,059	1,880	-1.5	-8.7
Credit	163	63	60	-9.5	-4.5
Total	9,618	6,518	7,387	-2.6	13.3
Annuities¹					
Individual	15,607	12,440	21,917	3.5	76.2
Group	11,716	8,936	8,364	-3.3	-6.4
Total	27,323	21,375	30,281	1.0	41.7
Accident and health					
Total	9,895	11,626	12,651	2.5	8.8
Other²					
Aggregate total	51,951	48,771	57,759	1.1	18.4

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. Net gain is calculated after dividends to policyholders and federal income taxes are deducted and before realized capitals gains or (losses) are added. Data represent U.S. life insurers and fraternal benefit societies.

¹Excludes certain deposit-type funds from income due to codification, and includes supplementary contracts with life contingencies. Also excludes reserves for supplementary contracts without life contingencies and annuities certain, lottery payouts, structured settlements, and income payout options.

²Includes lines of business other than life (e.g. workers compensation, aviation insurance, etc.).

Table 4.10

Income of Life Insurers, by Year (millions)

Year	Net Premium receipts				Investment income ¹	Other income ²	Total income
	Life insurance premiums	Annuity considerations	Health insurance premiums	Total premium receipts			
1911	\$626	\$4	--	\$630	\$182	\$24	\$836
1915	776	6	--	782	241	20	1,043
1920	1,374	7	--	1,381	341	42	1,764
1925	2,340	38	--	2,378	551	89	3,018
1930	3,416	101	--	3,517	891	186	4,594
1935	3,182	491	--	3,673	1,013	386	5,072
1940	3,501	386	--	3,887	1,231	540	5,658
1945	4,589	570	--	5,159	1,445	1,070	7,674
1950	6,249	939	\$1,001	8,189	2,075	1,073	11,337
1955	8,903	1,288	2,355	12,546	2,801	1,197	16,544
1960	11,998	1,341	4,026	17,365	4,304	1,338	23,007
1965	16,083	2,260	6,261	24,604	6,778	1,785	33,167
1970	21,679	3,721	11,367	36,767	10,144	2,143	49,054
1975	29,336	10,165	19,074	58,575	16,488	2,959	78,022
1980	40,829	22,429	29,366	92,624	33,928	4,336	130,888
1985	60,127	53,899	41,837	155,863	67,952	10,212	234,027
1990	76,692	129,064	58,254	264,010	111,853	26,337	402,200
1995	102,766	158,389	90,038	351,193	143,967	32,894	528,054
1996	107,598	178,416	92,183	378,197	152,700	30,190	561,087
1997	115,039	197,529	92,737	405,305	170,713	34,628	610,646
1998	119,897	229,493	94,881	444,271	176,801	42,311	663,383
1999	120,274	270,212	100,049	490,535	186,563	49,830	726,928
2000	130,616	306,693	105,619	542,928	220,862	47,679	811,469
2001	125,314	251,255 [^]	103,413	479,982	203,399	41,068	724,448
2002	134,483	269,296	108,703	512,482	180,855	40,676	734,013
2003	127,320	268,558	115,827	511,705	179,744	35,558	727,007
2004	139,691	276,677	125,752	542,120	186,827	27,863	756,810
2005	142,261	277,117	118,267	537,645	206,859	34,521	779,024
2006	149,223	302,727	141,198	593,149	239,669	50,779	883,597
2007	142,661	314,225	151,462	608,348	267,394	74,624	950,366
2008	147,182	328,135	165,034	640,350	260,123	40,166	940,638
2009	124,564	231,580	166,164	522,308	211,650	47,468	781,426
2010	104,648	293,622	172,717	570,987	212,841	78,741	862,570

Table 4.10, continued

Income of Life Insurers, by Year (millions), continued

Year	Net Premium receipts				Investment income ¹	Other income ²	Total income
	Life insurance premiums	Annuity considerations	Health insurance premiums	Total premium receipts			
2011	127,455	334,895	171,647	633,997	221,007	60,332	915,336
2012	135,392	348,095	172,300	655,788	228,084	68,483	952,355
2013	130,582	287,669	175,084	593,335	237,995	75,397	906,727
2014	138,308	361,586	158,391	658,285	267,486	73,579	999,351
2015	155,866	333,016	159,855	648,737	289,894	126,080	1,064,712
2016	119,334	326,795	164,002	610,131	279,101	96,614	985,845
2017	141,794	294,861	170,498	607,152	280,764	85,522	973,438
2018	150,192	279,298	185,446	614,935	312,524	80,763	1,008,222
2019	156,623	347,494	188,088	692,205	314,493	87,660	1,094,358

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 footnotes. Prior to 1947, the business of health insurance departments of life insurers was not included in this series. Data represent U.S. life insurers and, as of 2003, fraternal benefit societies.

^Beginning in 2001, excludes certain deposit-type funds from income due to codification.

¹ Beginning in 2000, represents gross investment income. Prior to 2000, figures are net of investment expenses.

² Beginning in 1975, includes commissions and expense allowance on reinsurance ceded. Beginning in 1992, includes amortization of the interest maintenance reserve.

Premiums are net of reinsurance business and fluctuate with reinsurance activities as well as sale changes. Please see Chapter 6 for reinsurance business.

Table 4.11

Individual Life Insurance Premium Receipts, by Year (millions)

Year	First-year	Single¹	Renewal	Total
1970	\$1,869	\$1,114	\$14,033	\$17,016
1975	2,705	1,505	18,125	22,335
1980	4,520	2,448	23,818	30,786
1981	5,927	2,486	27,283	35,696
1982	5,948	3,232	30,675	39,855
1983	6,910	4,221	27,913	39,044
1984	8,794	4,735	26,204	39,733
1985	10,858	6,941	29,202	47,001
1986	11,524	9,901	30,980	52,405
1987	12,484	15,610	34,584	62,678
1988	10,670	11,893	36,150	58,713
1989	10,658	8,800	38,716	58,174
1990	11,249	8,261	41,055	60,565
1991	11,398	8,445	43,521	63,364
1992	11,141	9,389	45,739	66,269
1993	13,314	11,447	50,570	75,331
1994	14,081	8,820	53,153	76,054
1995	12,081	9,945	56,453	78,479
1996	12,041	10,799	60,001	82,841
1997	14,592	11,999	60,846	87,437
1998	17,353	15,802	60,396	93,550
1999	16,784	13,540	63,029	93,354
2000	17,881	16,565	68,047	102,493
2001	17,849	19,145	58,432	95,426
2002	15,934	21,768	68,454	106,156
2003	14,650	20,463	62,795	97,907
2004	16,098	23,550	71,207	110,855
2005	16,680	25,363	69,873	111,915
2006	14,578	29,774	69,612	113,964
2007	14,145	40,291	49,044	103,479
2008	14,460	34,068	68,871	117,399
2009	12,395	17,930	68,253	98,579
2010	10,723	20,749	48,148	79,621
2011	18,150	19,740	62,874	100,763
2012	21,272	20,084	64,995	106,352
2013	17,796	13,244	72,171	103,210

Table 4.11, continued

Individual Life Insurance Premium Receipts, by Year (millions), continued				
Year	First-year	Single¹	Renewal	Total
2014	17,373	19,708	72,589	109,670
2015	16,359	19,815	88,327	124,501
2016	17,390	19,597	53,120	90,107
2017	16,984	19,584	75,507	112,075
2018	17,955	17,846	82,161	117,962
2019	19,200	19,437	86,964	125,600

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. 1969-72 data include credit life insurance premiums. Beginning with 1973, credit life premiums on loans of 10 years' or less in duration are excluded. Data represent U.S. life insurers and, as of 2003, fraternal benefit societies.

¹ Includes dividend additions, excess premiums beyond planned periodic premiums, and single-premium riders.

Premiums are net of reinsurance business and fluctuate with reinsurance activities as well as sale changes. Please see Chapter 6 for reinsurance business.

Table 4.12

Individual Annuity Considerations, by Year (millions)					
Year	First-year	Single	Renewal	Deposit-type funds¹	Total
1970	\$183	\$230	\$547	-	\$960
1975	728	808	1,128	-	2,664
1980	839	3,033	2,424	NA	6,296
1981	1,240	6,100	2,950	NA	10,290
1982	2,863	8,769	3,564	NA	15,196
1983	2,211	7,842	3,950	NA	14,003
1984	2,385	8,673	4,648	NA	15,706
1985	3,390	11,095	6,406	NA	20,891
1986	4,683	13,281	8,153	NA	26,117
1987	6,238	18,578	8,948	NA	33,764
1988	7,875	28,053	7,856	NA	43,784
1989	5,597	20,970	6,437	\$16,403	49,407
1990	6,080	22,777	6,992	17,817	53,665
1991	5,854	21,930	6,732	17,154	51,670
1992	6,775	21,964	7,378	25,232	61,348
1993	8,793	23,393	6,513	38,288	76,987
1994	8,263	22,901	6,448	43,221	80,832
1995	7,913	22,898	8,725	37,834	77,370
1996	9,727	19,802	6,461	48,077	84,067
1997	10,806	22,441	6,781	50,145	90,174
1998	11,092	17,129	7,179	60,047	95,446
1999	14,599	19,470	6,784	74,767	115,621
2000	15,050	27,022	7,480	90,099	139,651
2001*	51,576	63,078	27,002	NA	141,656
2002	64,731	75,412	28,291	NA	168,434
2003	61,439	75,410	24,855	NA	161,704
2004	60,568	86,383	25,188	NA	172,140
2005	66,771	78,354	21,907	NA	167,032
2006	81,923	77,193	27,967	NA	187,083
2007	92,395	71,268	28,841	NA	192,503
2008	89,758	94,111	25,097	NA	208,965
2009	93,919	19,331	15,603	NA	128,853
2010	100,286	61,164	28,496	NA	189,946
2011	120,303	60,168	37,366	NA	217,837
2012	107,865	53,941	27,452	NA	189,258
2013	110,625	61,068	7,885	NA	179,578

Table 4.12, continued

Individual Annuity Considerations, by Year (millions), continued						
Year	First-year	Single	Renewal	Deposit-type funds¹	Total	
2014	106,198	109,161	32,067	NA	247,426	
2015	99,914	69,903	39,096	NA	208,913	
2016	84,440	74,089	43,783	NA	202,312	
2017	79,375	67,178	18,237	NA	164,790	
2018	91,891	47,113	15,656	NA	154,660	
2019	95,691	79,758	28,860	NA	204,309	

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 footnotes. Data represent U.S. life insurers and, as of 2003, fraternal benefit societies.

NA: Not available.

*Certain deposit-type funds are excluded from income under codification, making data after 2000 incomparable.

¹First included in annual statements for 1978 and divided into first-year, single, and renewal annuity considerations through 1988.

Premiums are net of reinsurance business and fluctuate with reinsurance activities as well as sale changes. Please see Chapter 6 for reinsurance business.

Table 4.13

Rates of Return on Invested Assets of Life Insurers, by Year (percent)

Year	Net rate		Gross rate
	Total assets	General account only	Total fixed-income assets
1920	4.83	NA	NA
1925	5.11	NA	NA
1930	5.05	NA	NA
1935	3.70	NA	NA
1940	3.45	NA	NA
1945	3.11	NA	NA
1950	3.13	NA	NA
1955	3.51	NA	NA
1960	4.11	NA	NA
1965	4.61	4.61	NA
1970	5.30	5.34	5.85
1975	6.36	6.44	7.37
1980	8.02	8.06	9.26
1985	9.63	9.87	12.23
1990	8.89	9.31	10.34
1991	8.63	9.09	10.05
1992	8.08	8.58	9.44
1993	7.52	8.04	8.71
1994	7.14	7.63	8.22
1995	7.41	7.90	8.43
1996	7.25	7.75	8.17
1997	7.35	7.86	8.08
1998	6.95	7.58	8.00
1999	6.71	7.49	7.93
2000	7.05	7.40	7.91
2001	6.31	7.13	7.62
2002	5.38	6.64	7.13
2003	5.03	6.17	6.44
2004	4.80	5.93	6.03
2005	4.90	5.88	5.96
2006	5.35	5.95	5.99
2007	5.71	6.01	6.10
2008	5.70	5.63	6.01
2009	4.60	5.25	5.91
2010	4.33	5.37	5.68

Table 4.13, continued

Rates of Return on Invested Assets of Life Insurers, by Year (percent), continued

Year	Net rate		Gross rate
	Total assets	General account only	Total fixed-income assets
2011	4.35	5.29	5.73
2012	4.25	5.07	5.30
2013	4.20	5.09	4.91
2014	4.61	5.19	4.80
2015	4.81	4.91	4.64
2016	4.50	4.86	4.56
2017	4.28	4.80	4.43
2018	4.72	4.75	4.40
2019	4.57	4.58	4.43

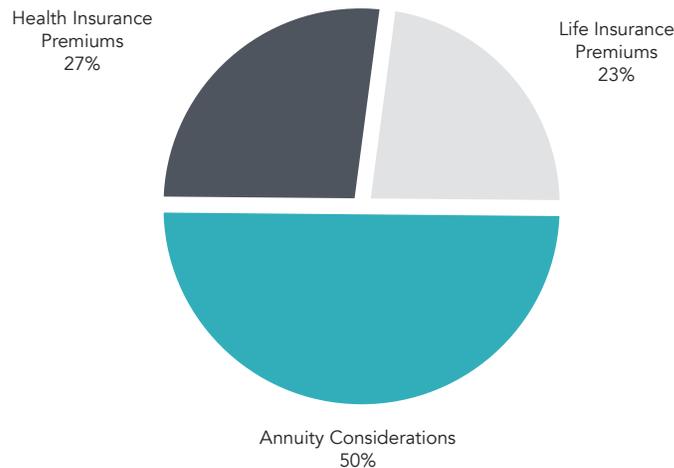
Source: ACLI tabulations of National Association of Insurance Commissioners (NAIC) data, used by permission.

Notes: NAIC does not endorse any analysis or conclusions based on use of its data. Before 1940, some federal income taxes were deducted from net investment income; beginning with 1940, rates are calculated before deducting any federal income taxes. Beginning in 1994, rates include amortization of the interest maintenance reserve. Data represent U.S. life insurers and, as of 2003, fraternal benefit societies.

NA: Not available.

Figure 4.1

Distribution of Life Insurers' Net Premium Receipts, 2019



Source: ACLI tabulations of National Association of Insurance Commissioners (NAIC) data, used by permission. NAIC does not endorse any analysis or conclusions based on use of its data.

Note: Data represent U.S. life insurers and fraternal benefit societies.

5

EXPENDITURES

Life insurance company expenditures include benefit payments and other contract payments, operating expenses, taxes, additions to reserves, and investment expenses. Contract payments accounted for 71 percent of expenditures at \$683 billion in 2019 (Table 5.1, Figure 5.1). Operating expenses were \$132 billion for the second-largest category at 14 percent.

Additions to reserves comprised 12 percent of 2019 total expenditures, investment expenses claimed 2 percent, and taxes also claimed 2 percent. Each expenditure category is detailed in this chapter, with the exception of reserves, which are discussed in Chapter 3.

CONTRACT PAYMENTS

From Life Insurance Policies

Several factors affect the pattern of life insurance benefit payments. Primary among them are changes in the death rate of policyholders and the growth in group life insurance and other term insurance policies that do not incorporate a cash value.

These payments have increased steadily for many years, reflecting greater use of life insurance not only

to provide funds for the family whose breadwinner dies, but also for family financial needs during the policyholder's lifetime.

To Beneficiaries

During 2019, life insurers paid \$78 billion to beneficiaries of policyholders who died; a 1.7 percent decrease from 2018 (Table 5.2). Of this total, individual life insurance policies accounted for the largest share at \$57 billion, or 73 percent. Group life insurance payments to beneficiaries ranked second at \$21 billion, or 26 percent of total death payments. Benefits paid under short-term individual and group credit life insurance policies (on loans of 10 years' or less duration) totaled \$258 million in 2019.

To Policyholders

Although the basic purpose of life insurance is to protect against the economic risks of death, it can also generate value for the individual policyholder. Cash surrender values paid on life insurance policies terminated voluntarily during 2019 decreased by 3.4 percent to \$34 billion from a year earlier (Table 5.2).

Policyholder dividends represent the return of part of the payments that policyholders made on policies

sold on a participating basis, and reflect the portion not needed by the company after payment of claims, additions to reserves, and administrative expenses. Dividends accounted for \$15 billion, or 12 percent of payments from life insurance policies in 2019.

Endowment insurance guarantees that the policy's face amount will be paid by the insurance company regardless of whether the insured dies during the policy's term, as long as premiums are paid as required. These policies specify a maturity date. Matured endowment payments totaled \$446 million in 2019.

Other payments, including disability payments and retained assets under life insurance policies, totaled \$653 million in 2019.

From Annuity Contracts

Annuity benefit payments increased by 5.6 percent to \$88 billion in 2019 (Table 5.3).

Fifty-nine percent of the annuity benefit payments, or \$52 billion, was paid to individual annuity owners, while \$33 billion, or 38 percent, was paid to group annuity owners. The remainder was paid under supplementary contracts with life contingencies—an agreement between an insurer and a life insurance policyholder or beneficiary in which the beneficiary chooses to receive the policy's proceeds over a lifetime rather than in a lump sum.

Life insurers paid \$310 billion on voluntarily terminated annuities in 2019, \$3.3 billion in dividends to annuity owners, and small amounts of death benefits, disability benefits, and matured endowments.

From Health Insurance Policies

Health insurance has become a notable aspect of U.S. life insurers' services. Life insurance companies

paid \$141 billion in health insurance benefits to Americans in 2019 (Table 5.4). Life insurers' total health insurance benefit payments to Americans increased 7.2 percent from 2018 (Table 5.1).

These statistics do not include disability payments under life insurance policies, health insurance and accidental death and dismemberment payments by casualty and other health insurance companies, or administrative-service-only arrangements.

OPERATING EXPENSES

Operating expenses of life insurance companies include commissions to agents, other commissions, and home- and field-office expenses. In 2019, home- and field-office expenses comprised 7 percent of expenditures at \$70 billion (Table 5.1). Commissions to agents were \$47 billion, or 5 percent of total expenditures. Other commissions accounted for \$15 billion, or 2 percent of total expenditures.

Of total office expenses, \$43 billion, or 62 percent, was in salaries and payments to employee and agent benefit plans (Table 5.5). In 2019, life insurers also spent \$8 billion on office equipment and supplies, \$3 billion on fees associated with policy issuance and claim settlement, \$2 billion on office rent, \$2 billion on advertising, and \$1 billion on travel.

TAXES

Life insurance companies incurred \$20 billion in taxes to federal, state, and local governments in 2019, 36 percent more than in 2018 (Table 5.6). Fifty-four percent of these taxes were income taxes at \$11 billion. Significant year-to-year variation in federal income taxes is largely due to changes in capital gain/loss obligations.

Another large tax obligation of life insurers is payment of taxes on premiums that companies collect in each state. In 2019, U.S. life insurers incurred \$5 billion in state taxes on premiums collected from life, health, and annuity business.

As employers of over one-third of a million home-office personnel, U.S. life insurers also incurred \$2 billion in Social Security taxes in 2019. This figure does not include Social Security taxes paid by employees or self-employed agents.

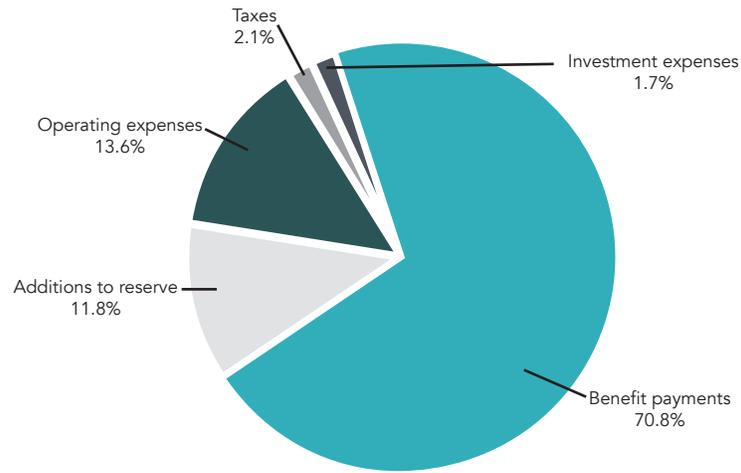
Miscellaneous taxes, licenses, and fees accounted for \$2 billion in 2019. These taxes do not include amounts associated with investment management.

INVESTMENT EXPENSES

Expenses, fees, and taxes associated with investment management totaled \$16 billion in 2019 (Table 5.7). Interest expenses is the largest category at \$2.9 billion followed by salaries and welfare expenses also at \$2.8 billion.

Figure 5.1

Distribution of Life Insurers' Expenditures, 2019



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. Data represent U.S. life insurers and fraternal benefit societies.

Table 5.1

	Millions			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
Contract payments					
Life insurance	\$122,353	\$130,940	\$128,432	0.5	-1.9
Annuities ¹	252,536	406,009	401,863	4.8	-1.0
Health insurance	122,018	132,193	141,645	1.5	7.2
Other payments ²	10,212	10,458	11,031	0.8	5.5
Total	507,119	679,600	682,972	3.0	0.5
Additions to policy reserve funds³	50,347	103,742	114,019	8.5	9.9
Operating expenses					
Commissions to agents	40,467	45,363	47,044	1.5	3.7
Other commissions	9,106	13,728	14,906	5.1	8.6
Home- and field-office expenses	55,776	67,746	69,742	2.3	2.9
Total	105,350	126,837	131,692	2.3	3.8
Taxes⁴	14,763	14,973	20,367	3.3	36.0
Investment expenses⁵	12,143	15,210	16,028	2.8	5.4
Aggregate total	689,721	940,361	965,079	3.4	2.6

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. Data represent U.S. life insurers and fraternal benefit societies.

¹ Excludes payments under deposit-type contracts (such payments are shown in Table 3.3). Does not include payments from supplementary contracts without life contingencies and annuities certain, lottery payouts, structured settlements, and income payout options.

² Includes group conversions and interest on policy or contract funds.

³ Excludes addition to reserves for deposit-type contracts.

⁴ Includes foreign and U.S. federal income taxes, including taxes on capital gains; excludes investment taxes.

⁵ Includes investment-related taxes and fees.

Table 5.2

Payments From Life Insurance Policies					
	Millions			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
Payments to beneficiaries					
Individual	\$38,306	\$56,749	\$57,477	4.1	1.3
Group	20,638	22,679	20,623	-0.0	-9.1
Credit	527	276	258	-6.9	-6.6
Total	59,470	79,703	78,358	2.8	-1.7
Surrender values					
Individual	41,118	33,218	32,439	-2.3	-2.3
Group	7,023	2,061	1,628	-13.6	-21.0
Total	48,141	35,279	34,066	-3.4	-3.4
Policyholder dividends	13,644	14,877	14,909	0.9	0.2
Matured endowments	546	405	446	-2.0	10.0
Other payments¹	551	675	653	1.7	-3.3
Aggregate total	122,353	130,940	128,432	0.5	-1.9

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. Data represent U.S. life insurers and fraternal benefit societies.

¹ Includes disability benefits and retained assets.

Table 5.3

Payments From Annuity Contracts					
	Millions			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
Annuity benefits¹					
Individual ¹	\$40,263	\$50,329	\$52,279	2.6	3.9
Group ¹	25,036	30,654	33,110	2.8	8.0
Supplementary contracts with life contingencies	1,770	2,425	2,710	4.4	11.7
Total	67,068	83,408	88,099	2.8	5.6
Surrender values²					
Individual	103,058	176,756	177,358	5.6	0.3
Group	79,647	142,317	133,083	5.3	-6.5
Total	182,705	319,073	310,441	5.4	-2.7
Policyholder dividends	2,519	3,528	3,313	2.8	-6.1
Other payments³	243	0	10	NC	NC
Aggregate total	252,536	406,009	401,863	4.8	-1.0

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. Data represent U.S. life insurers and fraternal benefit societies.

¹ Excludes payments under deposit-type contracts (such payments are shown in Table 3.3). Does not include payments from annuities certain and supplementary contracts without life contingencies, lottery payouts, structured settlements, and income payout options.

² Excludes surrender benefits and fund withdrawals from deposit-type contracts.

³ Includes death benefits, disability benefits, matured endowments and retained assets.

NC: Not calculated.

Table 5.4

Payments From Health Insurance Policies		
	2019	
	Amount (millions)	Percent distribution
Comprehensive	\$37,054	26.2
Medicare/Medicaid	44,924	31.7
Dental only	10,851	7.7
Vision only	891	0.6
Disability income	16,559	11.7
Long term care	8,040	5.7
Credit	228	0.2
Other	23,097	16.3
Total	141,645	100.0

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. Data represent U.S. life insurers and fraternal benefit societies.

Table 5.5

Life Insurer Home- and Field-Office Expenses					
	Millions			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
Rental	\$3,083	\$2,412	\$2,448	-2.3	1.5
Employment					
Salaries	28,469	34,569	35,663	2.3	3.2
Welfare contributions and payments	7,031	7,465	7,719	0.9	3.4
Total	35,500	42,034	43,381	2.0	3.2
Fees associated with policy issuance/claim settlement	3,213	3,697	3,490	0.8	-5.6
Travel	1,050	1,270	1,277	2.0	0.5
Advertising	2,702	2,257	2,244	-1.8	-0.6
Office equipment/supplies	7,094	7,677	7,858	1.0	2.4
Miscellaneous	3,134	8,400	9,044	11.2	7.7
Aggregate total	55,776	67,746	69,742	2.3	2.9

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. Figures exclude investment expenses. Data represent U.S. life insurers and fraternal benefit societies.

Table 5.6

Taxes, Licenses, and Fees					
	Millions			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
Income taxes¹	\$7,416	\$4,134	\$10,940	NC	NC
Social Security taxes	1,828	2,088	2,157	1.7	3.3
State taxes on premiums	4,065	5,155	5,414	2.9	5.0
Real estate taxes	31	50	54	5.7	8.7
Miscellaneous taxes, licenses, and fees	1,422	3,546	1,803	2.4	-49.2
Total	14,763	14,973	20,367	3.3	36.0

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. Figures exclude investment taxes. Data represent U.S. life insurers and fraternal benefit societies.

¹ Includes foreign and U.S. federal income taxes, including taxes on capital gains; excludes non-income, state, and investment taxes.

NC: Not calculated.

Table 5.7

Investment Expenses of Life Insurers

	Millions			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
Rental	\$241	\$221	\$228	-0.6	3.1
Employment					
Salaries	1,549	2,341	2,453	4.7	4.8
Welfare contributions/payments	253	364	393	4.5	7.8
Total	1,802	2,705	2,846	4.7	5.2
Real estate expenses	1,544	1,646	1,522	-0.1	-7.6
Interest	2,063	2,630	2,905	3.5	10.5
Depreciation on invested assets	2,558	885	909	-9.8	2.7
Investment taxes and fees¹					
Real estate	456	622	590	2.6	-5.2
Other	96	97	100	0.5	3.8
Total	551	719	690	2.3	-4.0
Other	3,385	6,404	6,929	7.4	8.2
Aggregate total	12,143	15,210	16,028	2.8	5.4

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. Data represent U.S. life insurers and fraternal benefit societies.

¹ Excludes federal income taxes and taxes on capital gains.

Table 5.8

Payments Under Life Insurance Policies and Annuity Contracts, by Year (millions)

Year	Payments to beneficiaries	Surrender and withdrawals ¹		Policyholder dividends	Annuity payments ²	Matured endowments	Other payments ³	Total
		Life policies	Annuity contracts ²					
1940	\$995	\$652	NA	\$468	\$176	\$269	\$104	\$2,664
1945	1,280	211	NA	466	216	407	88	2,668
1950	1,590	592	NA	627	327	495	100	3,731
1955	2,241	896	NA	1,021	501	614	110	5,383
1960	3,346	1,633	NA	1,512	830	673	124	8,118
1965	4,831	1,932	NA	2,259	1,300	931	163	11,416
1970	7,017	2,887	NA	3,214	2,120	978	233	16,449
1975	9,192	3,763	NA	4,544	3,665	946	426	22,536
1980	12,884	6,678	NA	6,785	10,195	908	592	38,042
1981	14,154	7,961	NA	7,838	12,021	883	627	43,484
1982	15,066	10,779	NA	7,922	12,814	839	574	47,994
1983	15,660	12,605	NA	8,641	13,564	824	566	51,860
1984	16,752	14,731	NA	9,700	17,912	771	566	60,432
1985	18,226	15,589	NA	10,121	21,259	779	536	66,510
1986	19,479	14,741	NA	10,122	22,657	766	540	68,305
1987	20,530	14,864	NA	10,466	24,316	752	504	71,432
1988	21,660	14,456	NA	11,046	25,665	751	513	74,091
1989	23,261	14,859	NA	11,417	29,383	727	554	80,201
1990	24,567	18,022	NA	11,953	32,575	700	568	88,385
1991	25,407	16,282	NA	12,066	36,615	668	547	91,585
1992	27,235	16,814	NA	12,203	37,550	649	592	95,043
1993	28,819	16,904	NA	12,714	40,325	598	615	99,975
1994	32,583	18,014	\$92,779	15,915	40,412	647	459	200,809
1995	34,545	19,501	105,449	17,816	48,457	1,007	860	227,635
1996	36,257	24,454	115,747	18,064	51,069	741	614	246,946
1997	37,488	24,016	140,842	17,981	55,080	563	608	276,578
1998	40,101	26,816	154,463	18,865	60,410	572	607	301,834
1999	41,363	32,833	198,311	19,149	62,485	528	620	355,288
2000	44,143	27,173	213,989	20,001	68,668	604	605	375,181
2001	46,512	30,653	151,315	19,993	55,197	549	648	304,867
2002	48,166	32,909	142,948	21,033	54,950	621	649	301,276
2003	51,661	35,943	140,261	20,761	57,110	596	650	306,982
2004	51,576	35,485	162,876	18,981	61,162	595	866	331,541
2005	52,996	39,157	190,329	17,919	63,935	640	695	365,672

Table 5.8, continued

Payments Under Life Insurance Policies and Annuity Contracts, by Year (millions), continued

Year	Payments to beneficiaries	Surrender and withdrawals ¹		Policyholder dividends	Annuity payments ²	Matured endowments	Other payments ³	Total
		Life policies	Annuity contracts ²					
2006	55,694	38,463	237,813	18,429	71,087	612	566	422,664
2007	57,957	47,670	262,343	19,519	72,332	623	564	461,008
2008	59,949	58,629	236,654	19,053	69,648	614	555	445,101
2009	59,470	48,141	182,705	16,163	67,068	573	768	374,888
2010	58,392	35,843	184,071	15,942	70,090	562	699	365,599
2011	62,132	33,511	206,166	15,547	74,518	606	676	393,156
2012	63,259	31,479	216,843	15,530	74,039	442	612	402,204
2013	64,350	28,704	222,808	15,965	78,751	396	655	411,629
2014	67,850	27,765	256,693	16,672	73,840	375	651	443,846
2015	74,306	28,828	247,169	18,524	77,778	424	686	447,715
2016	76,039	30,199	238,036	18,447	79,120	448	708	442,998
2017	77,057	33,175	279,404	17,725	81,649	464	608	490,083
2018	79,703	35,279	319,073	18,405	83,408	405	676	536,949
2019	78,358	34,066	310,441	18,222	88,099	446	663	530,295

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. Data represent U.S. life insurers and, as of 2003, fraternal benefit societies.

NA: Not available.

¹ Beginning in 1994, includes annuity withdrawals of funds. An amount comparable to prior years is not available.

² Beginning in 2001, excludes payments under deposit-type contracts (see Table 3.3).

³ Includes some disability benefits and retained assets.

Table 5.9

Payments to Life Insurance Beneficiaries, by Year

Year	Policies/Certificates in thousands/Amounts in millions							
	Individual		Group		Credit ¹		Total	
	Policies	Amount	Certificates	Amount	Policies	Amount	Policies	Amount
1940	974	\$891	50	\$104	--	--	1,024	\$995
1945	1,226	1,109	92	171	--	--	1,318	1,280
1950	1,246	1,307	133	283	--	--	1,379	1,590
1955	1,418	1,650	243	591	--	--	1,661	2,241
1960	1,644	2,231	394	1,115	--	--	2,038	3,346
1965	1,866	3,007	636	1,824	--	--	2,502	4,831
1970	1,974	3,990	767	3,027	--	--	2,741	7,017
1975	1,998	4,901	591	3,807	337	\$484	2,926	9,192
1980	2,045	6,587	637	5,671	285	626	2,967	12,884
1981	2,016	7,117	668	6,374	324	663	3,008	14,154
1982	1,997	7,457	645	6,953	331	656	2,973	15,066
1983	2,004	7,776	663	7,256	252	628	2,919	15,660
1984	2,158	8,457	675	7,655	248	640	3,081	16,752
1985	2,013	9,264	683	8,275	262	687	2,958	18,226
1986	2,039	10,030	686	8,675	246	774	2,971	19,479
1987	1,981	10,593	690	9,073	262	864	2,933	20,530
1988	2,044	11,416	695	9,346	276	898	3,015	21,660
1989	1,988	12,332	763	10,029	240	900	2,991	23,261
1990	1,965	13,439	728	10,281	238	847	2,931	24,567
1991	1,984	13,949	674	10,582	219	876	2,877	25,407
1992	1,926	15,287	643	11,022	186	926	2,755	27,235
1993	1,945	16,584	668	11,572	136	663	2,749	28,819
1994	2,388	18,792	870	12,914	240	877	3,498	32,583
1995	2,405	20,106	767	13,527	224	912	3,396	34,545
1996	2,401	21,351	867	14,016	273	890	3,541	36,257
1997	2,480	22,695	843	13,898	274	895	3,597	37,488
1998	2,435	24,838	819	14,425	391	838	3,644	40,101
1999	2,715	25,274	875	15,260	380	829	3,970	41,363
2000	2,561	27,267	877	16,055	383	821	3,821	44,143
2001	2,688*	28,346	935	17,393	313	773	3,936	46,512
2002	2,632	30,117	942	17,308	341	741	3,915	48,166
2003	2,673	32,901	1,107	18,064	293	695	4,073	51,661
2004	2,786	32,222	826	18,708	241	646	3,853	51,576
2005	2,586	32,760	989	19,633	310	603	3,885	52,996

Table 5.9, continued

Payments to Life Insurance Beneficiaries, by Year, continued

Year	Policies/Certificates in thousands/Amounts in millions							
	Individual		Group		Credit ¹		Total	
	Policies	Amount	Certificates	Amount	Policies	Amount	Policies	Amount
2006	2,568	34,525	1,027	20,601	276	568	3,870	55,694
2007	2,483	36,272	1,016	21,168	262	516	3,761	57,957
2008	2,463	37,893	1,027	21,525	281	531	3,771	59,949
2009	2,402	38,306	964	20,638	237	527	3,603	59,470
2010	2,407	39,045	943	18,890	214	458	3,564	58,392
2011	2,563	41,869	917	19,832	92	431	3,572	62,132
2012	3,512	43,109	946	19,820	185	331	4,644	63,259
2013	3,146	43,405	978	20,615	110	331	4,235	64,350
2014	2,799	46,419	1,034	21,121	77	310	3,909	67,850
2015	2,936	52,436	1,012	21,576	78	294	4,026	74,306
2016	2,798	54,214	977	21,527	102	298	3,877	76,039
2017	2,596	54,960	1,053	21,811	87	286	3,736	77,057
2018	2,697	56,749	1,993	22,679	86	276	4,776	79,703
2019	2,843	57,477	1,016	20,623	84	258	3,943	78,358

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. Data represent U.S. life insurers and, as of 2003, fraternal benefit societies.

*Corrected to include industrial policies.

¹Prior to 1973, death payments under credit life are included in individual and group categories.

Table 5.10

Health Insurance Benefit Payments by Life Insurers, Group and Individual, by Year (millions)

Year	Total	Year	Total
1948	\$326	1997	\$67,432
1950	494	1998	70,030
1955	1,390	1999	74,464
1960	2,633	2000	78,784
1965	4,413	2001	76,304
1970	8,208	2002	78,723
1975	14,320	2003	81,129
1980	23,038	2004	87,789
1981	24,474	2005	78,928
1982	26,055	2006	96,455
1983	26,912	2007	105,623
1984	27,053	2008	118,465
1985	27,298	2009	121,578
1986	28,966	2010	122,075
1987	34,869	2011	120,236
1988	38,383	2012	123,419
1989	39,432	2013	127,133
1990	40,010	2014	113,269
1991	42,605	2015	114,992
1992	44,950	2016	119,586
1993	46,007	2017	126,446
1994	60,074	2018	131,945
1995	64,714	2019	141,417
1996	66,698		

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. Figures exclude policy dividends. 1994-96 data have been revised to reflect the addition of life insurers that sell accident and health insurance. Data represent U.S. life insurers and, as of 2003, fraternal benefit societies.

6

REINSURANCE

Reinsurance is a risk management tool used by insurers to spread risk and manage capital. The insurer transfers some or all of an insurance risk to another insurer. The insurer transferring the risk is called the “ceding insurer”. The insurer accepting the risk is called the “assuming insurer” or “reinsurer”. For life insurers, the risk transferred may be mortality, longevity or morbidity risk, surrender or expense risk, investment risk, or a combination of these risks.

Reinsurance has made possible the protection of a wider array of individuals and groups than would otherwise be feasible. An insurer who is approached by an applicant who presents an unusual risk—or who needs an amount of life insurance policy that is larger than the insurer’s retention limit (the amount of risk an insurer has determined it can judiciously retain)—may still be able to offer the policy to the consumer if part of the risk is transferred to a reinsurer. A ceding insurer also uses reinsurance to limit its risk on a group of policies to avoid fluctuations in claim levels or to lower the risk of claims involving multiple deaths from single events.

Virtually all life insurers buy reinsurance to improve

their risk profile. In 2019, 90 percent of life insurers with life premiums ceded at least some of those premiums as reinsurance. Among insurers with accident and health premiums, 83 percent ceded accident and health premiums as reinsurance. Fifty percent of insurers doing annuity business in 2019 ceded annuity considerations, excluding deposit-type funds. The Society of Actuaries annually publishes more detailed data on the life reinsurance marketplace in the *Reinsurance News*.

ALLOCATING RISK

In order for families to have peace of mind and for economies to thrive, there must be a mechanism to deal with large financial risk. Life insurers provide that financial security. Reinsurance spreads the risk of loss between two insurance companies. The risk can be spread even further if the ceding insurer uses more than one reinsurer, or the reinsurer in turn transfers some of that risk to another reinsurer, or retrocessionaire.

In the most basic reinsurance arrangement, a single insurer issuing policies to the public cedes business to a

single reinsurer, usually an independent firm operating in the open marketplace. Insurers sometimes cede business to affiliates to aggregate similar risks in one entity for efficient risk management. Insurance groups also use captive reinsurers to reinsure risks exclusively from affiliated companies to access capital markets.

When reinsurance exists, the ceding insurer transferring the risk retains its financial relationship with, and legal obligation to pay claims to, the policyholder. The policyholder will not even be aware that part of the risk in their policy is covered by a reinsurer. The reinsurer indemnifies, or reimburses, the ceding insurer for losses incurred on the reinsured policies.

Reinsurance is now a global business. Of the \$235 billion total reinsurance premiums paid by U.S. life insurers in 2019, 72 percent was paid to reinsurers domiciled in the U.S. and 28 percent to reinsurers domiciled in other countries.

REINSURANCE RELATIONSHIP

Underwriting Strength

A closely related motivation for reinsurance is obtaining the reinsurer's underwriting assistance and proficiency. Reinsurers review and maintain policy and claim records on a large volume of risks from many ceding companies whose policyholders are diverse and geographically distributed. The risk pool from which they develop and provide underwriting knowledge is larger and wider than is normally available to a single primary insurer. Underwriting is further strengthened when risk is spread to more than one reinsurer or retrocessionaire, because of the exposure to an even broader range of policies and claims. Confidence that underwriters are competently and professionally

meeting its underwriting needs allows a ceding insurer to concentrate on other activities to expand its business.

Product Flexibility

Another reason to reinsure is the opportunity it gives a ceding insurer to exit from some product lines and enter others. If an insurer has issued policies in a particular product line that it wishes to discontinue, the insurer can reinsure most or all of the risk on those policies.

Conversely, if an insurer wants to enter a particular product line, reinsurers can help with product development and assume some of the product's risk. Later, as the primary insurer gains more confidence in its ability to underwrite and develop the product, the insurer might retain more of the risk on new business and recapture provisions in the reinsurance treaty might allow it to take back some of the risk the reinsurer assumed.

Capital Management

Reinsurance also helps a ceding insurer manage its capital efficiently. This is especially helpful to a life insurer issuing new policies because initial costs (expenses plus reserves) are often higher than premiums received. Sharing those initial costs and risks with a reinsurer helps the ceding insurer manage its cash flows.

TYPES OF REINSURANCE

Various reinsurance plans are available based on ceding companies' needs and their reasons for reinsuring. Plans can be broadly classified as either proportional reinsurance, specifying in advance the amounts or percentages of risk for which the reinsurer is liable, or nonproportional, specifying instead the loss limits, time limits, or conditions beyond which a reinsurer will reimburse some or all of the ceding insurer's

benefit payments.

Proportional Reinsurance

Specified amounts or percentages are shared between ceding companies and reinsurers in proportional reinsurance. Excess of retention allocates risk by amount. The ceding insurer establishes a dollar amount beyond which it is unwilling to retain risk, and the reinsurer assumes risk over this amount, up to the reinsurer's retention limit. In contrast, quota share allocates by percentage, where the ceding insurer and reinsurer establish the percentage of risk for which each will retain or assume responsibility.

Proportional plans commonly used in life insurance include:

Yearly renewable term (YRT) In this type, mortality risk is the only risk transferred to the reinsurer. The reinsurance premium varies each year with the age of the insured. YRT reinsurance allows a ceding insurer to transfer mortality risk, but it leaves the insurer responsible for establishing reserves for the remainder of the policy benefits. Despite its name, YRT is not yearly renewable. The reinsurer may not terminate coverage until the original insurance policy terminates.

Coinsurance The ceding insurer transfers a proportionate share of all the policy risks and cash flows. The reinsurer receives its share of premiums, pays its share of benefits, sets up its share of reserves, and pays an allowance to the ceding insurer to cover its share of the costs of administering the policy.

Modified coinsurance The reinsurer transfers its share of reserves back to the ceding insurer while the risk remains with the reinsurer. The ceding insurer, however, must pay interest to replace what the reinsurer would have earned had it retained its share

of the reserve. This arrangement allows the ceding insurer to reduce potential credit risk and to retain control over investments. The latter is particularly important where the insurer is using a unique investment strategy.

Nonproportional Reinsurance

Nonproportional plans can be used for all types of insurance. Common uses include:

Stop loss The reinsurer remits some or all of a ceding insurer's aggregate claims above a predetermined dollar amount (the attachment point), or above a percentage of premiums during a specified period.

Excess of time Most often used for disability or long-term care reinsurance, this type of plan specifies the time after which a reinsurer pays some or all of the claims.

Catastrophe The reinsurer covers claims that exceed a specified amount or number of insureds due to a single event resulting in more than one loss, as in an accident, or natural disaster.

Table 6.1

Reinsurance Assumed and Ceded - Premiums			
	Millions		Average annual percentage change
	2018	2019	2018/2019
PREMIUMS PAID ON CEDED BUSINESS			
Life insurance			
Individual	\$86,452	\$98,436	13.9
Affiliates	32,820	47,257	44.0
Non-Affiliates	53,632	51,179	-4.6
Group	15,950	20,228	26.8
Affiliates	8,446	7,879	-6.7
Non-Affiliates	7,504	12,349	64.6
Credit	311	290	-6.6
Total	102,712	118,954	15.8
Annuity considerations¹			
Individual	115,225	53,833	-53.3
Affiliates	93,365	37,521	-59.8
Non-Affiliates	21,860	16,311	-25.4
Group	32,679	11,214	-65.7
Affiliates	12,696	7,600	-40.1
Non-Affiliates	19,983	3,614	-81.9
Total	147,905	65,047	-56.0
Accident and health insurance			
Individual	13,161	15,882	20.7
Affiliates	9,081	9,530	4.9
Non-Affiliates	4,081	6,352	55.7
Group	34,194	34,748	1.6
Affiliates	19,709	19,669	-0.2
Non-Affiliates	14,484	15,078	4.1
Credit	278	276	-0.5
Total	47,633	50,907	6.9
Aggregate total	298,249	234,908	-21.2

Table 6.1, continued

Reinsurance Assumed and Ceded - Premiums, continued			
	Millions		Average annual percentage change
	2018	2019	2018/2019
PREMIUMS FROM ASSUMED BUSINESS			
Life insurance			
Individual	\$57,570	\$70,239	22.0
Affiliates	14,434	14,439	0.0
Non-Affiliates	43,136	55,800	29.4
Group	9,063	10,237	13.0
Affiliates	2,204	2,218	0.6
Non-Affiliates	6,859	8,020	16.9
Credit	123	135	10.3
Total	66,756	80,612	20.8
Annuity considerations¹			
Individual	52,446	32,699	-37.7
Affiliates	16,689	15,196	-8.9
Non-Affiliates	35,757	17,503	-51.0
Group	11,145	6,279	-43.7
Affiliates	288	-24	NC
Non-Affiliates	10,858	6,303	-42.0
Total	63,591	38,979	-38.7
Accident and health insurance			
Individual	13,036	12,106	-7.1
Affiliates	4,592	5,925	29.0
Non-Affiliates	8,444	6,181	-26.8
Group	21,659	20,299	-6.3
Affiliates	7,792	5,401	-30.7
Non-Affiliates	13,867	14,898	7.4
Credit	112	114	1.1
Total	34,808	32,519	-6.6
Aggregate total	165,155	152,109	-7.9

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. Data represent U.S. life insurers and fraternal benefit societies.

¹ Excludes deposit-type funds as income due to codification, making data incomparable with previous years.

NC: Not computed.

Table 6.2

Life Reinsurance Assumed (face amount)					
	Millions			Average annual percentage change	
	2009	2018	2019	2009/2019	2018/2019
Face amount (millions)					
Individual	\$1,704,748	\$1,053,073	\$877,890	-6.4	-16.6
Group	692,009	1,546,954	102,051	-17.4	-93.4
Credit	6,379	10,314	10,848	5.5	5.2
Total	2,403,136	2,610,340	990,789	-8.5	-62.0
Policies (units)					
Individual	21,576,068	14,009,020	11,117,495	-6.4	-20.6
Group	8,300,257	34,502,510	4,127,804	-6.7	-88.0
Credit	1,017,799	439,135	510,220	-6.7	16.2
Total	30,894,124	48,950,665	15,755,519	-6.5	-67.8

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. Data represent U.S. life insurers and fraternal benefit societies.

7

LIFE INSURANCE

People buy life insurance to protect their dependents against financial hardship when the insured person, the policyholder, dies. Many life insurance products also allow policyholders to accumulate savings that can be used in a time of financial need. Most American families depend on life insurance to provide this economic protection: 90 million American families rely on life insurers' products for financial and retirement security.

Americans purchased \$3.1 trillion of new life insurance coverage in 2019, a 2.3 percent increase from 2018. By the end of 2019, total life insurance coverage in the United States was \$19.8 trillion, an increase of 1.3 percent from 2018 (Table 7.1).

Three types of life insurance policies predominate the market. *Individual insurance* is underwritten separately for each individual who seeks insurance protection. *Group insurance* is underwritten on a group as a whole, such as the employees of a company or the members of an organization. *Credit insurance* guarantees payment of some debt, such as a mortgage or other loan, in the event the insured person dies, and can be bought on either an individual or a group

basis. Insurance on loans of 10 years' or less duration is classified as credit insurance in National Association of Insurance Commissioners accounts; insurance on longer loans is included in individual or group policy data in this chapter. Life insurance policies offered by fraternal benefit societies are considered individual insurance.

INDIVIDUAL LIFE INSURANCE

Individual life is the most widely used form of life insurance protection, accounting for 62 percent of all life insurance in force in the United States at year-end 2019 (Table 7.1). Typically purchased through life insurance agents, this insurance is issued under individual policies with face amounts as low as \$10,000, although larger minimum amounts are more typical in today's market. While individual life is principally used for family protection, it also is widely used for business purposes. A business may purchase life insurance to protect against the economic loss that would result from the death of the owner or a key employee.

Individual life insurance protection in the United

States totaled \$12.4 trillion at the end of 2019 and has grown at an average annual rate of 1.8 percent since 2009, when \$10.3 trillion was in force (Table 7.1).

The average size of new individual life policies purchased has increased from 2009 (\$172,040) to \$178,150 in 2019 (Figure 7.2). The number of individual policies purchased totaled 10.1 million in 2019 (Table 7.1).

Individual life policies offer two basic types of protection: covering a specified term, or permanently covering one's whole life.

Types of Policies

Term Insurance

Term insurance policies provide life insurance coverage for a specified period, usually greater than one year. Term policies provide no further benefits when the term expires, and no buildup of cash value occurs. If this insurance is not renewed at the end of its term, coverage lapses and no payment would be made to the beneficiary in the event of death.

Of new individual life policies purchased in 2019, 41 percent, or 4.1 million, were term insurance, totaling \$1.3 trillion, or 72 percent, of the individual life face amount issued (Table 7.2). The most popular form of term insurance is level term, which offers a fixed premium.

Permanent Insurance

Unlike term insurance, permanent life (or *whole life*) insurance provides protection for as long as the insured lives. Permanent life policies also have a savings component, building cash value that can help families meet financial emergencies, pay for special goals, or provide income for retirement years.

There are four types of permanent life insurance policies: traditional whole life, universal life (UL), variable life (VL), and variable-universal life (VUL). The annual premium for traditional whole life policies remains constant throughout the life of the policy. In earlier years, the premium is higher than the actual cost of the insurance, but in later years it becomes substantially lower than the actual cost of protection. The excess amount of each premium in the early years is held in reserve as the policy's cash value. This cash value grows over time from investment earnings and future premium payments, providing funds for the cost of coverage as the insured grows older. If a policyholder decides to give up the insurance protection, he or she receives the cash value upon surrendering the policy, less any outstanding policy loans. Universal life allows varying premium payment amounts subject to a certain minimum and maximum. For variable life, the death benefit and cash value vary subject to the performance of a portfolio of investments chosen by the policyholder. VUL combines the flexible premium payment options of UL with the varied investment options of VL.

In 2019, direct purchases of permanent life constituted 59 percent of U.S. individual life insurance policies issued and 28 percent of the total face amount issued (Table 7.2).

Participating and Nonparticipating Insurance

Traditional whole life and term insurance policies can be purchased on a participating or nonparticipating basis. A participating policy allows the policyholder to share in the insurance company's surplus. With this type of life insurance, a policyholder receives annual dividends representing that portion of the premium not needed by the company for death payments to

beneficiaries, additions to reserves, or administrative expenses. More than two-thirds of individual life policies' face amount purchased were nonparticipating at \$1.3 trillion (70%) in 2019 (Table 7.3).

Characteristics of Individual Policies

Lapses and Surrenders

A policy lapses if its premium is not paid by the end of a specified time, often called the *grace period*. Policyholders have different reasons for terminating their policies, sometimes using cash values to address financial emergencies or achieve long-term goals. Rates of voluntary policy termination by policyholders vary considerably among life insurers. Each company's rate depends on many factors, including the types of policies written and the ratio of new policies to older ones in force with the company.

The voluntary termination rate of individual life insurance policies reached 5.5 percent by 2019 (Table 7.4). Of the individual life policies that have been voluntarily terminated, 19% were surrendered based on face amount.

The life insurance business vigorously seeks to minimize the lapsing of policies. For example, agent training focuses on realistic identification of clients' life insurance needs, and careful analysis of the use of family income for protection. Since the voluntary termination rate is higher for policies on which loans are outstanding, companies urge that loans be used only in genuine financial emergencies, and that they be repaid promptly.

Most insurers offer policyholders time after their policy is delivered to consider whether to keep the policy. These companies will refund the premium in full if, within the prescribed time, the policyholder decides not to keep his or her policy.

Some policies that lapse still have a cash value, entitling the policyholder to some form of payment under a cash surrender value *non-forfeiture option*. All coverage under the policy terminates at the time of the surrender.

Disability Provisions

Besides the benefit payable upon death of the insured, many life insurance policies or policy riders provide disability benefits to cover financial losses that result from a sickness or injury. The most common supplementary benefit is waiver of premium. Of individual life policies in force in 2019, 92 percent, or 37 million, allowed the premium to be waived during disability, representing \$4.6 trillion, or 99 percent, of the individual life face amount in force with disability provisions (Table 7.6).

GROUP LIFE INSURANCE

Group life insurance is a contract between an insurance company and some group to insure all of the group's members, usually under term coverage. Common examples are employer-provided life insurance and insurance offered through unions and professional associations. Employees or other group members receive certificates denoting their participation in the group coverage. In 2019, group insurance represented 42 percent of all life insurance policies in force (Table 7.1).

Group purchases decreased .4 percent in 2019 to \$1.2 trillion. At the end of 2019, group life insurance provided \$7.4 trillion of protection .1 percent less than a year earlier (Table 7.1).

Group insurance contracts can provide benefits beyond term insurance. Employees often can retain coverage after retirement by paying premiums directly

to the insurer. Many policies also offer survivor benefits, usually continuing monthly payments to the spouse of an employee who dies before retirement; payments may extend for life or to the age at which Social Security retirement payments become available, but cease on remarriage. Contingent benefits to dependent children in the event of a spouse's death are available as well. The initial value of these survivor benefits can range from three to 10 times an employee's annual salary.

As with individual life policies, group policies can be purchased on either a participating or nonparticipating basis. Most group life policies are nonparticipating—96 percent of those purchased in 2019, at \$1.2 trillion (Table 7.3).

The voluntary termination rate of group life insurance policies increased to 5.9 percent from 5.1 percent a year earlier. The voluntary lapses in 2019 increased to 5.8 percent from 5.0 percent in 2018 (Table 7.4).

Group policies also provide disability benefits. Of group life policies in force in 2019, 93 percent, or 83 million, provided for waiver of premium, representing \$5.3 trillion, or 86 percent, of the group life face amount in force with disability provisions (Table 7.6).

CREDIT LIFE INSURANCE

Credit life insurance pays the balance on loans of 10 years' or less duration if the borrower dies before repaying the amount due. At year-end 2019, \$87 billion of credit life insurance was in force, up 4.6 percent from the previous year (Table 7.1).

Credit life, commonly part of consumer credit contracts, is term insurance, generally decreasing in amount as a loan is repaid. It protects the borrower's

family, as well as the lender, against unpaid debt that may be left at death. Life insurers issue credit insurance through lenders such as banks, finance companies, credit unions, and retailers, who in turn make arrangements with borrowers.

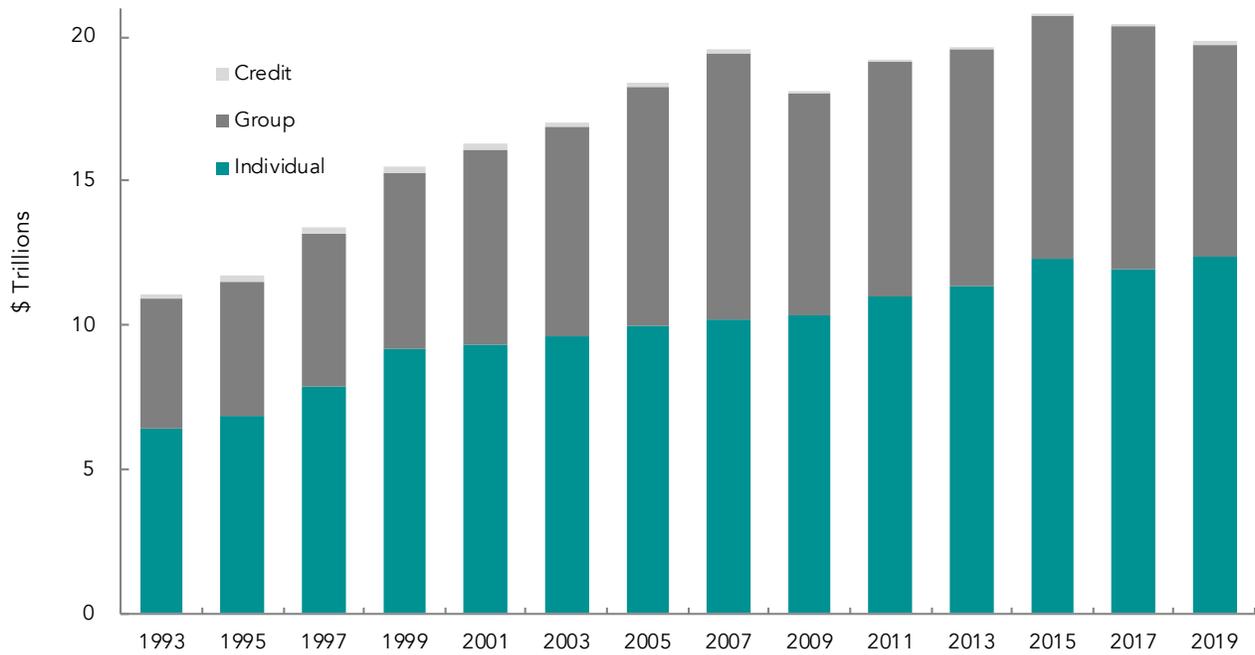
As with other life policies, credit policies can be purchased on either a participating or nonparticipating basis. Of credit life policies purchased in 2019, 98 percent, or \$47 billion, were nonparticipating (Table 7.3).

POLICY CLAIMS RESISTED OR COMPROMISED

From time to time, life insurers find it necessary to delay or deny payment of claims due to material misrepresentation, suicide within the contestable period, or no proof of death, among other reasons. In 2019, \$599 million in new claims along with \$599 million in other claims were in dispute. Of this amount, \$303 million was paid in 2019 and \$328 million still resisted at the end of the year (Table 7.7).

Figure 7.1

Individual, Group, and Credit Life Insurance in Force in the United States (face amount)

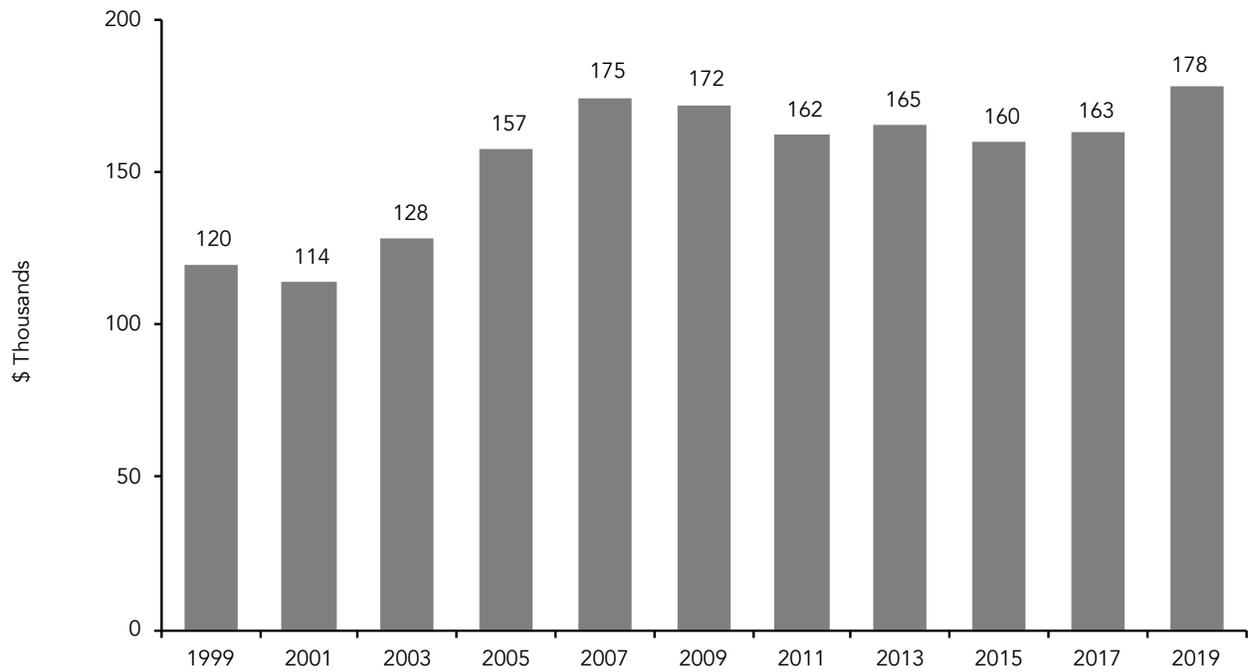


Source: ACLI tabulations of National Association of Insurance Commissioners (NAIC) data, used by permission. NAIC does not endorse any analysis or conclusions based on use of its data.

Note: Data represent U.S. life insurers and, as of 2003, fraternal benefit societies.

Figure 7.2

Average Face Amount of Individual Life Insurance Policies Purchased



Source: ACLI tabulations of National Association of Insurance Commissioners (NAIC) data, used by permission. NAIC does not endorse any analysis or conclusions based on use of its data.

Note: Data represent U.S. life insurers and, as of 2003, fraternal benefit societies.

Table 7.1

Life Insurance in the United States					
	Life Insurance			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
PURCHASES					
Face amount (millions)					
Individual ¹	\$1,744,357	\$1,727,874	\$1,802,511	0.3	4.3
Group	1,155,824	1,244,329	1,239,463	0.7	-0.4
Credit	68,849	48,253	47,602	-3.6	-1.3
Total	2,969,030	3,020,456	3,089,575	0.4	2.3
Policies (thousands)					
Individual	10,139	10,289	10,118	-0.0	-1.7
Group (certificates)	19,051	17,459	21,238	1.1	21.6
Credit	10,944	7,849	8,099	-3.0	3.2
Total	40,134	35,597	39,455	-0.2	10.8
IN FORCE					
Face amount (millions)					
Individual	\$10,324,455	\$12,120,445	\$12,388,298	1.8	2.2
Group	7,688,328	7,366,765	7,358,413	-0.4	-0.1
Credit	125,512	83,534	87,346	-3.6	4.6
Total	18,138,295	19,570,744	19,834,056	0.9	1.3
Policies (thousands)					
Individual	153,410	138,471	137,213	-1.1	-0.9
Group (certificates)	112,799	114,699	108,495	-0.4	-5.4
Credit	24,881	13,720	13,038	-6.3	-5.0
Total	291,091	266,890	258,746	-1.2	-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. Data represent U.S. life insurers and fraternal benefit societies. Data represent direct business, except for face amount in force which is net of reinsurance.

¹ Policies issued by fraternal benefits societies are considered individual business.

Table 7.2

Individual Life Insurance Purchases in the United States, by Plan Type, 2019				
	Policies in thousands/Amounts in millions			
	Policies	Percent	Face amount	Percent
Term insurance				
Decreasing	158	1.6	\$1,463	0.1
Level	3,980	39.3	1,220,172	67.7
Decreasing other term ¹	NA	NA	3,765	0.2
Level other term ²	NA	NA	73,505	4.1
Term additions	NA	NA	1,740	0.1
Total	4,138	40.9	1,300,644	72.2
Whole life and endowment	5,980	59.1	501,867	27.8
Aggregate total	10,118	100.0	1,802,511	100.0

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. Data represent U.S. life insurers and fraternal benefit societies.

NA: Not available

¹ Includes decreasing term insurance on spouses and children under family policies.

² Includes level term insurance on spouses and children under family policies.

Table 7.3

Life Insurance Purchases, by Participating Status								
	Individual		Group		Credit		Total	
	Face amount (millions)	Percent						
2009								
Nonparticipating	\$1,306,802	76.3	\$1,106,421	95.7	\$54,422	79.0	\$2,467,646	84.0
Participating	406,351	23.7	49,403	4.3	14,426	21.0	470,180	16.0
Total	1,713,153	100.0	1,155,824	100.0	68,849	100.0	2,937,826	100.0
2018								
Nonparticipating	1,196,400	70.9	1,163,579	93.5	47,025	97.5	2,407,004	80.8
Participating	491,540	29.1	80,750	6.5	1,227	2.5	573,517	19.2
Total	1,687,940	100.0	1,244,329	100.0	48,252	100.0	2,980,521	100.0
2019								
Nonparticipating	1,261,768	70.0	1,187,831	95.8	46,746	98.2	2,496,345	80.8
Participating	540,743	30.0	51,632	4.2	856	1.8	593,230	19.2
Total	1,802,511	100.0	1,239,463	100.0	47,602	100.0	3,089,575	100.0

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. Data represent U.S. life insurers, and fraternal benefit societies for 2019.

Table 7.4

Voluntary Termination Rates for Life Insurance Policies, Calculated by Face Amount (percent)											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Lapse rate											
Individual	5.7	5.4	4.8	4.7	4.6	4.3	4.4	4.3	4.5	4.7	4.4
Group	6.6	5.6	4.6	5.6	6.4	5.5	5.9	6.1	5.9	5.0	5.8
Credit	9.9	6.9	6.8	7.4	7.5	8.5	8.0	6.8	6.6	5.8	5.3
Surrender rate											
Individual	1.6	1.4	1.2	1.2	1.0	1.0	1.0	1.0	1.1	1.1	1.1
Group	0.3	0.2	0.3	0.6	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Credit	7.0	6.6	7.3	8.2	9.7	14.6	9.6	7.2	7.1	7.2	8.6
Combined termination rate											
Individual	7.3	6.8	6.1	5.9	5.7	5.3	5.4	5.2	5.7	5.7	5.5
Group	7.0	5.8	4.9	6.2	6.5	5.6	5.9	6.2	6.1	5.1	5.9
Credit	16.9	13.5	14.1	15.6	17.1	23.1	17.6	14.0	13.6	13.0	13.9

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. Data represent U.S. life insurers and fraternal benefit societies.

Table 7.5

Voluntary Termination Rates for Life Insurance Policies, Calculated by Number of Policies (percent)											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Lapse rate											
Individual	5.7	5.0	4.9	4.7	4.0	5.1	4.6	5.0	5.3	5.6	5.8
Group	10.0	6.7	5.9	5.9	8.4	7.2	6.3	5.7	5.7	4.7	5.9
Credit	10.1	7.9	7.9	7.8	8.1	9.3	7.1	5.6	5.2	5.0	4.7
Surrender rate											
Individual	1.2	1.2	1.1	1.1	1.0	1.1	1.0	1.0	1.1	1.1	1.1
Group	0.2	0.1	0.2	0.6	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Credit	10.0	10.7	10.7	11.9	12.2	13.6	10.3	8.3	9.1	8.4	12.6
Combined termination rate											
Individual	6.9	6.1	6.1	5.8	5.0	6.2	5.6	6.0	6.4	6.7	6.9
Group	10.2	6.8	6.0	6.4	8.5	7.3	6.4	5.8	5.7	4.7	6.0
Credit	20.1	18.6	18.6	19.7	20.3	22.9	17.4	13.9	14.3	13.4	17.2

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. Data represent U.S. life insurers and fraternal benefit societies.

Table 7.6

Life Insurance With Disability Provisions, 2019

	Policies and certificates in thousands/Amounts in millions			
	Policies	Percent of policies in force	Face amount	Percent of amount in force
Individual¹				
Waiver of premium	37,380	27.2	\$4,571,848	36.9
Disability income	240	0.2	12,364	0.1
Extended benefits	NA	NA	NA	NA
Other	2,993	2.2	34,565	0.3
Total	40,612	29.6	4,618,777	37.3
Group²				
Waiver of premium	83,241	76.7	5,296,126	72.0
Disability income	1,308	1.2	52,675	0.7
Extended benefits	1,958	1.8	128,980	1.8
Other	3,300	3.0	680,702	9.3
Total	89,806	82.8	6,158,483	83.7
Credit³				
Waiver of premium	78	0.6	4,374	5.0
Disability income	46	0.4	1,977	2.3
Extended benefits	13	0.1	111	0.1
Total	136	1.0	6,462	7.4

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. Data represent U.S. life insurers and fraternal benefit societies.

¹ Policies in force totaled 137 million, with a face amount of \$12.4 trillion.

² Certificates in force totaled 108 million, with a face amount of \$7.4 trillion.

³ Policies in force totaled 13 million, with a face amount of \$87 billion.

NA: Not available.

Table 7.7

New Policy Claims Resisted or Compromised (thousands)						
	2009		2018		2019	
	Face amount	Percent	Face amount	Percent	Face amount	Percent
New claims in dispute	\$396,053	30.5	\$599,922	49.2	\$598,584	50.0
All other claims in dispute	903,736	69.5	619,171	50.8	598,673	50.0
Total claims in dispute	1,299,790	100.0	1,219,093	100.0	1,197,257	100.0
Amount paid for new claims	28,587	25.0	38,878	35.2	246,862	81.5
Amount paid for claims previously resisted	85,834	75.0	71,542	64.8	56,139	18.5
Total amount paid	114,422	100.0	110,420	100.0	303,002	100.0
Amount resisted at year's end¹	578,604		363,252		328,457	

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. Data represent U.S. life insurers and fraternal benefit societies.

¹ Not equal to subtracting total amount paid from total claims in dispute. The amount paid for claims disposed of usually varies from the amount claimed.

Table 7.8

Life Insurance Purchases, by Year							
Year	Policies and certificates in thousands/Amounts in millions						
	Individual		Group		Total		
	Policies	Face amount	Certificates	Face amount	Policies/Certificates	Face amount	
1940	17,872	\$10,039	285	\$691		18,157	\$10,730
1945	16,212	13,289	681	1,265		16,893	14,554
1950	20,203	22,728	2,631	6,068		22,834	28,796
1955	21,928	37,169	2,217	11,258 *		24,145	48,427 *
1960	21,021	59,763	3,734	14,645		24,755	74,408
1965	20,429	90,781	7,007	51,385 +		27,436	142,166 +
1970	18,550	129,432	5,219	63,690 +		23,769	193,122 +
1975	18,946	194,732	8,146	95,190 +		27,092	289,922 +
1980	17,628	389,184	11,379	183,418		29,007	572,602
1985	17,637	911,666	16,243	319,503 *		33,880	1,231,169 *
1986	17,116	934,010	17,507	374,741 +		34,623	1,308,751 +
1987	16,455	986,984	16,698	365,529		33,153	1,352,513
1988	15,796	996,006	15,793	410,848		31,589	1,406,854
1989	14,850	1,020,971	15,110	420,707		29,960	1,441,678
1990	14,199	1,069,880	14,592	459,271		28,791	1,529,151

Table 7.8, continued

Life Insurance Purchases, by Year, continued

Year	Policies and certificates in thousands/Amounts in millions					
	Individual		Group		Total	
	Policies	Face amount	Certificates	Face amount	Policies/Certificates	Face amount
1991	13,583	1,041,706	16,230	573,953 +	29,813	1,615,659 +
1992	13,452	1,048,357	14,930	440,143	28,382	1,488,500
1993	13,664	1,101,476	17,574	576,823	31,238	1,678,299
1994	13,835	1,057,233	18,390	560,232	32,225	1,617,465
1995	12,595	1,039,258	19,404	537,828	31,999	1,577,086
1996	12,022	1,089,268	18,761	614,565	30,783	1,703,833
1997	11,734	1,203,681	19,973	688,589	31,707	1,892,270
1998	11,559	1,324,671	20,332	739,508	31,891	2,064,179
1999	11,673	1,399,848	26,912	966,858	38,584	2,366,706
2000	11,820	1,593,907	21,537	921,001	33,357	2,514,908
2001	14,059	1,600,471	26,036	1,172,080	40,095	2,772,551
2002	14,692	1,752,941	24,020	1,013,728	38,713	2,766,669
2003	13,821	1,772,673	21,946	1,050,318	35,767	2,822,992
2004	12,581	1,846,384	25,872	1,101,599	38,453	2,947,983
2005	11,407	1,796,384	23,112	1,039,878	34,519	2,836,262
2006	10,908	1,813,100	18,378	1,022,080	29,287	2,835,180
2007	10,826	1,890,989	19,962	1,102,654	30,788	2,993,643
2008	10,207	1,869,554	18,392	1,073,273	28,599	2,942,827
2009	10,139	1,744,357	19,051	1,155,824	29,190	2,900,181
2010	10,123	1,673,216	18,498	1,135,354	28,621	2,808,570
2011	10,309	1,672,514	16,867	1,159,934	27,177	2,832,448
2012	10,306	1,679,314	16,757	1,120,625	27,063	2,799,939
2013	9,929	1,640,202	15,336	1,138,686	25,264	2,778,888
2014	9,440	1,590,181	17,707	1,168,416	27,147	2,758,596
2015	10,305	1,647,292	18,010	1,229,275	28,315	2,876,567
2016	11,005	1,684,585	16,518	1,189,673	27,523	2,874,257
2017	10,478	1,711,545	17,557	1,315,651	28,035	3,027,196
2018	10,289	1,727,874	17,459	1,244,329	27,748	2,972,203
2019	10,118	1,802,511	21,238	1,239,463	31,356	3,041,974

Sources: ACLI tabulations of National Association of Insurance Commissioners (NAIC) data, used by permission; LIMRA International.

Notes: NAIC does not endorse any analysis or conclusions based on use of its data; Data represent direct business and exclude revivals, increases, dividend additions, and reinsurance acquired. 1940-73 data exclude credit life insurance. Beginning with 1974, data include long-term credit insurance (life insurance on loans of more than 10 years' duration). Data represent U.S. life insurers and, as of 2003, fraternal benefit societies.

*Includes Federal Employees' Group Life Insurance of \$1.9 billion in 1955, \$84.4 billion in 1981, and \$10.8 billion in 1985.

+Includes Servicemen's Group Life Insurance of \$27.8 billion in 1965, \$17.1 billion in 1970, \$1.7 billion in 1975, \$45.6 billion in 1981, \$51 billion in 1986, and \$166.7 billion in 1991.

Table 7.9

Life Insurance in Force in the United States, by Year (millions)

Year	Individual		Group		Credit		Total	
	Policies	Face amount	Certificates	Face amount	Policies ¹	Face amount	Policies/Certificates	Face amount
1900	14	\$7,573	--	--	--	--	14	\$7,573
1905	22	11,863	--	--	--	--	22	11,863
1910	29	14,908	--	--	--	--	29	14,908
1915	41	20,929	*	\$100	--	--	41	21,029
1920	64	38,966	2	1,570	*	\$4	66	40,540
1925	94	65,210	3	4,247	*	18	97	69,475
1930	118	96,539	6	9,801	*	73	124	106,413
1935	114	88,155	6	10,208	1	101	121	98,464
1940	122	100,212	9	14,938	3	380	134	115,530
1945	149	129,225	12	22,172	2	365	163	151,762
1950	172	182,531	19	47,793	11	3,844	202	234,168
1955	192	256,494	32	101,345	28	14,493	252	372,332
1960	195	381,444	44	175,903	43	29,101	282	586,448
1965	196	539,456	61	308,078	63	53,020	320	900,554
1970	197	773,374	80	551,357	78	77,392	355	1,402,123
1975	204	1,122,844	96	904,695	80	112,032	380	2,139,571
1980	206	1,796,468	118	1,579,355	78	165,215	402	3,541,038
1985	186	3,275,539	130	2,561,595	70	215,973	386	6,053,107
1990	177	5,391,053	141	3,753,506	71	248,038	389	9,392,597
1991	170	5,700,252	141	4,057,606	64	228,478	375	9,986,336
1992	168	5,962,783	142	4,240,919	56	202,090	366	10,405,792
1993	169	6,448,885	142	4,456,338	52	199,518	363	11,104,741
1994	169	6,448,758	145	4,443,179	52	189,398	366	11,081,335
1995	166	6,890,386	147	4,604,856	57	201,083	370	11,696,325
1996	166	7,425,746	139	5,067,804	50	210,746	355	12,704,296
1997	162	7,872,561	142	5,279,042	47	212,255	351	13,363,858
1998	160	8,523,258	152	5,735,273	46	212,917	359	14,471,448
1999	162	9,172,397	159	6,110,218	46	213,453	367	15,496,069
2000	163	9,376,370	156	6,376,127	50	200,770	369	15,953,267
2001	166	9,345,723	163	6,765,074	48	178,851	377	16,289,648
2002	169	9,311,729	164	6,876,075	42	158,534	375	16,346,338
2003	176	9,654,731	163	7,236,191	40	152,739	379	17,043,661
2004	168	9,717,377	165	7,630,503	39	160,371	373	17,508,252
2005	166	9,969,899	167	8,263,019	40	165,605	373	18,398,523
2006	161	10,056,501	177	8,905,646	37	150,289	375	19,112,436

Table 7.9, continued

Life Insurance in Force in the United States, by Year (millions), continued

Year	Individual		Group		Credit	Total		
	Policies	Face amount	Certificates	Face amount	Policies ¹	Face amount	Policies/Certificates	Face amount
2007	158	10,231,765	180	9,157,919	36	149,536	374	19,539,219
2008	156	10,254,379	148	8,717,453	31	148,443	335	19,120,276
2009	153	10,324,455	113	7,688,328	25	125,512	291	18,138,295
2010	152	10,483,516	109	7,830,631	23	111,805	284	18,425,952
2011	151	10,993,501	112	8,119,879	23	105,685	286	19,219,065
2012	146	11,215,136	106	8,011,839	19	93,940	272	19,320,916
2013	144	11,365,441	114	8,214,718	17	81,359	275	19,661,518
2014	143	11,825,927	120	8,208,725	15	79,955	278	20,114,607
2015	142	12,342,152	123	8,360,705	16	76,133	281	20,778,990
2016	142	11,991,547	133	8,245,991	15	78,117	291	20,315,655
2017	142	11,927,253	133	8,410,652	14	77,787	289	20,415,692
2018	138	12,120,445	115	7,366,765	14	83,534	267	19,570,744
2019	137	12,388,298	108	7,358,413	13	87,346	259	19,834,056

Sources: ACLI tabulations of National Association of Insurance Commissioners (NAIC) data, used by permission; Spectator Year Book.

Notes: NAIC does not endorse any analysis or conclusions based on use of its data; Data represent direct business for policies/certificates and net business for face amounts. Beginning in 1959, data include Alaska and Hawaii. 1994-97 data for individual amount and group certificates were revised. Individual and group categories include credit life insurance on loans of more than 10 years' duration; credit category is limited to life insurance on loans of 10 years' or less duration. Totals represent all life insurance (net of reinsurance) on residents of the United States, whether issued by U.S. or foreign companies. Data represent U.S. life insurers and, as of 2003, fraternal benefit societies.

*Fewer than 500,000 policies/certificates.

¹Includes group credit certificates.

8

ANNUITIES

Annuities are financial contracts that pay a steady stream of income for either a fixed period of time or for the lifetime of the annuity owner (the annuitant). Most pension and retirement plan assets held by life insurers are annuity contracts. Because they can guarantee a stream of income for life, annuities protect annuity owners against the possibility of outliving their financial resources.

Annuities are sold as either immediate annuities or deferred annuities. Immediate annuities begin making annuity payments immediately, while deferred annuities defer the onset of annuity payments until some later date (typically when the annuity owner retires). During the deferral or accumulation phase, the annuity owner makes premium payments into the annuity and the savings inside the annuity grows to maximize the later annuity payments back to the annuity owner.

During 2019, payments into annuities, known as considerations, increased 23 percent to \$368 billion (Table 8.1), while annuity reserves increased 9 percent to \$4 trillion (Table 8.2).

Annuities provide a variety of features designed to

meet different needs. Depending on risk tolerance, an annuitant can choose a *fixed annuity*, which provides stable returns, or a *variable annuity* which is backed by equity investments for potentially greater, but uncertain, returns. A joint and survivor annuity ensures an income stream as long as either spouse is alive. Under some options, payouts will continue to a designated beneficiary after the annuitant's death.

GROUP AND INDIVIDUAL ANNUITIES

Contributions to group annuities, which are sold through employer-sponsored retirement plans, increased to \$143 billion in 2019, 14.9 percent higher than in 2018 (Table 8.1). Reserves for this type of annuity accounted for nearly one-third of all annuity reserves by the end of 2019 (30%), or \$1.2 trillion (Table 8.2). Benefit payments to group annuitants increased to \$33 billion, up 8 percent from 2018 (Table 8.3).

Employer-sponsored retirement plans are divided between two types that differ according to their benefits structure. *Defined benefit plans* provide a specified monthly benefit during retirement. The

benefit amount is usually based on an employee's salary and length of service. The employer funds such plans and bears the entire investment risk.

Profit-sharing, 401(k), 403(b), and 457 plans are *defined contribution plans*. Rather than specifying benefits and retirement income, this type of plan specifies contributions, usually as a fixed amount or a percentage of income, where the employee bears the investment risk. The benefit received under defined contribution plans is determined by contributions, investment returns, and expenses. Annuitization of the balance at retirement is not mandatory, and lump sums have been the most popular distribution method.

A person can also buy an annuity directly from a life insurer. During 2019, Americans deposited \$204 billion in individual annuities, up 32.1 percent from 2018 (Table 8.1). Individual annuity owners received \$55 billion in benefit payments (Table 8.3), leaving \$2.7 trillion in individual annuity reserves at year-end 2019 (Table 8.2).

SUPPLEMENTARY CONTRACTS, ANNUITIES CERTAIN, AND OTHER ANNUITIES

A *supplementary contract* is an agreement between an insurer and a life insurance policyholder or beneficiary in which the beneficiary chooses to receive the policy's proceeds over a period of time instead of as a lump sum. If this period is the lifetime of the beneficiary, the contract is a supplementary contract with life contingencies, essentially a life annuity; if the payments continue for a specific period, the contract is called a supplementary contract without life contingencies, or an annuity certain.

During 2019, \$21 billion was deposited into

supplementary contracts without life contingencies and annuities certain, 3.1 percent more than in 2018 (Table 8.1), and \$21 billion was paid to policyholders or beneficiaries (Table 8.3), leaving a total reserve of \$96 billion at the end of 2019 to back future claims (Table 8.2).

Table 8.1

Annuity Considerations					
	Millions			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
Individual annuities¹	\$128,853	\$154,660	\$204,309	4.7	32.1
Group annuities	102,727	124,638	143,185	3.4	14.9
Annuities certain and supplementary contracts without life contingencies	24,053	20,024	20,646	-1.5	3.1
Total	255,633	299,322	368,141	3.7	23.0

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. Data represent U.S. life insurers and fraternal benefit societies.

¹ Includes supplementary contracts with life contingencies.

Premiums are net of reinsurance business and fluctuate with reinsurance activities as well as sale changes.

Please see Chapter 6 for reinsurance business.

Table 8.2

Reserves for Annuity Contracts					
	Millions			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
Individual annuities¹	\$1,639,841	\$2,474,726	\$2,701,531	5.1	9.2
Group annuities	797,989	1,079,362	1,178,535	4.0	9.2
Annuities certain and supplementary contracts without life contingencies	74,504	93,156	95,951	2.6	3.0
Total	2,512,334	3,647,244	3,976,017	4.7	9.0

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. Data represent U.S. life insurers and fraternal benefit societies.

¹ Includes supplementary contracts with life contingencies.

Table 8.3

Annuity Benefit Payments					
	Millions			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
Individual annuities¹	\$42,032	\$52,754	\$54,989	2.7	4.2
Group annuities	25,036	30,654	33,110	2.8	8.0
Annuities certain and supplementary contracts without life contingencies	25,668	21,603	21,347	-1.8	-1.2
Total	92,736	105,011	109,446	1.7	4.2

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. Data represent U.S. life insurers and fraternal benefit societies.

¹ Includes supplementary contracts with life contingencies.

Table 8.4

Annuity Considerations, by Year (millions)				
Year	Individual¹	Group²	Other³	Total
1977	\$4,552	\$10,422	NA	\$14,974
1978	4,454	11,885	NA	16,339
1979	4,976	12,963	NA	17,939
1980	6,296	16,133	NA	22,429
1981	10,290	17,289	NA	27,579
1982	15,196	19,448	NA	34,644
1983	14,003	16,541	NA	30,544
1984	15,706	27,153	NA	42,859
1985	20,891	33,008	NA	53,899
1986	26,117	57,595	NA	83,712
1987	33,764	54,913	NA	88,677
1988	43,784	59,494	NA	103,278
1989	49,407	65,590	NA	114,997
1990	53,665	75,399	NA	129,064
1991	51,671	71,919	NA	123,590
1992	61,348	71,297	NA	132,645
1993	76,987	79,458	NA	156,445
1994	80,832	73,017	NA	153,849
1995	77,370	82,565	NA	159,935
1996	84,067	92,228	NA	176,295
1997	90,192	107,355	NA	197,547
1998	95,446	134,047	NA	229,493
1999	115,621	154,591	NA	270,212
2000	143,071	163,622	NA	306,693
2001 ⁴	141,656	109,599	\$22,675	273,930
2002 ⁴	168,428	100,861	22,608	291,897
2003 ⁴	165,943	102,614	21,811	290,369
2004 ⁴	172,140	104,537	24,352	301,029
2005 ⁴	167,032	110,084	25,479	302,596
2006 ⁴	187,083	115,645	26,344	329,071
2007 ⁴	192,503	121,722	27,119	341,344
2008 ⁴	208,965	119,169	26,842	354,976
2009 ⁴	128,853	102,727	24,053	255,633
2010 ⁴	189,946	103,677	27,372	320,995
2011 ⁴	217,837	117,058	24,247	359,142
2012 ⁴	189,258	158,837	21,340	369,435

Table 8.4, continued

Annuity Considerations, by Year (millions), continued				
Year	Individual¹	Group²	Other³	Total
2013 ⁴	179,578	108,091	19,591	307,260
2014 ⁴	247,426	114,160	20,057	381,642
2015 ⁴	208,913	124,103	19,347	352,363
2016 ⁴	202,312	124,484	19,869	346,664
2017 ⁴	164,790	130,070	18,811	313,671
2018 ⁴	154,660	124,638	20,024	299,322
2019 ⁴	204,309	143,185	20,646	368,141

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. Data represent U.S. life insurers and, as of 2003, fraternal benefit societies.

NA: Not available.

¹ Beginning in 2001, includes supplementary contracts with life contingencies.

² Beginning in 1986, data reflect a change in statutory reporting methods mandated by the National Association of Insurance Commissioners.

³ Includes supplementary contracts without life contingencies, annuities certain, lottery payouts, structured settlements, and income payment options.

⁴ Codification effective with 2001 Annual Statement filings changed the way certain lines of business are categorized and reported, particularly deposit-type contracts. Since most guaranteed interest contracts (GICs) and other deposit-type funds are under group contracts, this accounting change has had a substantial effect on group annuities.

Premiums are net of reinsurance business and fluctuate with reinsurance activities as well as sale changes. Please see Chapter 6 for reinsurance business.

Table 8.5

Annuity Reserves, by Year

Year	Reserves (millions)	Year	Reserves (millions)
1960	\$18,850	1998	\$1,608,494
1965	27,350	1999	1,780,699
1970	41,175	2000	1,819,680
1975	72,210	2001 ¹	1,585,008
1980	166,850	2002 ¹	1,619,075
1981	193,210	2003 ¹	1,899,994
1982	233,790	2004 ¹	2,105,882
1983	269,425	2005 ¹	2,258,240
1984	313,215	2006 ¹	2,415,158
1985	373,475	2007 ¹	2,548,490
1986	441,390	2008 ¹	2,223,441
1987	495,420	2009 ¹	2,512,334
1988	562,155	2010 ¹	2,739,686
1989	624,290	2011 ¹	2,810,717
1990	695,700	2012 ¹	3,003,685
1991	745,950	2013 ¹	3,271,345
1992	768,215	2014 ¹	3,385,586
1993	825,375	2015 ¹	3,407,220
1994	878,460	2016 ¹	3,556,845
1995	972,560	2017 ¹	3,790,733
1996	1,312,494	2018 ¹	3,647,244
1997	1,454,962	2019 ¹	3,976,017

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. Data represent U.S. life insurers and, as of 2003, fraternal benefit societies.

¹Codification effective with 2001 Annual Statement filings changed the way certain lines of business are categorized and reported, particularly deposit-type contracts. Since most guaranteed interest contracts (GICs) and other deposit-type funds are under group contracts, this accounting change has had a substantial effect on group annuities.

9

DISABILITY INCOME & LONG-TERM CARE INSURANCE

Disability income insurance and long-term care insurance provide important financial protection for American families. Disability income insurance serves as paycheck protection for workers by replacing a portion of earnings if an insured employee is unable to work due to accident or illness. Long-term care insurance protects retirement savings and alleviates financial hardships that might otherwise impoverish a family paying for long-term care needs.

DISABILITY INCOME INSURANCE

Prolonged unemployment due to disability can jeopardize a worker's lifestyle and savings for retirement. The risk of becoming disabled is significant: According to the U.S. Census Bureau, nearly seventeen percent of working-age Americans reported a disability in 2010. Of those with a disability, 19.3 percent were employed compared to the 66.5 percent of working-age Americans with no

disability in 2019.

Disability income policies commonly provide 50 to 70 percent of an insured's pre-disability income while an insured employee is unable to work due to accident or illness. In addition to choices in benefits and elimination periods, some policies provide comprehensive protection while others define disability more narrowly, covering only accidental injury or illness. Policies may also include coverage for partial disability, residual benefits, cost-of-living adjustments, survivor benefits, and pension supplements. Many also include benefits to help people return to work following a disability.

Often insurers will reduce benefits if an employee is receiving disability payments from other sources. Workers compensation pays cash benefits to workers disabled by an on-the-job accident or illness. Because workers compensation is a state-administered program, rules governing payment, benefit levels,

and length of coverage vary considerably from state to state. Workers whose illness or injury is not caused on the job may be eligible for paid sick leave or state-mandated short-term disability benefits. The federal disability insurance program under the Social Security Administration, known as SSDI, provides cash assistance to people with long-term disabilities who are unable to work. SSDI's modest income support is limited to those who meet a very strict test of work disability.

Both individual and group disability income insurance pay benefits as an indemnity—usually weekly or monthly. Disability income insurance may be offered by employers, purchased individually, or used to protect a business. Employers may offer insurance for either short- or long-term disabilities, or provide comprehensive disability protection. Some policies reimburse businesses for expenses associated with disability. Each of these types of policies is described below.

Individual Disability Income Insurance

Individual disability income policies are sold to the self-employed, professionals, and to a market of diverse needs. Some people prefer individual coverage rather than group coverage because the former is portable. Workers, whose employers provide only basic coverage, may buy additional disability insurance through an individual policy. Companies also purchase disability income insurance to protect or dispose of the business if a key employee or the owner becomes disabled.

Personal Coverage

Most people buy individual disability income insurance to protect against long-term disability. Individual policies typically cover both occupational

and non-occupational accidents and sickness for a selected term. Individual long-term disability benefits are not subject to income tax if the policyholder pays the premiums in full. Since benefits are designed to replace earned income, most people do not purchase coverage beyond their working years.

Disability income insurance for individuals is offered primarily in two forms. Non-cancellable policies give policyholders the right to continue coverage as long as premiums are paid on time. The insurer cannot change the premiums or benefits prior to an age stated in the policy, usually 65. Insurers also offer guaranteed renewable policies that can be automatically renewed with the same benefits. The premium for this type of policy may be increased only if it is changed for the entire class of policyholders.

Business Coverage

A small proportion of individual disability income policies is bought by business owners.

Key-person disability insurance replaces income lost when an essential employee or owner is unable to work. Some policies pay benefits directly to the insured as salary continuation, while others pay benefits to the business to protect the company from sudden loss of income, credit, or profits. Another form of protection is disability buy-sell insurance, which pays benefits to the business to enable owners to purchase interest in the company from a disabled partner or owner.

Businesses frequently obtain a disability income policy to cover business overhead expenses, including wages, in case the owner becomes disabled. A business also can purchase reducing term disability insurance to help cover loan repayments, purchase agreements, or salary contracts if the owner or key employee becomes

disabled. This type of insurance is in effect for the length of the loan or other commitment, and coverage is reduced as the amount due is paid off.

Group Disability Income Insurance

Many disability income policies are offered as part of an employee group benefit package. Employers purchase disability coverage from an insurance company or self-insure the benefits. According to the U.S. Bureau of Labor Statistics, 41 percent of all workers in private industry were participating in short-term disability income insurance in 2019; 33 percent were participating in long-term disability income insurance.

Short-Term Coverage

Short-term coverage helps protect against loss of income for employees unable to work because of a temporary illness or injury. Such sickness and accident plans replace a portion of earnings for a fixed period of time. Benefits commonly last 24 weeks, although coverage can range from 13 to 104 weeks. Short-term disability income insurance also can offer protection during the waiting period before a worker becomes eligible for SSDI or long-term disability coverage.

Disability income insurance pays short-term benefits as either a percentage of employee earnings or a flat dollar amount. The most common plans pay a percentage of earnings, typically replacing from one-half to two-thirds of pre-disability income. A majority of these plans places a dollar limit on the weekly or monthly benefit. Benefits also can vary depending on length of service and other factors. Most short-term coverage requires a waiting period, usually one to seven days, before benefits begin.

Long-Term Coverage

Long-term disability income plans cover both

occupational and non-occupational sickness and accidents. Benefits typically start when short-term benefits are exhausted after a waiting period of three to six months following the onset of disability. These policies generally provide benefits for persons up to age 65 or Social Security retirement age. In certain cases, long-term coverage may provide benefits for life.

Almost all group long-term disability plans coordinate with Social Security and typically require claimants to apply for SSDI benefits. Disability insurers frequently offset benefits payable under private insurance dollar-for-dollar with SSDI payments. Benefits also are subject to income tax if the employer pays the premiums; they are not taxable if the employee pays the premiums.

LONG-TERM CARE INSURANCE

Long-term care insurance pays for services to help policyholders who are unable to perform certain activities of daily living without assistance—such as bathing, eating, dressing, using the toilet, and transferring from bed to chair. This insurance also pays benefits when the insured person requires supervision due to a cognitive impairment such as Alzheimer’s disease.

Since the likelihood of chronic illness or disability increases with age, long-term care insurance traditionally has been sold to older Americans. However, the younger the purchaser, the lower the premiums, and within the last 10 years, group insurance plans have begun covering working-age people. In 2019, life insurers collected \$11.5 billion in long-term care insurance premiums (Table 9.1).

The market for private long-term care insurance is closely linked to federal and state government policy.

Public funding for long-term care comes from two main sources. Medicaid—a joint federal-state program that targets low income people—is the primary government funding source for long-term care. To qualify, beneficiaries must deplete most of their assets and meet a strict income test. Medicare primarily pays for medically related recovery and rehabilitation services at home or in a nursing home.

There are two basic types of long-term care insurance: individual insurance and group. The latter is employer-sponsored or offered through an association. These products are considered long-term if the benefit is one year or longer. Long-term care protection also is available through life insurance policies that accelerate the death benefits for individuals with chronic conditions.

Long-term care insurance has evolved in response to changes in the long-term care delivery system and consumer preferences. When first sold in 1972, policies covered only skilled care in a nursing home after a period of hospitalization. Since the mid-1980s, consumers have demanded greater choice and more help in maintaining their quality of life. Insurers now offer policies covering services that promote independent living including personal care, assisted living, care management, support for family caregivers, home modifications, homemaker services, and hospice, in addition to institutional care.

Coverage for long-term care also varies by how benefits are paid. Traditional indemnity policies offer a fixed daily payment to eligible beneficiaries, usually in a nursing home. Other policies reimburse the insured for expenses, up to the policy's daily maximum—for example, \$150 per day for nursing home care or \$100 per day for home care. Most reimbursement policies now pool benefit dollars under more flexible spending

limits, so that a beneficiary can receive payment for either nursing-home care or home- and community-based care. A third payment method uses a disability model, providing a cash benefit when eligibility requirements are met, regardless of whether the insured actually uses any long-term care services.

Individual Long-Term Care Coverage

Individual long-term care insurance can be tailored to meet financial and lifestyle goals. The policyholder selects the length of benefit term (one to five years or a lifetime) and other options such as the amount of maximum daily benefit, length of elimination period, level of care, inflation protection, and nonforfeiture benefits.

Most individual long-term care insurance is offered as a guaranteed renewable policy—renewable with the same benefits as long as premiums are paid on time. Premiums cannot be increased unless they are changed for the entire class of policyholders. Since long-term care policies do not build cash value, buying a nonforfeiture benefit or selecting a policy with contingent nonforfeiture protection allows the insured to receive benefits upon surrendering the policy. Some policies offer riders that return premiums upon the death of the insured.

Group Long-Term Care Coverage

Businesses, some state governments, unions, and fraternal and other associations such as AARP sponsor group long-term care insurance. Groups can either purchase long-term care coverage from an insurance company or self-insure. Under self-insured plans, the members of the group, usually employees, assume all risks and expenses of providing long-term care coverage. Most employers offering this benefit purchase group insurance coverage.

Group long-term care insurance typically is offered as a voluntary benefit for which the employee pays some or all of the premium. Long-term care insurance purchased through the workplace also is portable: Employees can retain coverage in retirement or if they change employers by paying the entire premium directly to the insurer.

According to the U.S. Bureau of Labor Statistics, 14 percent of all workers in private industry had access to long-term care insurance at work in 2019.

ACCELERATED AND SUPPLEMENTAL BENEFITS

To help pay long-term care costs, certain life insurance policies allow the policyholder to access benefits prior to death. Circumstances that can trigger these accelerated benefits include diagnosis of a terminal illness or a medical condition that would drastically shorten the policyholder's life span, the need for long-term care, or permanent confinement in a nursing home. Accelerated benefit provisions may be integrated in the policy or more typically attached as a rider.

Supplemental benefits products are insurance policies that provide financial protection against expenses associated with accidents or illnesses not covered by major medical insurance. These products, provided through employers or offered on an individual basis, are key to the financial security of many families across the nation. Table 9.1 highlights some of the selected supplemental benefits (accident/AD&D, dental) that life insurers provide. Along with life insurers, other health insurers provide supplemental benefits, which also includes critical illness or specified disease, hospital indemnity, stop-loss, vision, and wellness, to policy holders as well.

Table 9.1

Selected Accident and Health Products of Life Insurers

	Millions			Average annual percent change	
	2009	2018	2019	2009/2019	2018/2019
PREMIUMS					
Disability Income	\$20,117	\$26,384	\$27,588	3.2	4.6
Individual	6,396	7,248	7,296	1.3	0.7
Group	13,721	19,136	20,292	4.0	6.0
Long-Term Care	10,467	11,412	11,518	1.0	0.9
Individual	8,023	9,219	9,253	1.4	0.4
Group	2,444	2,193	2,265	-0.8	3.3
Dental	8,450	13,927	14,583	5.6	4.7
Individual	268	926	1,272	16.9	37.4
Group	8,182	13,001	13,311	5.0	2.4
Accident/AD&D	4,960	6,522	6,813	3.2	4.5
Individual	2,288	2,697	2,789	2.0	3.4
Group	2,672	3,825	4,024	4.2	5.2
INCURRED CLAIMS					
Disability Income	15,850	\$19,294	\$19,638	2.2	1.8
Individual	5,276	4,949	4,869	-0.8	-1.6
Group	10,574	14,345	14,769	3.4	3.0
Long-Term Care	5,961	11,944	11,877	7.1	-0.6
Individual	5,164	10,592	10,255	7.1	-3.2
Group	797	1,353	1,622	7.4	19.9
Dental	6,589	10,079	10,757	5.0	6.7
Individual	115	490	631	18.5	28.6
Group	6,473	9,589	10,126	4.6	5.6
Accident/AD&D	1,929	2,525	2,600	3.0	3.0
Individual	847	963	988	1.5	2.6
Group	1,081	1,562	1,612	4.1	3.2

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. Data represent U.S. life insurers and fraternal benefit societies.

10

IN THE STATES

The life insurance industry is integral to the economies of all 50 states and the District of Columbia. In 2019, 745 life insurers were domiciled in the United States, and another 16 were domiciled in U.S. territories (Table 10.1). The companies' investments contribute to state economies as Americans and their families achieve financial security through life insurance products.

Billions of dollars of life insurance coverage is purchased in each state every year, ranging from \$392 billion in California to \$5 billion in Wyoming in 2019 (Table 10.2). Total life insurance in force ranged from \$4.2 trillion in California to \$52 billion in Wyoming (Table 10.3).

Payments from life insurers are a mainstay of financial security for residents in every state. Death payments under life insurance policies were greatest in California (\$10.3 billion) and Texas (\$7.8 billion) during 2019 (Table 10.4). Life insurance beneficiaries in 17 other states received payments totaling over \$2 billion, and 12 states had death payments between \$1 billion and \$2 billion. Table 10.5 breaks down death payments among individual, group, and credit policies.

Annuity payments are another source of financial security provided by life insurers nationwide. In 2019, payments from annuities totaled \$9 billion in California followed by \$6.8 billion in New York (Table 10.4). Residents of 26 other states received annuity payments totaling more than \$1 billion.

Table 10.6 reports the distribution of premium receipts by state in 2019 across the various product lines offered by life insurers—life insurance, annuities, accident and health insurance (including disability income and long-term care insurance), and deposit-type funds. The greatest premium amounts for life insurance, accident and health insurance, and annuities were collected in California (\$73 billion) and Texas (\$53 billion).

Life insurers are a significant source of investment capital in each state, particularly through real estate loans. U.S. life insurers held \$581 billion in domestic mortgages in 2019. Mortgage holdings ranged from \$105 million in Vermont to \$125 billion in California (Table 10.7). Life insurers also directly own real estate across the country—\$41.5 billion worth in 2019 (Table 10.8). California and Texas had the most real estate owned by life insurers, with \$10.7 billion and \$3.6 billion, respectively.

Table 10.1

Life Insurers, by State of Domicile, 2019

Alabama	8	Nebraska	30
Alaska	-	Nevada	-
Arizona	24	New Hampshire	1
Arkansas	17	New Jersey	5
California	11	New Mexico	-
Colorado	9	New York	87
Connecticut	22	North Carolina	2
Delaware	22	North Dakota	3
District of Columbia	-	Ohio	38
Florida	9	Oklahoma	20
Georgia	12	Oregon	2
Hawaii	4	Pennsylvania	29
Idaho	1	Rhode Island	1
Illinois	50	South Carolina	7
Indiana	24	South Dakota	2
Iowa	35	Tennessee	11
Kansas	11	Texas	97
Kentucky	7	Utah	11
Louisiana	24	Vermont	1
Maine	3	Virginia	3
Maryland	3	Washington	6
Massachusetts	14	West Virginia	-
Michigan	18	Wisconsin	20
Minnesota	9	Wyoming	-
Mississippi	9	Total U.S.	745
Missouri	22		
Montana	1	Guam	2
		Puerto Rico	14
		Virgin Islands	-
		Aggregate total	761

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. Data represent U.S. life insurers and fraternal benefit societies.

Table 10.2

Life Insurance Purchases, by State, 2019 (face amount in millions)

	Individual	Group	Credit	Total
Alabama	\$25,083	\$13,774	\$1,285	\$40,142
Alaska	3,428	1,741	5	5,174
Arizona	30,835	21,777	229	52,841
Arkansas	12,706	7,319	131	20,156
California	245,356	145,643	846	391,845
Colorado	38,492	32,399	187	71,078
Connecticut	25,194	17,569	79	42,842
Delaware	8,326	10,733	44	19,103
District of Columbia	5,663	8,268	18	13,950
Florida	116,729	64,107	3,353	184,190
Georgia	62,013	40,455	3,498	105,967
Hawaii	8,834	11,999	203	21,036
Idaho	8,536	5,173	168	13,877
Illinois	76,353	56,030	1,030	133,414
Indiana	27,959	27,681	901	56,541
Iowa	17,077	9,973	392	27,442
Kansas	14,917	10,036	348	25,301
Kentucky	16,263	10,827	1,246	28,336
Louisiana	25,491	13,762	1,710	40,963
Maine	3,901	5,097	298	9,296
Maryland	34,296	30,954	495	65,745
Massachusetts	44,146	37,974	107	82,227
Michigan	40,252	37,860	1,237	79,349
Minnesota	34,752	21,247	285	56,284
Mississippi	14,438	10,072	1,288	25,797
Missouri	30,007	28,319	632	58,959
Montana	4,897	2,144	61	7,103
Nebraska	12,796	5,290	111	18,197
Nevada	15,515	12,786	63	28,364
New Hampshire	6,225	5,219	215	11,660
New Jersey	70,236	35,951	292	106,479
New Mexico	6,005	10,300	379	16,683
New York	134,935	52,842	2,446	190,224
North Carolina	51,855	39,419	2,707	93,981
North Dakota	5,172	2,842	203	8,217
Ohio	48,318	38,452	1,385	88,155
Oklahoma	16,324	11,439	647	28,410

Table 10.2, continued

Life Insurance Purchases, by State, 2019 (face amount in millions), continued

	Individual	Group	Credit	Total
Oregon	16,285	13,079	242	29,607
Pennsylvania	61,339	57,129	1,471	119,939
Rhode Island	4,272	5,719	8	9,999
South Carolina	25,328	18,987	2,577	46,892
South Dakota	8,354	7,384	83	15,821
Tennessee	37,155	25,664	1,760	64,579
Texas	156,212	98,204	6,385	260,801
Utah	21,526	12,452	259	34,237
Vermont	2,065	6,483	67	8,615
Virginia	42,978	32,342	746	76,065
Washington	36,091	15,046	270	51,407
West Virginia	4,408	4,388	273	9,070
Wisconsin	29,581	34,157	467	64,205
Wyoming	3,334	1,575	43	4,952
Total U.S.	1,792,255	1,230,082	43,175	3,065,512
Other ¹	8,217	5,847	2,967	17,031
Aggregate total	1,800,472	1,235,929	46,142	3,082,544

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. Data represent direct business of U.S. life insurers and fraternal benefit societies.

¹ Includes Puerto Rico, American Samoa, Guam, U.S. Virgin Islands, Canada, N. Mariana Islands and other aggregates.

Table 10.3

Life Insurance In Force, by State, 2019

	Thousands of policies/Millions of dollars					
	Individual		Group ¹	Credit		Total
	Policies	Face amount	Face amount	Policies ²	Face amount	Face amount
Alabama	4,824	\$286,252	\$158,248	272	\$1,178	\$445,678
Alaska	168	43,275	24,328	2	14	67,618
Arizona	1,773	354,775	213,684	50	852	569,312
Arkansas	1,508	137,337	76,782	6,215	235	214,354
California	10,091	2,669,386	1,562,795	199	1,254	4,233,435
Colorado	1,860	427,269	234,505	51	316	662,090
Connecticut	1,428	372,986	205,553	56	447	578,986
Delaware	464	102,237	132,971	10	65	235,272
District of Columbia	262	54,308	115,785	8	46	170,139
Florida	7,239	1,247,152	654,816	465	2,944	1,904,912
Georgia	5,066	681,836	465,305	761	2,670	1,149,811
Hawaii	573	101,129	45,177	49	361	146,667
Idaho	550	98,896	56,130	67	346	155,373
Illinois	6,043	965,710	575,019	228	1,663	1,542,392
Indiana	3,009	350,150	251,232	148	1,042	602,425
Iowa	1,724	246,840	110,969	72	681	358,489
Kansas	1,385	199,007	98,718	97	695	298,420
Kentucky	2,095	198,490	167,663	292	1,341	367,494
Louisiana	3,641	287,710	155,323	502	2,559	445,592
Maine	491	62,484	44,468	44	336	107,288
Maryland	3,404	435,143	306,000	220	1,002	742,145
Massachusetts	2,399	600,724	359,107	30	189	960,020
Michigan	3,688	527,220	406,069	362	2,540	935,829
Minnesota	2,558	487,483	261,261	89	622	749,366
Mississippi	1,947	154,635	80,377	338	1,584	236,596
Missouri	2,881	366,544	250,517	144	961	618,022
Montana	367	57,829	24,998	13	105	82,931
Nebraska	1,023	160,838	84,517	30	177	245,533
Nevada	789	155,453	83,352	23	101	238,906
New Hampshire	499	92,830	48,531	39	489	141,849
New Jersey	3,591	915,409	564,266	49	447	1,480,122
New Mexico	638	74,603	79,294	78	727	154,623
New York	7,388	1,716,779	805,143	598	4,343	2,526,264
North Carolina	5,318	636,940	411,656	542	2,784	1,051,381

Table 10.3, continued

Life Insurance In Force, by State, 2019, continued

	Thousands of policies/Millions of dollars					
	Individual		Group ¹	Credit		Total
	Policies	Face amount	Face amount	Policies ²	Face amount	Face amount
North Dakota	394	60,834	25,914	35	427	87,175
Ohio	5,305	641,241	448,484	260	1,938	1,091,663
Oklahoma	1,394	183,049	121,285	97	871	305,205
Oregon	1,093	206,489	136,204	91	367	343,060
Pennsylvania	6,152	835,027	582,057	246	2,149	1,419,233
Rhode Island	407	69,095	42,130	5	35	111,260
South Carolina	2,971	275,488	174,690	639	1,977	452,155
South Dakota	515	95,028	28,742	25	178	123,948
Tennessee	3,423	417,377	255,869	310	1,964	675,210
Texas	10,564	1,608,449	1,033,992	1,173	11,180	2,653,621
Utah	850	227,951	114,653	164	669	343,273
Vermont	242	34,167	20,467	19	142	54,777
Virginia	3,756	554,998	426,482	196	1,326	982,805
Washington	1,844	416,119	294,645	56	340	711,104
West Virginia	906	58,939	56,654	45	370	115,962
Wisconsin	2,841	393,446	214,486	137	849	608,781
Wyoming	220	36,948	15,335	7	74	52,357
Total U.S.	133,558	21,384,306	13,106,648	15,645	59,973	34,550,926
Other ³	3,648	194,387	108,573	3,556	10,862	313,822
Aggregate total	137,206	21,578,692	13,215,221	19,200	70,835	34,864,748

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. Credit category is limited to life insurance on loans of 10 years or less duration. Ordinary and group categories include credit life insurance on loans of more than 10 years duration. Data represent direct business of U.S. life insurers and fraternal benefit societies.

¹ Omits policies due to double counting.

² Includes group credit certificates.

³ Includes Puerto Rico, American Samoa, Guam, U.S. Virgin Islands, Canada, N. Mariana Islands and other aggregates.

Table 10.4

Life Insurance and Annuity Benefit Payments, by State, 2019 (thousands)

	Policy and contract dividends	Death payments	Annuity payments¹	Surrender values	Other payments²	Total
Alabama	\$195,986	\$1,690,074	\$921,492	\$3,814,643	\$21,574	\$6,643,770
Alaska	28,229	288,031	125,156	803,587	1,441	1,246,445
Arizona	285,685	1,754,747	1,941,323	7,143,050	26,873	11,151,677
Arkansas	114,282	904,519	614,964	2,035,636	9,716	3,679,118
California	1,588,225	10,336,578	8,969,784	34,956,972	129,844	55,981,403
Colorado	335,679	1,727,731	1,544,836	5,993,214	20,048	9,621,508
Connecticut	416,983	1,697,894	2,661,869	15,743,993	20,102	20,540,841
Delaware	68,975	776,343	1,026,808	6,164,591	66,535	8,103,252
District of Columbia	55,575	319,929	293,294	1,455,904	197,939	2,322,642
Florida	1,151,635	7,324,806	6,321,359	27,066,837	99,993	41,964,630
Georgia	532,489	3,631,001	1,762,560	10,506,563	43,868	16,476,481
Hawaii	91,916	454,584	407,696	1,811,535	8,576	2,774,308
Idaho	83,020	429,273	431,146	1,358,044	5,857	2,307,340
Illinois	989,596	4,562,157	3,857,330	13,558,371	87,009	23,054,463
Indiana	385,153	2,164,110	1,820,402	6,672,544	356,691	11,398,901
Iowa	338,144	1,384,047	1,227,036	7,757,767	26,685	10,733,679
Kansas	195,314	1,117,541	763,833	3,020,274	12,588	5,109,550
Kentucky	191,860	1,332,555	963,721	4,280,901	24,056	6,793,094
Louisiana	221,633	1,534,189	1,035,803	4,356,265	21,738	7,169,629
Maine	91,826	419,018	417,017	1,500,433	7,971	2,436,264
Maryland	396,689	2,358,271	1,810,823	6,470,486	26,821	11,063,090
Massachusetts	654,424	2,408,214	2,955,028	14,202,406	32,606	20,252,678
Michigan	587,063	3,927,912	3,982,916	12,079,382	41,663	20,618,937
Minnesota	426,202	4,950,103	1,804,925	8,262,666	26,720	15,470,616
Mississippi	92,127	916,172	479,814	1,893,166	11,195	3,392,474
Missouri	339,290	2,360,334	2,182,377	8,386,810	32,974	13,301,785
Montana	65,792	268,037	261,662	782,226	4,727	1,382,444
Nebraska	150,335	758,203	945,450	2,648,413	9,588	4,511,989
Nevada	107,170	735,902	634,297	2,329,600	8,154	3,815,122
New Hampshire	121,393	397,528	550,609	2,052,865	7,840	3,130,235
New Jersey	839,935	3,939,050	3,418,756	16,056,221	70,686	24,324,648
New Mexico	84,120	492,416	588,207	1,251,930	9,803	2,426,475
New York	2,146,433	7,434,515	6,809,128	28,970,652	130,511	45,491,238
North Carolina	615,127	3,759,703	2,477,887	9,442,153	45,700	16,340,569
North Dakota	56,878	275,797	192,392	918,004	4,153	1,447,225

Table 10.4, continued

Life Insurance and Annuity Benefit Payments, by State, 2019 (thousands), continued

	Policy and contract dividends	Death payments	Annuity payments¹	Surrender values	Other payments²	Total
Ohio	641,454	3,917,458	4,118,642	13,783,645	69,227	22,530,427
Oklahoma	160,593	1,175,047	759,283	2,552,280	12,554	4,659,758
Oregon	178,815	978,095	1,424,639	3,707,522	13,207	6,302,278
Pennsylvania	1,034,159	4,906,691	4,998,767	18,901,904	97,228	29,938,749
Rhode Island	80,091	348,199	401,877	1,365,708	7,411	2,203,287
South Carolina	245,570	1,655,008	1,158,872	4,592,354	24,091	7,675,895
South Dakota	74,325	428,954	262,913	910,625	5,480	1,682,297
Tennessee	299,455	2,456,824	1,572,069	6,383,577	29,061	10,740,986
Texas	966,110	7,822,022	5,985,132	20,614,064	69,417	35,456,745
Utah	131,019	1,105,315	690,441	2,974,218	8,852	4,909,845
Vermont	64,949	188,702	244,348	803,549	4,508	1,306,056
Virginia	528,537	3,018,552	2,057,367	8,349,724	35,923	13,990,104
Washington	347,007	1,758,104	2,270,482	6,789,283	25,297	11,190,174
West Virginia	103,930	553,869	486,199	1,402,001	11,627	2,557,627
Wisconsin	545,629	2,137,746	2,110,566	7,782,162	32,282	12,608,385
Wyoming	35,137	187,006	129,224	526,147	1,718	879,233
Total U.S.	19,481,967	111,468,878	94,872,521	377,186,868	2,100,132	605,110,365
Other ³	187,101	826,185	550,957	3,882,288	180,720	5,627,251
Aggregate total	19,669,068	112,295,063	95,423,478	381,069,155	2,280,852	610,737,616

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. Data represent direct business of U.S. life insurers and fraternal benefit societies.

¹ Excludes payments from deposit-type contracts due to codification.

² Includes matured endowments, disability payments, and payments on guaranteed interest contracts (GICs).

³ Includes Puerto Rico, American Samoa, Guam, U.S. Virgin Islands, Canada, N. Mariana Islands and other aggregates.

Table 10.5

Payments to Life Insurance Beneficiaries, by State, 2019 (thousands)

	Individual	Group	Credit	Total
Alabama	\$1,176,895	\$507,113	\$6,067	\$1,690,074
Alaska	225,693	62,283	56	288,031
Arizona	1,287,117	466,108	1,521	1,754,747
Arkansas	621,547	281,429	1,543	904,519
California	7,918,530	2,414,420	3,628	10,336,578
Colorado	1,266,537	459,911	1,283	1,727,731
Connecticut	1,189,210	507,723	962	1,697,894
Delaware	526,106	249,911	326	776,343
District of Columbia	155,547	164,222	161	319,929
Florida	5,581,343	1,726,683	16,780	7,324,806
Georgia	2,535,439	1,080,922	14,639	3,631,001
Hawaii	352,046	101,217	1,321	454,584
Idaho	300,955	126,661	1,657	429,273
Illinois	3,298,126	1,256,403	7,628	4,562,157
Indiana	1,465,260	691,181	7,669	2,164,110
Iowa	1,103,614	277,945	2,487	1,384,047
Kansas	864,968	248,908	3,664	1,117,541
Kentucky	925,838	398,513	8,204	1,332,555
Louisiana	1,098,057	424,893	11,240	1,534,189
Maine	254,191	162,754	2,072	419,018
Maryland	1,579,718	775,254	3,298	2,358,271
Massachusetts	1,739,986	667,710	518	2,408,214
Michigan	2,743,477	1,171,605	12,830	3,927,912
Minnesota	4,444,045	503,219	2,839	4,950,103
Mississippi	648,365	258,140	9,668	916,172
Missouri	1,734,802	618,601	6,931	2,360,334
Montana	204,151	63,339	548	268,037
Nebraska	599,356	157,476	1,371	758,203
Nevada	506,005	229,573	323	735,902
New Hampshire	276,319	119,172	2,036	397,528
New Jersey	2,703,413	1,234,432	1,205	3,939,050
New Mexico	295,676	194,493	2,247	492,416
New York	5,816,780	1,602,199	15,536	7,434,515
North Carolina	2,726,878	1,016,880	15,945	3,759,703
North Dakota	217,277	56,605	1,914	275,797
Ohio	2,793,112	1,114,349	9,997	3,917,458

Table 10.5, continued

Payments to Life Insurance Beneficiaries, by State, 2019 (thousands), continued				
	Individual	Group	Credit	Total
Oklahoma	794,077	377,700	3,271	1,175,047
Oregon	743,260	232,900	1,936	978,095
Pennsylvania	3,535,234	1,359,663	11,794	4,906,691
Rhode Island	254,763	93,376	60	348,199
South Carolina	1,142,463	498,696	13,849	1,655,008
South Dakota	355,486	72,807	661	428,954
Tennessee	1,684,073	760,749	12,003	2,456,824
Texas	5,358,712	2,430,867	32,444	7,822,022
Utah	871,767	230,757	2,791	1,105,315
Vermont	142,895	45,288	519	188,702
Virginia	1,821,651	1,190,128	6,774	3,018,552
Washington	1,181,076	575,675	1,354	1,758,104
West Virginia	363,116	188,673	2,080	553,869
Wisconsin	1,629,574	504,821	3,351	2,137,746
Wyoming	144,303	42,285	418	187,006
Total U.S.	81,198,827	29,996,632	273,419	111,468,878
Other ¹	586,090	202,025	38,070	826,185
Aggregate total	81,784,917	30,198,657	311,489	112,295,063

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. Data represent direct business of U.S. life insurers and fraternal benefit societies.

¹ Includes Puerto Rico, American Samoa, Guam, U.S. Virgin Islands, Canada, N. Mariana Islands and other aggregates.

Table 10.6

Direct Premium Receipts of Life Insurers, by State, 2019 (millions)

	Accident and Health						Total
	Life	Annuity	Disability Income	Long-Term Care	Other Health	Deposit-type funds ¹	
Alabama	2,392	\$3,689	\$383	\$109	\$1,434	\$246	\$8,252
Alaska	523	630	52	12	247	25	1,488
Arizona	2,720	7,916	424	178	3,460	374	15,072
Arkansas	1,125	2,259	201	56	809	98	4,548
California	19,030	38,408	2,517	889	12,262	2,912	76,020
Colorado	2,965	6,647	477	216	3,686	1,202	15,193
Connecticut	2,644	8,282	408	221	2,522	9,454	23,531
Delaware	1,468	3,421	109	33	657	55,611	61,298
District of Columbia	416	1,415	165	36	909	1,040	3,982
Florida	10,862	25,282	1,461	644	14,437	1,492	54,179
Georgia	5,230	8,979	923	246	8,034	1,475	24,886
Hawaii	865	1,862	139	86	983	102	4,038
Idaho	630	1,465	96	39	711	106	3,046
Illinois	8,088	13,996	1,045	448	5,137	2,775	31,489
Indiana	2,945	6,818	492	159	4,391	3,648	18,453
Iowa	2,525	7,751	246	199	1,141	8,848	20,710
Kansas	1,464	2,963	200	125	3,780	1,179	9,712
Kentucky	1,725	3,646	348	109	1,382	375	7,584
Louisiana	2,457	4,320	409	87	1,928	266	9,467
Maine	470	1,451	109	53	799	65	2,948
Maryland	3,240	6,924	588	235	3,181	822	14,990
Massachusetts	4,212	11,922	877	294	2,674	1,591	21,570
Michigan	4,820	12,286	757	233	2,819	1,359	22,274
Minnesota	5,072	8,327	605	297	995	788	16,084
Mississippi	1,337	1,972	211	57	1,314	119	5,011
Missouri	2,982	7,660	464	213	4,250	648	16,216
Montana	409	693	58	38	342	45	1,585
Nebraska	1,208	2,448	168	134	1,347	953	6,259
Nevada	1,228	2,418	199	48	1,189	187	5,269
New Hampshire	649	2,263	128	56	571	94	3,761
New Jersey	6,879	17,111	907	384	7,189	1,363	33,833
New Mexico	688	1,606	96	45	996	437	3,868
New York	13,023	25,931	2,324	873	8,246	64,338	114,736
North Carolina	5,162	10,326	822	338	5,580	777	23,004
North Dakota	510	883	65	54	216	87	1,815

Table 10.6, continued

Direct Premium Receipts of Life Insurers, by State, 2019 (millions), continued

	Accident and Health						Total
	Life	Annuity	Disability Income	Long-Term Care	Other Health	Deposit-type funds ¹	
Ohio	5,379	14,910	859	327	6,999	18,618	47,091
Oklahoma	1,510	2,619	247	77	1,469	287	6,208
Oregon	1,353	4,305	349	125	1,837	231	8,200
Pennsylvania	7,081	19,059	1,216	409	6,511	7,007	41,283
Rhode Island	467	1,820	79	36	418	81	2,901
South Carolina	2,424	4,953	371	173	3,919	261	12,100
South Dakota	1,124	759	68	67	305	319	2,643
Tennessee	3,285	6,221	624	201	3,007	883	14,220
Texas	12,909	21,801	2,018	608	16,152	2,458	55,946
Utah	1,514	3,309	195	38	1,186	349	6,590
Vermont	268	779	60	24	308	58	1,497
Virginia	4,470	7,936	719	353	4,772	811	19,061
Washington	2,849	7,308	636	267	3,531	372	14,964
West Virginia	662	1,415	107	28	752	121	3,084
Wisconsin	3,833	7,605	532	238	3,323	731	16,262
Wyoming	380	468	30	19	346	36	1,279
Total U.S.	171,467	369,240	26,582	10,233	164,449	197,525	939,496
Other ²	2,842	1,106	306	9	2,785	109	7,156
Aggregate total	174,309	370,346	26,887	10,242	167,234	197,634	946,652

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. Data represent direct business of U.S. life insurers and fraternal benefit societies.

¹ Includes guaranteed interest contracts, supplemental contracts and annuities certain, dividend accumulations or refunds, and other deposit funds.

² Includes Puerto Rico, American Samoa, Guam, U.S. Virgin Islands, Canada, N. Mariana Islands and other aggregates.

Table 10.7

Mortgages Owned by Life Insurers, by Type and State, 2019 (thousands)

	Farm	Non-farm	Total
Alabama	\$486,736	\$2,247,910	\$2,734,646
Alaska	28,497	254,438	282,935
Arizona	433,373	11,075,059	11,508,432
Arkansas	1,355,280	525,306	1,880,586
California	6,922,991	117,845,054	124,768,045
Colorado	209,515	14,532,907	14,742,422
Connecticut	40,889	3,966,799	4,007,687
Delaware	4,763	1,231,606	1,236,369
District of Columbia	-	13,991,011	13,991,011
Florida	1,013,769	33,974,679	34,988,448
Georgia	452,350	16,428,396	16,880,746
Hawaii	11,373	2,582,669	2,594,043
Idaho	1,055,383	944,319	1,999,702
Illinois	1,377,173	27,468,648	28,845,822
Indiana	950,580	4,302,132	5,252,712
Iowa	796,175	949,863	1,746,038
Kansas	202,146	2,830,344	3,032,490
Kentucky	98,455	2,283,697	2,382,151
Louisiana	205,712	1,228,683	1,434,395
Maine	149,818	450,198	600,016
Maryland	7,063	15,115,457	15,122,520
Massachusetts	62,933	19,794,224	19,857,156
Michigan	475,385	6,082,538	6,557,923
Minnesota	565,399	7,087,690	7,653,089
Mississippi	767,115	477,783	1,244,898
Missouri	921,505	4,723,094	5,644,599
Montana	361,548	189,103	550,651
Nebraska	705,313	1,534,465	2,239,777
Nevada	75,999	4,636,118	4,712,117
New Hampshire	-	504,257	504,257
New Jersey	290,472	21,569,709	21,860,180
New Mexico	162,623	724,946	887,569
New York	49,352	53,401,746	53,451,098
North Carolina	265,339	12,595,516	12,860,855
North Dakota	192,828	436,504	629,331
Ohio	374,177	11,691,337	12,065,514
Oklahoma	109,933	1,200,801	1,310,733

Table 10.7, continued

Mortgages Owned by Life Insurers, by Type and State, 2019 (thousands), continued			
	Farm	Non-farm	Total
Oregon	808,055	8,332,833	9,140,888
Pennsylvania	38,453	12,060,963	12,099,417
Rhode Island	-	480,013	480,013
South Carolina	221,830	4,249,645	4,471,476
South Dakota	518,014	109,572	627,586
Tennessee	44,518	7,922,921	7,967,438
Texas	798,954	51,984,388	52,783,342
Utah	57,357	6,736,707	6,794,065
Vermont	4,928	100,006	104,934
Virginia	95,936	14,927,067	15,023,003
Washington	1,348,920	22,970,693	24,319,612
West Virginia	247,513	251,551	499,064
Wisconsin	307,350	3,978,053	4,285,402
Wyoming	94,005	151,107	245,112
Total U.S.	25,767,794	555,134,522	580,902,316
Other ¹	1,271,580	33,209,175	34,480,755
Aggregate total	27,039,374	588,343,697	615,383,072

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. Data represent U.S. life insurers and fraternal benefit societies.

¹ Includes U.S. territories and possessions, various/multistate categories, and foreign countries.

Table 10.8

Real Estate Owned by Life Insurers, by State, 2019 (thousands)

Alabama	\$274,847	Nebraska	\$238,622
Alaska	20,075	Nevada	115,602
Arizona	938,119	New Hampshire	16,346
Arkansas	112,438	New Jersey	1,395,370
California	10,697,299	New Mexico	4,779
Colorado	844,218	New York	2,409,725
Connecticut	672,677	North Carolina	712,828
Delaware	23,282	North Dakota	4,935
District of Columbia	1,975,267	Ohio	133,162
Florida	2,399,286	Oklahoma	50,668
Georgia	1,200,348	Oregon	763,973
Hawaii	698	Pennsylvania	372,371
Idaho	25,645	Rhode Island	35,548
Illinois	1,613,463	South Carolina	177,095
Indiana	249,580	South Dakota	19,031
Iowa	636,114	Tennessee	571,880
Kansas	129,562	Texas	3,590,732
Kentucky	94,158	Utah	280,852
Louisiana	109,626	Vermont	55,713
Maine	82,168	Virginia	859,819
Maryland	690,878	Washington	1,502,640
Massachusetts	3,001,693	West Virginia	168
Michigan	324,667	Wisconsin	978,287
Minnesota	880,928	Wyoming	13,316
Mississippi	113,208	Total U.S.	41,484,971
Missouri	71,266	Other ¹	67,529
Montana	-	Aggregate total	41,552,500

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. Data represent U.S. life insurers and fraternal benefit societies.

¹ Includes U.S. territories and possessions, various/multistate categories, and foreign countries.

11

INDUSTRY RANKINGS

The U.S. life insurance industry in 2019 is made up of 761 companies with sales and operations across the country. Many of these companies are stand-alone entities, with no life insurer affiliate or subsidiary operating in the United States. Others are organized into groups or fleets of affiliates and subsidiaries. This chapter presents rankings of the 25 largest life insurance groups (counting stand-alone companies as a group of one) based on assets, premiums and annuity considerations, and life insurance coverage.

Table 11.1

Largest Life Insurers, by Total Assets, 2019 (millions)

Prudential Financial	\$638,029
MetLife, Inc.	427,561
New York Life	354,132
TIAA-CREF	328,733
American International Group	318,534
Northwestern Mutual	290,602
Lincoln Financial	288,514
Massachusetts Mutual	282,006
Manulife Financial	277,037
Jackson National	274,889
Equitable Holdings, Inc.	222,156
Transamerica Corporation	214,614
Principal Financial	210,903
Nationwide	197,433
Brighthouse Holdings Group	195,224
Allianz	162,330
Pacific Life	153,447
Voya Financial	150,547
Talcott Resolution Group	123,070
Ameriprise Financial	113,815
Thrivent Financial	102,221
Athene Group	99,556
Sammons Financial	89,895
Protective Life	88,595
State Farm	81,842

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. Group totals represent a collection of life insurers based on organizational structure. Data are as of December 31, 2019.

Table 11.2

Largest Life Insurers, by General Account Assets, 2019 (millions)

New York Life	\$297,987
MetLife, Inc.	286,036
TIAA-CREF	280,884
Northwestern Mutual	255,769
American International Group	218,184
Prudential Financial	207,869
Massachusetts Mutual	205,347
Lincoln Financial	128,921
Allianz	124,460
Manulife Financial	117,732
Pacific Life	93,256
Athene Group	89,362
Sammons Financial	84,579
Nationwide	82,647
Principal Financial	82,434
State Farm	80,359
Jackson National	79,818
Transamerica Corporation	78,861
Protective Life	73,586
Brighthouse Holdings Group	73,408
Guardian	71,406
Equitable Holdings, Inc.	71,331
Thrivent Financial	67,739
Global Atlantic Financial	67,253
Voya Financial	66,720

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. Group totals represent a collection of life insurers based on organizational structure. Data are as of December 31, 2019.

Table 11.3

Largest Life Insurers, by Separate Account Assets, 2019 (millions)

Prudential Financial	\$430,159
Jackson National	195,070
Lincoln Financial	159,593
Manulife Financial	159,305
Equitable Holdings, Inc.	150,826
MetLife, Inc.	141,526
Transamerica Corporation	135,753
Principal Financial	128,470
Brighthouse Holdings Group	121,816
Nationwide	114,786
Talcott Resolution Group	104,398
American International Group	100,351
Voya Financial	83,827
Ameriprise Financial	82,581
Massachusetts Mutual	76,659
Pacific Life	60,192
New York Life	56,145
TIAA-CREF	47,850
Allianz	37,870
Northwestern Mutual	34,832
Fidelity Investments	34,675
Thrivent Financial	34,482
Securian Financial Group	29,749
Great West	26,315
Venerable Holdings	25,480

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. Group totals represent a collection of life insurers based on organizational structure. Data are as of December 31, 2019.

Table 11.4

Largest Life Insurers, by Individual Net Life Insurance Premiums, 2019 (millions)

Protective Life	\$17,786
Northwestern Mutual	14,465
New York Life	9,742
Prudential Financial	9,460
Massachusetts Mutual	8,225
Lincoln Financial	5,764
State Farm	5,017
Guardian	4,279
Pacific Life	3,559
MetLife, Inc.	3,129
Transamerica Corporation	2,839
Manulife Financial	2,788
Equitable Holdings, Inc.	2,748
RGA Group	2,334
Nationwide	1,993
Securian Financial Group	1,980
Globe Life, Inc.	1,904
Thrivent Financial	1,699
Western and Southern Financial	1,650
Mutual of Omaha	1,640
National Life	1,397
Penn Mutual	1,256
Allstate	1,241
Wilton Re Group	1,206
Berkshire Hathaway	1,161

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. Group totals represent a collection of life insurers based on organizational structure. Data are as of December 31, 2019. Figures are net of reinsurance.

Table 11.5

Largest Life Insurers, by Group Net Life Insurance Premiums, 2019 (millions)

MetLife, Inc.	\$7,327
New York Life	3,475
Prudential Financial	2,554
CIGNA	1,743
Securian Financial Group	1,615
Nationwide	1,011
UNUM	947
Hartford Life, Inc.	901
Lincoln Financial	879
Zurich Financial	836
Guardian	648
Sun Life Assurance	637
Principal Financial	455
Homesteaders Life Company	454
Globe Life, Inc.	438
Assurant, Inc.	387
Protective Life	376
Anthem, Inc.	367
National Guardian Life Insurance Group	354
HCSC	308
Mutual of Omaha	288
Transamerica Corporation	226
Tokio Marine Holdings	201
Trustmark	192
Voya Financial	186

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. Group totals represent a collection of life insurers based on organizational structure. Data are as of December 31, 2019. Figures are net of reinsurance.

Table 11.6

Largest Life Insurers, by Total Net Life Insurance Premiums, 2019 (millions)

Protective Life	\$18,162
Northwestern Mutual	14,470
New York Life	13,217
Prudential Financial	12,014
MetLife, Inc.	10,480
Massachusetts Mutual	8,293
Lincoln Financial	6,643
State Farm	5,097
Guardian	4,926
Securian Financial Group	3,654
Pacific Life	3,559
Transamerica Corporation	3,067
Nationwide	3,004
Manulife Financial	2,853
Equitable Holdings, Inc.	2,801
RGA Group	2,407
Globe Life, Inc.	2,342
Mutual of Omaha	1,928
CIGNA	1,796
Thrivent Financial	1,699
Western and Southern Financial	1,654
UNUM	1,585
Zurich Financial	1,426
National Life	1,397
Principal Financial	1,358

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. Group totals represent a collection of life insurers based on organizational structure. Data are as of December 31, 2019. Figures are net of reinsurance.

Table 11.7

Largest Life Insurers, by Individual Direct Life Insurance Premiums, 2019 (millions)

Northwestern Mutual	\$15,360
New York Life	10,379
Massachusetts Mutual	9,467
Lincoln Financial	8,287
Prudential Financial	7,882
Manulife Financial	5,134
State Farm	5,021
Transamerica Corporation	4,762
Guardian	4,547
MetLife, Inc.	4,394
Pacific Life	3,898
American International Group	3,602
Equitable Holdings, Inc.	3,192
Protective Life	2,617
Primerica	2,507
Brighthouse Holdings Group	2,438
Nationwide	2,320
Securian Financial Group	2,149
Sammons Financial	2,144
Voya Financial	2,143
Penn Mutual	2,086
Globe Life, Inc.	1,985
Mutual of Omaha	1,980
Principal Financial	1,924
National Life	1,829

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. Group totals represent a collection of life insurers based on organizational structure. Data are as of December 31, 2019.

Table 11.8

Largest Life Insurers, by Group Direct Life Insurance Premiums, 2019 (millions)

MetLife, Inc.	\$10,526
Prudential Financial	4,599
New York Life	3,006
Securian Financial Group	2,546
CIGNA	1,792
UNUM	1,722
Hartford Life, Inc.	1,523
Lincoln Financial	1,396
Nationwide	1,036
Meiji Yasuda Life Insurance Group	1,000
Aetna	705
Sun Life Assurance	664
Guardian	648
Mutual of Omaha	573
Voya Financial	541
Zurich Financial	481
Tokio Marine Holdings	468
Principal Financial	457
Homesteaders Life Company	454
Globe Life, Inc.	445
Assurant, Inc.	436
National Guardian Life Insurance Group	350
Anthem, Inc.	322
HCSC	317
Transamerica Corporation	294

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. Group totals represent a collection of life insurers based on organizational structure. Data are as of December 31, 2019.

Table 11.9

Largest Life Insurers, by Total Direct Life Insurance Premiums, 2019 (millions)

Northwestern Mutual	\$15,368
MetLife, Inc.	14,940
New York Life	13,385
Prudential Financial	12,482
Lincoln Financial	9,683
Massachusetts Mutual	9,570
Guardian	5,195
Manulife Financial	5,191
State Farm	5,101
Transamerica Corporation	5,058
Securian Financial Group	4,774
Pacific Life	3,898
American International Group	3,621
Nationwide	3,356
Equitable Holdings, Inc.	3,248
Voya Financial	2,684
Protective Life	2,638
Mutual of Omaha	2,553
Primerica	2,508
Brighthouse Holdings Group	2,438
Globe Life, Inc.	2,430
UNUM	2,423
Principal Financial	2,381
Sammons Financial	2,194
Penn Mutual	2,090

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. Group totals represent a collection of life insurers based on organizational structure. Data are as of December 31, 2019.

Table 11.10

Largest Life Insurers, by Individual Life Insurance Issued, 2019 (millions)

Northwestern Mutual	\$159,399
Lincoln Financial	119,146
New York Life	98,158
Prudential Financial	97,794
State Farm	91,330
American International Group	89,794
Massachusetts Mutual	87,941
Primerica	83,350
Principal Financial	59,626
Legal & General	57,339
Protective Life	46,596
Pacific Life	45,852
National Life	42,478
Transamerica Corporation	38,005
Manulife Financial	37,263
Globe Life, Inc.	35,089
Guardian	33,411
Allstate	30,733
USAA	29,682
Nationwide	25,435
Equitable Holdings, Inc.	25,126
Penn Mutual	24,258
Sammons Financial	23,222
Zurich Financial	21,409
Mutual of Omaha	20,506

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. Group totals represent a collection of life insurers based on organizational structure. Data are as of December 31, 2019.

Table 11.11

Largest Life Insurers, by Group Life Insurance Issued, 2019 (millions)

Hartford Life, Inc.	\$192,090
MetLife, Inc.	126,654
Lincoln Financial	106,707
UNUM	97,907
CIGNA	74,531
Voya Financial	72,622
Prudential Financial	71,019
Securian Financial Group	70,719
Meiji Yasuda Life Insurance Group	60,159
Mutual of Omaha	45,525
Principal Financial	45,024
Sun Life Assurance	43,795
Guardian	39,800
Tokio Marine Holdings	30,223
Sumitomo Life Group	14,605
OneAmerica Financial	13,590
UnitedHealth	11,537
AAA Life Insurance Group	10,976
New York Life	10,255
HCSC	9,932
Anthem, Inc.	9,841
5 Star Life Insurance Company	9,114
Arkansas Blue Cross & Blue Shield	6,797
Nationwide	5,628
Zurich Financial	4,933

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. Group totals represent a collection of life insurers based on organizational structure. Data are as of December 31, 2019.

Table 11.12

Largest Life Insurers, by Total Life Insurance Issued, 2019 (millions)

Lincoln Financial	\$225,853
Hartford Life, Inc.	192,118
Prudential Financial	168,812
Northwestern Mutual	160,534
MetLife, Inc.	132,178
UNUM	110,135
New York Life	108,413
Principal Financial	104,650
Securian Financial Group	94,843
State Farm	91,511
Massachusetts Mutual	89,922
American International Group	89,795
Primerica	83,350
Voya Financial	76,079
CIGNA	74,583
Guardian	73,211
Mutual of Omaha	66,031
Meiji Yasuda Life Insurance Group	60,277
Legal & General	57,361
Protective Life	46,896
Pacific Life	45,852
Sun Life Assurance	43,820
National Life	42,478
Transamerica Corporation	41,116
Globe Life, Inc.	37,500

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. Group totals represent a collection of life insurers based on organizational structure. Data are as of December 31, 2019.

Table 11.13

Largest Life Insurers, by Individual Life Insurance in Force, 2019 (millions)

Northwestern Mutual	\$1,342,291
State Farm	941,683
Swiss Re America	857,213
New York Life	830,658
Prudential Financial	602,840
RGA Group	521,917
Protective Life	472,812
Equitable Holdings, Inc.	392,754
Transamerica Corporation	324,483
Pacific Life	317,902
American International Group	308,079
Lincoln Financial	267,325
Guardian	241,604
Berkshire Hathaway	238,433
USAA	221,446
Massachusetts Mutual	212,651
Allstate	206,927
MetLife, Inc.	180,830
Nationwide	179,356
Manulife Financial	160,896
Globe Life, Inc.	149,826
Brighthouse Holdings Group	141,900
Thrivent Financial	132,890
Southern Farm Bureau Life Ins Co	122,232
Knights Of Columbus	110,925

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. Group totals represent a collection of life insurers based on organizational structure. Data are as of December 31, 2019. Amounts exclude reinsurance ceded.

Table 11.14

Largest Life Insurers, by Group Life Insurance in Force, 2019 (millions)

MetLife, Inc.	\$1,587,207
Prudential Financial	958,313
CIGNA	763,229
Securian Financial Group	637,258
New York Life	469,121
Lincoln Financial	366,559
UNUM	349,660
Guardian	288,259
Sun Life Assurance	270,010
Hartford Life, Inc.	245,283
Principal Financial	156,866
HCSC	103,865
Anthem, Inc.	103,029
UnitedHealth	79,034
Sumitomo Life Group	62,998
OneAmerica Financial	56,656
Mutual of Omaha	54,864
Nationwide	54,385
Manulife Financial	49,731
Tokio Marine Holdings	43,758
Arkansas Blue Cross & Blue Shield	41,474
Protective Life	40,582
Talcott Resolution Group	37,610
Globe Life, Inc.	28,737
Berkshire Hathaway	27,239

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. Group totals represent a collection of life insurers based on organizational structure. Data are as of December 31, 2019. Amounts exclude reinsurance ceded.

Table 11.15

Largest U.S. Life Insurers, by Total Life Insurance in Force, 2019 (millions)

MetLife, Inc.	\$1,770,302
Prudential Financial	1,561,153
Northwestern Mutual	1,344,609
New York Life	1,299,779
State Farm	954,900
Swiss Re America	857,672
CIGNA	770,555
Securian Financial Group	730,481
Lincoln Financial	633,884
RGA Group	565,481
Guardian	529,863
Protective Life	513,420
Equitable Holdings, Inc.	414,546
UNUM	408,579
Transamerica Corporation	344,646
Pacific Life	317,910
American International Group	313,107
Sun Life Assurance	282,308
Berkshire Hathaway	266,821
Hartford Life, Inc.	245,586
Nationwide	233,740
Massachusetts Mutual	232,765
USAA	221,472
Allstate	216,991
Principal Financial	211,104

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. Group totals represent a collection of life insurers based on organizational structure. Data are as of December 31, 2019. Amounts exclude reinsurance ceded.

Table 11.16

Largest Life Insurers, by Individual Direct Annuity Considerations, 2019 (millions)

Jackson National	\$18,559
American International Group	16,677
Lincoln Financial	14,976
Allianz	12,507
Nationwide	11,089
New York Life	10,915
Equitable Holdings, Inc.	9,201
Prudential Financial	9,163
Pacific Life	8,718
Global Atlantic Financial	7,880
Athene Group	6,959
Brighthouse Holdings Group	6,138
TIAA-CREF	5,982
Massachusetts Mutual	5,165
American Equity Investment Group	4,959
Sammons Financial	4,702
American Financial	4,663
Ameriprise Financial	4,130
Transamerica Corporation	4,109
FGL Holdings Group	3,586
Sumitomo Life Group	3,520
Principal Financial	3,261
Thrivent Financial	2,894
Western and Southern Financial	2,809
SBL Holdings Group	2,731

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. Group totals represent a collection of life insurers based on organizational structure. Data are as of December 31, 2019. Amounts exclude deposit-type funds and supplementary contracts.

Table 11.17

Largest Life Insurers, by Group Direct Annuity Considerations, 2019 (millions)

Prudential Financial	\$16,965
Manulife Financial	15,037
Transamerica Corporation	13,361
Voya Financial	12,493
MetLife, Inc.	11,535
Massachusetts Mutual	11,488
TIAA-CREF	8,998
Athene Group	5,229
New York Life	4,578
Nationwide	4,513
Principal Financial	3,939
Great West	3,903
Securian Financial Group	3,870
Lincoln Financial	3,848
OneAmerica Financial	3,563
American International Group	3,172
Equitable Holdings, Inc.	3,047
Meiji Yasuda Life Insurance Group	2,727
Mutual of America Life Insurance Company	2,265
Pacific Life	1,854
CUNA Mutual	1,391
Talcott Resolution Group	1,385
Jackson National	1,265
Legal & General	1,140
Ameritas	1,041

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. Group totals represent a collection of life insurers based on organizational structure. Data are as of December 31, 2019. Amounts exclude deposit-type funds and supplementary contracts.

Table 11.18

Largest Life Insurers, by Total Direct Annuity Considerations, 2019 (millions)

Prudential Financial	\$26,128
American International Group	19,850
Jackson National	19,824
Lincoln Financial	18,825
Transamerica Corporation	17,470
Massachusetts Mutual	16,653
Nationwide	15,602
New York Life	15,493
Manulife Financial	15,102
TIAA-CREF	14,980
Voya Financial	12,744
Allianz	12,507
Equitable Holdings, Inc.	12,249
Athene Group	12,188
MetLife, Inc.	12,145
Pacific Life	10,572
Global Atlantic Financial	8,310
Principal Financial	7,200
Brighthouse Holdings Group	6,286
American Equity Investment Group	4,959
American Financial	4,947
Securian Financial Group	4,938
Sammons Financial	4,821
Great West	4,244
Ameriprise Financial	4,184

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. Group totals represent a collection of life insurers based on organizational structure. Data are as of December 31, 2019. Amounts exclude deposit-type funds and supplementary contracts.

Table 11.19

Largest Life Insurers, by Individual Annuity Reserves, 2019 (millions)

Jackson National	\$202,427
TIAA-CREF	190,169
Prudential Financial	173,066
American International Group	161,839
Lincoln Financial	156,794
Brighthouse Holdings Group	133,295
Allianz	128,610
New York Life	106,055
Nationwide	95,582
Transamerica Corporation	83,967
Ameriprise Financial	83,848
Equitable Holdings, Inc.	82,402
Pacific Life	82,398
Athene Group	64,476
American Equity Investment Group	51,920
Thrivent Financial	48,993
MetLife, Inc.	45,786
Sammons Financial	40,626
Talcott Resolution Group	40,069
Manulife Financial	39,416
American Financial	35,391
Fidelity Investments	34,867
Protective Life	31,138
SBL Holdings Group	28,960
Massachusetts Mutual	28,826

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. Group totals represent a collection of life insurers based on organizational structure. Data are as of December 31, 2019. Amounts exclude deposit-type funds and supplementary contracts.

Table 11.20

Largest Life Insurers, by Group Annuity Reserves, 2019 (millions)

Prudential Financial	\$125,440
MetLife, Inc.	119,534
Voya Financial	104,164
Manulife Financial	101,698
Equitable Holdings, Inc.	76,263
Massachusetts Mutual	72,716
TIAA-CREF	68,805
American International Group	62,017
Transamerica Corporation	59,308
Nationwide	42,983
New York Life	30,488
Jackson National	29,390
Great West	28,094
Lincoln Financial	27,615
Securian Financial Group	25,697
OneAmerica Financial	23,401
Principal Financial	18,582
Venerable Holdings	15,590
Meiji Yasuda Life Insurance Group	14,059
Talcott Resolution Group	11,283
Athene Group	11,144
Delaware Life Holding	10,460
Ameritas	8,061
Sentry Insurance Group	7,618
Northwestern Mutual	7,443

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. Group totals represent a collection of life insurers based on organizational structure. Data are as of December 31, 2019. Amounts exclude deposit-type funds and supplementary contracts.

Table 11.21

Largest Life Insurers, by Total Annuity Reserves, 2019 (millions)

Prudential Financial	\$298,506
TIAA-CREF	258,974
Jackson National	231,817
American International Group	223,856
Lincoln Financial	184,409
MetLife, Inc.	165,320
Equitable Holdings, Inc.	158,664
Transamerica Corporation	143,275
Manulife Financial	141,114
Brighthouse Holdings Group	139,416
Nationwide	138,566
New York Life	136,542
Allianz	128,619
Voya Financial	114,277
Massachusetts Mutual	101,541
Pacific Life	88,142
Ameriprise Financial	86,422
Athene Group	75,620
American Equity Investment Group	51,920
Talcott Resolution Group	51,352
Thrivent Financial	48,993
Sammons Financial	47,630
Principal Financial	46,613
American Financial	36,880
Venerable Holdings	36,664

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. Group totals represent a collection of life insurers based on organizational structure. Data are as of December 31, 2019. Amounts exclude deposit-type funds and supplementary contracts.

12

MORTALITY AND LIFE EXPECTANCY

U.S. mortality rates and life expectancies have improved dramatically over the long term. The aggregate, age-adjusted death rate (per 1,000 population) has fallen from 17.9 in 1940 to 7.2 in 2018 (Table 12.1). The death rate among males dropped from 19.8 to 8.6 over this period, and among females, from 16 to 6.1.

Life expectancy at age 25 is currently 52.4 years for males and 56.9 years for females (Table 12.2)*. A man who retired in 2018 at age 65 could expect to live 18.1 years more on average, while a 65-year-old woman could expect to live another 20.7 years.

Examining trend data for life expectancy over the past century yields startling contrasts. A 25-year-old during 1900–02 could expect to live 39.1 years more vs. 54.7 additional years for a 25-year-old*.

Because of increased longevity, the last nineteen years shown in Table 12.2 have been extended to include life expectancy for men and women at age 100. This is consistent with the 2001 Commissioners Standard Ordinary (CSO) Mortality Table. The 2001 CSO

mortality table was introduced by the Society of Actuaries and adopted by the National Association of Insurance Commissioners for life insurers to use in underwriting insurance (Table 12.3). It is the prevailing mortality table and has been adopted by most states.

Table 12.1

Death Rates in the United States

Age-adjusted rate per 1,000 population¹			
Year	Male	Female	Total
1940	19.8	16.0	17.9
1950	16.7	12.4	14.5
1960	16.1	11.1	13.4
1970	15.4	9.7	12.2
1975	14.2	8.6	10.9
1980	13.5	8.2	10.4
1985	12.8	7.8	9.9
1986	12.6	7.8	9.8
1987	12.5	7.7	9.7
1988	12.5	7.8	9.8
1989	12.2	7.6	9.5
1990	12.0	7.5	9.4
1991	11.8	7.4	9.2
1992	11.6	7.3	9.1
1993	11.8	7.5	9.3
1994	11.6	7.4	9.1
1995	11.4	7.4	9.1
1996	11.2	7.3	8.9
1997	10.9	7.3	8.8
1998	10.7	7.2	8.7
1999	10.7	7.3	8.8
2000	10.5	7.3	8.7
2001	10.4	7.3	8.6
2002	10.3	7.2	8.6
2003	10.1	7.2	8.4
2004	9.7	6.9	8.1
2005	9.7	6.9	8.2
2006	9.4	6.7	7.9
2007	9.2	6.6	7.8
2008	9.2	6.6	7.7
2009	8.9	6.4	7.5
2010	8.9	6.3	7.5
2011	8.8	6.3	7.4
2012	8.7	6.2	7.3
2013	8.6	6.2	7.3
2014	8.6	6.2	7.2

Table 12.1, continued

Death Rates in the United States, continued			
Age-adjusted rate per 1,000 population¹			
Year	Male	Female	Total
2015	8.6	6.2	7.3
2016	8.6	6.2	7.3
2017	8.6	6.2	7.3
2018	8.6	6.1	7.2

Source: U.S. Department of Health and Human Services' National Center for Health Statistics, National Vital Statistics Reports.

¹ Based on population estimates from the 2000 census, which were modified for consistency with Office of Management and Budget racial categories as of 1977. All death rates have been revised, and may differ from previously published rates that were based on 1990 population estimates.

Table 12.2

Life Expectancy by Age and Gender, 1900-2018				
1900-02	Age	Male	Female	Total
	Newborn	47.9	50.7	49.2
	1	54.4	56.1	55.2
	5	54.2	55.8	55.0
	15	46.1	47.6	46.8
	25	38.4	39.9	39.1
	35	31.2	32.7	31.9
	45	24.1	25.4	24.8
	55	17.4	18.4	17.9
	65	11.5	12.2	11.9
	75	6.8	7.3	7.1
	85	3.8	4.1	4.0
1909-11	Age	Male	Female	Total
	Newborn	49.9	53.2	51.5
	1	56.0	58.4	57.1
	5	55.1	57.4	56.2
	15	46.7	48.9	47.7
	25	38.6	40.7	39.6
	35	30.9	33.0	31.9
	45	23.8	25.4	24.5
	55	17.0	18.1	17.6
	65	11.2	12.0	11.6
	75	6.8	7.2	7.0
	85	3.9	4.1	4.0

Life Expectancy by Age and Gender, 1900-2018, continued

1919-21	Age	Male	Female	Total
	Newborn	55.5	57.4	56.4
	1	59.5	60.5	59.9
	5	57.6	58.4	58.0
	15	49.1	49.7	49.4
	25	41.1	41.9	41.5
	35	33.4	34.4	33.9
	45	25.8	26.7	26.3
	55	18.5	19.3	18.9
	65	12.2	12.7	12.5
	75	7.3	7.7	7.5
	85	4.1	4.3	4.2
1929-31	Age	Male	Female	Total
	Newborn	57.7	60.9	59.2
	1	60.8	65.4	61.9
	5	58.1	60.7	59.3
	15	49.2	51.5	50.3
	25	40.8	43.1	41.9
	35	32.7	34.9	33.7
	45	24.9	26.9	25.8
	55	17.8	19.4	18.5
	65	11.7	12.8	12.2
	75	7.0	7.6	7.3
	85	4.0	4.3	4.2
1939-41	Age	Male	Female	Total
	Newborn	61.6	65.9	63.6
	1	64.0	67.7	65.8
	5	60.8	64.4	62.5
	15	51.4	55.0	53.1
	25	42.5	45.9	44.1
	35	33.8	37.0	35.3
	45	25.5	28.5	26.9
	55	18.2	20.5	19.3
	65	12.1	13.6	12.8
	75	7.2	8.0	7.6
	85	4.1	4.5	4.3

Life Expectancy by Age and Gender, 1900-2018, continued

1949-51	Age	Male	Female	Total
	Newborn	65.5	71.0	68.1
	1	66.7	71.8	69.2
	5	63.1	68.2	65.5
	15	53.6	58.5	55.9
	25	44.4	49.0	46.6
	35	35.2	39.6	37.3
	45	26.6	30.6	28.5
	55	19.0	22.3	20.6
	65	12.7	15.0	13.8
	75	7.8	8.9	8.4
	85	4.4	4.9	4.7
1959-61	Age	Male	Female	Total
	Newborn	66.8	73.2	69.9
	1	67.8	73.9	70.8
	5	64.1	70.2	67.0
	15	54.4	60.5	57.3
	25	45.2	50.8	47.9
	35	35.9	41.3	38.5
	45	27.1	32.1	29.5
	55	19.3	23.5	21.4
	65	13.0	15.8	14.4
	75	8.0	9.3	8.7
	85	4.4	4.7	4.6
1969-71	Age	Male	Female	Total
	Newborn	67.0	74.6	70.8
	1	67.6	75.0	71.2
	5	63.8	71.2	67.4
	15	54.1	61.4	57.7
	25	45.1	51.8	48.4
	35	36.0	42.3	39.1
	45	27.2	33.1	30.1
	55	19.4	24.6	22.0
	65	13.0	16.8	15.0
	75	8.1	10.3	9.3
	85	4.7	5.6	5.3

Life Expectancy by Age and Gender, 1900-2018, continued

1979-81	Age	Male	Female	Total
	Newborn	70.1	77.6	73.9
	1	70.1	77.5	73.8
	5	66.3	73.7	70.0
	15	56.5	63.8	60.2
	25	47.4	54.2	50.8
	35	38.2	44.5	41.4
	45	29.2	35.2	32.3
	55	21.1	26.4	23.9
	65	14.2	18.4	16.5
	75	8.9	11.6	10.5
	85	5.1	6.4	6.0
1989-91	Age	Male	Female	Total
	Newborn	71.8	78.8	75.4
	1	71.6	78.5	75.1
	5	67.7	74.6	71.2
	15	57.9	64.7	61.4
	25	48.7	55.0	51.9
	35	39.6	45.4	42.6
	45	30.7	36.0	33.4
	55	22.3	27.1	24.8
	65	15.1	19.0	17.3
	75	9.4	12.1	11.0
	85	5.3	6.7	6.2
1998	Age	Male	Female	Total
	Newborn	73.8	79.5	76.7
	1	73.4	79.0	76.3
	5	69.5	75.1	72.4
	15	59.7	65.2	62.5
	25	50.3	55.5	53.0
	35	41.0	45.8	43.5
	45	31.9	36.4	34.3
	55	23.5	27.4	25.5
	65	16.0	19.2	17.8
	75	10.0	12.2	11.3
	85	5.5	6.7	6.3
	100	2.3	2.7	2.6

Life Expectancy by Age and Gender, 1900-2018, continued

1999	Age	Male	Female	Total
	Newborn	73.9	79.4	76.7
	1	73.5	78.9	76.3
	5	69.6	75.0	72.4
	15	59.8	65.1	62.5
	25	50.4	55.4	53.0
	35	41.1	45.7	43.5
	45	32.0	36.3	34.3
	55	23.5	27.3	25.5
	65	16.1	19.1	17.7
	75	10.0	12.1	11.2
	85	5.5	6.6	6.3
	100	2.4	2.7	2.6
2000	Age	Male	Female	Total
	Newborn	74.1	79.5	76.9
	1	73.7	79.0	76.4
	5	69.8	75.1	72.5
	15	59.9	65.2	62.6
	25	50.6	55.4	53.1
	35	41.3	45.8	43.6
	45	32.2	36.3	34.4
	55	23.8	27.4	25.7
	65	16.3	19.2	17.9
	75	10.1	12.1	11.3
	85	5.6	6.7	6.3
	100	2.4	2.7	2.6
2001	Age	Male	Female	Total
	Newborn	74.4	79.8	77.2
	1	74.0	79.3	76.7
	5	70.1	75.4	72.8
	15	60.2	65.5	62.9
	25	50.9	55.7	53.4
	35	41.5	46.0	43.9
	45	32.5	36.6	34.7
	55	24.0	27.7	26.0
	65	16.4	19.4	18.1
	75	10.2	12.4	11.5
	85	5.7	6.9	6.5
	100	2.5	2.8	2.7

Life Expectancy by Age and Gender, 1900-2018, continued

2002	Age	Male	Female	Total
	Newborn	74.5	79.9	77.3
	1	74.1	79.4	76.8
	5	70.2	75.4	72.9
	15	60.3	65.5	63.0
	25	51.0	55.8	53.5
	35	41.6	46.1	44.0
	45	32.6	36.7	34.8
	55	24.1	27.7	26.1
	65	16.6	19.5	18.2
	75	10.3	12.4	11.5
	85	5.7	6.9	6.5
	100	2.5	2.8	2.7
2003	Age	Male	Female	Total
	Newborn	74.8	80.1	77.5
	1	74.3	79.6	77.0
	5	70.4	75.7	73.1
	15	60.6	65.8	63.2
	25	51.2	56.0	53.7
	35	41.9	46.4	44.2
	45	32.8	37.0	35.0
	55	24.4	28.0	26.3
	65	16.8	19.8	18.4
	75	10.5	12.6	11.8
	85	6.0	7.2	6.8
	100	2.3	2.6	2.6
2004	Age	Male	Female	Total
	Newborn	75.2	80.4	77.8
	1	74.7	79.9	77.4
	5	70.8	76.0	73.5
	15	61.0	66.1	63.6
	25	51.6	56.3	54.0
	35	42.2	46.6	44.5
	45	33.1	37.2	35.3
	55	24.7	28.3	26.6
	65	17.1	20.0	18.7
	75	10.7	12.8	11.9
	85	6.1	7.2	6.8
	100	2.3	2.6	2.6

Life Expectancy by Age and Gender, 1900-2018, continued

2005	Age	Male	Female	Total
	Newborn	75.2	80.4	77.8
	1	74.7	79.9	77.4
	5	70.8	76.0	73.5
	15	61.0	66.1	63.6
	25	51.6	56.4	54.1
	35	42.3	46.7	44.6
	45	33.2	37.3	35.3
	55	24.8	28.3	26.7
	65	17.2	20.0	18.7
	75	10.8	12.8	12.0
	85	6.1	7.2	6.8
	100	2.3	2.6	2.6
2006	Age	Male	Female	Total
	Newborn	75.1	80.2	77.7
	1	74.7	79.7	77.2
	5	70.8	75.8	73.3
	15	60.9	65.9	63.4
	25	51.5	56.1	53.9
	35	42.2	46.4	44.4
	45	33.1	37.0	35.2
	55	24.7	28.0	26.5
	65	17.0	19.7	18.5
	75	10.5	12.3	11.6
	85	5.7	6.8	6.4
	100	2.0	2.3	2.3
2007	Age	Male	Female	Total
	Newborn	75.4	80.4	77.9
	1	74.9	79.9	77.5
	5	71.0	76.0	73.6
	15	61.1	66.1	63.7
	25	51.8	56.3	54.1
	35	42.5	46.7	44.6
	45	33.3	37.2	35.4
	55	24.9	28.2	26.7
	65	17.2	19.9	18.6
	75	10.6	12.5	11.7
	85	5.8	6.8	6.5
	100	2.1	2.3	2.3

Life Expectancy by Age and Gender, 1900-2018, continued

2008	Age	Male	Female	Total
	Newborn	75.5	80.5	78
	1	75.1	80	77.6
	5	71.2	76.1	73.7
	15	61.3	66.1	63.8
	25	51.9	56.4	54.2
	35	42.6	46.7	44.7
	45	33.4	37.2	35.4
	55	24.9	28.3	26.7
	65	17.2	19.9	18.7
	75	10.6	12.5	11.7
	85	5.8	6.8	6.5
	100	2.1	2.3	2.3
2009	Age	Male	Female	Total
	Newborn	76.0	80.9	78.6
	1	75.6	80.4	78.1
	5	71.6	76.5	74.2
	15	61.7	66.6	64.3
	25	52.3	56.8	54.7
	35	43.0	47.1	45.2
	45	33.8	37.7	35.9
	55	25.4	28.7	27.2
	65	17.7	20.3	19.2
	75	11.0	12.9	12.2
	85	5.9	7.0	6.6
	100	2.1	2.4	2.4
2010	Age	Male	Female	Total
	Newborn	76.2	81.0	78.7
	1	75.7	80.5	78.1
	5	71.8	76.6	74.2
	15	61.9	66.6	64.3
	25	52.4	56.9	54.7
	35	43.1	47.2	45.2
	45	33.9	37.7	35.9
	55	25.4	28.8	27.2
	65	17.7	20.3	19.1
	75	11.0	12.9	12.1
	85	5.8	6.9	6.5
	100	2.1	2.3	2.3

Life Expectancy by Age and Gender, 1900-2018, continued

2011	Age	Male	Female	Total
	Newborn	76.3	81.1	78.7
	1	75.8	80.5	78.2
	5	71.9	76.6	74.3
	15	62.0	66.7	64.4
	25	52.5	56.9	54.8
	35	43.2	47.2	45.3
	45	34.0	37.8	36.0
	55	25.5	28.8	27.2
	65	17.8	20.3	19.2
	75	11.1	12.9	12.1
	85	5.9	6.9	6.5
	100	2.1	2.3	2.3
2012	Age	Male	Female	Total
	Newborn	76.4	81.2	78.8
	1	75.9	80.6	78.3
	5	72.0	76.7	74.4
	15	62.1	66.8	64.5
	25	52.6	57.0	54.9
	35	43.3	47.3	45.4
	45	34.1	37.9	36.1
	55	25.6	28.9	27.3
	65	17.9	20.5	19.3
	75	11.2	12.9	12.2
	85	5.9	7.0	6.6
	100	2.0	2.3	2.3
2013	Age	Male	Female	Total
	Newborn	76.4	81.2	78.8
	1	75.9	80.6	78.3
	5	72.0	76.7	74.4
	15	62.1	66.8	64.5
	25	52.6	57.0	54.8
	35	43.3	47.3	45.4
	45	34.1	37.9	36.1
	55	25.6	28.9	27.3
	65	17.9	20.5	19.3
	75	11.2	12.9	12.2
	85	5.9	7.0	6.6
	100	2.0	2.3	2.3

Life Expectancy by Age and Gender, 1900-2018, continued

2014	Age	Male	Female	Total
	Newborn	76.5	81.3	78.9
	1	76.0	80.7	78.4
	5	72.0	76.8	74.4
	15	62.1	66.8	64.5
	25	52.7	57.0	54.9
	35	43.4	47.4	45.4
	45	34.2	38.0	36.1
	55	25.6	29.0	27.4
	65	18.0	20.6	19.4
	75	11.3	13.1	12.3
	85	6.0	7.1	6.7
	100	2.1	2.4	2.3
2015	Age	Male	Female	Total
	Newborn	76.3	81.2	78.8
	1	75.8	80.6	78.2
	5	71.9	76.7	74.3
	15	62.0	66.8	64.4
	25	52.5	57.0	54.8
	35	43.3	47.4	45.4
	45	34.2	37.9	36.1
	55	25.6	28.9	27.3
	65	18.0	20.6	19.4
	75	11.2	13.0	12.3
	85	6.0	7.0	6.6
	100	2.1	2.4	2.3
2016	Age	Male	Female	Total
	Newborn	76.1	81.1	78.6
	1	75.6	80.5	78.1
	5	71.7	76.6	74.1
	15	61.8	66.6	64.2
	25	52.4	56.9	54.7
	35	43.2	47.3	45.3
	45	34.2	37.9	36.1
	55	25.6	28.9	27.3
	65	18.0	20.6	19.4
	75	11.3	13.0	12.2
	85	5.9	7.0	6.6
	100	2.0	2.3	2.2

Life Expectancy by Age and Gender, 1900-2018, continued

2017	Age	Male	Female	Total
	Newborn	76.1	81.1	78.6
	1	75.6	80.5	78.1
	5	71.7	76.6	74.1
	15	61.8	66.7	64.2
	25	52.4	56.9	54.7
	35	43.2	47.3	45.3
	45	34.2	37.9	36.1
	55	25.6	28.9	27.4
	65	18.0	20.6	19.4
	75	11.3	13.0	12.3
	85	5.9	7.0	6.6
	100	2.0	2.2	2.2
2018	Age	Male	Female	Total
	Newborn	76.2	81.2	78.7
	1	*	*	*
	5	*	*	*
	15	*	*	*
	25	*	*	*
	35	*	*	*
	45	*	*	*
	55	*	*	*
	65	18.1	20.7	19.5
	75	*	*	*
	85	*	*	*
	100	*	*	*

Source: U.S. Department of Health and Human Services' National Center for Health Statistics, National Vital Statistics Reports.
 Notes: Alaska and Hawaii are included as of 1959. For decennial periods prior to 1929-31, data represent death registration states only: 1900-02 and 1909-11, 10 states and the District of Columbia; 1919-21, 34 states and the District of Columbia. Beginning with 1970, data exclude deaths of nonresidents of the United States.
 *2018 update not available.

Table 12.3

Mortality Tables								
Age	2001 CSO Table				2012 Individual Annuity Reserving Table ^{1,2}			
	Male		Female		Male		Female	
	Deaths per 1,000	Life expectancy (years)	Deaths per 1,000	Life expectancy (years)	Deaths per 1,000	Life expectancy (years)	Deaths per 1,000	Life expectancy (years)
Newborn	1.0	76.6	0.5	80.8	1.6	91.2	1.6	92.8
1	0.6	75.7	0.4	79.9	0.4	90.3	0.4	91.9
2	0.4	74.7	0.3	78.9	0.3	89.2	0.3	90.9
3	0.3	73.8	0.2	77.9	0.2	88.1	0.2	89.9
4	0.2	72.8	0.2	76.9	0.2	87.1	0.1	88.8
5	0.2	71.8	0.2	76.0	0.2	86.0	0.1	87.8
6	0.2	70.8	0.2	75.0	0.2	85.0	0.1	86.7
7	0.2	69.8	0.2	74.0	0.2	83.9	0.1	85.6
8	0.2	68.8	0.2	73.0	0.1	82.8	0.1	84.6
9	0.2	67.9	0.2	72.0	0.1	81.7	0.1	83.5
10	0.2	66.9	0.2	71.0	0.1	80.7	0.1	82.5
11	0.3	65.9	0.2	70.0	0.1	79.6	0.1	81.4
12	0.3	64.9	0.3	69.1	0.1	78.5	0.1	80.4
13	0.4	63.9	0.3	68.1	0.2	77.4	0.1	79.3
14	0.5	63.0	0.3	67.1	0.2	76.4	0.1	78.2
15	0.6	62.0	0.4	66.1	0.2	75.3	0.2	77.2
16	0.7	61.0	0.4	65.1	0.3	74.2	0.2	76.1
17	0.9	60.1	0.4	64.2	0.3	73.2	0.2	75.1
18	0.9	59.1	0.4	63.2	0.3	72.1	0.2	74.0
19	1.0	58.2	0.5	62.2	0.4	71.0	0.2	73.0
20	1.0	57.2	0.5	61.3	0.4	70.0	0.2	71.9
21	1.0	56.3	0.5	60.3	0.4	68.9	0.2	70.8
22	1.0	55.3	0.5	59.3	0.5	67.8	0.2	69.8
23	1.0	54.4	0.5	58.3	0.5	66.8	0.2	68.7
24	1.1	53.5	0.5	57.4	0.5	65.7	0.2	67.7
25	1.1	52.5	0.5	56.4	0.6	64.7	0.2	66.6
26	1.1	51.6	0.6	55.4	0.6	63.6	0.2	65.6
27	1.2	50.6	0.6	54.5	0.7	62.6	0.3	64.5
28	1.2	49.7	0.6	53.5	0.7	61.5	0.3	63.5
29	1.2	48.7	0.7	52.5	0.7	60.5	0.3	62.4
30	1.1	47.8	0.7	51.6	0.7	59.4	0.3	61.3
31	1.1	46.8	0.7	50.6	0.7	58.4	0.3	60.3
32	1.1	45.9	0.8	49.6	0.7	57.3	0.3	59.2
33	1.2	45.0	0.8	48.7	0.7	56.3	0.3	58.2

Table 12.3, continued

Mortality Tables, continued									
Age	2001 CSO Table				2012 Individual Annuity Reserving Table^{1,2}				
	Male		Female		Male		Female		
	Deaths per 1,000	Life expectancy (years)	Deaths per 1,000	Life expectancy (years)	Deaths per 1,000	Life expectancy (years)	Deaths per 1,000	Life expectancy (years)	Life expectancy (years)
34	1.2	44.0	0.9	47.7	0.7	55.2	0.4	57.1	
35	1.2	43.1	1.0	46.8	0.7	54.2	0.4	56.1	
36	1.3	42.1	1.0	45.8	0.7	53.1	0.4	55.0	
37	1.3	41.2	1.1	44.8	0.7	52.0	0.4	54.0	
38	1.4	40.2	1.2	43.9	0.7	51.0	0.4	52.9	
39	1.5	39.3	1.2	42.9	0.8	49.9	0.5	51.9	
40	1.7	38.3	1.3	42.0	0.8	48.9	0.5	50.8	
41	1.8	37.4	1.4	41.1	0.9	47.8	0.6	49.8	
42	2.0	36.5	1.5	40.1	1.0	46.8	0.6	48.7	
43	2.2	35.5	1.6	39.2	1.0	45.7	0.7	47.7	
44	2.4	34.6	1.7	38.2	1.1	44.7	0.7	46.6	
45	2.7	33.7	1.9	37.3	1.2	43.6	0.8	45.6	
46	2.9	32.8	2.1	36.4	1.3	42.6	0.8	44.5	
47	3.2	31.9	2.3	35.4	1.4	41.5	0.9	43.5	
48	3.3	31.0	2.5	34.5	1.6	40.5	0.9	42.5	
49	3.5	30.1	2.8	33.6	1.8	39.5	1.0	41.4	
50	3.8	29.2	3.1	32.7	2.0	38.4	1.1	40.4	
51	4.1	28.3	3.4	31.8	2.2	37.4	1.3	39.3	
52	4.5	27.4	3.8	30.9	2.5	36.4	1.4	38.3	
53	4.9	26.5	4.2	30.0	2.7	35.4	1.6	37.3	
54	5.5	25.6	4.6	29.1	2.9	34.4	1.7	36.3	
55	6.2	24.8	5.1	28.3	3.1	33.4	1.9	35.3	
56	6.9	23.9	5.6	27.4	3.4	32.4	2.1	34.2	
57	7.6	23.1	6.2	26.6	3.7	31.4	2.3	33.2	
58	8.3	22.3	6.8	25.7	4.0	30.4	2.6	32.2	
59	9.0	21.5	7.4	24.9	4.4	29.4	2.9	31.2	
60	9.9	20.6	8.0	24.1	4.9	28.5	3.3	30.3	
61	10.9	19.8	8.7	23.3	5.4	27.5	3.8	29.3	
62	12.3	19.1	9.4	22.5	5.9	26.6	4.2	28.3	
63	13.7	18.3	10.1	21.7	6.5	25.6	4.7	27.4	
64	15.2	17.5	11.0	20.9	7.1	24.7	5.3	26.4	
65	16.9	16.8	11.9	20.1	7.7	23.8	5.9	25.5	
66	18.5	16.1	12.8	19.4	8.2	22.9	6.3	24.6	
67	20.1	15.4	13.9	18.6	8.7	22.0	6.8	23.7	

Table 12.3, continued

Mortality Tables, continued

Age	2001 CSO Table				2012 Individual Annuity Reserving Table ^{1,2}			
	Male		Female		Male		Female	
	Deaths per 1,000	Life expectancy (years)	Deaths per 1,000	Life expectancy (years)	Deaths per 1,000	Life expectancy (years)	Deaths per 1,000	Life expectancy (years)
68	21.9	14.7	15.1	17.9	9.3	21.1	7.3	22.7
69	23.6	14.0	16.4	17.1	10.0	20.2	8.0	21.8
70	25.8	13.3	17.8	16.4	10.9	19.3	8.7	20.9
71	28.2	12.7	19.5	15.7	11.9	18.5	9.5	20.1
72	31.3	12.0	21.3	15.0	13.1	17.6	10.4	19.2
73	34.6	11.4	23.3	14.3	14.5	16.8	11.4	18.3
74	38.1	10.8	25.5	13.6	16.1	15.9	12.5	17.5
75	41.9	10.2	27.9	13.0	18.0	15.1	13.7	16.6
76	46.1	9.6	30.5	12.3	20.1	14.3	15.2	15.8
77	50.9	9.0	33.4	11.7	22.5	13.5	16.9	15.0
78	56.6	8.5	36.6	11.1	25.2	12.8	18.8	14.2
79	63.1	8.0	40.1	10.5	28.3	12.0	21.1	13.4
80	70.1	7.5	43.9	9.9	31.8	11.3	23.9	12.6
81	78.2	7.0	49.1	9.3	36.0	10.6	27.3	11.9
82	86.5	6.6	55.0	8.8	40.6	10.0	31.4	11.2
83	95.5	6.1	60.8	8.3	45.6	9.3	36.1	10.5
84	105.4	5.7	67.3	7.8	51.3	8.7	41.6	9.8
85	116.6	5.4	74.5	7.3	57.9	8.1	47.5	9.2
86	128.9	5.0	81.0	6.9	65.5	7.5	54.3	8.6
87	142.4	4.7	90.8	6.4	74.3	7.0	61.6	8.0
88	156.7	4.4	101.1	6.0	84.1	6.5	69.6	7.5
89	171.9	4.1	112.0	5.6	95.3	6.0	77.8	7.0
90	187.7	3.8	121.9	5.3	107.7	5.6	86.8	6.5
91	202.4	3.6	126.9	5.0	120.6	5.2	95.7	6.1
92	217.8	3.4	136.9	4.6	134.7	4.8	105.7	5.7
93	234.0	3.1	151.6	4.3	149.9	4.5	116.4	5.3
94	251.1	3.0	170.3	3.9	165.7	4.2	129.4	4.9
95	269.2	2.8	193.7	3.6	183.0	3.9	144.7	4.5
96	285.6	2.6	215.7	3.4	195.0	3.6	161.9	4.2
97	303.2	2.5	238.5	3.2	212.8	3.4	178.1	3.9
98	321.9	2.3	242.2	3.0	230.4	3.2	194.4	3.6
99	341.9	2.2	255.2	2.8	248.9	2.9	211.9	3.4
100	363.2	2.1	275.7	2.6	267.0	2.8	229.3	3.1
101	380.1	2.0	297.8	2.4	-	-	-	-

Table 12.3, continued

Mortality Tables, continued

Age	2001 CSO Table				2012 Individual Annuity Reserving Table ^{1,2}			
	Male		Female		Male		Female	
	Deaths per 1,000	Life expectancy (years)	Deaths per 1,000	Life expectancy (years)	Deaths per 1,000	Life expectancy (years)	Deaths per 1,000	Life expectancy (years)
102	398.1	1.9	322.2	2.2	-	-	-	-
103	417.2	1.8	349.1	2.1	-	-	-	-
104	437.6	1.7	378.6	1.9	-	-	-	-
105	459.2	1.6	410.6	1.7	-	-	-	-
106	482.2	1.5	443.3	1.6	-	-	-	-
107	506.7	1.4	476.9	1.5	-	-	-	-
108	532.7	1.3	510.7	1.4	-	-	-	-
109	560.3	1.2	545.8	1.3	-	-	-	-
110	589.6	1.1	581.8	1.2	-	-	-	-
111	620.8	1.1	616.3	1.1	-	-	-	-
112	653.8	1.0	649.9	1.0	-	-	-	-
113	688.9	0.9	680.4	0.9	-	-	-	-
114	726.2	0.9	723.4	0.9	-	-	-	-
115	765.7	0.8	763.4	0.8	-	-	-	-
116	807.6	0.7	804.9	0.7	-	-	-	-
117	852.1	0.7	850.4	0.7	-	-	-	-
118	899.2	0.6	892.4	0.6	-	-	-	-
119	949.2	0.6	935.1	0.6	-	-	-	-
120	1000.0	0.5	1000.0	0.5	-	-	-	-

Source: National Association of Insurance Commissioners

¹Projected to 2015.

²Mortality rates are conservative in relation to the actual and projected experience on which they are based.

- For Life Insurance, conservative means higher rates of death and lower life expectancy.
- For annuities, conservative means lower rates of death and higher life expectancy.

APPENDIX

GLOSSARY

A **Accelerated death benefit** Benefit paid, under clearly defined health-related circumstances, to a policyholder prior to his or her death. Accelerated death benefits are also known as living benefits.

Accidental death benefit A provision added to a life insurance policy for payment of an additional benefit if death is caused by an accident. Also known as double indemnity.

Actuary A person professionally trained in the technical aspects of insurance and related fields, particularly in the mathematics of insurance such as the calculation of premiums, reserves, and other values.

Adjustable life insurance A type of life insurance that allows the policyholder to change the plan of insurance, raise or lower the policy's face amount, increase or decrease the premium, and lengthen or shorten the protection period.

Adjuster A person, usually employed by a property/casualty insurer, who evaluates losses and settles claims. Independent adjusters are independent contractors who adjust claims for the insurance companies.

Agent A representative of an insurance company who is authorized to sell and service insurance contracts. Life insurance agents are also known as life underwriters or producers.

Annuitant The person whose life expectancy is used to determine the payout of an annuity.

Annuity A financial contract issued by a life insurance company that offers tax-deferred

savings and a choice of payout options to meet an owner's needs in retirement: income for life, income for a certain period of time, or a lump sum.

Annuity certain A contract that provides an income for a specified number of years, regardless of life or death.

Annuity consideration The payment, or one of regular periodic payments, that a policyholder makes to an annuity.

Application A statement of information made by a prospective purchaser that helps the insurer assess the acceptability of risk.

Assets Property owned by an insurance company—including stocks, bonds and real estate. Insurance accounting focuses on solvency and the ability to pay claims, therefore a conservative valuation of assets is required. This prohibits companies from listing assets on their balance sheets when values are uncertain.

Asset valuation reserve (AVR) A reserve that makes provisions for credit-related losses on fixed-income assets (default component) as well as all types of equity investments (equity component).

Assignment The legal transfer of one person's interest in an insurance policy to another person.

Assume To accept the risk of potential loss from another insurer.

Assumption reinsurance A reinsurance agreement in which one company permanently transfers full responsibility for a block of policies to another company. After the transfer, the ceding company is no longer a party to the insurance agreement.

Automatic premium loan A loan provision in a life insurance policy allowing any premium not paid by the end of the grace period (usually 30 or 31 days) to be paid automatically through a policy loan if cash value is sufficient.

B **Balance sheet** Information on a company's financial condition at a single point in time showing assets, investments, and liabilities. The balance sheet also reveals a company's equity, known as policyholder surplus. Changes in the surplus are one indicator of a company's financial standing.

Bank holding company A company that owns or controls one or more banks. The Federal Reserve regulates and supervises bank holding company activities such as approving mergers

and acquisitions. The authority of the Reserve applies even though a bank owned by a holding company may be under the primary supervision of the Comptroller of the Currency or the FDIC.

Beneficiary The person or financial entity (for instance, a trust fund) named in a life insurance policy or annuity contract as the recipient of policy proceeds in the event of the policyholder's death.

Benefit The amount payable by the insurance company to a claimant, assignee, or beneficiary when the insured suffers a loss covered by the policy.

Bond A security obligating the issuer to pay interest at specified intervals and to repay the principal at maturity. Bonds are a form of suretyship: Various types guarantee a payment or reimbursement for financial losses resulting from dishonesty, failure to perform, and other failures.

Bond rating An evaluation of a bond's financial strength by an established rating agency such as Standard & Poor's or Moody's Investor Services.

Broker A sales and service representative who handles insurance for clients and generally sells insurance of various kinds from one company or several.

Business disability insurance Disability insurance purchased by a business on a member of a firm. This insurance is often used to protect business partners against loss caused by a partner's disability and to reimburse corporations for loss caused by the disability of a key employee.

Business life insurance Insurance purchased by a business on the life of a member of the firm. This insurance protects surviving business partners against loss caused by the death of a partner and reimburses corporations for loss caused by the death of a key employee.

C Capacity The amount of insurance available to meet demand. Availability depends on the industry's capacity for risk. For an individual insurer, it is the maximum amount of risk it can underwrite based on its financial condition. An insurer's capital relative to its exposure to loss is an important measure of its solvency.

Capital stock The initial book value of stock sold by a company to start its operations.

Captive agent A person who represents only one insurance company and is restricted by agreement from submitting business to any other company unless rejected first by the captive agent's company.

Cash balance plan A defined benefit plan that strongly resembles a defined contribution plan. Benefits accrue through employer contributions to employee accounts and interest credits to balances in those accounts. The accounts serve as bookkeeping devices to track benefit accruals.

Cash value The amount available in cash upon surrender of a permanent life insurance policy. Also known as cash surrender value.

Cede To transfer the risk of potential loss to another insurer.

Certificate A statement issued to persons insured under a group policy that defines the essential provisions of their coverage.

Claim Notification to an insurance company that payment of an amount is due under the terms of a policy.

COBRA (Consolidated Omnibus Budget Reconciliation Act) A federal law under which group health plans sponsored by employers with twenty or more employees must offer continuation of insurance coverage to employees and their dependents after they leave their employment. Under COBRA, coverage can be continued for up to 18 months; the employee pays the entire premium.

Codification A process undertaken by NAIC to redefine life company statutory accounting to ensure consistency in how companies present their accounts in their annual statements. This process culminated in the 2001 annual statements, the structure of which was noticeably different from the previous years.

Convertible term insurance Term insurance that can be exchanged, at the option of the policyholder and without evidence of insurability, for another plan of insurance.

Credit disability insurance Disability insurance issued through a lender or lending agency to cover payment of a loan, an installment purchase, or other obligation in case of disability.

Credit life insurance Term life insurance issued through a lender or lending agency to cover payment of a loan, an installment purchase, or other obligation in case of death.

D Declination Rejection of an application for insurance coverage by an insurance company, usually due to the applicant's health or occupation.

Deductible The amount of loss paid by the policyholder. Either a specified dollar amount, a percentage of the claim amount, or a specified amount of time that must elapse before

benefits are paid. The larger the deductible, the lower the premium charged for the same coverage.

Deferred annuity A contract in which annuity payouts begin at a future date.

Deferred group annuity A type of group annuity providing for the purchase each year of a paid-up deferred annuity for each group member. The total amount received by a member at retirement is the sum of these deferred annuities.

Defined benefit plan A pension plan that specifies the benefits an employee will receive after retirement. Benefits typically are based on length of service and salary, and are usually funded by the employer on behalf of each plan participant.

Defined contribution plan A pension plan that specifies the contributions made by employees, and in many cases the employer, on behalf of each plan participant. These funds accumulate for each participant until retirement, when they are distributed as a lump sum or monthly annuity. Benefits are based on the amount of contributions plus earnings.

Deposit administration group annuity A type of group annuity that allows contributions to accumulate in an undivided fund, out of which annuities are purchased as each member of the group retires.

Deposit term insurance A form of term insurance in which the first-year premium is larger than subsequent premiums. A partial endowment typically is paid at the end of the term period. In many cases, the partial endowment can be applied toward the purchase of a new term or whole life policy.

Deposit-type contracts Contracts that do not include mortality or morbidity risks.

Disability A physical or mental condition that makes an insured person incapable of working.

Disability benefit The benefit paid under a disability income insurance policy; also a feature added to some life insurance policies providing for waiver of premium, and sometimes payment of monthly income, if the policyholder becomes totally and permanently disabled.

Disability income insurance Insurance that provides periodic payments, or in some cases a lump-sum payment, based on the insured's income replacement needs, when the insured is unable to work due to illness or injury.

Dividend An amount of money returned to the holder of a participating life insurance

policy. The money results from actual mortality, interest, and expenses that were more favorable than expected when the premiums were set. The amount of any dividend is set by the insurer based on the insurer's standards.

Dividend addition An amount of paid-up insurance purchased with a policy dividend and added to the policy's face amount.

E Earned premium The portion of premium that applies to the expired part of the policy period. Insurance premiums are payable in advance but the insurance company does not fully earn them until the policy period expires.

Endowment Life insurance payable to the policyholder on the policy's maturity date, or to a beneficiary if the insured dies prior to that date.

Evidence of insurability The common requirement by life insurance companies that potential policyholders undergo a physical examination or medical tests, such as blood pressure or cholesterol screening, before the applicant can purchase an individual life insurance policy.

Extended term insurance A form of insurance available as a non-forfeiture option providing the original amount of insurance for a limited time.

Extra risk A person possessing a greater-than-average likelihood of loss.

F Face amount The amount stated on the face of a life insurance policy that will be paid upon death or policy maturity. The amount excludes dividend additions or additional amounts payable under accidental death or other special provisions.

Family policy A life insurance policy providing insurance on all or several family members in one contract. It generally provides whole life insurance on the principal breadwinner and small amounts of term insurance on the spouse and children, including those born after the policy is issued.

Fiduciary A person or organization authorized to control or manage pension assets to administer a pension plan. Fiduciaries are legally obligated to discharge their duties solely in the interest of plan participants and beneficiaries, and are accountable for any actions that may be construed by courts as breaching that trust.

Fixed annuity A deferred annuity contract in which the life insurance company credits a fixed rate of return on premiums paid or an immediate annuity in which the periodic amount is fixed.

Flexible premium policy or annuity A life insurance policy or annuity contract that allows the amount and frequency of premium payments to be varied.

401(k) plan An employment-based retirement savings plan that allows employees to make tax-deferred contributions from current earnings.

403(b) plan A retirement savings plan, similar to a 401(k), for employees of charitable and educational organizations.

457 plan A retirement savings plan, similar to a 401(k), for employees of state and municipal governments.

Fraternal life insurance Life insurance provided by fraternal orders or societies to their members.

Fraud Intentional lying or concealment by policyholders to obtain payment of an insurance claim that would otherwise not be paid, or lying or misrepresentation by the insurance company managers, employees, agents, and brokers for financial gain.

G **General account** An undivided account in which life insurers record all incoming funds. A general account is usually an insurer's largest, although separate accounts can also be used to fund specific liabilities as well.

Grace period A period of usually a number of days following each insurance premium due date except the first, during which an overdue premium may be paid and the policy be maintained. All policy provisions remain in force during this period.

Group annuity A pension plan providing annuities at retirement to a group of people under a master contract, usually issued to an employer for the benefit of employees. Each group member holds a certificate as evidence of his or her annuity.

Group life insurance Life insurance on a group of people, usually issued to an employer for the benefit of employees. Each group member holds a certificate as evidence of his or her insurance.

Guaranteed interest contract (GIC) A contract offered by an insurance company guaranteeing a rate of return on assets for a fixed period, and payment of principal and accumulated interest at the end of the period. GICs sometimes are used to fund the fixed-income option in defined contribution plans, such as 401(k)s.

Immediate annuity An annuity contract in which periodic payments begin immediately or

within one year of the policy's issue.

Indemnity reinsurance A form of reinsurance in which the risk is passed to a reinsurer, which reimburses the ceding company for covered losses. The ceding company retains its liability to and contractual relationship with the insured.

Individual life insurance Paid by an individual and is payable upon death. Premiums can be paid annually, semiannually, quarterly, or monthly.

Individual policy pension trust A type of pension plan frequently used for small groups and administered by trustees authorized to purchase individual level-premium policies or annuity contracts for each plan member. The policies usually provide both life insurance and retirement benefits.

Individual retirement account (IRA) An account to which a person can make annual contributions of earnings up to a specified dollar limit. These contributions are tax-deductible for workers who are not covered by an employment-based retirement plan, regardless of income, or whose income does not exceed certain taxable income levels.

Insolvency Insurer's legal inability to pay its future policyholder obligations. Insurance insolvency standards and the regulatory actions taken vary from state to state. Typically, the first indications of an insurer's financial stress are its inability to pass the financial tests regulators routinely administer.

Institutional investor An organization such as a bank or insurance company that buys and sells large quantities of securities.

Insurable Interest This doctrine requires that a person or company be in a position to suffer monetary loss before they can purchase life insurance on another person's life, or property insurance on another's property. The interest must exist at the time the insurance contract is issued.

Insurable risk Risks for which it is relatively easy to get insurance. Such risks meet certain criteria including being definable, accidental in nature, and part of a group of similar risks large enough to make losses predictable. Such conditions make it possible for an insurer to offer insurance at a reasonable rate.

Insurance A system to make coverage of large financial losses affordable by pooling the risks of many individuals or business entities and transferring them to an insurance company in return for a premium.

Insurance examiner The state insurance department representative assigned to conduct the official audit and examination of an insurance company's operations.

Insured The person on whose life an insurance policy is issued. Also known as insured life.

Interest maintenance reserve (IMR) A reserve that captures all realized, interest-related capital gains and losses on fixed-income assets. These gains and losses are amortized into income over the remaining life of the investment sold.

J **Joint and survivor annuity** An annuity in which payments are made to the owner for life and, after the owner's death, to the designated beneficiary for life.

K **Keogh (H.R. 10) account** A retirement savings account to which a self-employed person can make annual tax-deductible contributions, subject to limitations.

L **Lapsed policy** An insurance policy terminated at the end of the grace period because of nonpayment of premiums. See non-forfeiture value.

Legal reserve life insurance company A life insurer operating under state insurance laws that specify the minimum basis for reserves that the company must maintain on its policies.

Level premium life insurance Life insurance for which the premium remains the same from year to year. The premium is more than the actual cost of protection during earlier years of the policy and less than the actual cost in later years. The initial overpayments build a reserve which, together with interest to be earned, balances the underpayments of later years.

Life annuity An annuity contract that provides periodic income payments for life.

Life expectancy The average years of life remaining for a group of persons of a given age, according to a mortality table.

Life insurance in force The sum of face amounts and dividend additions of life insurance policies outstanding at a given time. Additional amounts payable under accidental death or other special provisions are excluded.

Limited payment life insurance Whole life insurance on which premiums are payable for a specified number of years, or until death if it occurs before the end of the specified period.

Long-term care insurance Insurance that provides financial protection for persons who become unable to care for themselves because of chronic illness, disability, or cognitive impairment such as Alzheimer's disease.

Lump-sum distribution The non-periodic withdrawal of money invested in an annuity.

M Malpractice insurance Professional liability coverage for physicians, lawyers, and other specialists against lawsuits alleging negligence or errors and omissions that have harmed their clients.

Managed care An arrangement between an employer or insurer and selected providers to provide comprehensive health care at a discount to members of the insured group and coordinate the financing and delivery of health care. Managed care uses medical protocols and procedures agreed on by the medical profession to be cost effective. These protocols are also known as medical practice guidelines.

Master policy A policy issued to an employer or trustee establishing a group insurance plan for designated members of an eligible group.

Mediation Legal procedure in which a third party or parties attempts to resolve a conflict between two other parties. Mediation can be binding or non-binding.

Medicaid A federal and state public assistance program created in 1965 and administered by the states for people whose income and resources are insufficient to pay for health care.

Medicare Federal program for people sixty-five years or older that pays part of the costs associated with their health care such as hospital stays, surgery, home care and nursing care.

Mortality and expense charge The fee for a guarantee that annuity payments will continue for life.

Mortality table A statistical table showing the death rate at each age, usually expressed per thousand.

Mutual life insurance company A life insurance company without stockholders whose management is directed by a board elected by the policyholders. Mutual companies generally issue participating insurance.

N Non-forfeiture value The value of an insurance policy if it is cancelled or required premium payments are not paid. The value is available to the policyholder either as cash or reduced paid-up insurance.

Non-medical limit The maximum face value of a policy that a given company will issue without a medical examination of the applicant.

Nonparticipating policy A life insurance policy under which the company does not

distribute to policyholders any part of its surplus. Premiums usually are lower than for comparable participating policies. Some nonparticipating policies have both a maximum premium and a current lower premium, which reflects anticipated experience more favorable than the company is willing to guarantee. The current premium may change from time to time for the entire block of business to which the policy belongs. See participating policy.

Nonproportional reinsurance A form of reinsurance in which the reinsurer's liability depends on the number or amount of claims incurred in a given period.

O **Operating expenses** The cost of maintaining a business, including property, insurance, taxes, utilities and rent, but excludes income tax, depreciation, and other financing expenses.

Options Contracts that allow, but do not oblige, the buying or selling of assets at a certain date at a set price.

Ordinary life insurance A life insurance policy that remains in force for the insured's lifetime, usually for a level premium. Also referred to as whole life insurance. In contrast, term life insurance only lasts for a specified number of years (but may be renewable).

P **Paid-up insurance** Insurance on which all required premiums have been paid; frequently refers to the reduced paid-up insurance available as a nonforfeiture option.

Partial disability benefit A benefit sometimes found in disability income policies providing payment of reduced monthly income if the insured cannot work full time or is unable to earn a specified percentage of predisability earnings due to a disability.

Participating policy A life insurance policy under which the company distributes to policyholders the part of its surplus that its board of directors determines is not needed at the end of the business year. Such a distribution reduces the premium that the policyholder had paid. See policy dividend and nonparticipating policy.

Pensions Programs to provide employees with retirement income after they meet minimum age and service requirements. Life insurers hold some of these funds. Over the last 25 years, the responsibility of funding these retirement accounts has shifted from the employers (who offered defined benefit plans promising a specific retirement income) to employees (who now have defined contribution plans that are financed by their own contributions and not always matched by employers).

Permanent life insurance Generally, insurance that can stay in force for the life of the insured and accrues cash value, such as whole life or endowment. May also be referred to as ordinary life insurance.

Policy The printed document that a company issues to the policyholder, which states the terms of the insurance contract.

Policy dividend A refund of part of the premium on a participating life insurance policy, reflecting the difference between the premium charged and actual experience.

Policyholder/Policy owner The owner of an insurance policy, who may be the insured, a relative of the insured such as a spouse, or a nonnatural person such as a partnership or corporation.

Policy illustration A depiction of how a life insurance policy will work, showing premiums, death benefits, cash values, and information about other factors that may affect policy costs.

Policy loan The amount a policyholder can borrow at a specified rate of interest from the issuing company, using the insurance policy's value as collateral. If the policyholder dies with the debt partially or fully unpaid, the insurance company deducts the amount borrowed, plus accumulated interest, from the amount payable to beneficiaries.

Policy reserves The funds that a life insurance company holds specifically for fulfilling its policy obligations. Reserves are required by law to be calculated so that, together with future premium payments and anticipated interest earnings, they enable the company to pay all future claims.

Preferred risk A person considered less of a risk than the standard risk.

Premium The payment, or one of the periodic payments, that a policyholder makes to own an insurance policy or annuity.

Premium loan A policy loan for paying premiums.

Proportional reinsurance A form of reinsurance in which the amount ceded is defined at the point the risk is transferred, not at the point of claim. The amount of risk may vary with time by formula.

Q **Qualified plan** An employee benefit plan that meets Internal Revenue Code requirements. Employer contributions to such plans are immediately deductible. Contributions to and earnings in such plans are not included in the employee's income until distributed to the employee. Also known as tax-qualified plan.

R **Rated policy** An insurance policy issued at a higher-than-standard premium rate to cover extra risk, as when the insured has impaired health or a hazardous occupation. Also known

as extra-risk policy.

Reduced paid-up insurance A form of insurance available as a nonforfeiture option providing for continuation of the original insurance plan at a reduced amount.

Reinstatement The restoration of a lapsed insurance policy. The company requires evidence of insurability and payment of past-due premiums plus interest.

Reinsurance The transfer of some or all of the insurance risk to another insurer. The company transferring the risk is called the ceding company; the company receiving the risk is called the assuming company or reinsurer.

Reinsure To transfer the risk of potential loss from one insurer to another insurer.

Renewable term insurance Term insurance that can be renewed at the end of the term, at the policyholder's option and without evidence of insurability, for a limited number of successive terms. Rates increase at each renewal as the insured ages.

Reserve The amount required to be carried as a liability on an insurer's financial statement to provide for future commitments under policies outstanding.

Retrocede To cede insurance risk from one reinsurer to another reinsurer.

Retrocessionaire A reinsurer that contractually accepts from another reinsurer a portion of the ceding company's underlying risk. The transfer is known as a retrocession.

Return-to-work program A program that helps persons with activity limitations return to work. Assistance may involve maximizing medical improvement to diminish the effect of limitations, or facilitating job or job-site accommodations, retraining, or other means of taking activity limitations into account.

Rider An amendment to an insurance policy that expands or restricts the policy's benefits or excludes certain conditions from coverage. See accelerated death benefit and accidental death benefit.

Risk-based capital (RBC) Method developed by the National Association of Insurance Commissioners to measure the minimum amount of capital that an insurance company needs to support its overall business operations. RBC sets capital requirements that consider the size and degree of risk taken by the insurer and presumes that stakeholders will still receive limited payment should insolvency occur. RBC has four components:

Asset risk Determines an asset's default of principal or interest, or fluctuation in

market value, as a result of market changes.

Credit risk Measures the default risk on amounts due from policyholders, reinsurers, or creditors.

Off-balance-sheet risk Measures the risk from excessive growth rates, contingent liabilities, or other items not reflected on the balance sheet.

Underwriting risk Calculates the risk from underestimating liabilities from business already written, or inadequately pricing current or prospective business.

Risk classification The process by which a company decides how its premium rates for life insurance should differ according to the risk characteristics of persons insured—their age, occupation, gender, and health status, for example—and how the resulting rules are applied to individual applications. See underwriting.

Roth IRA An individual retirement account (IRA) in which earnings on contributions are not taxed at distribution, as long as the contributions have been in the account for five years and the account holder is at least age 59 1/2, disabled, or deceased. Contributions to a Roth IRA are not tax-deductible.

S Self-insured plan A retirement plan funded through a fiduciary—generally a bank but sometimes a group of people—which directly invests the accumulated funds. Retirement payments are made from these funds as they fall due. Also known as trustee plan or directly invested plan.

Separate account An asset account maintained independently from the insurer's general investment account and used primarily for retirement plans and variable life products. This arrangement permits wider latitude in the choice of investments, particularly in equities.

Settlement options The several ways, other than immediate payment in cash, that a policyholder or beneficiary may choose to have policy benefits paid. See supplementary contract.

Standard risk A person possessing an average likelihood of loss.

Stock life insurance company A life insurance company owned by stockholders who elect a board to direct the company's management. Stock companies generally issue nonparticipating insurance.

Straight life annuity An annuity whose periodic payouts stop when the annuitant dies.

Straight life insurance Whole life insurance on which premiums are payable for life.

Structured settlement An agreement allowing a person who is responsible for making payments to a claimant to assign to a third party the obligation of making those payments. An annuity contract is often used to make structured settlement payments.

Substandard risk A person who cannot meet the normal health requirements of a standard insurance policy. Protection is provided under a waiver, special policy form, or higher premium charge. Also known as impaired risk.

Supplementary contract An agreement between a life insurance company and a policyholder or beneficiary in which the company retains the cash sum payable under an insurance policy and makes payments according to the settlement option chosen.

Surplus The remainder after an insurer's liabilities are subtracted from its assets. The financial cushion that protects policyholders in case of unexpectedly high claims.

T **Term-certain annuity** An annuity which makes periodic payments over a fixed number of years. See annuity certain.

Term insurance Insurance that covers the insured for a certain period of time, known as the term. The policy pays death benefits only if the insured dies during the term, which can be one, five, ten or even twenty years.

Terminal funded group plans The reserves under an annuity contract for benefits accumulated outside of the contract, such as under a defined benefit retirement plan that has been terminated.

Third-party administrator Outside group that performs administrative functions for an insurance company.

Title insurance Insurance that indemnifies real estate owners in case clear ownership of the property is challenged by the discovery of faults in the title.

Tort A legal term denoting a wrongful act resulting in injury or damage on which a civil court action or legal proceeding may be based.

Total disability The inability of a person to perform all essential functions of his or her occupation, or in some cases any occupation, due to a physical or mental impairment.

U **Umbrella policy** Coverage for losses beyond the limits of underlying property-casualty, homeowners, or auto insurance policies. While the umbrella applies to losses over the dollar

amount in underlying policies, coverage terms are sometimes broader than those specified in the underlying policies.

Unallocated contract A contract under which premiums and contributions are deposited to a fund, rather than used immediately, to purchase annuities for benefit plan participants.

Underwriting The process of classifying applicants for insurance by identifying such characteristics as age, gender, health, occupation, and hobbies. People with similar characteristics are grouped together and charged a premium based on the group's level of risk.

Uninsurable risk Risks for which insurance coverage may not be available.

Universal life insurance A type of permanent life insurance that allows the insured, after the initial payment, to pay premiums at various times and in varying amounts, subject to certain minimums and maximums. To increase the death benefit, the insurance company usually requires the policyholder to furnish satisfactory evidence of continued good health. Also known as adjustable life insurance.

V **Variable annuity** A contract in which the premiums paid are invested in separate accounts which holds funds, including bond and stock funds. The selection of funds is guided by the level of risk assumed. The account value reflects the performance of the funds that the owner has chosen for investment.

Variable life insurance A type of permanent insurance providing death benefits and cash values that vary with the performance of a portfolio of investments. The policyholder may allocate premiums among investments offering varying degrees of risk, including stocks, bonds, combinations of both, and accounts that guarantee interest and principal.

Variable-universal life insurance A type of permanent insurance that combines the premium flexibility of universal life insurance with a death benefit that varies as in variable life insurance. Excess interest credited to the cash value depends on the investment results of separate accounts investing in equities, bonds, real estate, and others. The policyholder selects the accounts to which premium payments are made.

Vesting The right of an employee to all or a portion of the benefits he or she has accrued, even if employment terminates. Employee contributions, as in a 401(k) plan, always are fully vested. Employer contributions vest according to a schedule defined by the plan and are usually based on years of service.

Viatical settlement companies Life insurance companies that purchase life insurance

policies at a discounted value from a policyholder who is elderly or terminally ill. The companies then assume the premium payments and collect the face value of the policy upon the death of the person originally insured.

Void When an insurance policy is freed from legal obligations for reasons specified in the policy contract (i.e., a policy could be voided by an insurer if information given by a policyholder is proven untrue).

W

Waiver of premium A provision that sets conditions under which an insurance company would keep a policy in full force without the payment of premiums. The waiver is used most frequently for policyholders who become totally and permanently disabled.

Whole life insurance The most common type of permanent life insurance, in which premiums generally remain constant over the life of the policy and must be paid periodically in the amount specified in the policy. Also known as ordinary life insurance.

Workers compensation Insurance that pays for medical care related to on-the-job injuries and physical rehabilitation. Workers compensation helps cover lost wages while an injured worker is unable to work. State laws vary widely on benefit amounts paid and other compensation provisions.

HISTORIC DATES

- 1759** The first life insurance company in the United States—The Corporation for Relief of the Poor and Distressed Presbyterian Ministers and of the Poor and Distressed Widows and Children of Presbyterian Ministers—is established in Philadelphia by the Synod of the Presbyterian Church.
- 1769** Benjamin Franklin said: “A policy of life assurance is the cheapest and safest mode of making certain provision for one’s family. It is time our people understood and practiced more generally life assurance. Many a widow and orphan have great reason to be thankful that the advantage of life assurance was understood and embraced by the husband and father. A large amount has been paid... to widows and orphans when it formed almost their only recourse.”
- 1777** The Corporation for Relief of Poor and Distressed Presbyterian Ministers and of the Poor and Distressed Widows and Children of Presbyterian Ministers voted to lend the Continental Loan Office 5,000 pounds, which amounted to over half the Corporation’s total reserves. This loan was used to finance the war effort of the Continental Army during the American Revolution.
- 1789** Professor Edward Wigglesworth of Harvard prepares a modified table of mortality based on Massachusetts experience, the first computation of premiums and reserves on a scientific basis in the United States.
- 1794** The Insurance Company of North America is chartered as the first general insurance company to sell life insurance in America. In five years, only six policies are issued, and the company discontinues its life insurance business in 1804.
- 1812** The Pennsylvania Company for Insurance on Lives and Granting Annuities is incorporated, the first corporation to be organized in America solely for issuing life insurance policies and annuities. The first policy is issued in 1813. The company discontinues issuing life policies in 1872.

- 1830** New York Life Insurance and Trust Company, the first American life insurance company to employ agents, is started. The company later discontinues its life insurance business and subsequently is merged with the Bank of New York.
- 1835** A charter is granted to New England Mutual Life Insurance Company of Boston—the first to a mutual company in America. The company begins operating in December 1843.
- 1836** The Girard Life Insurance, Annuity and Trust Company of Philadelphia is established on the new principle of granting policyholders participation in profits. The first policy dividends are allotted in 1844 as additions of insurance to policies in force three or more years. Initially a stock company, the insurer later becomes a trust company.
- 1840** The New York Legislature passes a bill providing that the proceeds of a policy made out to a widow as beneficiary must be paid to her, exempt from creditors' claims. Enacted into law, this measure strengthens the protective power of life insurance policies.
- 1842** The Mutual Life Insurance Company of New York is chartered. The company's first policy is issued February 1, 1843, marking the beginning of mutual life insurance as it is known today.
- 1848** The first policy loans are granted.
- 1849** New York passes the first general insurance law.
- 1851** New Hampshire establishes the first regulatory body to examine the affairs of insurance companies.
- 1853** Policy valuation tables, which Elizur Wright developed over nine years, are published.
- 1857** New York City establishes a pension fund for its policemen, the first pension plan covering state or local government employees.
- 1859** New York establishes the first state insurance department.
- 1861** Massachusetts is the first state to require nonforfeiture values as part of life policies.
- The first war risk insurance is written by life insurance companies during the Civil War.
- 1864** The Manhattan Life Insurance Company is the first U.S. company to write an incontestable clause into a policy.
- 1866** The Treasury Department rules that death benefits from a life insurance policy are not subject to an income tax enacted in 1862 to fund the Civil War.
- 1868** The American Experience Table of Mortality is published as part of a New York law. Covering

experience from 1843 to 1858, it remains the table most widely used by American companies until the 1940s.

1869 The U.S. Supreme Court holds insurance not to be a transaction in commerce, and affirms the validity of state regulation of insurance.

The earliest organization of life insurance agents is recorded in Chicago.

1871 The first convention of state insurance commissioners is held in New York City.

1873 The first weekly premium policy is issued in the United States.

1875 The industrial insurance agency system is introduced in the United States.

The first pension plan in U.S. industry is established by the American Express Company, financed solely by the employer.

1880 The first formal pension plan supported jointly by employer and employee contributions is established by the Baltimore & Ohio Railroad Company.

Cash surrender values are first established by law in Massachusetts.

1892 Columbia University adopts a pension plan for its professors, the first private college retirement plan, effective at age 65 with a minimum of 15 years' service.

1893 The first pension plan for public school teachers is established in Chicago.

1901 Carnegie Steel Company establishes the first enduring pension plan in a manufacturing company. This plan, with some modifications, is taken over by the United States Steel Company in 1911.

1905 The first functioning trade union pension plan is established by the Granite Cutters. Earlier trade union plans, set up by the Pattern Makers (1900) and National Association of Letter Carriers (1902), never paid benefits before dissolution.

The Armstrong investigation of life insurance by the New York Legislature results in many changes in insurance laws.

1911 The first group life insurance for employees is introduced.

1913 Modern tax code enacted: maintains public policy of exempting benefits from a life insurance policy.

1917 Government-sponsored life insurance for World War I servicemen is offered under the War Risk Insurance Act. This program subsequently becomes known as U.S. Government Life Insurance.

1920 Congress creates the Federal Civil Service Retirement and Disability Fund.

1921 Metropolitan Life Insurance Company issues the first group annuity contract in the United States.

The Revenue Act makes employer contributions to profit-sharing trusts tax-exempt. Its provisions are extended to pension trusts in 1926.

1928 The first examinations are held for chartered life underwriters.

1935 The Social Security Act is enacted.

The Railroad Retirement System is established. It is amended in 1937 to create a unified system for the industry.

1939 The temporary National Economic Committee begins an investigation of the life insurance business.

1940 Congress adopts the National Service Life Insurance Act, providing insurance for men and women in service in World War II.

1941 New York forms the first state guaranty association mechanism for life and health insurance companies.

1944 The U.S. Supreme Court holds that insurance is commerce, and that when conducted across state lines, it is interstate commerce and subject to federal laws.

1945 The McCarran-Ferguson Act declares that state regulation of insurance is in the public interest and grants an exemption from antitrust laws to the extent that the business is regulated by state law.

1949 The U.S. Supreme Court rules that employers are required to bargain on pensions.

1952 The College Retirement Equities Fund is established as the first variable annuity fund.

1954 The Participating Annuity Life Insurance Company offers the first variable annuity contracts to the general public.

The Federal Employees' Group Life Insurance Act is introduced, providing group life insurance and accidental death and dismemberment insurance to civilian officers and employees of the U.S. government through private insurance companies.

1959 Arkansas is the first state to pass laws permitting life insurance companies to issue variable annuities and authorizing the establishment of separate accounts.

Early 1960s Most states now have laws specifically allowing life insurance companies to maintain separate

accounts, freeing pension fund investments from some of the limitations applied to companies' general accounts.

1962 H.R. 10 (Keogh Act), officially known as the Self-Employed Individual Retirement Act, is adopted.

1963–64 The Securities and Exchange Commission rules that separate account acquisitions are an issuance of securities subject to regulation under the Securities Act, but tax-qualified group pension plans, including variable annuities, are exempted from the act's registration and prospectus requirements.

The Civil Rights Act was passed, eliminating the discriminatory practice of charging different life insurance premiums based on race that had been ongoing since the 1940s.

1965 The Servicemen's Group Life Insurance Act is introduced, providing members on active duty in the uniformed services with group life insurance underwritten by private insurers through a contract with the Veterans Administration.

1974 The Employee Retirement Income Security Act (ERISA) is signed into law. ERISA primarily protects the benefits of participants in private plans, assures reasonable vesting provisions, and broadens the opportunity to set up plans for the self-employed and workers who have no private retirement plans.

1976 The first individual variable life insurance policy is issued in the United States.

1977 The first universal life insurance policy is issued in the United States.

1978 The Age Discrimination in Employment Act Amendments raise the mandatory retirement age from 65 to 70 for most private-sector and state and local government employees, and eliminate it for federal employees.

1981 The Economic Recovery Tax Act is signed into law. It allows all workers to claim tax deductions, within limits, for retirement savings; liberalizes tax deductions for retirement savings, interest, and dividend exclusions; and reduces or eliminates estate and gift taxes for most individuals.

1982 The Tax Equity and Fiscal Responsibility Act revises the life insurance company taxation formula and repeals the use of modified coinsurance in tax calculations; imposes a penalty tax on certain annuity withdrawals; places limitations on pension plan benefits; and imposes additional restrictions on certain plans.

1983 The U.S. Supreme Court decides in *Arizona Governing Committee for Tax-Deferred Annuity and Deferred Compensation Plans v. Norris* that employee retirement benefits based on contributions

made after August 1, 1983, must be calculated without regard to the employee's gender.

The Social Security Amendments increase Social Security taxes and make a portion of Social Security benefits taxable for high-income retirees; limit cost-of-living adjustments under some circumstances; make new federal employees, members of Congress, the president, and other federal officials subject to Social Security taxes; and gradually increase the retirement age to 67 by 2027.

1984 The Retirement Equity Act lowers the minimum age for vesting and participation in retirement plans; requires the spouse's written consent before joint and survivor coverage may be waived under pension plans; and requires payment of a survivor annuity if a vested participant dies before the annuity's starting date.

The Tax Reform Act significantly changes the basis on which life insurance companies are taxed and includes universal life insurance within the definition of life insurance, preserving its positive tax treatment.

1985 Montana becomes the first state to forbid gender discrimination in the setting of premium rates for all types of insurance, effective October 1.

1986 The Tax Reform Act eliminates the tax deductibility of individual retirement account (IRA) contributions for highly paid persons covered by pension plans; reduces the maximum contribution to salary reduction [401(k)] plans; and limits the deductibility of interest paid on loans against corporate-owned life insurance policies.

1987 The Revenue Act establishes faster funding requirements for underfunded pension plans, a variable-rate Pension Benefit Guaranty Corp. premium, and a lower full-funding limitation for qualified plans.

1988 The Technical and Miscellaneous Revenue Act creates a new class of life insurance contract—in which policy loans and surrender payments are subject to taxation similar to that of deferred annuities—and increases the excise tax on excess pension assets upon termination of qualified plans.

1990 A significant federal tax is imposed on life insurers' deferred acquisition costs. It becomes known as the DAC tax.

1991 All 50 states and Puerto Rico now have life and health insurance company guaranty association mechanisms.

1993 The Omnibus Budget Reconciliation Act reduces the amount of annual compensation for calculating retirement benefits to \$150,000 from \$235,840.

In *John Hancock v. Harris Trust and Savings Bank*, the U.S. Supreme Court rules that certain assets in John Hancock Life Insurance Company's general account are "plan assets" and that the company's actions regarding their management and disposition must be judged against ERISA's fiduciary standards.

- 1995** In *NationsBank v. Variable Annuity Life Insurance Company*, the U.S. Supreme Court rules that annuities are not a form of insurance under the National Bank Act, effectively allowing national banks to sell annuities without limitation.

The Internal Revenue Service states in proposed regulations that bank-issued, hybrid CD-annuities are taxable to purchasers.

- 1996** The Small Business Job Protection Act (SBA) amends ERISA to clarify the U.S. Supreme Court's decision in *John Hancock v. Harris Trust and Savings Bank* and to protect insurers from lawsuits brought for past actions taken in good-faith reliance on government rules. SBA also contains a wide variety of pension simplification provisions and creates a new SIMPLE plan for small employers.

The Health Insurance Portability and Accountability Act (HIPAA) clarifies the tax treatment of long-term care and accelerated death benefits. HIPAA permits qualified long-term care insurance and services to be treated like accident and health insurance for tax purposes, and treats accelerated death benefits paid to terminally and chronically ill individuals as amounts paid by reason of the death of the insured under a life insurance contract.

- 1997** The Financial Services Agreement of the General Agreement on Trade in Services locks in liberalization measures in crucial world markets. Its framework reduces or eliminates government barriers that either prevent financial services from being freely provided across national borders or discriminate against firms with foreign ownership.

Section 408A of the Taxpayer Relief Act, beginning January 1, 1998, creates the Roth IRA, in which contributions are not deductible but qualified distributions are excluded from gross income.

- 1998** The Insurance Marketplace Standards Association (IMSA) is launched. The voluntary membership organization promotes high ethical standards in the sale of individual life insurance and individual annuity products through IMSA's Principles and Code of Ethical Market Conduct.

- 1999** The Gramm-Leach-Bliley Financial Services Modernization Act eliminates laws enacted during the Depression to restrict affiliations among insurers, banks, and securities firms. The act clarifies that insurance regulators oversee the insurance activities of all financial institutions and prohibits insurance underwriting in bank operating subsidiaries. The new law also prevents banking regulators from unilaterally broadening banks' insurance powers or circumventing the state insurance

regulatory system; requires federal courts to grant equal deference to federal and state regulators in resolving insurance disputes; and permits a mutual life insurer to relocate if its state fails to enact a mutual holding company law.

George Nichols III elected as the NAIC's first African-American president in its 128-year history.

- 2000** The Electronic Signatures in Global and National Commerce Act ensures that life insurers and their customers can transact business over the Internet by setting national standards and making electronic signatures and records legally binding.

Legislation granting permanent normal trade relations to China is enacted, setting the stage for China's accession to the World Trade Organization.

- 2001** The Economic Growth and Tax Relief Reconciliation Act, containing pension reform measures and retirement saving incentives, is signed into law. The act raises the limits on contributions to 401(k)-type retirement plans and IRAs, and indexes the limits for inflation; allows those 50 and older to make additional catch-up contributions to 401(k)-type plans and IRAs annually; shortens vesting schedules for 401(k) plans; eases rules on rolling over retirement savings among private-sector, public-sector, and nonprofits' plans; and reduces administrative requirements for small businesses that set up and maintain retirement plans.

The USA Patriot Act is signed into law, requiring life insurers and other financial institutions to establish anti-money-laundering programs with internal procedures and controls, a designated compliance officer, ongoing employee training, and independent audits.

- 2002** The Victims of Terrorism Tax Relief Act is enacted, protecting life insurers that issue structured settlement annuities from adverse tax treatment when a beneficiary transfers the stream of income from such an annuity to a third party.

- 2003** NAIC adopts the Senior Protection in Annuity Transactions Model Law.

- 2004** Congress passes and the President signs the Pension Funding Equity Act of 2004. The bill establishes a two-year temporary replacement for the 30-year Treasury interest rate and becomes effective January 1, 2005. Included in the bill is a permanent repeal of section 809 of the tax code, which affects mutual life insurance companies.

- 2005** Commissioners' 2001 Standard Ordinary Mortality Tables, (2001 CSO Tables), which had been previously adopted by the NAIC, were adopted by a majority of the states, thus putting them in effect for state regulatory purposes. These new tables replace the 1980 CSO Tables.

- 2006** Interstate Insurance Product Regulation Compact Commission was created to develop uniform

standards for insurance products, to provide a central clearing house for regulatory review and to enhance cooperation and coordinate efforts between state insurance departments.

Pension Protection Act of 2006 was signed into law by President Bush, strengthening the federal pension insurance system and expanding opportunities for Americans to achieve a secure retirement. The legislation makes permanent increased contribution limits to 401(k)s and IRAs; establishes defined-contribution auto-enrollment; encourages annuities as payout options in employer-sponsored retirement plans; and permits the combination of long-term care insurance and annuities.

2010 The Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) is signed into law creating a new Federal Insurance Office within the Department of Treasury. The Federal Insurance Office will be responsible for understanding and advising Congress and the administration on insurance-related issues and helping negotiate international regulatory equivalency agreements.

2011 Illinois Insurance Director Michael McRaith is appointed the first director of the new Federal Office of Insurance (FIO) created by the Dodd-Frank Act. He will report to and advise the Secretary of Treasury on all life insurance matters.

Roy Woodall, Jr., was confirmed in September 2011, by the U.S. Senate, to serve as the first independent member with insurance expertise on the Financial Stability Oversight Council (FSOC).

2012 The Supreme Court upholds the health care reform law, its mandate for individual health care coverage and most of its other provisions. By this decision, the Court removed major uncertainties regarding health care reform in the U.S.

The Federal Insurance Office (FIO) establishes the Federal Advisory Committee on Insurance (FACI), a fifteen member board tasked with advising the FIO Director on emerging insurance issues. The FACI convenes its first public meeting in March.

2013 The Federal Insurance Office (FIO) releases a report entitled *How To Modernize And Improve The System Of Insurance Regulation In The United States*. The report presents several recommendations of the FIO on how the U.S. system of insurance regulation can be updated for the 21st century.

2014 The Insurance Capital Standards Clarification Act of 2014 is signed into federal law. This act clarifies to the Board of Governors of the Federal Reserve that they are not required to apply Section 171 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which relates to capital requirements on financial institutions, to regulated insurance entities.

2015/2016 A new way of calculating life insurance reserves was ushered into existence when the 42nd state adopted a revised Standard Valuation Law. The new method, called principle-based reserves

(PBR), becomes effective for new policies issued on or after 1/1/2017, and relies more heavily on computer modeling and company-specific assumptions based on actual past experience.

2017/2018 The Tax Cuts and Jobs Act, signed into law by President Trump on December 22, 2017, represents the largest overhaul of the U.S. tax code since 1986. Among other things, the law generally benefited corporate taxpayers, including life insurers, by lowering the highest marginal corporate tax rate from 35 percent to 21 percent. However, the law also contained life insurance industry-specific provisions that will raise an additional \$24.6 billion in federal taxes from the industry over a 10 year period, according to estimates prepared by the Congressional Joint Committee on Taxation.

2019 The Securities and Exchange Commission adopted Regulation Best Interest in May 2019 to serve as a template for uniform federal-state regulation of broker-dealers and investment advisers while both protecting consumers and allowing access to a broad menu of products and advice. Regulation Best Interest elevates broker-dealer standards built above the foundation of suitability requirements, and establishes four obligations on disclosure, care, conflict of interest, and compliance.

2020

Coronavirus Disease 2019 (COVID-19)

Federal Level

As a result of the COVID-19 pandemic and economic recession, the U.S. Congress passed three separate bills aimed at assisting Americans and businesses.

The first bill, the Coronavirus Preparedness and Response Supplemental Appropriations Act of 2020 aimed to incentivize coronavirus vaccine research and development. It was enacted on March 6, 2020.

The next iteration, H.R. 6201, the Families First Coronavirus Response Act (“Families First Act”), provided COVID-19 mandatory paid sick and paid family medical leave for employers with fewer than 500 employees and established tax credits to fund the new leave requirements.

The most recently enacted legislation, H.R. 748, the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), sought to relieve the strains on people, communities, and government resources. One way in which the CARES act accomplished this was by seeking to boost American families’ liquidity. This included: relaxing rules related to retirement plan borrowing and loan arrangements, aid for small businesses, and clarifications to paid leave provisions established in the Families First Act.

State Level

As the impact of the various state executive orders took effect, ACLI teamed up with industry leaders and state regulators to develop a set of principles to guide our public messaging on grace periods and policyholder accommodations. These consumer-focused principles allowed for reasonable flexibility for policyholders and their beneficiaries regarding proof of claims.

The life insurance industry rose to the challenge of providing uninterrupted protection in the midst of a pandemic, by allowing flexibility with policyholders financially impacted by the pandemic. Multiple states, in conjunction with state insurance commissioners and regulators, issued emergency orders in the spring of 2020 allowing life insurers to provide flexibility with regard to the grace periods for life and accident and health premiums, suspend all policy cancellations, extend deadlines on policy claims and waive late fees. ACLI continues to work with state regulators as they wind down the various orders to ensure consumer needs are kept in the forefront.

Economic Empowerment/Diversity and Inclusion

In response to the death of George Floyd and the following widespread protests against police brutality and racism, the life insurance community released a unified statement condemning racial injustice and discrimination. These events created a dialogue on economic empowerment for Black Americans and people of color. Through its Economic Empowerment and Racial Equity Initiative, ACLI and industry leaders have committed to provide financial security to all Americans, identify new policies that offer greater security to underserved communities, and build a more diverse and inclusive profession.

Through company action, smart partnerships, and legislative and regulatory initiatives, more Americans will be able to access opportunities that lead to financial protection and security by: 1) Expanding access to affordable financial security in underserved markets; 2) Advancing diversity and inclusion within companies and on corporate boards; 3) Economic empowerment through financial education; and 4) Expanding investments in underserved communities.

The NAIC also formed a special committee that is focused on race and insurance issues, and held a special session on race and insurance at its 2020 Summer National Meeting.

LIFE INSURANCE RELATED ORGANIZATIONS

American Council of Life Insurers (ACLI)

www.acli.com

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Chairman: Theodore Mathas (New York Life)

Chairman–elect: J. Scott Davison (OneAmerica Financial Partners, Inc.)

President and Chief Executive Officer: Susan K. Neely

The American Council of Life Insurers (ACLI) is a Washington D.C.-based trade association that advocates on behalf of approximately 280 member companies dedicated to providing products and services that contribute to consumers' financial and retirement security. 90 million families depend on our members for life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, dental and vision and other supplemental benefits. ACLI represents member companies in state, federal and international forums for public policy that supports the industry marketplace and the families that rely on life insurers' products for peace of mind. ACLI members represent 94 percent of industry assets in the United States.

America's Health Insurance Plans (AHIP)

www.ahip.org

AHIP is a trade association representing companies that finance and deliver health care and provide other health insurance products and services.

American Academy of Actuaries

www.actuary.org

The Academy is a public policy and communications organization representing actuaries in all practice specialties. It provides a liaison with federal and state governments, relations with other professions,

dissemination of public information, and development of standards of professional conduct. It also develops standards of practice through the Actuarial Standards Board, an independent body within the academy. The Academy consists largely of members of the Casualty Actuarial Society, Conference of Consulting Actuaries, Society of Actuaries, and actuaries enrolled under ERISA. Membership criteria include experience and education standards.

The American College

www.theamericancollege.edu

The College offers professional certification and graduate degree distance-education to those seeking career growth in financial services. The College offers programs of study leading to the award of Chartered Life Underwriter (CLU), Chartered Financial Consultant (ChFC), Registered Health Underwriter (RHU), and Registered Employee Benefits Consultant (REBC) diplomas and professional designations. Grants a Master of Science in Financial Services degree through the Graduate School of Financial Sciences, and a Master of Management degree through the Richard D. Irwin Graduate School of Management. Accredited by the Middle States Association of Colleges and Schools' Commission on Higher Education.

American Fraternal Alliance (AFA)

www.fraternalalliance.org

The Fraternal Alliance is the association and voice of fraternal benefit societies, which provides education, guidance, standards, and information on best practices and governance.

American Risk and Insurance Association (ARIA)

www.aria.org

ARIA is a society of insurance educators and others interested in risk and insurance education and research.

American Society of Pension Professionals & Actuaries (ASPPA)

www.asppa.org

ASPPA educates pension actuaries, consultants, administrators, and other benefits professionals, and preserves and enhances the private pension system in developing a cohesive and coherent national retirement income policy. Offers an examination program for employee benefits professionals and represents the interests of its members before appropriate forums.

Association of Home Office Underwriters (AHOU)

www.ahou.org

The mission of the AHOU is to advance the knowledge of sound underwriting of life and disability insurance risks, toward which end it holds meetings, publishes papers and discussions, and promotes educational programs. The association also provides valuable information sharing and networking opportunities to its members.

Conference of Consulting Actuaries

www.cactuaries.org

The Conference advances the quality of consulting practice, supports the needs of consulting actuaries, and

represents their interests. Comprises consulting actuaries in all disciplines.

Consumer Credit Industry Association (CCIA)

www.cciaonline.com

CCIA is a national trade organization for insurers that underwrite consumer credit insurance in the areas of life, accident and health, property, and involuntary unemployment insurance. Acts to preserve, promote and enhance the availability, utility, and integrity of insurance and related products and services delivered in connection with financial transactions.

Global Federation of Insurance Associations (GFIA)

<http://www.gfiainsurance.org/en/>

GFIA is a non-profit association established to represent national and regional insurance associations that serve the general interests of life, health, general insurance and reinsurance companies and to make representations to national governments, international regulators, and others on their behalf.

The Griffith Insurance Education Foundation

www.griffithfoundation.org

The Foundation was founded at a major mid-western university to develop and support an insurance and risk management program. It promotes the teaching of risk management and insurance by colleges, universities, and other institutions of higher learning, and student participation in these programs, and offers education programs for public policy-makers on managing risks through insurance mechanisms.

Health Insurance Association of America (HIAA) *See America's Health Insurance Plans (AHIP).*

Insurance and Financial Communicators Association (IFCA)

www.ifcaonline.com

IFCA is an international organization dedicated to the ongoing professional development of its members in life insurance and related financial services communications. The association operates on a volunteer basis and offers programs and activities for its members. IFCA's primary objective is to encourage and promote the exchange of experience and ideas through an extensive program of formal schools, workshops, seminars, newsletters, research studies, networking, international awards competition, and meetings.

Insurance Accounting and Systems Association (IASA)

www.iasa.org

IASA works to enhance individual, organizational, and industry effectiveness by facilitating the exchange of information and ideas among insurance-related professionals.

Insurance Information Institute (III)

www.iii.org

The mission of III is to improve public understanding of insurance. III provides definitive insurance information and statistics for government, media, educational institutions, and the public.

Insured Retirement Institute (IRI)www.irionline.org

With over 350 members, IRI represents all segments of the annuity and variable life industry. It serves as a forum for the exchange of information, and provides the public, media, and industry with information on the benefits of annuities and related products.

International Association of Insurance Supervisors (IAIS)www.iaisweb.org

The IAIS is a voluntary membership organization composed of insurance supervisors and regulators from around the world. The organization's goal is to create a consistent and effective system of global insurance regulation to promote policyholder protections and financial stability.

International Claim Association (ICA)www.claim.org

ICA is composed of life and health insurance company officers and employees who handle their companies' claims function.

Life Communicators Association *See Insurance and Financial Communicators Association (IFCA).*

Life Insurers Council (LIC)www.loma.org/lic

A council of LOMA, LIC is an association of insurance companies that serve the basic insurance needs of the general public, including the underserved market, through various distribution methods by promoting standards of business conduct which are in the best interests of policyholders; representing its members by addressing legislative, regulatory and consumer issues; and promoting the interchange of experience and ideas for the betterment of the public and the insurance industry.

LIMRA International, Inc.www.limra.com

LIMRA is a member-owned organization dedicated to meeting the marketing information needs of companies involved in marketing annuity, disability, health, life, mutual fund, and retirement savings products. LIMRA works to improve the efficiency of life insurance distribution through scientific management methods, serves as the principal source of industry sales and marketing statistics, conducts research, provides consulting and management educational services, and prepares a wide range of publications.

LOMA (Life Office Management Association)www.loma.org

An international association through which more than 1,200 insurance and financial services companies from over 80 countries engage in research and educational activities to improve company operations. Members are involved in life and health insurance, managed care, annuities, pensions, banking, securities, and other financial services areas. LOMA is committed to working as partners with members worldwide to improve management and operations through quality employee development, research, information sharing,

and related products and services.

MIB Group, Inc.

www.mib.com

Formerly the Medical Information Bureau, MIB is a nonprofit association founded by medical directors to provide a central information exchange for more than 600 member life insurance companies.

MDRT

www.mdrt.org

MDRT (formerly Million Dollar Round Table) is composed of life insurance agents who consistently sell a predetermined amount of life insurance annually and maintain membership in the National Association of Insurance and Financial Advisors.

National Association of Insurance Commissioners (NAIC)

www.naic.org

NAIC is an organization of state insurance regulators from the 50 states, the District of Columbia and the four U.S. territories. NAIC functions as a regulatory support organization and serves the public interest by promoting uniformity of legislation and regulation, facilitating the fair and equitable treatment of insurance consumers, promoting the reliability, solvency and financial solidity of insurance institutions, and supporting and improving state regulation of insurance.

National Association of Insurance and Financial Advisors (NAIFA)

www.naifa.org

NAIFA is a national nonprofit organization representing the interests of more than 200,000 insurance and financial advisors nationwide, through its federation of over 600 state and local associations. NAIFA is the nation's largest financial services membership association. Promotes high ethical standards, supports legislation in the interest of policyholders and agents, participates in community service, and provides agent education seminars and sales congresses.

National Association for Variable Annuities (NAVA) *See Insured Retirement Institute (IRI)*

National Fraternal Congress of America (NFCA) *See American Fraternal Alliance (AFA)*

National Organization of Life and Health Insurance Guaranty Associations (NOLHGA)

www.nolhga.com

NOLHGA is a voluntary association comprised of the life and health insurance guaranty associations of all 50 states, the District of Columbia, and Puerto Rico. This nonprofit organization assists its members in handling multi-state insolvencies, coordinates their resolution, and provides a forum for resolving issues and problems related to the operation of state life and health insurance guaranty associations.

Society of Actuaries (SOA)www.soa.org

SOA is an organization of skilled professionals applying mathematical and economic probabilities to financial security programs. Educates and qualifies candidates to become members, provides continuing education and professional development programs, promotes and publishes actuarial research, and maintains and enforces a professional conduct code for its members. The Society determines membership by successful completion of a rigorous set of examinations leading to the designation of Associate or Fellow in the society.

Society of Financial Service Professionals (Society of FSP)www.societyoffsp.org

Society of FSP is an organization of professionals who have earned designations in the fields of insurance and financial services. The Society comprises agents, company executives, insurance regulators, educators, attorneys, certified public accountants, and bank trust officers, who participate in local chapters.

S.S. Huebner Foundation for Insurance Educationwww.huebnerfoundation.com

The foundation's mission is to strengthen insurance education at the university level by increasing the number of professors specializing in insurance. The foundation makes fellowship grants for doctoral study and publishes research studies in the field of insurance.



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