

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 \$7.2 trillion in assets in 2017 (Table 2.1). Assets of U.S. life insurers rose 6.1 percent during 2017 (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 \$2.7 trillion at the end of 2017—up 9 percent from the previous year (Table 2.2). General account assets amounted to \$4.4 trillion in 2017, up 4 percent from 2016.

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 2017, 48 percent of life insurer assets were held in bonds. Total bond holdings of both general and separate accounts amounted to \$3.5 trillion, up \$132 billion from 2016 (Tables 2.1–2.2). Holdings of bonds in separate accounts increased 4 percent in 2017 to \$399 billion. Bond holdings in general accounts increased to \$3.1 trillion (Table 2.2).

Bonds are issued by a variety of borrowing organizations, including domestic and foreign corporations, the U.S. Treasury, various U.S. government agencies, and state, local, and foreign governments. Long-term U.S. Treasury securities in the general account totaled \$151 billion, U.S. government obligations \$52 billion, and foreign government bonds \$95 billion (Table 2.3). The largest portion of long-term bonds was in unaffiliated securities, with both U.S. and foreign investments totaling \$2.1 trillion, or more than two-thirds of all long-term general account bonds (69%). Long-term bonds issued by U.S. states, territories, and political subdivisions came to \$49 billion, while bonds issued for revenue, assessment, and industrial development totaled \$125 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 2017 represented the largest component of life insurer assets at 33 percent (Table 2.1). Corporate debt issues totaled \$2.4 trillion by year's end (Table 2.2). These investments have generally increased steadily for many years and have grown at a 1.9 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 \$547 billion at the end of 2017, up \$25 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 (\$445 billion) as opposed to those of foreign governments and international agencies (\$102 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 2017 had a maturity between five and 10 years. Another 25 percent matured between one and five years, 21 percent had a maturity over 20 years, 18 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 (23%), and less than five years (4%) 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 2017, 94 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 \$3.1 trillion in general account bonds held by insurance companies in 2017, \$2.2 trillion was invested in publicly traded bonds and \$978 billion in privately traded bonds (Table 2.6). Ninety-six percent of the publicly traded bonds were investment grade (Classes 1 and 2) compared with 90 percent of the privately traded bonds. Of the publicly traded bonds, 0.02 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 3.1 percent between 2007 and 2017 (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 10 percent between 2016 and 2017 to \$2.3 trillion, accounting for 31 percent of total assets. At year-end 2017, \$2.1 trillion, or 95 percent, of stock held by life insurance companies was in separate accounts (Table 2.1-2.2).

Common stock accounted for \$2.2 trillion, or 99 percent, of all stock held by life insurers in 2017 (Table 2.1). Holdings of common stock increased 10 percent in 2017, while there was a 6 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 2017,

mortgages increased 9 percent to \$514 billion and accounting for 7 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 92 percent (\$472 billion) of U.S. mortgages held by life insurers at the end of 2017 (Table 2.1). Mortgages for residential properties were \$20 billion, or 3.9 percent of total mortgages held by life insurers on U.S. properties. Farm mortgages were \$22 billion, accounting for 4.2 percent of total mortgages in 2017.

Almost all of the mortgages held by life insurers were in good standing (99.6%) in 2017. Of industry-held mortgages, only 0.4 percent were either restructured, overdue, or in foreclosure in 2017 (Table 2.7).

At year-end 2017, \$8 billion (2%) was held in general account mortgages with a loan-to-value ratio above 95 percent, compared with \$437 billion (89%) 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 \$43 billion at the end of 2017. This represents a 9 percent decrease from 2016 (Table 2.9).

By the end of 2017, real estate amounted to .6 percent of life insurers' assets (Table 2.1). Real estate holdings in separate accounts decreased \$3.2 billion during the year as real estate in general accounts decreased \$963 million (Table 2.2).

Real estate held to produce income totaled \$36 billion, or 84 percent of all real estate owned, while real estate held for sale amounted to \$638 million (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 \$137 billion by year-end 2017, up 1 percent from the loans outstanding a year earlier (Tables 2.1–2.2). Policy loans accounted for 2 percent of company assets at the end of 2017.

FOREIGN-CONTROLLED ASSETS

Foreign-controlled assets were \$1.6 trillion, or 22.1 percent of total industry assets in 2017, up from 2016 (Table 2.10). Canada, followed by the United Kingdom, the Netherlands, and France own the most foreign-controlled assets of U.S. life insurers.

Table 2.1

Distribution of Life Insurer Assets, by Account Type, 2017 (millions)

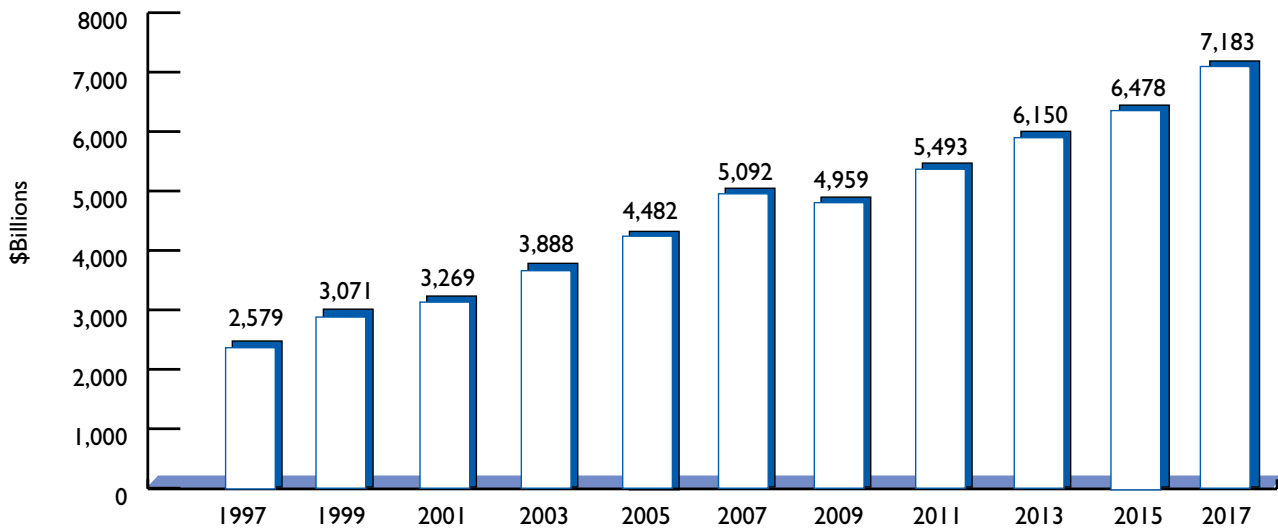
	General account		Separate account		Combined accounts	
	Year's end	Percent distribution	Year's end	Percent distribution	Year's end	Percent distribution
Bonds						
Government securities						
U.S.	\$377,178	8.5	\$67,418	2.5	\$444,596	6.2
Foreign	94,536	2.1	7,803	0.3	102,339	1.4
Total government	471,714	10.6	75,221	2.7	546,935	7.6
Corporate securities	2,150,801	48.4	214,126	7.8	2,364,927	32.9
Mortgage-backed securities ¹	458,257	10.3	109,467	4.0	567,724	7.9
Total long-term bonds	3,080,772	69.4	398,814	14.5	3,479,586	48.4
Stocks						
Common	101,110	2.3	2,148,707	78.3	2,249,817	31.3
Preferred	11,065	0.2	818	0.0	11,883	0.2
Total	112,175	2.5	2,149,525	78.3	2,261,700	31.5
Mortgages						
Farm	19,719	0.4	1,959	0.1	21,678	0.3
Residential	20,190	0.5	63	0.0	20,253	0.3
Commercial	448,717	10.1	22,903	0.8	471,620	6.6
Total	488,626	11.0	24,926	0.9	513,551	7.1
Real estate	23,783	0.5	18,934	0.7	42,718	0.6
Policy loans	131,771	3.0	4,771	0.2	136,542	1.9
Short-term investments	34,981	0.8	12,366	0.5	47,348	0.7
Cash & cash equivalents	72,571	1.6	27,907	1.0	100,478	1.4
Derivatives	58,705	1.3	3,541	0.1	62,246	0.9
Other invested assets	209,252	4.7	79,847	2.9	289,099	4.0
Non-invested assets	226,983	5.1	23,120	0.8	250,104	3.5
Aggregate total	4,439,620	100.0	2,743,752	100.0	7,183,372	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).

Figure 2.1

Growth of Life Insurer Assets

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

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Table 2.2

Distribution of Life Insurer Assets, by Account Type and Year¹

	General account (millions)			Average annual percent change	
	2007	2016	2017	2007/2017	2016/2017
Bonds					
Government	\$462,148	\$449,211	\$471,714	0.2	5.0
Corporate	1,812,919	2,054,331	2,150,801	1.7	4.7
MBS ¹	NA	460,685	458,257	NA	-0.5
Total	2,275,067	2,964,227	3,080,772	3.1	3.9
Stocks					
Common	81,555	92,810	101,110	2.2	8.9
Preferred	66,400	10,156	11,065	-16.4	8.9
Total	147,955	102,966	112,175	-2.7	8.9
Mortgages	324,714	448,764	488,626	4.2	8.9
Real estate	19,972	24,746	23,783	1.8	-3.9
Policy loans	116,047	129,704	131,771	1.3	1.6
Short-term investments	NA	58,362	34,981	NA	-40.1
Cash & cash equivalents	36,066	45,870	72,571	7.2	58.2
Derivatives	NA	62,046	58,705	NA	-5.4
Other invested assets	122,410	188,364	209,252	5.5	11.1
Non-invested assets	137,917	226,544	226,983	5.1	0.2
Aggregate total	3,180,148	4,251,592	4,439,620	3.4	4.4

Continued

Table 2.2

Distribution of Life Insurer Assets, by Account Type and Year—Continued

	Separate account (millions)			Average annual percent change	
	2007	2016	2017	2007/2017	2016/2017
Bonds					
Government	\$99,342	\$72,796	\$75,221	-2.7	3.3
Corporate	144,431	203,089	214,126	4.0	5.4
MBS ¹	NA	107,503	109,467	NA	1.8
Total	243,773	383,388	398,814	5.0	4.0
Stocks					
Common	1,518,752	1,951,501	2,148,707	3.5	10.1
Preferred	3,631	1,107	818	-13.8	-26.1
Total	1,522,383	1,952,608	2,149,525	3.5	10.1
Mortgages	11,436	23,340	24,926	8.1	6.8
Real estate	14,971	22,178	18,934	2.4	-14.6
Policy loans	586	4,889	4,771	23.3	-2.4
Short-term investments	NA	17,118	12,366	NA	-27.8
Cash & cash equivalents	23,513	17,465	27,907	1.7	59.8
Derivatives	NA	2,474	3,541	NA	43.2
Other invested assets	60,601	67,316	79,847	2.8	18.6
Non-invested assets	34,174	29,647	23,120	-3.8	-22.0
Aggregate total	1,911,438	2,520,422	2,743,752	3.7	8.9
	Combined accounts (millions)			Average annual percent change	
	2007	2016	2017	2007/2017	2016/2017
Bonds					
Government	\$561,490	\$522,007	\$546,935	-0.3	4.8
Corporate	1,957,350	2,257,419	2,364,927	1.9	4.8
MBS ¹	NA	568,188	567,724	NA	-0.1
Total	2,518,840	3,347,615	3,479,586	3.3	3.9
Stocks					
Common	1,600,308	2,044,311	2,249,817	3.5	10.1
Preferred	70,031	11,263	11,883	-16.3	5.5
Total	1,670,338	2,055,574	2,261,700	3.1	10.0
Mortgages	336,150	472,104	513,551	4.3	8.8
Real estate	34,943	46,925	42,718	2.0	-9.0
Policy loans	116,633	134,593	136,542	1.6	1.4
Short-term investments	NA	75,480	47,348	NA	-37.3
Cash & cash equivalents	59,579	63,335	100,478	5.4	58.6
Derivatives	NA	64,520	62,246	NA	-3.5
Other invested assets	183,010	255,679	289,099	4.7	13.1
Non-invested assets	172,091	256,191	250,104	3.8	-2.4
Aggregate total	5,091,586	6,772,014	7,183,372	3.5	6.1

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

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¹Includes Ginnie Mae (GNMA).

NA: Not available

Table 2.3

Distribution of Long-Term General Account Bond Investments

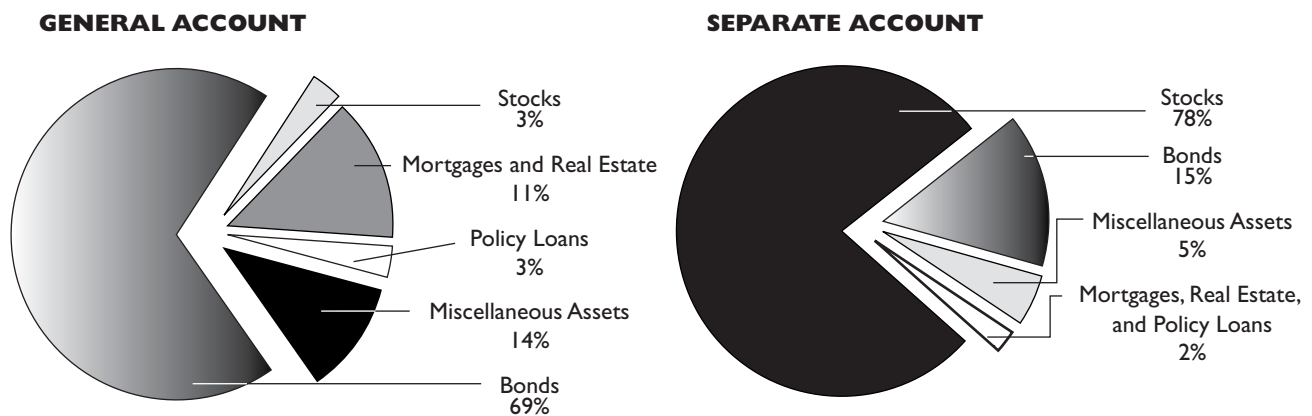
	2016		2017	
	Amount (millions)	Percent distribution	Amount (millions)	Percent distribution
U.S. Treasury securities	\$147,223	5.0	\$151,326	4.9
U.S. government obligations	50,113	1.7	51,682	1.7
Foreign government	87,171	2.9	94,536	3.1
U.S. states and territories	19,572	0.7	19,188	0.6
U.S. political subdivisions	28,330	1.0	29,577	1.0
Revenue and assessment	114,029	3.8	122,780	4.0
Industrial development	2,773	0.1	2,625	0.1
Mortgage-backed securities	460,685	15.5	458,257	14.9
Pass-through securities				
GNMA	12,440	0.4	11,032	0.4
FNMA and FHLMC	95,441	3.2	99,199	3.2
Privately issued	13,073	0.4	5,613	0.2
CMOs and REMICs				
GNMA, FNMA, FHLMC or VA	115,563	3.9	121,041	3.9
Privately issued and collateralized by MBS	5,756	0.2	6,255	0.2
All other privately issued	218,412	7.4	215,118	7.0
Other				
Unaffiliated securities	2,022,277	68.2	2,117,722	68.7
Affiliated securities	32,054	1.1	33,079	1.1
Total	2,964,227	100.0	3,080,772	100.0

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

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Figure 2.2

Asset Distribution of Life Insurers, 2017



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

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Table 2.4

Distribution of General Account Bonds, by Remaining Maturity, 2013–2017

	Percentage of general account bonds held at year's end					Total
	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	
Government						
2013	9.9	17.5	19.1	25.4	28.0	100.0
2014	8.5	17.9	19.0	25.8	28.7	100.0
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
Corporate						
2013	8.0	27.6	34.3	11.8	18.3	100.0
2014	8.8	26.1	34.3	12.3	18.5	100.0
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
Total						
2013	8.5	25.2	30.6	15.1	20.6	100.0
2014	8.8	24.1	30.7	15.5	20.9	100.0
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

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Table 2.5

Distribution of General Account Long-Term Bonds at Time of Purchase, 2017

Maturity	Percent distribution
20 years and over	39.7
10 years to less than 20 years	32.9
5 years to less than 10 years	23.1
Less than 5 years	4.3
Total	100.0

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

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Table 2.6

Distribution of General Account Bonds, by NAIC Quality Class¹

PUBLIC BONDS NAIC quality class	2007		2016		2017	
	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	\$1,317,646	75.4	\$1,452,156	67.8	\$1,461,967	67.6
Class 2	350,487	20.1	598,879	27.9	617,795	28.6
Medium quality						
Class 3	46,681	2.7	61,607	2.9	57,044	2.6
Low quality						
Class 4	25,475	1.5	25,135	1.2	22,996	1.1
Class 5	6,944	0.4	4,170	0.2	3,484	0.2
Class 6	821	0.0	863	0.0	525	0.0
Total	1,748,054	100.0	2,142,810	100.0	2,163,811	100.0
PRIVATE BONDS						
NAIC quality class	Amount (millions)	Percentage of privately traded bonds	Amount (millions)	Percentage of privately traded bonds	Amount (millions)	Percentage of privately traded bonds
High quality						
Class 1	\$257,891	48.9	\$446,896	49.5	\$484,648	49.5
Class 2	218,676	41.5	364,636	40.4	399,429	40.8
Medium quality						
Class 3	29,931	5.7	55,144	6.1	55,638	5.7
Low quality						
Class 4	13,789	2.6	23,706	2.6	26,387	2.7
Class 5	5,622	1.1	10,225	1.1	10,410	1.1
Class 6	1,105	0.2	2,907	0.3	1,681	0.2
Total	527,013	100.0	903,513	100.0	978,193	100.0
TOTAL BONDS						
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	\$1,575,537	69.3	\$1,899,052	62.3	\$1,946,614	62.0
Class 2	569,163	25.0	963,514	31.6	1,017,224	32.4
Medium quality						
Class 3	76,612	3.4	116,751	3.8	112,682	3.6
Low quality						
Class 4	39,264	1.7	48,842	1.6	49,383	1.6
Class 5	12,566	0.5	14,395	0.5	13,894	0.4
Class 6	1,926	0.1	3,769	0.1	2,206	0.1
Aggregate total	2,275,067	100.0	3,046,323	100.0	3,142,003	100.0

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

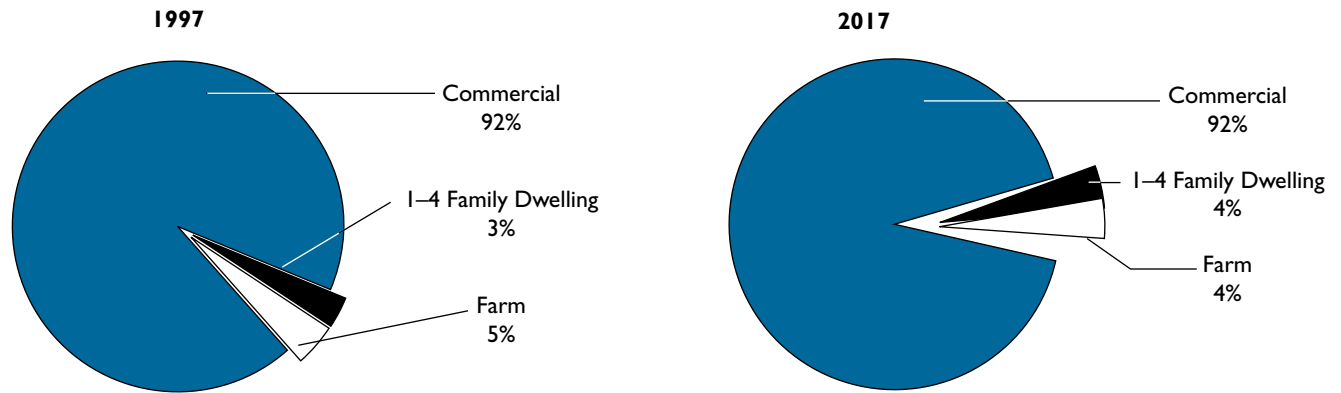
Notes: NAIC does not endorse any analysis or conclusions based on use of its data. Figures include both government and corporate bonds held in general accounts of U.S. life insurers and fraternal benefit societies.

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.

Figure 2.3

Mortgages Held by Life Insurers, by Type

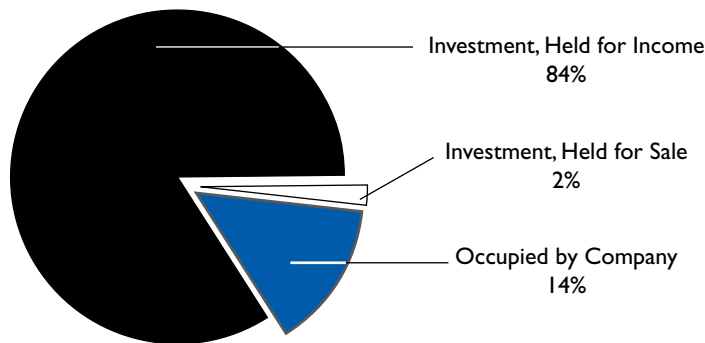


Source: ACLI tabulations of National Association of Insurance Commissioners (NAIC) data, used by permission.

Notes: NAIC does not endorse any analysis or conclusions based on use of its data. Data represent U.S. life insurers, and for 2017, fraternal benefit societies.

Figure 2.4

Real Estate Owned by Life Insurers, 2017



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 2.7

	2007		2016		2017	
	Amount	Percent distribution	Amount	Percent distribution	Amount	Percent distribution
Farm						
In good standing	\$17,252	99.8	\$20,389	99.4	\$21,527	99.3
Restructured	14	0.1	11	0.1	11	0.0
Overdue	13	0.1	23	0.1	63	0.3
Foreclosed	11	0.0	88	0.4	78	0.4
Total	17,291	100.0	20,512	100.0	21,678	100.0
Residential						
In good standing	5,409	99.8	15,950	95.6	19,302	95.3
Restructured	-	-	306	1.8	393	1.9
Overdue	8	0.1	316	1.9	400	2.0
Foreclosed	5	0.1	104	0.6	159	0.8
Total	5,421	100.0	16,675	100.0	20,253	100.0
Commercial						
In good standing	313,171	99.9	433,292	99.6	470,419	99.7
Restructured	181	0.1	1,037	0.2	1,030	0.2
Overdue	68	0.0	426	0.1	74	0.0
Foreclosed	18	0.0	162	0.0	97	0.0
Total	313,438	100.0	434,917	100.0	471,620	100.0
All categories						
In good standing	335,832	99.9	469,631	99.5	511,248	99.6
Restructured	196	0.1	1,353	1.0	1,433	0.3
Overdue	89	0.0	765	0.2	537	0.1
Foreclosed	33	0.0	355	0.1	333	0.1
Aggregate total	336,150	100.0	472,104	100.0	513,551	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, 2017 (millions)			
Loan-to-value ratio	Farm	Non-Farm	Total
Above 95%	\$13	\$8,481	\$8,494
91–95%	-	1,615	1,615
81–90%	4	6,478	6,481
71–80%	165	34,590	34,755
Below 71%	19,536	417,743	437,279
Total	19,719	468,907	488,626

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 2.9

	Millions		Average annual percent change		
	2007	2016	2017	2007/2017	2016/2017
Investment property					
Held for income	\$27,810	\$39,794	\$35,911	2.6	-9.8
Held for sale	992	987	638	-4.3	-35.3
Total	28,802	40,781	36,549	2.4	-10.4
Occupied by company	6,141	6,143	6,169	0.0	0.4
Aggregate total	34,943	46,925	42,718	2.0	-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.

Table 2.10

Foreign-Controlled Assets of U.S. Life Insurers, by Country and Year (millions)					
	2013	2014	2015	2016	2017
Barbados	\$1,176	\$1,215	\$1,194	-	-
Bermuda	89,007	94,877	111,457	\$121,070	\$137,600
Canada	344,441	367,415	350,166	356,693	386,661
Cayman Islands	1,822	2,096	7,342	26,800	50,351
France	166,256	173,077	171,193	180,995	202,002
Germany	119,998	130,573	135,192	153,145	164,365
Italy	-	-	-	-	-
Japan	7,022	8,566	66,381	128,467	137,579
Netherlands	393,149	209,140	207,850	213,801	217,573
Panama	-	-	-	113	115
South Africa	4	4	4	-	-
Spain	-	94	84	82	84
Switzerland	39,600	40,636	38,626	41,056	41,249
United Kingdom	174,609	205,913	202,752	220,391	246,487
Total	1,337,085	1,233,605	1,292,241	1,442,612	1,584,066
Percentage of industry assets	21.7%	19.3%	19.9%	21.3%	22.1%

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. 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
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 ‡	2,429,173	1,135,797	352,676	32,497	122,485	575,518	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

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

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

‡Includes fraternal benefit societies.

