

# 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 2016, 797 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—598, 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 recent 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 \$6.3 trillion of life insurance in force in 2016 and stock life insurers, \$13.5 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 2016, there were 78 fraternal life insurance companies that had \$356 billion of life insurance in force and \$162 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 \$1.6 billion in 2016 (Table 1.3). U.S. Government Life Insurance, covering World War I veterans, had \$1 million of insurance in force in 2016, while National Service Life Insurance, for veterans of World War II and those covered by the Insurance Act of 1951, totaled \$3.7 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 2016.

The largest life insurance plan, Servicemembers' Group Life Insurance, had \$817 billion of insurance in force with 2.2 million policies at year-end 2016 (Table 1.3).

## EMPLOYMENT

The insurance industry plays an important role in the nation's economy. In 2016, U.S. insurers employed 2.6 million individuals in all of their branches, a 1.8 percent increase from a year earlier (Table 1.4).

Government data on employees of insurance agencies and home offices in 2016 show 1.49 million insurance home-office personnel (348,300 in life insurance) and 1.1 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 13.3 percent in 2016 (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 2016, Canada controlled 27 companies; Japan, 15; Bermuda, 15; Switzerland, 14; Cayman Islands, 10; France, 8; the United Kingdom, 5; Germany, 5; the Netherlands, 4 (Table 1.6).

Table 1.1

<b>Number of U.S. Life Insurers, by Organizational Structure</b>			
	<b>In business at year's end</b>		<b>Average annual percent change</b>
	<b>2015</b>	<b>2016</b>	<b>2015/2016</b>
<b>Stock</b>	616	598	-2.9
<b>Mutual<sup>1</sup></b>	110	113	2.7
<b>Fraternal<sup>2</sup></b>	81	78	-3.7
<b>Other<sup>3</sup></b>	7	8	14.3
<b>Total</b>	<b>814</b>	<b>797</b>	<b>-2.1</b>

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.

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

<sup>2</sup>Includes stock companies owned by fraternal benefit societies.

<sup>3</sup>Includes farm bureau, reciprocal, and risk retention groups.

Table 1.2

<b>Size of U.S. Life Insurers, by Organizational Structure, 2016 (millions)</b>					
	<b>Stock</b>	<b>Mutual<sup>1</sup></b>	<b>Fraternal</b>	<b>Other<sup>2</sup></b>	<b>Total</b>
<b>Life insurance in force</b>	\$13,475,141	\$6,324,720	\$355,526	\$174,356	\$20,329,743
<b>Life insurance purchased</b>	1,896,193	971,714	34,209	25,012	2,927,129
<b>Assets</b>	5,023,455	1,558,274	162,292	27,993	6,772,014
<b>Benefit payments<sup>3</sup></b>	438,317	123,834	9,247	1,701	573,100
<b>Premium income<sup>4</sup></b>	449,433	148,281	10,405	2,010	610,131

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

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<sup>1</sup>Includes stock companies owned by mutual holding companies.

<sup>2</sup>Includes farm bureau, reciprocal, and risk retention groups.

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

<sup>4</sup>Includes life insurance premiums, annuity considerations, and accident and health premiums.

Table 1.3

<b>Veterans Life Insurance, 2016</b>		
	<b>Policies</b>	<b>Face amount in force (millions)</b>
<b>Veterans programs</b>		
U.S. Government Life Insurance	264	\$1
National Service Life Insurance	295,981	3,744
Veterans' Special Life Insurance	108,569	1,577
Service-Disabled Veterans Insurance	272,277	2,855
Veterans' Reopened Insurance	11,488	122
Veterans' Mortgage Life Insurance	2,633	343
<b>Total</b>	<b>691,212</b>	<b>8,642</b>
<b>Uniformed service member programs</b>		
Servicemembers' Group Life Insurance (SGLI)	2,244,500	817,092
Traumatic Injury Protection (TSGLI)*	-	215,550
SGLI Family Coverage	2,783,000	111,092
Veterans' Group Life Insurance	431,054	71,898
<b>Total</b>	<b>5,458,554</b>	<b>1,215,632</b>
<b>Aggregate total</b>	<b>6,149,766</b>	<b>1,224,274</b>

Source: U.S. Department of Veterans Affairs.

\*TSGLI is a rider to the basic SGLI coverage.

Table 1.4

<b>Insurance Industry Employment in the United States</b>					
	<b>Number employed</b>			<b>Average annual percent change</b>	
	<b>2006</b>	<b>2015</b>	<b>2016</b>	<b>2006/2016</b>	<b>2015/2016</b>
<b>Home-office personnel</b>					
Life insurance	362,400	330,200	348,300	-0.4	5.5
Health insurance	428,200	499,500	463,600	0.8	-7.2
Other	677,100	636,700	673,200	-0.1	5.7
<b>Total</b>	<b>1,467,700</b>	<b>1,466,400</b>	<b>1,485,100</b>	<b>0.1</b>	<b>1.3</b>
<b>Agents, brokers, and service personnel</b>	<b>911,400</b>	<b>1,071,800</b>	<b>1,098,100</b>	<b>1.9</b>	<b>2.5</b>
<b>Aggregate total</b>	<b>2,379,100</b>	<b>2,538,200</b>	<b>2,583,200</b>	<b>0.8</b>	<b>1.8</b>

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

<b>Foreign-Owned U.S. Life Insurers, 2012–2016</b>							
	<b>Number of companies</b>					<b>Average annual percent change</b>	
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2012/2016</b>	<b>2015/2016</b>
U.S. life insurers	868	850	830	814	797	-2.1	-2.1
Foreign-owned U.S. life insurers	99	95	94	97	106	1.7	9.3
Percentage of U.S. life insurers	11.4%	11.2%	11.3%	11.9%	13.3%		

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

Table 1.6

<b>Foreign-Owned Life Insurers Operating in the United States, by Country of Origin</b>						
	<b>Number of companies</b>					
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	
Barbados	1	1	1	1	-	
Bermuda	9	15	13	14	15	
Canada	25	23	28	27	27	
Cayman Islands	4	2	3	5	10	
France	8	8	8	8	8	
Germany	8	6	5	5	5	
Italy	1	-	-	-	-	
Japan	5	5	6	10	15	
Netherlands	13	13	5	4	4	
Panama	-	-	-	-	1	
South Africa	1	1	1	1	-	
Spain	-	-	2	2	2	
Sweden	1	-	-	-	-	
Switzerland	15	15	15	14	14	
United Kingdom	8	6	7	6	5	
Total	99	95	94	97	106	

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

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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
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

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			Total	Agents, brokers, and service personnel	Aggregate total
	Life insurance	Health insurance	Other			
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
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	348,300	463,600	673,200	1,485,100	1,098,100	2,583,200

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.