

AMERICAN COUNCIL OF LIFE INSURERS

**LIFE INSURERS
FACT BOOK 2017**

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

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

Unless otherwise noted, the data reported in the *Life Insurers Fact Book* are ACLI tabulations of the National Association of Insurance Commissioners (NAIC) 2016 statutory data for the life industry as of June 2017, 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 2017*: Michele Alexander, Jim Bishop, Khari Cook, Ken Shields, Vagiz Sultanbikov, Jiangmei Wang, and Matt Wellens.

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METHODOLOGY

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

Most of the *Fact Book* data are reported in standardized tables that summarize information for the current year (2016 data), last year (2015 data), and 10 years previous (2006 data), along with the average annual percentage change over the last year and the last ten years. In cases where 2006 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:

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

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

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

Key U.S. Life Insurers Statistics

	2006	2015	2016	Average annual percent change	
				2006/2016	2015/2016
Life insurance in force (millions)¹					
Individual	\$10,056,501	\$12,342,152	\$11,991,547	1.8	-2.8
Group	8,905,646	8,360,705	8,245,991	-0.8	-1.4
Credit	150,289	76,133	92,205	-4.8	21.1
Total	19,112,436	20,778,990	20,329,743	0.6	-2.2
Annuity considerations (millions)²					
Individual ³	\$187,083	\$208,913	\$202,312	0.8	-3.2
Group	115,645	124,103	124,484	0.7	0.3
Total	302,727	333,016	326,795	0.8	-1.9
Payments under life insurance and annuity contracts (millions)					
Payments to beneficiaries	\$55,694	\$74,306	\$76,039	3.2	2.3
Surrenders values ⁴	276,276	275,997	268,236	-0.3	-2.8
Policyholder dividends	18,429	18,524	18,447	0.0	-0.4
Annuity payments ⁵	71,087	77,778	79,120	1.1	1.7
Matured endowments	612	424	448	-3.1	5.7
Other payments ⁶	566	686	708	2.3	3.2
Total	422,664	447,715	442,998	0.5	-1.1
Income of life insurers (millions)					
Life insurance premiums	\$149,223	\$155,866	\$119,334	-2.2	-23.4
Annuity considerations ²	302,727	333,016	326,795	0.8	-1.9
Health insurance premiums	141,198	159,855	164,002	1.5	2.6
Total	593,149	648,737	610,131	0.3	-6.0
Investment income	239,669	289,894	279,101	1.5	-3.7
Other income ⁷	50,779	126,080	96,614	6.6	-23.4
Aggregate total	883,597	1,064,712	985,845	1.1	-7.4
Life insurers doing business in the United States (units)					
Stock	818	616	598	-3.1	-2.9
Mutual ⁸	142	110	113	-2.3	2.7
Fraternal ⁹	103	81	78	-2.7	-3.7
Other ¹⁰	9	7	8	-1.2	14.3
Total	1,072	814	797	-2.9	-2.1

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

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

¹Data represent net business.

²Beginning in 2001, excludes deposits for guaranteed interest contracts due to codification.

³Includes supplementary contracts with life contingencies.

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

⁵Excludes payments under deposit-type contracts.

⁶Includes some disability benefits and retained assets.

⁷Includes commissions and expense allowance on reinsurance ceded. Also, includes amortization of interest maintenance reserve.

⁸Includes stock companies owned by mutual holding companies.

⁹Includes stock companies owned by fraternal benefit societies.

¹⁰Includes farm bureau, reciprocal, and risk retention groups.