

American Council of Life Insurers

LIFE INSURERS FACT BOOK 2021

ACLI



American Council of Life Insurers

**LIFE INSURERS
FACT BOOK 2021**

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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The 75 Year History of the ACLI Life Insurers Fact Book

Aaron Hoppenstedt, Knowledge Management Specialist

The 2021 edition of the Life Insurers Fact Book is celebrating 75 years of serving the life insurance industry, including agents, economists, researchers, state regulators, and federal agencies alike. Trade associations have a strong tradition of data collection since the early 1900s when many were beginning to form, especially in the life insurance industry. The Fact Book has become an essential publication for industry professionals by providing statistics and information on trends covering assets, liabilities, income, expenditures, reinsurance, life insurance, and annuities.

The first edition in 1946 was published by the Institute of Life Insurance in New York City. In 1975, the Institute of Life Insurance merged with the American Life Insurance Association to become the American Council of Life Insurance, and later, the American Council of Life Insurers (ACLI). Senator Blake Tyler Newton, Jr. would become the first president of the ACLI, having previously served as president of both associations. That same year, the Fact Book was seamlessly transitioned into the newly merged ACLI, where it continued to be published and distributed for a fee, but now from the new headquarters in Washington, D.C.

During the early years, the Fact Book was produced by a team much larger than now. Staff kept volumes of paper annual statements and had so many spreadsheets to fill a room. The scope of the research and production was simply unfathomable by today's standards. Technology helped streamline production; no longer was an army of researchers, a printing office, or a dedicated space to store copious spreadsheets necessary to create the Fact Book. Printing costs went down, and by 2004 the Fact Book was distributed for free to members and libraries. Ultimately, the print format would fall out of favor to digital, which is the current format. Today, with the ease of digital distribution, the Fact Book is accessed worldwide by thousands.

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 95 percent of industry assets, 93 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) 2020 statutory data for the life industry as of June 2021, 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 2021: Michele Alexander, Aaron Hoppenstedt, Vagiz Sultanbikov, and Jiangmei Wang.

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Methodology

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

Most of the Fact Book data are reported in standardized tables that summarize information for the current year (2020 data), last year (2019 data), and 10 years previous (2010 data), along with the average annual percentage change over the last year and the last ten years. In cases where 2010 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:

$(\text{net investment income}) / 2\text{-year average net invested assets}$. 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:

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

Key U.S. Life Insurers Statistics

	2010	2019	2020	Average annual percent change	
				2010/2020	2019/2020
Life insurance in force (millions)¹					
Individual	\$10,483,516	\$12,388,298	\$12,849,985	2.1	3.7
Group	7,830,631	7,358,413	7,478,454	-0.5	1.6
Credit	111,805	87,346	97,170	-1.4	11.2
Total	18,425,952	19,834,056	20,425,609	1.0	3.0
Annuity considerations (millions)²					
Individual ³	\$189,946	\$204,309	\$150,086	-2.3	-26.5
Group	103,677	143,185	151,255	3.8	5.6
Total	293,622	347,494	301,341	0.3	-13.3
Payments under life insurance and annuity contracts (millions)					
Payments to beneficiaries	\$58,392	\$78,358	\$90,429	4.5	15.4
Surrender values ⁴	219,914	344,507	327,908	4.1	-4.8
Policyholder dividends	15,942	18,222	18,053	1.3	-0.9
Annuity payments ⁵	70,090	88,099	91,559	2.7	3.9
Matured endowments	562	446	497	-1.2	11.5
Other payments ⁶	699	663	685	-0.2	3.2
Total	365,599	530,295	529,130	3.8	-0.2
Income of life insurers (millions)					
Life insurance premiums	\$104,648	\$156,623	\$147,965	3.5	-5.5
Annuity considerations ²	293,622	347,494	301,341	0.3	-13.3
Health insurance premiums	172,717	188,088	186,336	0.8	-0.9
Total	570,987	692,205	635,643	1.1	-8.2
Investment income	212,841	314,493	293,154	3.3	-6.8
Other income ⁷	78,741	87,660	91,413	1.5	4.3
Aggregate total	862,570	1,094,358	1,020,211	1.7	-6.8
Life insurers doing business in the United States (units)					
Stock	700	570	553	-2.3	-3.0
Mutual ⁸	121	108	110	-0.9	1.9
Fraternal ⁹	89	74	74	-1.8	0.0
Other ¹⁰	7	9	10	3.6	11.1
Total	917	761	747	-2.0	-1.8

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. NA: Not available ¹Data represent net business. ²Excludes deposits for guaranteed interest contracts due to codification. Data represents net business. ³Includes supplementary contracts with life contingencies. ⁴Excludes 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.

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