

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 2021, policy reserves of U.S. life insurers totaled \$6.4 trillion, 4.7 percent higher than 2020 (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 2021, reserves for life insurance comprised 29 percent of total policy reserves, at \$1.8 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 2021, these reserves consisted of \$1.6 trillion for individual life policies, \$201 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

2021 (67%), or \$4.3 trillion, from 46 percent in 1980. Much of the increase reflects the strong growth in retirement plans administered by life insurers.

In 2021, annuity reserves consisted of \$2.9 trillion for individual annuities, up 4.7 percent from 2020, and \$1.3 trillion for group annuities, up 3.9 percent. General account annuity reserves decreased 0.1 percent while separate account annuity reserves rose 8 percent (Table 3.2).

Reserves held under supplementary contracts with life contingencies in 2021 totaled \$28 billion, and for health insurance policies, \$271 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 2021, \$363 billion was deposited to these contracts and \$329 billion was withdrawn, with a total reserve of \$702 billion at year's end (Table 3.3).

In 2021, premium and other deposit funds remained the largest category of the deposit-type business with \$248 billion in deposits, \$225 billion in payments, and \$312 billion in reserve at year-end. GICs received \$90 billion from policyholders and paid out \$77 billion in 2021, leaving a reserve of \$261 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 2021, the industry's total AVR increased 23.2 percent to \$96 billion, and its IMR increased 16.5 percent to \$41 billion (Table 3.1).

OTHER LIABILITIES

In addition to reserves, other liability funds of U.S. life insurers at the end of 2021 included \$64 billion in policy and contract claims; \$18 billion set aside for the following year's dividend payments to policyholders; and \$830 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 \$497 billion for U.S. life insurers at the end of 2021 (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 2021, the aggregate capital ratio of U.S. life insurers was 11.1 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 2020 to 2021, the ratio increased 15 percentage points to 443 (Table 3.5).

Most companies have an RBC ratio well above the regulatory minimum level of 100 percent. By year-end 2021, 676 companies, or 93.5 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 | |
|--|-----------------------------|-------------|-------------|-------------------------------|-----------|
| | 2011 | 2020 | 2021 | 2011/2021 | 2020/2021 |
| Reserves | | | | | |
| Policy reserves | \$2,616,022 | \$3,355,747 | \$3,426,078 | 2.7 | 2.1 |
| Other reserves | | | | | |
| Liabilities for deposit-type contracts | 276,033 | 386,422 | 436,604 | 4.7 | 13.0 |
| Asset valuation reserve (AVR) | 39,725 | 78,260 | 96,394 | 9.3 | 23.2 |
| Policy and contract claims | 43,607 | 58,880 | 63,933 | 3.9 | 8.6 |
| Funds set aside for policyholder dividends | 17,328 | 18,019 | 18,461 | 0.6 | 2.5 |
| Interest maintenance reserve (IMR) | 21,054 | 35,107 | 40,471 | 6.8 | 15.3 |
| Miscellaneous reserves ¹ | 23,611 | 34,070 | 33,454 | 3.5 | -1.8 |
| Total other reserves | 421,358 | 610,757 | 689,317 | 5.0 | 12.9 |
| Total reserves | 3,037,380 | 3,966,505 | 4,115,395 | 3.1 | 3.8 |
| Non-reserve liabilities | 288,935 | 648,439 | 715,031 | 9.5 | 10.3 |
| Total liabilities | 3,326,315 | 4,614,943 | 4,830,426 | 3.8 | 4.7 |
| Capital and surplus | 317,216 | 450,614 | 492,150 | 4.5 | 9.2 |
| Total liabilities and surplus funds | 3,643,531 | 5,065,557 | 5,322,576 | 3.9 | 5.1 |
| | | | | | |
| | Separate account (millions) | | | Average annual percent change | |
| | 2011 | 2020 | 2021 | 2011/2021 | 2020/2021 |
| Reserves | | | | | |
| Policy reserves | \$1,628,428 | \$2,748,507 | \$2,962,398 | 6.2 | 7.8 |
| Other reserves | | | | | |
| Liabilities for deposit-type contracts | 137,010 | 239,473 | 265,482 | 6.8 | 10.9 |
| Interest maintenance reserve (IMR) | 176 | 350 | 831 | NC | NC |
| Total other reserves | 137,186 | 239,823 | 266,313 | 6.9 | 11.0 |
| Total reserves | 1,765,615 | 2,988,330 | 3,228,711 | 6.2 | 8.0 |
| Non-reserve liabilities | 79,603 | 92,984 | 114,539 | 3.7 | 23.2 |
| Total liabilities | 1,845,218 | 3,081,314 | 3,343,250 | 6.1 | 8.5 |
| Surplus | 3,910 | 3,517 | 4,913 | 2.3 | 39.7 |
| Total liabilities and surplus funds | 1,849,127 | 3,084,832 | 3,348,163 | 6.1 | 8.5 |

Table 3.1, continued

Liabilities and Surplus Funds of Life Insurers, continued

| | Combined account (millions) | | | Average annual percent change | |
|--|-----------------------------|-------------|-------------|-------------------------------|-----------|
| | 2011 | 2020 | 2021 | 2011/2021 | 2020/2021 |
| Reserves | | | | | |
| Policy reserves | \$4,244,451 | \$6,104,255 | \$6,388,476 | 4.2 | 4.7 |
| Other reserves | | | | | |
| Liabilities for deposit-type contracts | 413,044 | 625,895 | 702,086 | 5.4 | 12.2 |
| Asset valuation reserve (AVR) | 39,725 | 78,260 | 96,394 | 9.3 | 23.2 |
| Policy and contract claims | 43,607 | 58,880 | 63,933 | 3.9 | 8.6 |
| Funds set aside for policyholder dividends | 17,328 | 18,019 | 18,461 | 0.6 | 2.5 |
| Interest maintenance reserve (IMR) | 21,230 | 35,457 | 41,302 | 6.9 | 16.5 |
| Miscellaneous reserves ¹ | 23,611 | 34,070 | 33,454 | 3.5 | -1.8 |
| Total other reserves | 558,544 | 850,580 | 955,630 | 5.5 | 12.4 |
| Total reserves | 4,802,995 | 6,954,835 | 7,344,106 | 4.3 | 5.6 |
| Non-reserve liabilities | 368,538 | 741,423 | 829,569 | 8.5 | 11.9 |
| Total liabilities | 5,171,533 | 7,696,258 | 8,173,676 | 4.7 | 6.2 |
| Capital and surplus | 321,126 | 454,131 | 497,063 | 4.5 | 9.5 |
| Total liabilities and surplus funds | 5,492,658 | 8,150,389 | 8,670,739 | 4.7 | 6.4 |

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.

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 | |
|--|-----------------------------|-------------|-------------|-------------------------------|-----------|
| | 2011 | 2020 | 2021 | 2011/2021 | 2020/2021 |
| Life insurance | | | | | |
| Individual | \$997,563 | \$1,253,273 | \$1,311,016 | 2.8 | 4.6 |
| Group | 55,502 | 58,773 | 66,494 | 1.8 | 13.1 |
| Credit | 667 | 507 | 508 | -2.7 | 0.3 |
| Total | 1,053,732 | 1,312,553 | 1,378,018 | 2.7 | 5.0 |
| Annuities | | | | | |
| Individual | 994,467 | 1,322,374 | 1,323,317 | 2.9 | 0.1 |
| Group | 323,913 | 442,378 | 438,985 | 3.1 | -0.8 |
| Supplementary contracts with life contingencies | 17,161 | 25,023 | 25,470 | 4.0 | 1.8 |
| Total | 1,335,541 | 1,789,775 | 1,787,772 | 3.0 | -0.1 |
| Health insurance | | | | | |
| Total | 226,749 | 253,419 | 260,288 | 1.4 | 2.7 |
| Aggregate total | 2,616,022 | 3,355,747 | 3,426,078 | 2.7 | 2.1 |
| | Separate account (millions) | | | Average annual percent change | |
| | 2011 | 2020 | 2021 | 2011/2021 | 2020/2021 |
| Life insurance | | | | | |
| Individual | \$143,793 | \$296,174 | \$319,027 | 8.3 | 7.7 |
| Group | 88,159 | 128,835 | 134,230 | 4.3 | 4.2 |
| Total | 231,952 | 425,009 | 453,257 | 6.9 | 6.6 |
| Annuities | | | | | |
| Individual | 845,707 | 1,479,605 | 1,611,423 | 6.7 | 8.9 |
| Group | 547,212 | 831,856 | 884,697 | 4.9 | 6.4 |
| Supplementary contracts with life contingencies | 847 | 1,898 | 2,084 | 9.4 | 9.8 |
| Total | 1,393,767 | 2,313,358 | 2,498,205 | 6.0 | 8.0 |
| Health insurance | | | | | |
| Total | 2,709 | 10,140 | 10,936 | 15.0 | 7.9 |
| Aggregate total | 1,628,428 | 2,748,507 | 2,962,398 | 6.2 | 7.8 |

Table 3.2, continued

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

| | Combined account (millions) | | | Average annual percent change | |
|--|-----------------------------|-------------|-------------|-------------------------------|-----------|
| | 2011 | 2020 | 2021 | 2011/2021 | 2020/2021 |
| Life insurance | | | | | |
| Individual | \$1,141,356 | \$1,549,446 | \$1,630,043 | 3.6 | 5.2 |
| Group | 143,661 | 187,609 | 200,725 | 3.4 | 7.0 |
| Credit | 667 | 507 | 508 | -2.7 | 0.3 |
| Total | 1,285,684 | 1,737,562 | 1,831,276 | 3.6 | 5.4 |
| Annuities | | | | | |
| Individual | 1,840,174 | 2,801,979 | 2,934,740 | 4.8 | 4.7 |
| Group | 871,126 | 1,274,234 | 1,323,682 | 4.3 | 3.9 |
| Supplementary contracts with life contingencies | 18,008 | 26,921 | 27,554 | 4.3 | 2.4 |
| Total | 2,729,308 | 4,103,134 | 4,285,976 | 4.6 | 4.5 |
| Health insurance | | | | | |
| Total | 229,459 | 263,559 | 271,224 | 1.7 | 2.9 |
| Aggregate total | 4,244,451 | 6,104,255 | 6,388,476 | 4.2 | 4.7 |

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, 2021 (millions) | | | |
|--|-----------------|--------------------|-----------------|
| | Deposits | Withdrawals | Reserves |
| General account | | | |
| Guaranteed interest contracts (GICs) | \$75,253 | \$59,471 | \$134,503 |
| Annuities certain | 10,678 | 10,411 | 54,155 |
| Supplementary contracts | | | |
| without life contingencies | 13,683 | 13,441 | 53,790 |
| Dividend accumulations or refunds | 673 | 1,702 | 14,611 |
| Premium and other deposit funds | 221,973 | 198,845 | 179,545 |
| Total | 322,260 | 283,870 | 436,604 |
| Separate account | | | |
| Guaranteed interest contracts (GICs) | 14,567 | 17,480 | 126,568 |
| Annuities certain | 816 | 526 | 1,746 |
| Supplementary contracts | | | |
| without life contingencies | 60 | 76 | 255 |
| Dividend accumulations or refunds | - | 135 | 4,667 |
| Premium and other deposit funds | 25,619 | 26,539 | 132,246 |
| Total | 41,062 | 44,755 | 265,482 |
| Combined account | | | |
| Guaranteed interest contracts (GICs) | 89,820 | 76,952 | 261,070 |
| Annuities certain | 11,494 | 10,937 | 55,901 |
| Supplementary contracts | | | |
| without life contingencies | 13,743 | 13,516 | 54,045 |
| Dividend accumulations or refunds | 673 | 1,837 | 19,278 |
| Premium and other deposit funds | 247,592 | 225,384 | 311,791 |
| Total | 363,322 | 328,625 | 702,086 |

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) | | | |
|--|-------------|-------------|-------------|
| | 2011 | 2020 | 2021 |
| Including AVR | 9.9 | 10.5 | 11.1 |
| Excluding AVR | 8.8 | 9.0 | 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, 2011 - 2021

| Risk-based capital ratio | Number of companies | | | | | | | | | | |
|---|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018* | 2019 | 2020 | 2021 |
| 200% or more | 794 | 776 | 780 | 768 | 747 | 733 | 723 | 711 | 708 | 697 | 676 |
| 175 - 199 | 19 | 22 | 17 | 15 | 14 | 17 | 10 | 16 | 16 | 16 | 22 |
| 150 - 174 | 23 | 15 | 12 | 7 | 12 | 10 | 13 | 10 | 10 | 11 | 12 |
| 125 - 149 | 11 | 17 | 7 | 3 | 4 | 3 | 4 | 4 | 5 | 4 | 8 |
| 100 - 124 | 9 | 6 | 5 | 8 | 6 | 3 | 5 | 5 | 4 | 2 | 2 |
| Less than 100% | 10 | 8 | 7 | 5 | 9 | 10 | 6 | 9 | 6 | 5 | 3 |
| Total | 866 | 844 | 828 | 806 | 792 | 776 | 761 | 755 | 749 | 735 | 723 |
| Average risk-based capital ratio | 457% | 466% | 481% | 489% | 486% | 480% | 470% | 424% | 433% | 428% | 443% |

| Risk-based capital ratio | Percentage of companies (percent) | | | | | | | | | | |
|--------------------------|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018* | 2019 | 2020 | 2021 |
| 200% or more | 91.7 | 91.9 | 94.2 | 95.3 | 94.3 | 94.5 | 95.0 | 94.2 | 94.5 | 94.8 | 93.5 |
| 175 - 199 | 2.2 | 2.6 | 2.1 | 1.9 | 1.8 | 2.2 | 1.3 | 2.1 | 2.1 | 2.2 | 3.0 |
| 150 - 174 | 2.7 | 1.8 | 1.4 | 0.9 | 1.5 | 1.3 | 1.7 | 1.3 | 1.3 | 1.5 | 1.7 |
| 125 - 149 | 1.3 | 2.0 | 0.8 | 0.4 | 0.5 | 0.4 | 0.5 | 0.5 | 0.7 | 0.5 | 1.1 |
| 100 - 124 | 1.0 | 0.7 | 0.6 | 1.0 | 0.8 | 0.4 | 0.7 | 0.7 | 0.5 | 0.3 | 0.3 |
| Less than 100% | 1.2 | 0.9 | 0.8 | 0.6 | 1.1 | 1.3 | 0.8 | 1.2 | 0.8 | 0.7 | 0.4 |
| 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) | | | | | | | | | | |
|--------------------------|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018* | 2019 | 2020 | 2021 |
| 200% or more | 98.9 | 99.2 | 99.5 | 99.8 | 99.3 | 99.7 | 99.3 | 98.5 | 99.1 | 99.1 | 99.1 |
| 175 - 199 | 0.3 | 0.3 | 0.1 | 0.1 | 0.0 | 0.2 | 0.6 | 1.4 | 0.8 | 0.8 | 0.9 |
| 150 - 174 | 0.7 | 0.2 | 0.3 | 0.0 | 0.5 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 |
| 125 - 149 | 0.0 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 |
| 100 - 124 | 0.1 | 0.1 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Less than 100% | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.0 | 0.0 | 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 from 2017 to 2018 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

| | Millions | | Average annual percent change |
|-------------------|----------------|----------------|-------------------------------|
| | 2020 | 2021 | 2020/2021 |
| Comprehensive | \$1,511 | \$1,375 | -9.0 |
| Medicare/Medicaid | 2,492 | 2,574 | 3.3 |
| Dental only | 253 | 267 | 5.4 |
| Vision only | 49 | 51 | 3.0 |
| Disability income | 73,077 | 72,574 | -0.7 |
| Long term care | 153,454 | 159,995 | 4.3 |
| Credit | 865 | 845 | -2.3 |
| Other | 31,858 | 33,544 | 5.3 |
| Total | 263,559 | 271,224 | 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. 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 |
| 2020 | 1,737,562 | 263,559 | 2,801,979 | 1,274,234 | 26,921 | 6,104,255 |
| 2021 | 1,831,276 | 271,224 | 2,934,740 | 1,323,682 | 27,554 | 6,388,476 |

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 |
| 2020 | 1,549,446 | 187,609 | 507 | 1,737,562 |
| 2021 | 1,630,043 | 200,725 | 508 | 1,831,276 |

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 contracts ¹ | Funds set aside for policy dividends | Other obligations | Policy and contract claims ² | Mandatory securities or asset valuation reserves ³ | 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), continued

| 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 |
| 2020 | 6,104,255 | 625,895 | 18,019 | 775,492 | 58,880 | 78,260 | 35,457 | 454,131 | 8,150,389 |
| 2021 | 6,388,476 | 702,086 | 18,461 | 863,023 | 63,933 | 96,394 | 41,302 | 497,063 | 8,670,739 |

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)

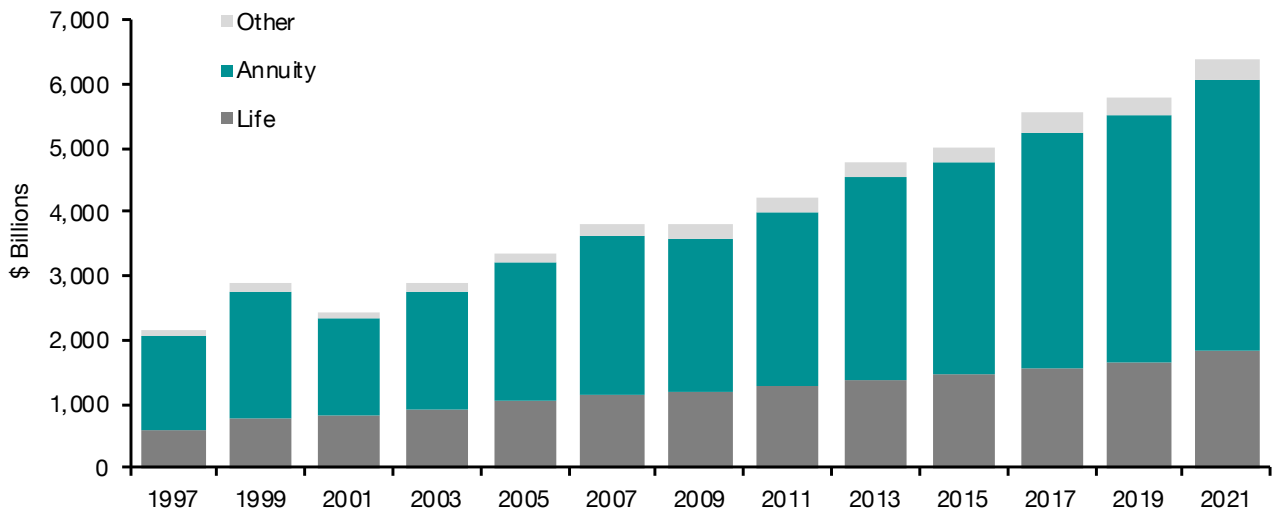
| Year | Including MSVR/AVR | Excluding MSVR/AVR | Year | Including MSVR/AVR | Excluding MSVR/AVR |
|-------------|-------------------------------|-------------------------------|-------------|-------------------------------|-------------------------------|
| 1970 | 9.7 | 8.6 | 2004 | 9.8 | 8.6 |
| 1975 | 8.1 | 7.4 | 2005 | 9.7 | 8.5 |
| 1980 | 9.2 | 7.7 | 2006 | 10.0 | 8.6 |
| 1985 | 9.1 | 7.7 | 2007 | 10.3 | 8.9 |
| 1990 | 8.5 | 7.3 | 2008 | 8.7 | 8.1 |
| 1991 | 9.3 | 7.9 | 2009 | 9.7 | 9.1 |
| 1992 | 9.6 | 8.1 | 2010 | 10.1 | 9.2 |
| 1993 | 10.0 | 8.4 | 2011 | 9.9 | 8.8 |
| 1994 | 10.2 | 8.6 | 2012 | 10.4 | 9.2 |
| 1995 | 10.7 | 9.0 | 2013 | 10.4 | 9.2 |
| 1996 | 11.9 | 10.0 | 2014 | 10.6 | 9.3 |
| 1997 | 10.6 | 8.7 | 2015 | 10.7 | 9.5 |
| 1998 | 11.0 | 9.0 | 2016 | 10.6 | 9.4 |
| 1999 | 11.1 | 9.1 | 2017 | 10.6 | 9.3 |
| 2000 | 11.1 | 9.2 | 2018 | 10.6 | 9.3 |
| 2001 | 10.1 | 8.7 | 2019 | 10.8 | 9.3 |
| 2002 | 9.3 | 8.4 | 2020 | 10.5 | 9.0 |
| 2003 | 9.6 | 8.5 | 2021 | 11.1 | 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

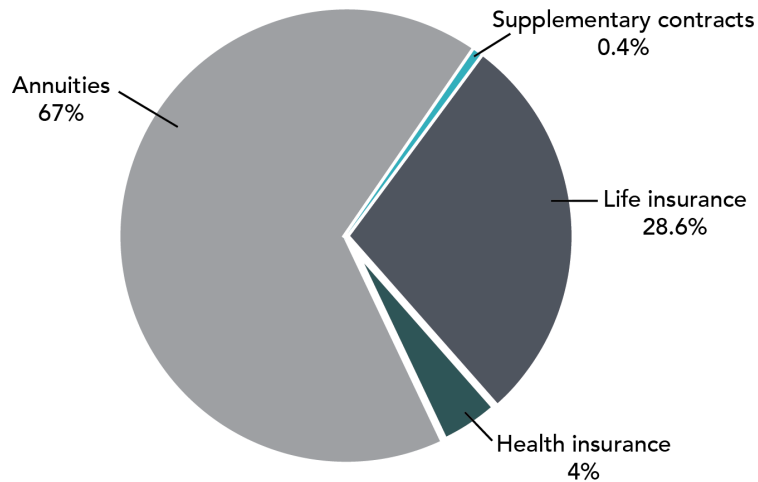


Source: ACLI tabulations of National Association of Insurance Commissioners (NAIC) data, used by permission.

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, 2021



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.