

# 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 2023, policy reserves of U.S. life insurers totaled \$6.3 trillion, 4.6 percent higher than 2022 (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 2023, 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 2023, these reserves consisted of \$1.7 trillion for individual life policies, \$194 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

2023 (66%), or \$4.2 trillion, from 46 percent in 1980. Much of the increase reflects the strong growth in retirement plans administered by life insurers.

In 2023, annuity reserves consisted of \$2.9 trillion for individual annuities, up 7.3 percent from 2022, and \$1.3 trillion for group annuities, up 3.4 percent. General account annuity reserves increased 2.2 percent while separate account annuity reserves increased 9.4 percent (Table 3.2).

Reserves held under supplementary contracts with life contingencies in 2023 totaled \$27 billion, and for health insurance policies, \$290 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 2023, \$359 billion was deposited to these contracts and \$353 billion was withdrawn, with a total reserve of \$750 billion at year's end (Table 3.3).

In 2023, premium and other deposit funds remained the largest category of the deposit-type business with \$248 billion in deposits, \$251 billion in payments, and \$338 billion in reserve at year-end. GICs received \$88 billion from policyholders and paid out \$75 billion in 2023, leaving a reserve of \$292 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 2023, the industry's total AVR increased 13.1 percent to \$99 billion, and its IMR decreased 36.3 percent to \$15 billion (Table 3.1).

## OTHER LIABILITIES

In addition to reserves, other liability funds of U.S. life insurers at the end of 2023 included \$62 billion in policy and contract claims; \$21 billion set aside for the following year's dividend payments to policyholders; and \$936 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 \$512 billion for U.S. life insurers at the end of 2023 (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 2023, the aggregate capital ratio of U.S. life insurers was 10.7 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 2022 to 2023, the ratio increased 10 percentage points to 436 (Table 3.5).

Most companies have an RBC ratio well above the regulatory minimum level of 100 percent. By year-end 2023, 677 companies, or 95.5 percent of life insurers, had a ratio of 200 percent or more. These companies carried 99.8 percent of the industry's total assets.



Table 3.1

**Liabilities and Surplus Funds of Life Insurers**

	General account (millions)			Average annual percent change	
	2013	2022	2023	2013/2023	2022/2023
<b>Reserves</b>					
Policy reserves	\$2,683,610	\$3,536,943	\$3,572,815	2.9	1.0
Other reserves					
Liabilities for deposit-type contracts	274,573	482,614	507,827	6.3	5.2
Asset valuation reserve (AVR)	48,365	87,908	99,453	7.5	13.1
Policy and contract claims	43,425	61,498	61,943	3.6	0.7
Funds set aside for policyholder dividends	17,603	19,276	20,843	1.7	8.1
Interest maintenance reserve (IMR)	26,815	23,130	15,354	-5.4	-33.6
Miscellaneous reserves <sup>1</sup>	32,792	42,735	53,848	5.1	26.0
Total other reserves	443,573	717,161	759,269	5.5	5.9
Total reserves	3,127,183	4,254,103	4,332,084	3.3	1.8
<b>Non-reserve liabilities</b>	327,364	769,509	873,442	10.3	13.5
Total liabilities	3,454,547	5,023,613	5,205,527	4.2	3.6
<b>Capital and surplus</b>	345,839	482,295	505,710	3.9	4.9
Total liabilities and surplus funds	3,800,386	5,505,908	5,711,236	4.2	3.7

	Separate account (millions)			Average annual percent change	
	2013	2022	2023	2013/2023	2022/2023
<b>Reserves</b>					
Policy reserves	\$2,096,125	\$2,481,956	\$2,721,744	2.6	9.7
Other reserves					
Liabilities for deposit-type contracts	175,875	215,481	241,924	3.2	12.3
Interest maintenance reserve (IMR)	-306	300	-431	NC	NC
Total other reserves	175,569	215,781	241,493	3.2	11.9
Total reserves	2,271,694	2,697,737	2,963,236	2.7	9.8
<b>Non-reserve liabilities</b>	76,191	65,284	62,711	-1.9	-3.9
Total liabilities	2,347,885	2,763,021	3,025,948	2.6	9.5
<b>Surplus</b>	2,028	5,989	6,012	11.5	0.4
Total liabilities and surplus funds	2,349,913	2,769,010	3,031,959	2.6	9.5

Table 3.1, continued

**Liabilities and Surplus Funds of Life Insurers, continued**

	Combined account (millions)			Average annual percent change	
	2013	2022	2023	2013/2023	2022/2023
<b>Reserves</b>					
Policy reserves	\$4,779,735	\$6,018,899	\$6,294,559	2.8	4.6
Other reserves					
Liabilities for deposit-type contracts	450,448	698,096	749,751	5.2	7.4
Asset valuation reserve (AVR)	48,365	87,908	99,453	7.5	13.1
Policy and contract claims	43,425	61,498	61,943	3.6	0.7
Funds set aside for policyholder dividends	17,603	19,276	20,843	1.7	8.1
Interest maintenance reserve (IMR)	26,509	23,430	14,923	-5.6	-36.3
Miscellaneous reserves <sup>1</sup>	32,792	42,735	53,848	5.1	26.0
Total other reserves	619,142	932,942	1,000,762	4.9	7.3
Total reserves	5,398,877	6,951,840	7,295,321	3.1	4.9
<b>Non-reserve liabilities</b>	403,555	834,794	936,153	8.8	12.1
Total liabilities	5,802,432	7,786,634	8,231,474	3.6	5.7
<b>Capital and surplus</b>	347,868	488,284	511,721	3.9	4.8
Total liabilities and surplus funds	6,150,300	8,274,918	8,743,195	3.6	5.7

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.

NC: Not calculated.

<sup>1</sup> 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	
	2013	2022	2023	2013/2023	2022/2023
<b>Life insurance</b>					
Individual	\$1,026,261	\$1,350,828	\$1,340,845	2.7	-0.7
Group	60,251	67,775	65,088	0.8	-4.0
Credit	620	535	515	-1.8	-3.7
Total	1,087,132	1,419,138	1,406,448	2.6	-0.9
<b>Annuities</b>					
Individual	1,014,017	1,376,219	1,440,252	3.6	4.7
Group	339,058	444,263	420,400	2.2	-5.4
Supplementary contracts with life contingencies	19,286	25,662	25,338	2.8	-1.3
Total	1,372,360	1,846,144	1,885,990	3.2	2.2
<b>Health insurance</b>					
Total	224,118	271,661	280,377	2.3	3.2
Aggregate total	2,683,610	3,536,943	3,572,815	2.9	1.0

	Separate account (millions)			Average annual percent change	
	2013	2022	2023	2013/2023	2022/2023
<b>Life insurance</b>					
Individual	\$171,467	\$279,327	\$314,903	6.3	12.7
Group	106,436	120,746	128,635	1.9	6.5
Total	277,903	400,073	443,538	4.8	10.9
<b>Annuities</b>					
Individual	1,123,369	1,296,192	1,425,947	2.4	10.0
Group	689,686	775,287	840,417	2.0	8.4
Supplementary contracts with life contingencies	1,058	1,728	1,885	5.9	9.1
Total	1,814,113	2,073,208	2,268,249	2.3	9.4
<b>Health insurance</b>					
Total	4,109	8,675	9,957	9.3	14.8
Aggregate total	2,096,125	2,481,956	2,721,744	2.6	9.7

Table 3.2, continued

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

	Combined account (millions)			Average annual percent change	
	2013	2022	2023	2013/2023	2022/2023
<b>Life insurance</b>					
Individual	\$1,197,727	\$1,630,155	\$1,655,748	3.3	1.6
Group	166,687	188,522	193,724	1.5	2.8
Credit	620	535	515	-1.8	-3.7
Total	1,365,035	1,819,212	1,849,987	3.1	1.7
<b>Annuities</b>					
Individual	2,137,385	2,672,412	2,866,198	3.0	7.3
Group	1,028,743	1,219,550	1,260,817	2.1	3.4
Supplementary contracts with life contingencies	20,344	27,390	27,223	3.0	-0.6
Total	3,186,473	3,919,351	4,154,239	2.7	6.0
<b>Health insurance</b>					
Total	228,227	280,336	290,334	2.4	3.6
Aggregate total	4,779,735	6,018,899	6,294,559	2.8	4.6

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

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Table 3.3

Deposit-Type Contracts, 2023 (millions)			
	Deposits	Withdrawals	Reserves
<b>General account</b>			
Guaranteed interest contracts (GICs)	\$73,170	\$60,585	\$174,172
Annuities certain	10,062	7,933	51,105
Supplementary contracts			
without life contingencies	11,039	16,065	47,833
Dividend accumulations or refunds	629	1,614	13,845
Premium and other deposit funds	225,307	226,471	220,872
Total	320,207	312,668	507,827
<b>Separate account</b>			
Guaranteed interest contracts (GICs)	14,461	14,570	117,420
Annuities certain	1,300	823	2,771
Supplementary contracts			
without life contingencies	52	116	229
Dividend accumulations or refunds	-	105	4,433
Premium and other deposit funds	22,652	24,308	117,071
Total	38,464	39,923	241,924
<b>Combined account</b>			
Guaranteed interest contracts (GICs)	87,631	75,155	291,592
Annuities certain	11,362	8,756	53,876
Supplementary contracts			
without life contingencies	11,090	16,182	48,062
Dividend accumulations or refunds	629	1,719	18,278
Premium and other deposit funds	247,959	250,779	337,943
Total	358,670	352,591	749,751

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

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Table 3.4

<b>Capital Ratios of Life Insurers (percent)</b>			
	<b>2013</b>	<b>2022</b>	<b>2023</b>
Including AVR	10.4	10.5	10.7
Excluding AVR	9.2	8.9	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. 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, 2013 - 2023**

<b>Risk-based capital ratio</b>	<b>Number of companies</b>										
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018*</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
200% or more	780	768	747	733	723	711	708	697	676	672	677
175 - 199	17	15	14	17	10	16	16	16	22	18	9
150 - 174	12	7	12	10	13	10	10	11	12	10	8
125 - 149	7	3	4	3	4	4	5	4	8	9	9
100 - 124	5	8	6	3	5	5	4	2	2	3	1
Less than 100%	7	5	9	10	6	9	6	5	3	4	5
<b>Total</b>	<b>828</b>	<b>806</b>	<b>792</b>	<b>776</b>	<b>761</b>	<b>755</b>	<b>749</b>	<b>735</b>	<b>723</b>	<b>716</b>	<b>709</b>
<b>Average risk-based capital ratio</b>	<b>481%</b>	<b>489%</b>	<b>486%</b>	<b>480%</b>	<b>470%</b>	<b>424%</b>	<b>433%</b>	<b>428%</b>	<b>443%</b>	<b>426%</b>	<b>436%</b>
<b>Risk-based capital ratio</b>	<b>Percentage of companies (percent)</b>										
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018*</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
200% or more	94.2	95.3	94.3	94.5	95.0	94.2	94.5	94.8	93.5	93.9	95.5
175 - 199	2.1	1.9	1.8	2.2	1.3	2.1	2.1	2.2	3.0	2.5	1.3
150 - 174	1.4	0.9	1.5	1.3	1.7	1.3	1.3	1.5	1.7	1.4	1.1
125 - 149	0.8	0.4	0.5	0.4	0.5	0.5	0.7	0.5	1.1	1.3	1.3
100 - 124	0.6	1.0	0.8	0.4	0.7	0.7	0.5	0.3	0.3	0.4	0.1
Less than 100%	0.8	0.6	1.1	1.3	0.8	1.2	0.8	0.7	0.4	0.6	0.7
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Risk-based capital ratio</b>	<b>Distribution of total assets (percent)</b>										
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018*</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
200% or more	99.5	99.8	99.3	99.7	99.3	98.5	99.1	99.1	99.1	99.5	99.8
175 - 199	0.1	0.1	0.0	0.2	0.6	1.4	0.8	0.8	0.9	0.4	0.1
150 - 174	0.3	0.0	0.5	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
125 - 149	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.1	0.0
100 - 124	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Less than 100%	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

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
	2022	2023	2022/2023
Comprehensive	\$1,472	\$1,863	26.6
Medicare/Medicaid	2,716	3,361	23.8
Dental only	287	273	-4.7
Vision only	53	57	8.0
Disability income	74,708	75,318	0.8
Long-term care	168,453	174,594	3.6
Credit	809	765	-5.5
Other	31,838	34,101	7.1
Total	280,336	290,334	3.6

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 <sup>1</sup>		Supplementary contracts <sup>2</sup>	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 <sup>1</sup>		Supplementary contracts <sup>2</sup>	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
2022	1,819,212	280,336	2,672,412	1,219,550	27,390	6,018,899
2023	1,849,987	290,334	2,866,198	1,260,817	27,223	6,294,559

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.

<sup>1</sup> Beginning in 2001, excludes reserves for guaranteed interest contracts (GICs). Figures for GICs are shown in Table 3.3.

<sup>2</sup> 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
2022	1,630,155	188,522	535	1,819,212
2023	1,655,748	193,724	515	1,849,987

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 <sup>1</sup>	Funds set aside for policy dividends	Other obligations	Policy and contract claims <sup>2</sup>	Mandatory securities or asset valuation reserves <sup>3</sup>	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, continued

**Life Insurer Liabilities and Surplus Funds, by Year (millions), continued**

<b>Year</b>	<b>Policy reserves</b>	<b>Liabilities for deposit-type contracts <sup>1</sup></b>	<b>Funds set aside for policy dividends</b>	<b>Other obligations</b>	<b>Policy and contract claims<sup>2</sup></b>	<b>Mandatory securities or asset valuation reserves<sup>3</sup></b>	<b>Interest maintenance reserve</b>	<b>Capital and surplus funds</b>	<b>Total</b>
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
2022	6,018,899	698,096	19,276	877,529	61,498	87,908	23,430	488,284	8,274,918
2023	6,294,559	749,751	20,843	990,001	61,943	99,453	14,923	511,721	8,743,195

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.

<sup>1</sup> 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.

<sup>2</sup> Prior to 1993, included with other obligations.

<sup>3</sup> Beginning in 1992, asset valuation reserve replaced mandatory securities valuation reserve.

Table 3.10

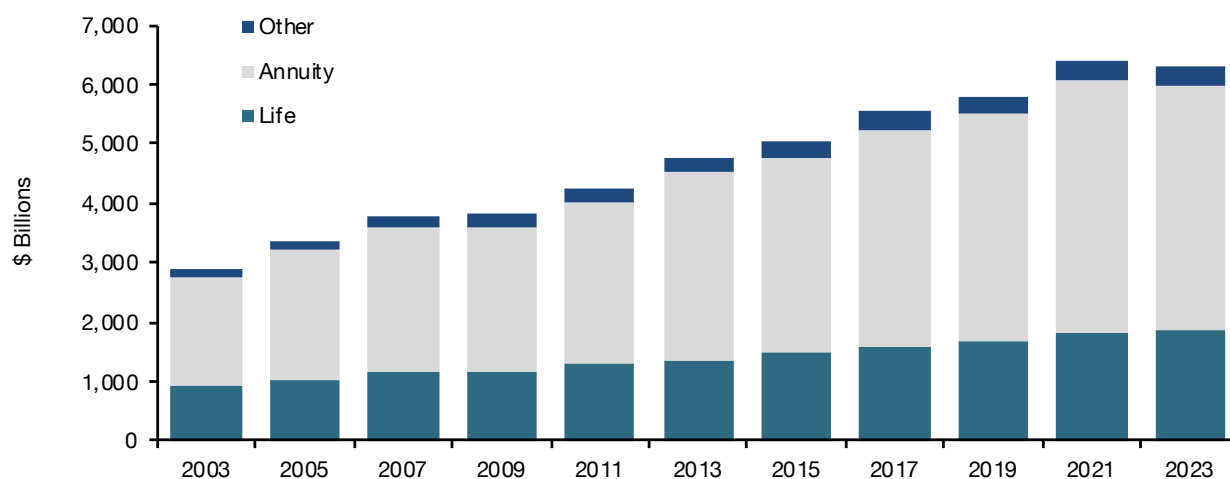
Capital Ratios of Life Insurers, by Year (percent)					
Year	Including MSVR/AVR	Excluding MSVR/AVR	Year	Including MSVR/AVR	Excluding MSVR/AVR
1970	9.7	8.6	2005	9.7	8.5
1975	8.1	7.4	2006	10.0	8.6
1980	9.2	7.7	2007	10.3	8.9
1985	9.1	7.7	2008	8.7	8.1
1990	8.5	7.3	2009	9.7	9.1
1991	9.3	7.9	2010	10.1	9.2
1992	9.6	8.1	2011	9.9	8.8
1993	10.0	8.4	2012	10.4	9.2
1994	10.2	8.6	2013	10.4	9.2
1995	10.7	9.0	2014	10.6	9.3
1996	11.9	10.0	2015	10.7	9.5
1997	10.6	8.7	2016	10.6	9.4
1998	11.0	9.0	2017	10.6	9.3
1999	11.1	9.1	2018	10.6	9.3
2000	11.1	9.2	2019	10.8	9.3
2001	10.1	8.7	2020	10.5	9.0
2002	9.3	8.4	2021	11.1	9.3
2003	9.6	8.5	2022	10.5	8.9
2004	9.8	8.6	2023	10.7	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. 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

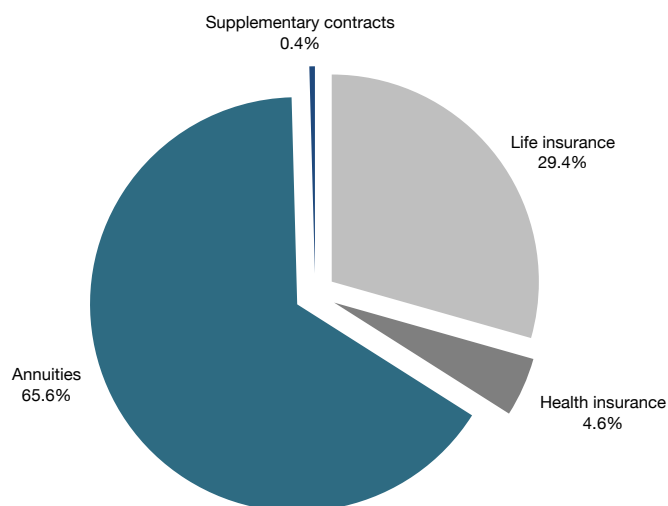


Source: ACLI tabulations of National Association of Insurance Commissioners (NAIC) data, used by permission.

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

Figure 3.2

### Distribution of Life Insurers' Policy Reserves, 2023



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.