THE BUSINESS OF MEETING CONSUMER NEEDS

Life insurers are in the business of providing financial protection across a lifetime. For more than 175 years, business models, products offered and invested assets have evolved to meet consumer needs.

Today, life insurers are working to deliver **capital-intensive products** with retirement savings features. Insurers pursue investments and reinsurance strategies to expand and sustain access to financial guarantees to families raising the next generation and retirees with cost-of-living needs and longevity on the rise.

> Insurer investments align with liabilities to **keep promises** to consumers.

FORCES SHAPING THE FUTURE

No other industry promises to pay a benefit decades into the future without knowing when or how much it will be. This commitment is more important than ever for consumers given:

Demographics. Societies are aging, with 30.4 million Americans turning 65 between 2024 and 2030. More people are seeking financial protection at every stage of life through lifetime income, long-term care and more.

Protection gaps. America faces a retirement inflection point with diminished access to defined benefit plans. Over 1/3 of pre-retirees are concerned about running out of money in retirement. Workers are turning to lifetime income products to retire comfortably.

STRUCTURAL SHIFTS IN THE INDUSTRY

Structural shifts sustain and strengthen our core mission: deliver on guarantees.

Stable, Enduring Assets

Life insurers diversify portfolios beyond bonds and stocks to include high-quality private assets, infrastructure and other long-term investments that align with long-term promises. These investments, a portion of life insurer portfolios, are stable, enduring assets **designed for growth beyond short-term market cycles.** Strategic investment strategies can promote solvency by improving insurers' ability to match the timing and risk of assets and liabilities, so we can stay financially healthy when markets change or unexpected events happen.

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Asset-Intensive Reinsurance

Some insurers partner with reinsurers to manage liabilities more efficiently for long-term products, especially those with retirement features that can require a lot of capital at origination. Partnering with reinsurers often **frees up capital** to support innovation and new product offerings while keeping benefits secure.

By enhancing investment strategies, optimizing risk management, and embracing innovation, insurers build resilience against financial shocks and make an important contribution to retirement security in America. Promises made by life insurers depend on **foresight, adaptability and regulation.** Premiums taken in today make guarantees that may not come due for decades.

Life insurers deliver guarantees that last a lifetime.

REGULATORY SAFEGUARDS

Regulators and insurers track liquidity and evaluate market risk to ensure policyholder obligations can always be met. They leverage tools such as:

- **Liquidity stress testing** to assess large life insurers' ability to meet obligations under extreme scenarios.
- **Asset adequacy testing** to ensure that insurers are holding enough assets to pay all future obligations under a variety of adverse conditions.
- **Risk-based capital requirements** to ensure adequate capital relative to the size and risk profile of the insurer and associated portfolios.
- **Principle-based reserves** to enhance risk sensitivity and align reserve requirements more closely with the actual risks and characteristics of policies.

THE BOTTOM LINE

Life insurers continually adapt and align the need for capital with investment and reinsurance strategies. This allows us to **make good on promises** to consumers and **expand access to financial protection across a lifetime.**