# RESEARCH TOPIC(S)

How has the cost of life insurance changed from 1999 to now? (2019)

**Lock in term life insurance rates before year-end**

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WASHINGTON (CBS.MW) -- Have you thought about investing in term life insurance but haven't gotten around to it? Better act now, because rates for many of these policies will probably go up in January.

Why? Because the National Association of Insurance Commissioners (NAIC) is promoting a model regulation that will likely limit the availability and significantly increase prices of term life insurance policies whose premiums are guaranteed for more than 5 years.

To meet new reserve requirements, many companies will have to raise prices, especially on policies guaranteed for more than 15 years.

Dubbed "XXX," the regulation requires life insurance companies to increase the reserve funds they must keep paying claims on policies of this type sold after 1999. Triple-X follows years of discussion with the states and insurance industry.

Term life insurance covers the insured for a defined period -- say 10, 20, or 30 years -- and pays benefits only if the person dies before the end of the term. Many such plans have level premiums, meaning the rate remains the same for the duration of the policy.

Rates for guaranteed, level-premium term policies have plummeted in recent years due to increased competition, fueled by insurance quote services on the Internet such as [Quotesmith.com](http://www.quotesmith.com/) and [InsWeb](http://www.insweb.com/" \t "_new).

These policies are popular because the purchaser can fulfill a 10- to 30-year need for insurance protection at an annual cost that's guaranteed not to rise.

Underfunding concerns

It's the guarantee that led to XXX. The NAIC became concerned that insurers were putting themselves at risk of failure by pricing their term life products too low, then locking themselves in with the guarantee -- without setting aside enough money to pay future claims.

The explanation given by actuarial accountants is complicated, but the most likely result of XXX is not: In order to meet the new reserve requirements while maintaining acceptable profitability, many companies will have to raise prices, especially on policies guaranteed for more than 15 years.

Twenty- and even 30-year level-premium policies will still be sold at today's low rates under XXX -- but only if the insurer's commitment to the "level" premium is not guaranteed for more than 5 years. Buyers of these new policies will either have to trust the insurance company to honor its original premium quote or pay more to get the premium guaranteed for the life of the contract.

West Coast Life Insurance, for example, will offer a choice: Long-term guarantees with premium increases, or current premiums but with a shorter guarantee period, said Vice President Thomas Coxon. Similarly, Ameritas Direct President Don Reiser said his company would probably offer the premium guarantee as a policy rider.

Many insurance carriers, however, have not yet announced their post-XXX pricing plans, and Coxon predicted a few months of confusion in the term insurance market once XXX takes effect in January.

How much will XXX raise prices?

How much will XXX raise prices? The answer is not yet clear, but New York already has a XXX-like law, and if that state is any indication, consumers are in for a shock.

From Connecticut to California, using one popular online quotation service, a 35-year-old "preferred status" male seeking a $500,000, 20-year policy with guaranteed level premiums will find four companies with premium quotes under $400 per year. For a 30-year policy, he would have four choices at or below $600 per year. The same man searching in New York would find but one company offering the 20-year guaranteed premium coverage -- at $610 per year. No New York insurer would provide an online quote for 30-year coverage.

Jack Dolan, spokesman for the American Council of Life Insurance, an industry trade group, calls the push for XXX a "solvency issue" motivated by the collapse of several insurers in the early 1990s.

Industry critics, however, dispute the need for XXX's new solvency safeguards. They point out that the insurance company failures cited by XXX proponents were due to inappropriate and badly performing assets, not a failure to fund claims liability, which is the problem addressed by XXX. Critics also fear that consumers will be misled, unaware that nothing will prevent the cost of new, non-guaranteed, (supposedly) level-premium policies to skyrocket after the first few years of coverage.

The NAIC's Bob Martin estimates that 25 to 30 states will have formally adopted the model regulation by the end of 1999. It will not matter, however, where you live. Each insurer is likely to develop a single array of XXX-compliant policies it can sell in every state.

Is this the end?

Will today's low-cost, guaranteed level-premium term life insurance soon be gone?

It's a good bet, but there are a couple of factors that should at least dampen upward pressure on premiums. Competition is intense and will remain so. Secondly, new life-expectancy tables are being created to replace the antiquated ones currently in use. Presumably, these tables will reflect modern medical advances and a lower mortality rate.

But nobody is predicting that prices will go down. If you’ve been thinking about term life insurance, you'd be wise to make a decision very soon. If the need is there, buy now to lock in historically low rates.[[1]](#footnote-1)

From 1992 to 1997 and documented that the growth of Internet price comparison sites appears to have made the market significantly more competitive. Controlling for policy characteristics and a variety of individual and group controls, we find that as the share of people in a group that use the Internet and research insurance online, the more their quality adjusted prices fall. The data also show, consistent with the theory, that increasing the probability of using the Internet tends to raise price dispersion initially and then reduce it as Internet usage continues to grow.

The results seem somewhat robust: the growth of Internet use does not appear to reduce the price of whole life policies (which were not covered by the Internet insurance comparison sites), the growth of Internet use before 1996 (when insurance comparison sites did not exist) did not reduce prices and the results are not affected by adding detailed controls for changes in group specific mortality. Overall growth of Internet usage can potentially explain a significant share of the large price declines of the 1990s.

The rise of the Internet from 1995 to 1997 appears to have reduced term life prices by about 8 to 15 percent. Back of the envelope calculations suggest that, although seemingly a modest niche of Internet commerce, Internet comparison sites may have increased consumer surplus by $115 to $215 million per year and perhaps as much as $1 billion. In this sense, our results show that, at least for some financial products, the ability of the Internet to reduce search costs can have a significant impact on market power. When it does so, it may lead to large consumer welfare gains, potentially at the expense of supplier profits. The implications for the market value of online and offline companies could not be more important.[[2]](#footnote-2)

**TABLE 1: SUMMARY STATISTICS**

**1992-1997**

Type Term Premium/($1000 of Face) 3.62 (4.91)

Real Amount of Policy (in ‘000s of 1990 dollars) 132.97 (136.41)

Length of policy 2.27

(1.86)

Non-Smoker 774 (.418)

Male 666 (.472)

Policy is Rated R^ (.266) .881

(Length) (.095) .883

Participating Policy (.321)

% Online .169

(.142)

N. 10812

Source: Authors’ calculations using data from LIMRA International and Forrester

**Number of life insurance policy purchases in the United States from 1998 to 2018 (in millions)**

In 2018, approximately 27.8 million life insurance policies were purchased in the United States.  
  
A life insurance policy is a contract between a policy holder and an insurer, which provides that the insurer will pay out a lump sum to a designated beneficiary in the event of the policyholder’s premature death in exchange for a premium. Parents, homeowners and business owners are the groups most likely to take out a life insurance policy, because they want to provide for their family, ensure that the mortgage or creditors are paid off in the event of their death.  
  
Life insurance is increasingly popular in Europe. UK-based Prudential held the [top position](https://www.statista.com/statistics/780545/leading-life-health-insurance-companies-by-market-value-europe/) in the European life insurance market with a market value of 60.2 billion U.S. dollars as of May 2019. In 2018, there were [more than 900 thousand people](https://www.statista.com/statistics/441430/insurance-sector-number-of-workers-europe/) employed in the European market.[[3]](#footnote-3)

The Internet may significantly reduce search costs by enabling price comparisons on‐line. This paper provides empirical evidence on how Internet comparison shopping sites affected the prices of life insurance in the 1990s. With micro data on individual insurance policies and with individual and policy characteristics controlled for, hedonic‐type regressions show that increases in Internet use significantly reduced the price of term life insurance. Further evidence shows that prices did not fall with rising Internet usage in the period before the sites began, nor for insurance types that were not covered on the sites.

The results suggest that the growth of the Internet has reduced term life prices by 8–15 percent. The results also show that the initial introduction of the Internet search sites is initially associated with an increase in price dispersion within demographic groups, but as use spreads, the dispersion falls.[[4]](#footnote-4)

DELIVERABLES

I'd like to know if the average value or length of a policy has changed during that time as well, to identify trends in how people are using the product differently since 1999

**Life insurance by the numbers**

* 57%  Percent of American adults who have life insurance[‡](https://www.policygenius.com/life-insurance/life-insurance-statistics/#fn2)
* 32% Of American adults with life insurance, the percent who only have group coverage — which usually isn’t enough (and is rarely portable)[‡](https://www.policygenius.com/life-insurance/life-insurance-statistics/#fn2)
* 10x to 12x  The multiples of your annual income that most financial advisors recommend you need when buying life insurance for income replacement[†](https://www.policygenius.com/life-insurance/life-insurance-statistics/#fn1%E2%80%9D%20id=)
* 50% Percent of life insurance policies are purchased via independent agents
* 40% Percent of life insurance policies purchased via affiliated agents (meaning they only sell products for one insurance company)[‡](https://www.policygenius.com/life-insurance/life-insurance-statistics/#fn2)

Stats about the cost of life insurance

* 6x-10x How much more permanent life insurance (like whole life insurance) costs vs. term life insurance[†](https://www.policygenius.com/life-insurance/life-insurance-statistics/#fn1%E2%80%9D%20id=)
* 8% \* Average percent increase in your insurance costs as you age, assuming your health stays the same[†](https://www.policygenius.com/life-insurance/life-insurance-statistics/#fn1%E2%80%9D%20id=)
* 30% The average cost difference between sequential health ratings (preferred vs standard, for example)[†](https://www.policygenius.com/life-insurance/life-insurance-statistics/#fn1%E2%80%9D%20id=)
* 2x to 3x How much rates for smokers cost vs. rates for nonsmokers (but a year after you quit smoking, most companies will offer you nonsmoker rates)[†](https://www.policygenius.com/life-insurance/life-insurance-statistics/#fn1%E2%80%9D%20id=)
* 50% The average difference between the least expensive and most expensive rate for the same person across insurance companies[†](https://www.policygenius.com/life-insurance/life-insurance-statistics/#fn1%E2%80%9D%20id=)
* 30% Percent difference between premiums for men and women(with women paying nearly ⅓ less than men, on average)[†](https://www.policygenius.com/life-insurance/life-insurance-statistics/#fn1%E2%80%9D%20id=)

‡[2019 Insurance Barometer Study, Life Happens and LIMRA](https://lifehappenspro.org/barometer)

When you’re working with an insurance company to secure a life insurance policy, customer experience matters. After all, you’re trusting them to care for your loved ones if something happens to you. According to the [J.D. Power 2018 Life Insurance Study](https://www.jdpower.com/business/press-releases/2018-us-life-insurance-study), here are the top ten life insurance companies for customer satisfaction, with their corresponding scores on a 1,000 point scale.

|  |  |
| --- | --- |
| COMPANY NAME | CUSTOMER SATISFACTION SCORE |
| State Farm | 825 |
| Northwestern Mutual | 812 |
| Nationwide | 810 |
| MetLife | 793 |
| Mutual of Omaha | 792 |
| New York Life | 791 |
| Protective Life | 791 |
| Prudential | 784 |
| Pacific Life | 783 |
| MassMutual | 781 |

Average cost of life insurance by age and gender

The monthly cost of a life insurance policy depends on factors like your age, health, term length, gender and the death benefit amount on the policy. The following are sample monthly premium rates for a 20-year term life insurance policy for a non-smoker, based on Preferred health ratings.

Average life insurance rates by age for men

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| AGE | $250,000 | $500,000 | $750,000 | $1,000,000 | $2,000,000 |
| 20 | $18.33 | $28.52 | $40.02 | $47.23 | $86.79 |
| 25 | $17.45 | $27.57 | $38.59 | $45.84 | $85.74 |
| 30 | $17.94 | $28.58 | $40.11 | $47.48 | $89.30 |
| 35 | $19.15 | $31.02 | $43.75 | $52.20 | $98.57 |
| 40 | $24.83 | $41.00 | $58.52 | $72.41 | $139.08 |
| 45 | $35.87 | $61.21 | $89.11 | $113.21 | $220.65 |
| 50 | $54.07 | $95.07 | $139.23 | $177.31 | $348.71 |
| 55 | $85.81 | $150.94 | $220.28 | $279.98 | $546.91 |
| 60 | $147.80 | $260.05 | $380.00 | $486.53 | $967.52 |

Average life insurance rates by age for women

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| AGE | $250,000 | $500,000 | $750,000 | $1,000,000 | $2,000,000 |
| 20 | $14.52 | $21.60 | $29.56 | $34.66 | $63.52 |
| 25 | $14.56 | $21.69 | $29.69 | $35.19 | $64.76 |
| 30 | $15.28 | $23.06 | $31.22 | $37.02 | $68.97 |
| 35 | $16.86 | $26.08 | $36.36 | $42.67 | $79.42 |
| 40 | $21.26 | $34.03 | $48.29 | $58.97 | $112.19 |
| 45 | $28.80 | $47.85 | $69.20 | $86.01 | $166.49 |
| 50 | $42.18 | $71.38 | $103.98 | $131.43 | $255.48 |
| 55 | $60.88 | $107.71 | $157.48 | $204.52 | $403.50 |
| 60 | $108.05 | $185.92 | $272.88 | $345.23 | $685.49 |

Top reasons for buying life insurance in the U.S.

According to a 2019 report from trade research organization LIMRA and the non-profit organization Life Happens, these are the most common reasons Americans said they bought life insurance:

* 37% Income replacement
* 30% Burial/final expenses
* 28% Wealth transfer
* 27% Pay off mortgage
* 19% Replaced a policy
* 17% Tax advantaged save/invest
* 14% Estate taxes/liquidity
* 14% Funds for college education
* 13% Charitable gift
* 8% Supplement group coverage
* 8% Business purposes

How much life insurance coverage is purchased in every state?

According to data from the NAIC, published by the American Council of Life Insurers, here is the cumulative value of the death benefits for the life insurance policies purchased in every U.S. state in 2017, in billions of U.S. dollars.

|  |  |
| --- | --- |
| STATE | AMOUNT OF COVERAGE PURCHASED (IN BILLIONS OF U.S.DOLLARS) |
| California | 452.38 |
| Texas | 257.78 |
| New York | 229.67 |
| Florida | 156.7 |
| Illinois | 121.44 |
| New Jersey | 116.98 |
| Pennsylvania | 104.08 |
| Georgia | 96.87 |
| Washington | 95.01 |
| Ohio | 90.1 |
| North Carolina | 89.74 |
| Michigan | 78.52 |
| Virginia | 73.84 |
| Massachusetts | 69.14 |
| Tennessee | 63.75 |
| Missouri | 62.93 |
| Minnesota | 60.8 |
| Colorado | 57.62 |
| Maryland | 56.01 |
| Wisconsin | 49.64 |
| Indiana | 48.65 |
| Louisiana | 47.32 |
| Arizona | 46.96 |
| Connecticut | 42.12 |
| South Carolina | 38.26 |
| Alabama | 36.27 |
| Oklahoma | 31.83 |
| Utah | 31.28 |
| Iowa | 30.08 |
| Kentucky | 29.93 |
| Oregon | 27.78 |
| Kansas | 23.58 |
| Nevada | 23.56 |
| Mississippi | 21.99 |
| Nebraska | 19.08 |
| Arkansas | 18.33 |
| Delaware | 13.8 |
| Idaho | 12.21 |
| New Hampshire | 10.9 |
| Hawaii | 10.1 |
| District of Columbia | 9.95 |
| South Dakota | 9.92 |
| New Mexico | 9.66 |
| Vermont | 9.27 |
| West Virginia | 8.79 |
| Rhode Island | 8.25 |
| North Dakota | 7.65 |
| Montana | 7.31 |
| Maine | 6.97 |
| Alaska | 6.6 |
| Wyoming | 5.1 |

Biggest life insurance companies by market share

According to the National Association of Insurance Commissioners, these are the ten largest life insurance companies in the U.S. and Canada, by their share of the total market.

|  |  |
| --- | --- |
| COMPANY NAME | MARKET SHARE |
| Metropolitan | 6.53% |
| Northwestern Mutual | 6.33% |
| New York Life | 5.63% |
| Prudential | 5.50% |
| Lincoln National | 5.30% |
| Mass Mutual | 4.13% |
| Aegon | 2.92% |
| John Hancock | 2.80% |
| State Farm | 2.78% |
| Minnesota Mutual | 2.66% |

Percent of U.S. adults with life insurance (2011 to 2019)

According to the 2019 LIMRA and Life Happens report on life insurance in the U.S., the percent of U.S. adults who own life insurance has ranged between 63% and 57%.

|  |  |
| --- | --- |
| YEAR | PERCENT OF U.S. ADULTS WHO OWNED LIFE INSURANCE |
| 2011 | 63% |
| 2012 | 59% |
| 2013 | 62% |
| 2014 | 57% |
| 2015 | 57% |
| 2016 | 60% |
| 2017 | 59% |
| 2018 | 59% |
| 2019 | 57% |

Number of life insurance policies purchased in the US from 1998 to 2017

According to the NAIC, here’s the number of life insurance policies purchased in the U.S. each year from 1998 to 2017.

|  |  |
| --- | --- |
| YEAR | NUMBER OF LIFE INSURANCE POLICIES PURCHASED |
| 1998 | 31.89 million |
| 1999 | 38.58 million |
| 2000 | 33.36 million |
| 2001 | 40.1 million |
| 2002 | 38.71 million |
| 2003 | 35.77 million |
| 2004 | 38.45 million |
| 2005 | 34.52 million |
| 2006 | 29.29 million |
| 2007 | 30.79 million |
| 2008 | 28.6 million |
| 2009 | 29.19 million |
| 2010 | 28.62 million |
| 2011 | 27.18 million |
| 2012 | 27.06 million |
| 2013 | 25.26 million |
| 2014 | 27.15 million |
| 2015 | 28.32 million |
| 2016 | 27.52 million |
| 2017 | 28.04 million |

[[5]](#footnote-5)

Table 3.4

**Capital Ratios of Life Insurers (percent)**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2007** | **2016** | **2017** |
| **Including AVR** | 10.3 | 10.6 | 10.6 |
| **Excluding AVR** | 8.9 | 9.4 | 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, 2007–2017**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Number of companies** | | | | | | | | | | | |
| **Risk-based capital ratio** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016\*** | **2017** |
| 200 percent or more | 892 | 830 | 812 | 803 | 794 | 776 | 780 | 768 | 747 | 733 | 723 |
| 175–199 | 23 | 31 | 29 | 20 | 19 | 22 | 17 | 15 | 14 | 17 | 10 |
| 150–174 | 11 | 17 | 20 | 26 | 23 | 15 | 12 | 7 | 12 | 10 | 13 |
| 125–149 | 13 | 19 | 15 | 13 | 11 | 17 | 7 | 3 | 4 | 3 | 4 |
| 100–124 | 55 | 8 | 10 | 10 | 9 | 6 | 5 | 8 | 6 | 3 | 5 |
| Less than 100 percent | 16 | 36 | 19 | 11 | 10 | 8 | 7 | 5 | 9 | 10 | 6 |
| Total  **Average risk-based** | 960 | 941 | 905 | 883 | 866 | 844 | 828 | 806 | 792 | 776 | 761 |
| **capital ratio** | 406% | 382% | 418% | 450% | 457% | 466% | 481% | 489% | 486% | 480% | 470% |
| **Percentage of companies (percent)** | | | | | | | | | | | |
| **Risk-based capital ratio** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016\*** | **2017** |
| 200 percent or more | 92.9 | 88.2 | 89.7 | 90.9 | 91.7 | 91.9 | 94.2 | 95.3 | 94.3 | 94.5 | 95.0 |
| 175–199 | 2.4 | 3.3 | 3.2 | 2.3 | 2.2 | 2.6 | 2.1 | 1.9 | 1.8 | 2.2 | 1.3 |
| 150–174 | 1.1 | 1.8 | 2.2 | 2.9 | 2.7 | 1.8 | 1.4 | 0.9 | 1.5 | 1.3 | 1.7 |
| 125–149 | 1.4 | 2.0 | 1.7 | 1.5 | 1.3 | 2.0 | 0.8 | 0.4 | 0.5 | 0.4 | 0.5 |
| 100–124 | 0.5 | 0.9 | 1.1 | 1.1 | 1.0 | 0.7 | 0.6 | 1.0 | 0.8 | 0.4 | 0.7 |
| Less than 100 percent | 1.7 | 3.8 | 2.1 | 1.2 | 1.2 | 0.9 | 0.8 | 0.6 | 1.1 | 1.3 | 0.8 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| **Distribution of total assets (percent)** | | | | | | | | | | | |
| **Risk-based capital ratio** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016\*** | **2017** |
| 200 percent or more | 99.4 | 97.0 | 98.7 | 99.0 | 98.9 | 99.2 | 99.5 | 99.8 | 99.3 | 99.7 | 99.3 |
| 175–199 | 0.2 | 2.2 | 0.2 | 0.2 | 0.3 | 0.3 | 0.1 | 0.1 | 0.0 | 0.2 | 0.6 |
| 150–174 | 0.0 | 0.5 | 0.5 | 0.6 | 0.7 | 0.2 | 0.3 | 0.0 | 0.5 | 0.0 | 0.0 |
| 125–149 | 0.4 | 0.1 | 0.5 | 0.1 | 0.0 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 |
| 100–124 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 |
| Less than 100 percent | 0.0 | 0.2 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 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.\*Revised data

Table 3.6

**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 |
| **Life Health Annuities1 Supplementary** | | | | | | | |
| **Year** | **insurance** | | **insurance** | **Individual** | **Group** | **contracts2** | **Total** |
| 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 |
| 1981 | 206,986 | | 11,931 | 38,800 | 160,992 | 9,322 | 428,031 |
| 1982 | 213,783 | | 13,181 | 51,002 | 191,898 | 9,496 | 479,360 |
| 1983 | 220,968 | | 14,956 | 64,661 | 221,724 | 10,132 | 532,441 |
| 1984 | 225,904 | | 16,552 | 76,983 | 254,592 | 10,162 | 584,193 |
| 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 |
| 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 |

*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.

‡Includes fraternal benefit societies.

**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 3.7

**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 |
| 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 |

*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.

‡Includes fraternal benefit societies.

Table 3.9 **Including Excluding Including Excluding**

**Capital Ratios of Life Insurers, by Year (percent)**

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

‡Includes fraternal benefit societies.

The gross income of life insurance companies comes from two main sources: premiums paid by policyholders and earnings on investments. In 2017, total income of all U.S. life insurers decreased 1.3 percent to $973 billion. Insurance premiums and annuity considerations contributed 62 percent of total income. Investment earnings contributed 29 percent. The remainder of gross income came from amortization of interest maintenance reserve, commissions and expense allowance on reinsurance ceded, and miscellaneous income.

Under statutory accounting rules, net gain from (insurance) operations is calculated prior to net income. Net gain from operations equals gross income minus operating expenditures, policyholder dividends, and federal income taxes. Capital gains, net of tax, are then added to net gain from operations to calculate (after tax) net income.

**PREMIUM INCOME**

Premium receipts - derived from sales of life insurance, health insurance, and annuities - decreased 0.5 percent to $607 billion in 2017.

The mix of premiums from life insurance and annuity considerations has changed markedly over time. Prior to 1986, premium receipts from life policies were greater than annuity considerations, but starting in 1986, annuity premiums have exceeded life insurance premiums (Table 4.10). By 2017, life policies accounted for nearly a quarter of premium receipts (23%), while annuity considerations contributed almost a half (49%).

Premiums for life insurance policies totaled $142 billion in 2017, an 18.8 percent increase from the previous year (Table 4.2). Individual policy premiums accounted for the largest share at $112 billion, or 79 percent. Most were renewals, representing $76 billion, or 67 percent, of individual premiums (Table 4.3). Group insurance was the second-largest contributor to life insurance premiums at $29 billion, or 21 percent of the total. Again, renewals constituted the largest portion at $24 billion, or 82 percent, of all group premiums. Credit life provided $597 million of all life insurance premiums. Americans spent 1.03 percent of total disposable (after-tax) personal income on individual life insurance in 2017.

Annuity considerations decreased 9.8 percent in 2017 to $295 billion. Individual annuities provided $165 billion in premium receipts, decreasing 18.5 percent from 2016. Of individual annuity considerations, first-year annuity considerations constitute the largest share of this category at $79 billion, while group considerations counted renewals as the largest contributor with $88 billion. Individual annuity considerations amounted to 1.32 percent of disposable personal income in 2017.

Premiums for accident and health insurance increased 4 percent to $170 billion in 2017 with group premiums being the largest portion at $111 billion, up 6.9 percent from 2016. Individual accident and health premiums decreased to $58 billion, with the largest share at $37 billion coming from guaranteed renewable contracts.

INVESTMENT INCOME AND RATE OF RETURN

Net investment income of life insurance companies amounted to $267 billion in 2017. The largest source of investment income was from bonds at $147 billion, followed by common stock ($71 billion) and mortgage loans ($23 billion). Gross investment income increased 0.6 percent from 2016. Investment expenses, taxes, and deductions totaled $14 billion, increasing 8.1 percent from the previous year.

As a way of tracking investment performance, life insurers routinely calculate their net rate of return on invested assets. The net rate of return on invested assets is determined by dividing net investment income by the two-year average of the net invested assets. The gross rate of return on total fixed income assets is calculated by dividing the gross investment income on bonds by the average net investment in bonds.

In 2017, life insurers’ net rate of return on total assets was 4.28 percent, down from 4.50 a year earlier. This net rate is an annual average based on aggregates of all U.S. life insurance companies after investment expenses, but before federal income taxes. Excluding separate accounts, the portfolio net rate of return on general account assets was 4.80 percent in 2017, down slightly from 4.86 percent in 2016.

The gross rate of return on fixed-income assets measures the return on bonds, preferred stocks, and mortgages. It does not account for depreciation or investment expenses and excludes equity investments (other than preferred stocks), avoiding the uneven treatment of gains in the numerator and denominator of net rate data.

Gross rate data apply to fixed-income assets of both general and separate accounts. The industry’s gross rate on total fixed-income assets was 4.43 percent in 2017, down from 4.56 percent in 2016.

NET GAIN FROM OPERATIONS

Statutory accounting calculates net gain from (insurance) operations as gross income minus operating expenses, policyholder dividends, and federal income taxes (not including tax on capital gains, since capital gains are not included in gain from operations). Net gain from operations after federal income taxes decreased 5.3 percent in 2017 to $58 billion.

Net gains can be calculated separately for each major line of business. Net gains from annuities increased 1.1 percent to $32 billion in 2017. The net gain from life insurance decreased 36.2 percent to $7 billion.[[6]](#footnote-6)

SEE BELOW CHART

Table 4.10

**Income of Life Insurers, by Year (millions)**

**Net premium receipts**

**Life Insurance Annuity Health Ins. Total Premium Investment Other**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Year** | **premiums** | **considerations** | **premiums** | **receipts** | **income1** | **income2** | **Total income** |
| 1911 | $626 | $4 | — | $630 | $182 | $24 | $836 |
| 1915 | 776 | 6 | — | 782 | 241 | 20 | 1,043 |
| 1920 | 1,374 | 7 | — | 1,381 | 341 | 42 | 1,764 |
| 1925 | 2,340 | 38 | — | 2,378 | 551 | 89 | 3,018 |
| 1930 | 3,416 | 101 | — | 3,517 | 891 | 186 | 4,594 |
| 1935 | 3,182 | 491 | — | 3,673 | 1,013 | 386 | 5,072 |
| 1940 | 3,501 | 386 | — | 3,887 | 1,231 | 540 | 5,658 |
| 1945 | 4,589 | 570 | — | 5,159 | 1,445 | 1,070 | 7,674 |
| 1950 | 6,249 | 939 | $1,001 | 8,189 | 2,075 | 1,073 | 11,337 |
| 1955 | 8,903 | 1,288 | 2,355 | 12,546 | 2,801 | 1,197 | 16,544 |
| 1960 | 11,998 | 1,341 | 4,026 | 17,365 | 4,304 | 1,338 | 23,007 |
| 1965 | 16,083 | 2,260 | 6,261 | 24,604 | 6,778 | 1,785 | 33,167 |
| 1970 | 21,679 | 3,721 | 11,367 | 36,767 | 10,144 | 2,143 | 49,054 |
| 1975 | 29,336 | 10,165 | 19,074 | 58,575 | 16,488 | 2,959 | 78,022 |
| 1980 | 40,829 | 22,429 | 29,366 | 92,624 | 33,928 | 4,336 | 130,888 |
| 1985 | 60,127 | 53,899 | 41,837 | 155,863 | 67,952 | 10,212 | 234,027 |
| 1986 | 66,213 | 83,712\* | 44,153 | 194,078 | 75,435 | 12,744 | 282,257 |
| 1987 | 76,737 | 88,677 | 47,549 | 212,963 | 82,875 | 18,460 | 314,298 |
| 1988 | 73,531 | 103,278 | 52,306 | 229,115 | 92,042 | 16,983 | 338,140 |
| 1989 | 73,290 | 114,997 | 56,079 | 244,366 | 103,965 | 18,987 | 367,318 |
| 1990 | 76,692 | 129,064 | 58,254 | 264,010 | 111,853 | 26,337 | 402,200 |
| 1991 | 79,301 | 123,590 | 60,900 | 263,791 | 118,984 | 28,247 | 411,022 |
| 1992 | 83,868 | 132,645 | 65,545 | 282,058 | 121,389 | 23,469 | 426,916 |
| 1993 | 94,448 | 156,445 | 68,658 | 319,551 | 124,205 | 22,594 | 466,350 |
| 1994 | 98,948 | 153,019 | 86,184 | 338,151 | 125,999 | 28,478 | 492,628 |
| 1995 | 102,766 | 158,389 | 90,038 | 351,193 | 143,967 | 32,894 | 528,054 |
| 1996 | 107,598 | 178,416 | 92,183 | 378,197 | 152,700 | 30,190 | 561,087 |
| 1997 | 115,039 | 197,529 | 92,737 | 405,305 | 170,713 | 34,628 | 610,646 |
| 1998 | 119,897 | 229,493 | 94,881 | 444,271 | 176,801 | 42,311 | 663,383 |
| 1999 | 120,274 | 270,212 | 100,049 | 490,535 | 186,563 | 49,830 | 726,928 |
| 2000 | 130,616 | 306,693 | 105,619 | 542,928 | 220,862 | 47,679 | 811,469 |
| 2001 | 125,314 | 251,255^ | 103,413 | 479,982 | 203,399 | 41,068 | 724,448 |
| 2002 | 134,483 | 269,296^ | 108,703 | 512,482 | 180,855 | 40,676 | 734,013 |
| 2003‡ | 127,320 | 268,558^ | 115,827 | 511,705 | 179,744 | 35,558 | 727,007 |
| 2004‡ | 139,691 | 276,677^ | 125,752 | 542,120 | 186,827 | 27,863 | 756,810 |
| 2005‡ | 142,261 | 277,117^ | 118,267 | 537,645 | 206,859 | 34,521 | 779,024 |
| 2006‡ | 149,223 | 302,727^ | 141,198 | 593,149 | 239,669 | 50,779 | 883,597 |
| 2007‡ | 142,661 | 314,225^ | 151,462 | 608,348 | 267,394 | 74,624 | 950,366 |
| 2008‡ | 147,182 | 328,135^ | 165,034 | 640,350 | 260,123 | 40,166 | 940,638 |
| 2009‡ | 124,564 | 231,580^ | 166,164 | 522,308 | 211,650 | 47,468 | 781,426 |
| 2010‡ | 104,648 | 293,622^ | 172,717 | 570,987 | 212,841 | 78,741 | 862,570 |
| 2011‡ | 127,455 | 334,895^ | 171,647 | 633,997 | 221,007 | 60,332 | 915,336 |
| 2012‡ | 135,392 | 348,095^ | 172,300 | 655,788 | 228,084 | 68,483 | 952,355 |
| 2013‡ | 130,582 | 287,669^ | 175,084 | 593,335 | 237,995 | 75,397 | 906,727 |
| 2014‡ | 138,308 | 361,586^ | 158,391 | 658,285 | 267,486 | 73,579 | 999,351 |
| 2015‡ | 155,866 | 333,016^ | 159,855 | 648,737 | 289,894 | 126,080 | 1,064,712 |
| 2016‡ | 119,334 | 326,795^ | 164,002 | 610,131 | 279,101 | 96,614 | 985,845 |
| 2017‡ | 141,794 | 294,861^ | 170,498 | 607,152 | 280,764 | 85,522 | 973,438 |

*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 footnotes. Prior to 1947, the business of health insurance departments of life insurers was not included in this series. Data represent U.S. life insurers and, as of 2003, fraternal benefit societies.

\*Unusually large increase due to NAIC-mandated change in reporting method for group annuity considerations.

^Excludes certain deposit-type funds from income due to codification.

‡Includes fraternal benefit societies.

**1**Beginning in 2000 represents gross investment income. Prior to 2000, figures are net of investment expenses.

**2**Beginning in 1975, includes commissions and expense allowance on reinsurance ceded. Beginning in 1992, includes amortization of the interest maintenance reserve. Premiums are net of reinsurance business and fluctuate with reinsurance activities as well as sale changes. Please see Chapter 6 for reinsurance business.

Table 4.11

**Individual Life Insurance Premium Receipts, by Year (millions)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year** | **First-year** | **Single1** | **Renewal** | **Total** |
| 1970 | $1,869 | $1,114 | $14,033 | $17,016 |
| 1975 | 2,705 | 1,505 | 18,125 | 22,335 |
| 1980 | 4,520 | 2,448 | 23,818 | 30,786 |
| 1981 | 5,927 | 2,486 | 27,283 | 35,696 |
| 1982 | 5,948 | 3,232 | 30,675 | 39,855 |
| 1983 | 6,910 | 4,221 | 27,913 | 39,044 |
| 1984 | 8,794 | 4,735 | 26,204 | 39,733 |
| 1985 | 10,858 | 6,941 | 29,202 | 47,001 |
| 1986 | 11,524 | 9,901 | 30,980 | 52,405 |
| 1987 | 12,484 | 15,610 | 34,584 | 62,678 |
| 1988 | 10,670 | 11,893 | 36,150 | 58,713 |
| 1989 | 10,658 | 8,800 | 38,716 | 58,174 |
| 1990 | 11,249 | 8,261 | 41,055 | 60,565 |
| 1991 | 11,398 | 8,445 | 43,521 | 63,364 |
| 1992 | 11,141 | 9,389 | 45,739 | 66,269 |
| 1993 | 13,314 | 11,447 | 50,570 | 75,331 |
| 1994 | 14,081 | 8,820 | 53,153 | 76,054 |
| 1995 | 12,081 | 9,945 | 56,453 | 78,479 |
| 1996 | 12,041 | 10,799 | 60,001 | 82,841 |
| 1997 | 14,592 | 11,999 | 60,846 | 87,437 |
| 1998 | 17,353 | 15,802 | 60,396 | 93,550 |
| 1999 | 16,784 | 13,540 | 63,029 | 93,354 |
| 2000 | 17,881 | 16,565 | 68,047 | 102,493 |
| 2001 | 17,849 | 19,145 | 58,432 | 95,426 |
| 2002 | 15,934 | 21,768 | 68,454 | 106,156 |
| 2003‡ | 14,650 | 20,463 | 62,795 | 97,907 |
| 2004‡ | 16,098 | 23,550 | 71,207 | 110,855 |
| 2005‡ | 16,680 | 25,363 | 69,873 | 111,915 |
| 2006‡ | 14,578 | 29,774 | 69,612 | 113,964 |
| 2007‡ | 14,145 | 40,291 | 49,044 | 103,479 |
| 2008‡ | 14,460 | 34,068 | 68,871 | 117,399 |
| 2009‡ | 12,395 | 17,930 | 68,253 | 98,579 |
| 2010‡ | 10,723 | 20,749 | 48,148 | 79,621 |
| 2011‡ | 18,150 | 19,740 | 62,874 | 100,763 |
| 2012‡ | 21,272 | 20,084 | 64,995 | 106,352 |
| 2013‡ | 17,796 | 13,244 | 72,171 | 103,210 |
| 2014‡ | 17,373 | 19,708 | 72,589 | 109,670 |
| 2015‡ | 16,359 | 19,815 | 88,327 | 124,501 |
| 2016‡ | 17,390 | 19,597 | 53,120 | 90,10 |
| 2017‡ | 16,984 | 19,584 | 75,507 | 112,075 |

*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. 1969-72 data include credit life insurance premiums. Beginning with 1973, credit life premiums on loans of 10 years’ or less in duration are excluded. Data represent U.S. life insurers and, as of 2003, fraternal benefit societies.

‡Includes fraternal benefit societies.

**1**Includes dividend additions, excess premiums beyond planned periodic premiums, and single-premium riders.

Premiums are net of reinsurance business and fluctuate with reinsurance activities as well as sale changes. Please see Chapter 6 for reinsurance business.

|  |  |  |  |
| --- | --- | --- | --- |
| Table 5.5 |  | | |
| **Life Insurer Home- and Field-Office Expenses** |  |  |  |
|  | **Millions** |  | **Average annual percent change** |
| **2007** | **2016** | **2017** | **2007/2017 2016/2017** |
| **Rental** $2,879 | $2,565 | $2,596 | -1.0 1.2 |
| **Employment** |  |  |  |
| Salaries 27,533 | 32,564 | 34,353 | 2.2 5.5 |
| Welfare contributions and payments 5,777 | 7,190 | 7,090 | 2.1 -1.4 |
| Total 33,310 | 39,754 | 41,443 | 2.2 4.2 |
| **Fees associated with policy**  **issuance/claim settlement** 3,177 | 3,035 | 3,308 | 0.4 9.0 |
| **Travel** 1,337 | 1,260 | 1,228 | -0.8 -2.5 |
| **Advertising** 2,796 | 2,227 | 2,351 | -1.7 5.6 |
| **Office equipment/supplies** 7,578 | 7,508 | 8,000 | 0.5 6.6 |
| **Miscellaneous** 2,857 | 7,694 | 8,629 | 11.7 12.2 |
| Aggregate total 53,934 | 64,042 | 67,556 | 2.3 5.5 |

*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. Figures exclude investment expenses. Data represent U.S. life insurers and fraternal benefit societies.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Table 5.6 |  | | | | | |
| **Taxes, Licenses, and Fees** |  |  |  |  |  |  |
|  |  | **Millions** |  |  | **Average annual** | **percent change** |
|  | **2007** | **2016** | **2017** |  | **2007/2017** | **2016/2017** |
| **Income taxes1** | $13,686 | $16,141 | $10,605 |  | -2.5 | -34.3 |
| **Social Security taxes** | 1,781 | 2,034 | 1,893 |  | 0.6 | -7.0 |
| **State taxes on premiums** | 4,251 | 4,735 | 5,025 |  | 1.7 | 6.1 |
| **Real estate taxes** | 23 | 36 | 51 |  | 8.3 | 41.1 |
| **Miscellaneous taxes, licenses, and fees** | 1,413 | 4,093 | 1,929 |  | 3.2 | -52.9 |
| Total | 21,154 | 27,039 | 19,503 |  | -0.8 | -27.9 |

*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. Figures exclude investment taxes. Data represent U.S. life insurers and fraternal benefit societies.

**1**Includes foreign and U.S. federal income taxes, including taxes on capital gains; excludes non-income, state, and investment taxes.

1. <https://www.marketwatch.com/story/getting-personal-lock-in-term-life-insurance-rates-before-year-end> [↑](#footnote-ref-1)
2. <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.489.1559&rep=rep1&type=pdf> [↑](#footnote-ref-2)
3. <https://www.statista.com/statistics/194363/us-life-insurance-policy-purchases-total-since-1999/> [↑](#footnote-ref-3)
4. <https://www.jstor.org/stable/10.1086/339714?seq=1#page_scan_tab_contents> [↑](#footnote-ref-4)
5. <https://www.policygenius.com/life-insurance/life-insurance-statistics/> [↑](#footnote-ref-5)
6. <https://www.acli.com/-/media/ACLI/Files/Fact-Books-Public/FullLifeInsurersFactBook2018.ashx?la=en> [↑](#footnote-ref-6)