U.S. Life and A&H Insurance Industry Analysis Report

LIFE INDUSTRY OVERVIEW

Inside the Report

- **Table 1** provides the industry's aggregate financial results for the life insurers that file with the NAIC on the Life/A&H quarterly blank for the first six months of 2025.
- Overall, the life industry reported $22 billion of net income, a 29% increase compared to the first six months of 2024.
- Net written premiums and deposits increased 6% to $627 billion. Total direct premiums increased 6% to $741 billion, assumed premiums increased 14% to $98 billion, and ceded premiums increased 8% to $212 billion.
- Life industry cash and invested assets increased 5% to $5 trillion.
- The industry's total capital and surplus increased slightly by 2% to $523 billion compared to prior year-end, primarily driven by $22 billion of net income, partially offset by $15 billion in stockholders' dividends.
- Net cash from operations for the life industry increased by 9% to $114 billion.
- Total separate account assets increased 3% to $3 trillion.

Table 1 - Life and Accident & Health Entities

Financial Synopsis: June 30, 2025-2021

($ In Millions)	Change	2Q 2025	2Q 2024	2Q 2023	2Q 2022	2Q 2021
Direct Written Premium and Deposits	6%	$740,621	$700,750	$610,020	$586,966	$552,662
Life Direct Written Premium	5%	$112,868	$107,882	$106,176	$106,791	$102,294
A&H Direct Written Premium	(5)%	$117,044	$123,299	$116,077	$107,288	$107,786
Annuities	(2)%	$252,395	$258,694	$210,575	$175,819	$156,148
Deposits & Other DPW	22%	$258,315	$210,875	$177,193	$197,069	$186,434
Net Earned Premium	2%	$439,030	$428,999	$384,505	$346,216	$351,205
Net Investment Income	9%	$131,728	$121,327	$109,244	$105,254	$100,447
General Expenses	1%	$39,680	$39,156	$37,808	$34,697	$33,974
Operating Income	36%	$25,929	$19,001	$25,842	$23,944	$31,782
Realized Gains/(Losses)	(102)%	($3,903)	($1,936)	($9,379)	$360	($12,058)
Net Income/(Loss)	29%	$22,026	$17,065	$16,463	$24,588	$19,724
Unrealized Gains/(Losses)	(129)%	($1,667)	$5,804	$3,595	($15,885)	$12,127
ROA (Annualized)	0.1 pts	0.5%	0.4%	0.4%	0.6%	0.5%
Net Investment Yield	0.1 pts	4.8%	4.7%	4.2%	4.3%	4.1%

PREMIUM

Written Premiums

The life industry reported a 6% ($40 billion) increase in direct written premiums and deposits to $741 billion for the first six months of 2025. Net written premiums and deposits increased 6% ($35 billion) to $627 billion. **Table 2** illustrates total direct, assumed, ceded, and net written premiums by line of business for a year-over-year comparison.

Table 2 -- Total Written Premium by LOB

($ in Billions)

Direct Premiums	% Chg.	2Q'25	2Q'24
Life Insurance	5%	$112.9	$107.9
Annuity Considerations	(2)%	$252.4	$258.7
A&H Insurance	(5)%	$117.0	$123.3
Deposit-type Contracts	31%	$219.6	$167.2
Other Considerations	(11)%	$38.7	$43.7
Total	**6%**	**$740.6**	**$700.8**

Assumed Premium	% Chg.	2Q'25	2Q'24
Life Insurance	13%	$34.4	$30.5
Annuity Considerations	28%	$32.8	$25.6
A&H Insurance	11%	$27.0	$24.4
Deposit-type Contracts	(48)%	$1.8	$3.5
Other Considerations	1%	$2.3	$2.2
Total	**14%**	**$98.3**	**$86.3**

Ceded Premium	% Chg.	2Q'25	2Q'24
Life Insurance	17%	$59.9	$51.4
Annuity Considerations	1%	$92.9	$91.9
A&H Insurance	6%	$42.6	$40.3
Deposit-type Contracts	65%	$11.5	$7.0
Other Considerations	3%	$5.4	$5.3
Total	**8%**	**$212.4**	**$195.8**

Net Premium	% Chg.	2Q'25	2Q'24
Life Insurance	0.4%	$87.3	$87.0
Annuity Considerations	(0.1)%	$192.3	$192.4
A&H Insurance	(6)%	$101.4	$107.4
Deposit-type Contracts	28%	$209.9	$163.7
Other Considerations	(13)%	$35.6	$40.7
Total	**6%**	**$626.5**	**$591.2**

Life Insurance

Gross premiums for life insurance increased 6% ($9 billion) to $147 billion. Both assumed and ceded premiums increased by 13% ($4 billion) and 17% ($9 billion), respectively. Direct premiums increased 5% ($5 billion) to $113 billion, compared to first six months of 2024. Net life insurance premiums increased 0.4% ($380 million) to $87 billion. The industry retention rate on life insurance premiums decreased four percentage points to 59%.

Annuities

Gross annuity considerations increased 0.3% ($1 million) to $285 billion. Direct premiums decreased by 2% ($6 billion) and assumed premiums increased by 28% ($7 billion). Ceded premiums increased 1% ($1 billion) compared to the first six months of 2024. Total net annuity considerations decreased 0.1% ($150 million) to $192 billion for second quarter 2025. The industry retention rate on annuities decreased one percentage point to 67%.

A&H

Gross A&H premiums decreased by 3% ($4 billion) to $144 billion. Direct premiums decreased by 5% ($6 billion) and assumed premiums increased by 11% ($3 billion). Ceded premiums also increased 6% ($2 billion) to $43 billion, and total net A&H premiums decreased 6% ($6 billion) to $101 billion. The industry retention rate on A&H decreased two percentage points to 70%.

Deposit-Type Contracts

Gross deposit-type contract funds increased 30% ($51 billion) to $221 billion driven by a 31% ($52 billion) increase in direct deposits. Assumed premiums decreased by 48% ($2 billion), and ceded premiums increased by 65% ($5 billion). Total net deposits increased by 28% ($46 billion) to $210 billion. The industry retention rate on deposits decreased one percentage point to 95%.

Other Considerations

Gross other considerations decreased 11% ($5 billion) to $41 billion driven by an 11% ($5 billion) decrease in direct other considerations. Both assumed and ceded premiums increased by 1% ($21 million) and 3% ($153 million), respectively. Total net other considerations decreased by 13% ($5 billion) to $36 billion.

Earned Premiums

On an earned basis, the industry reported a 2% ($10 billion) increase in net premiums and deposits to $439 billion. As shown in **Figure 1**, there were no significant changes in the industry's direct earned premium allocation by sector from mid-year 2024 to 2025.

Figure 1 — Direct Earned Premiums & Deposits by Sector

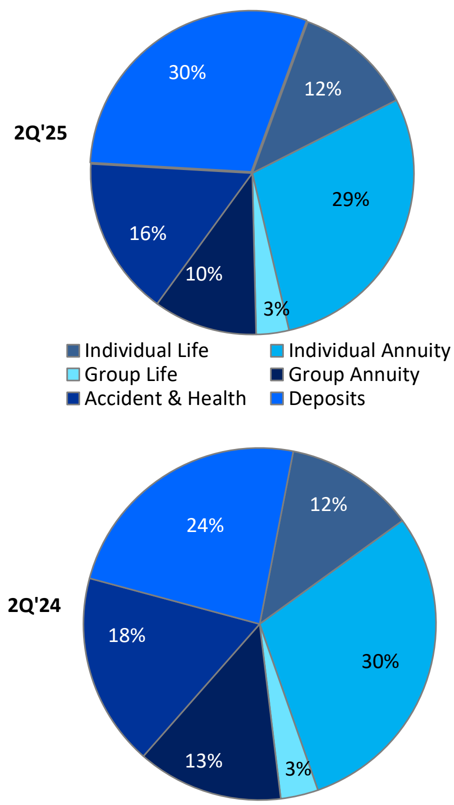


Table 3 shows in total and by line of business, the top five states reporting the greatest dollar amount of increases and decreases in total direct written premiums and deposits for the first half of 2025 when compared to the same period in 2024.

Delaware reported the largest increase on a total basis followed by New York, both primarily driven by an increase in deposit-type contracts. Texas reported the largest decrease on a total basis followed by Connecticut. Texas was driven by a decrease in annuities and A&H, while Connecticut was driven by a decrease in deposit-type contracts.

Table 3 – Top Five States - Change in Direct Written Premiums by Line of Business *(Based on $ Change in Millions)*

TOTAL

Increases				Decreases			
	% Chg	$ Chg	2Q'25		% Chg	$ Chg	2Q'25
DE	47%	$24,907	$78,325	TX	(7%)	($2,899)	$38,720
NY	21%	$18,554	$105,520	CT	(18%)	($2,083)	$9,340
IL	7%	$1,854	$27,368	CO	(13%)	($1,680)	$11,578
IN	15%	$1,635	$12,457	WI	(9%)	($1,364)	$14,210
MA	6%	$914	$16,698	KS	(16%)	($1,156)	$6,079

LIFE

Increases				Decreases			
	% Chg	$ Chg	2Q'25		% Chg	$ Chg	2Q'25
IA	49%	$528	$1,595	HI	(24%)	($174)	$551
FL	7%	$462	$6,781	OH	(3%)	($104)	$2,945
TX	6%	$451	$8,263	MN	(3%)	($67)	$2,502
CA	4%	$388	$10,915	KS	(6%)	($47)	$809
DE	37%	$354	$1,313	CT	(2%)	($32)	$1,437

ANNUITIES

Increases				Decreases			
	% Chg	$ Chg	2Q'25		% Chg	$ Chg	2Q'25
CA	6%	$1,437	$25,253	TX	(11%)	($2,058)	$16,658
MO	14%	$634	$5,149	MN	(19%)	($1,153)	$4,828
NJ	3%	$389	$11,774	NY	(6%)	($1,108)	$15,935
WA	6%	$243	$4,632	OH	(9%)	($1,003)	$10,101
UT	8%	$188	$2,603	LA	(21%)	($812)	$2,993

A&H

Increases				Decreases			
	% Chg	$ Chg	2Q'25		% Chg	$ Chg	2Q'25
IN	29%	$717	$3,171	TX	(12%)	($1,210)	$9,224
IL	7%	$311	$5,057	NY	(9%)	($791)	$7,619
NM	70%	$278	$676	CA	(8%)	($705)	$8,557
KS	6%	$125	$2,352	FL	(6%)	($577)	$8,762
OH	2%	$103	$4,465	GA	(12%)	($553)	$3,988

OTHER

Increases				Decreases			
	% Chg	$ Chg	2Q'25		% Chg	$ Chg	2Q'25
NY	39%	$892	$3,154	CA	(34%)	($2,692)	$5,243
GA	73%	$834	$1,982	UT	(62%)	($1,795)	$1,094
NJ	37%	$281	$1,044	IA	(21%)	($756)	$2,925
FL	17%	$208	$1,448	TX	(27%)	($754)	$2,054
OH	22%	$165	$912	WA	(42%)	($663)	$920

DEPOSIT-TYPE CONTRACTS

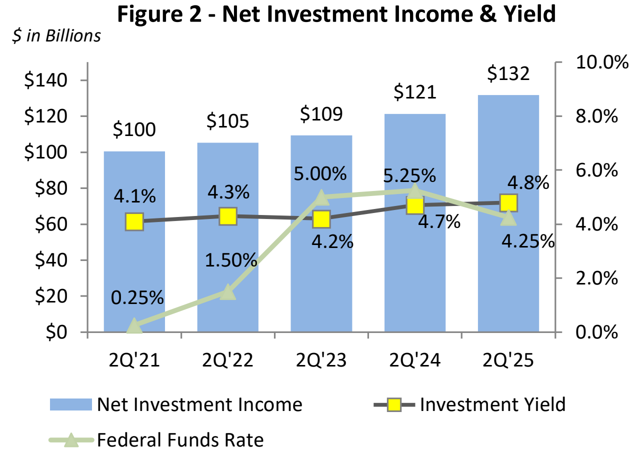
Increases				Decreases			
	% Chg	$ Chg	2Q'25		% Chg	$ Chg	2Q'25
DE	52%	$25,223	$73,923	CT	(76%)	($1,937)	$616
NY	37%	$19,369	$71,984	CO	(30%)	($1,218)	$2,881
IL	29%	$1,703	$7,601	KS	(53%)	($1,215)	$1,097
OH	9%	$1,516	$19,269	WI	(18%)	($1,016)	$4,713
MA	143%	$1,333	$2,261	IA	(12%)	($674)	$4,919

INVESTMENT INCOME

Net investment income increased 9% ($10 billion) to $132 billion through the first half of 2025. Concurrently, the industry's annualized net investment yield increased 0.1 percentage points to 4.8% as seen in **Figure 2**.

Following significant increases in 2022 and 2023, in late 2024, the Federal Reserve decreased the federal funds interest rate three times, from 5.50% to 4.50%. In 2025, there were no rate changes until September 18, 2025, when the federal reserve lowered the rate to 4.00% from 4.25%.

Figure 2 - Net Investment Income & Yield



The industry's cash and adjusted invested asset portfolio has increased steadily over the past ten years, increasing 3% from the prior year-end to $5 trillion at June 30, 2025. **Table 4** provides a breakdown of the industry's asset concentration and trend over the previous five years. The five-year increase was due primarily to an 11% ($377 billion) increase in adjusted bonds, a 30% ($183 billion) increase in adjusted mortgages, and a 51% ($134 billion) increase in BA assets. Investment grade bonds accounted for 95% of total bonds as of June 30, 2025, unchanged compared to year-end 2024.

Table 4 – Asset Concentration

($ Change in Billions)	% Chg. Over 5 Years	% Chg from PYE	2Q'25	YE'24	2Q'24	2Q'23	2Q'22	2Q'21
Bonds*	11%	3%	$3,794	$3,697	$3,649	$3,591	$3,541	$3,418
Preferred Stock*	33%	21%	$21	$18	$17	$17	$18	$16
Common Stock*	(4)%	5%	$43	$41	$43	$41	$43	$44
Mortgages*	30%	3%	$793	$771	$740	$700	$669	$609
Real Estate	(4)%	0%	$22	$22	$22	$23	$23	$23
BA Assets	51%	17%	$398	$341	$355	$334	$310	$264
Cash	21%	5%	$157	$149	$143	$116	$102	$130
Short-term Investments	31%	(6)%	$46	$49	$44	$39	$31	$35

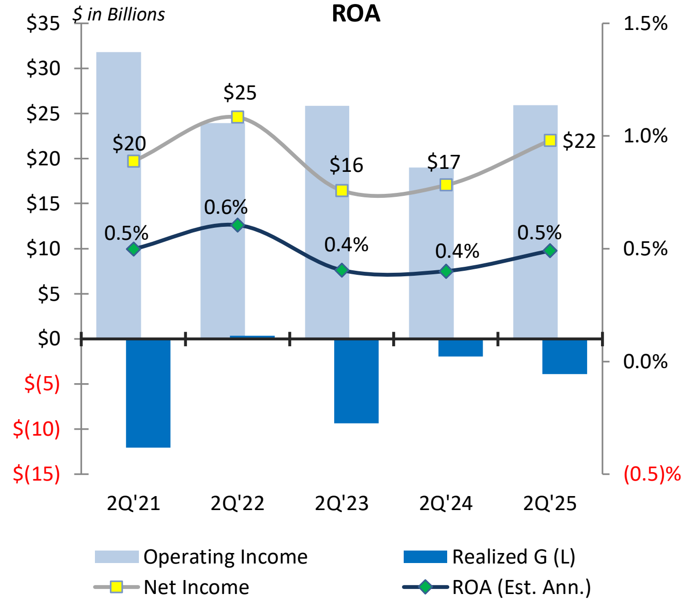
**adjusted to exclude affiliated amounts*

OPERATIONS

Net operating income increased 36% to $26 billion from $19 billion. Net earned premiums, annuity considerations, and deposits increased 2% to $439 billion, and reserve adjustments on reinsurance ceded increased $14 billion to $13 billion. Net investment income increased 9% to $132 billion from $121 billion. Aggregate reserves for life and accident and health contracts increased $68 billion in the first six months of 2025, compared to $64 billion increase through the second quarter 2024. Net income increased 29% ($5 billion) as the industry reported net income of $22 billion for the first six months of 2025.

As illustrated in **Figure 3**, the industry reported $4 billion in realized capital losses for the first six months of 2025. The industry's return on assets (ROA) increased to 0.5% at June 30, 2025, from 0.4% at mid-year 2024. The ROA has been below 1% for the past five years, as seen in **Figure 3.**

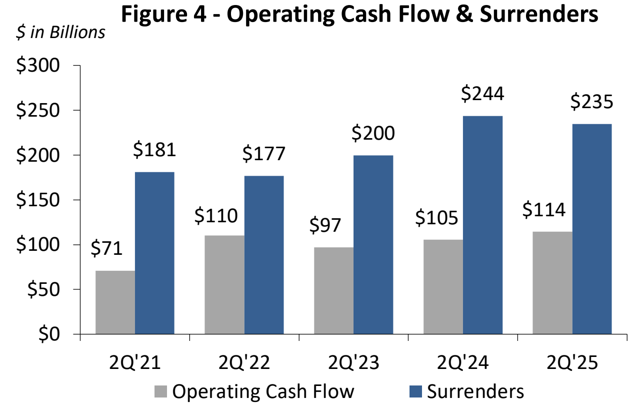
Figure 3 -Operating Income, Realized G/(L), & ROA



LIQUIDITY

The life industry reported an 8% ($9 billion) increase in operating cash flow to $114 billion in the first half of 2024 from $106 billion in the comparable period of 2024. The largest contributing factors to the increase were a 4% ($16 billion) decrease in benefits and loss related payments, a 9% ($10 billion) increase in net investment income, partially offset by a 26% ($22 billion) increase in commissions, expenses paid and aggregate write-ins for deductions.

Figure 4 - Operating Cash Flow & Surrenders



Surrender benefits through June 30, 2025, decreased 4% ($9 billion) to $235 billion compared to $244 billion through mid-year 2024. With the exception of this year, surrenders have shown an increasing trend over the past five years from $181 billion for the same period in 2021. See **Figure 4.**

Net cash from investments decreased 18% ($24 billion), remaining negative, for a net cash outflow of $160 billion compared to $136 billion outflow for the same period of 2024. The negative result was attributed to an $89 billion increase in bond acquisition and a $14 billion increase in mortgage loan acquisition, partially offset by a $74 billion increase in proceeds from bonds.

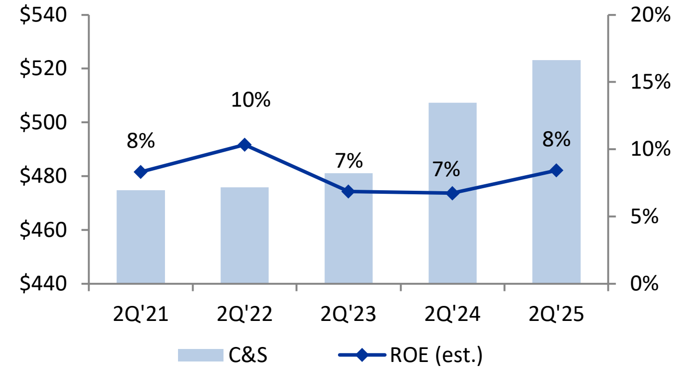
The life industry reported net cash from financing activities cash in-flow of $52 billion in the first half of 2025 compared to a net out-flow of $27 million in the first six months of 2024. The $25 billion increase was primarily due to a $30 billion increase in net deposits on deposit-type contracts and other insurance liabilities applied to $49 billion.

CAPITAL AND SURPLUS

The life industry's capital and surplus increased 2% ($12 billion) to $523 billion at June 30, 2025, from $511 billion at December 31, 2024, due primarily to an industry net income of $22 million, paid-in surplus and capital of $6 billion, partially offset by stockholders' dividends of $15 billion and unrealized losses of $2 billion.

As illustrated in **Figure 5**, estimated annualized return on equity (ROE) increased one percentage point to 8% through the second quarter of 2025 compared to 7% for the same period of 2024. The increase was driven by an increase in both net income and capital and surplus.

Figure 5 – Industry C&S and ROE



SEPARATE ACCOUNTS

The industry's separate account assets increased 3% to more than $3 trillion at June 30, 2025, compared to year-end 2024. Looking on a year-end basis, separate account assets have slightly increased over the past four years from $2.8 trillion at year-end 2022. Separate account fee income remained flat at $18 billion in the first six months of 2025, compared to the prior-year period. The ratio of separate account fee income to separate account assets remained flat at 1.1%.

The life industry's CARVM allowance increased 28% ($7 billion) to negative $18 billion at the end of the first half of 2025 compared to June 30, 2024.

CARVM
An insurer's CARVM allowance is generally negative as it represents primarily the difference between the fund balance and the CARVM reserve. The CARVM allowance is generally an indicator of how the market is performing. As the market deteriorates or becomes stagnant, fund balances decline, thereby decreasing the CARVM allowance and vice versa. This degree of negative impact generally results in losses on the general account.

NAIC Financial Regulatory Services
Financial Analysis and Examination Department

Contacts:
Abigail Edson, Senior Life/Health Financial Analyst I
AEdson@naic.org

Bruce Jenson, Assistant Director, Solvency Monitoring
BJenson@naic.org
816.783.8348

Jane Koenigsman, Senior Manager II, Life/Health Financial Analysis
JKoenigsman@naic.org
816.783.8145

Ralph Villegas, Manager II, Life/A&H Financial Analysis
RVillegas@naic.org
816.783.8411