

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

LIFE INDUSTRY OVERVIEW

- **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 2026.
- Overall, the life industry reported \$21 billion of net income, a 6% decrease compared to the first six months of 2025.
- Net written premiums and deposits decreased 5% to \$597 billion. Total direct premiums decreased 1% to \$732 billion, assumed premiums increased 16% to \$114 billion, and ceded premiums increased 17% to \$248 billion.
- Life industry cash and invested assets increased 4% to \$6 trillion.
- The industry's total capital and surplus increased by 4% to \$564 billion compared to prior year-end, primarily driven by \$21 billion in net income, partially offset by \$19 billion in stockholders' dividends.
- Net cash from operations for the life industry decreased by 1% to \$113 billion.
- Total separate account assets increased 5% to \$4 trillion.

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Table 1 - Life and Accident & Health Entities

Financial Synopsis: June 30, 2026-2022

(\$ In Millions)	Change	2Q 2026	2Q 2025	2Q 2024	2Q 2023	2Q 2022
Direct Written Premium and Deposits	(1)%	\$731,463	\$740,885	\$700,750	\$609,963	\$586,966
Life Direct Written Premium	5%	\$118,025	\$112,896	\$107,882	\$106,143	\$106,791
A&H Direct Written Premium	5%	\$123,607	\$117,223	\$123,299	\$116,072	\$107,288
Annuities	(3)%	\$245,162	\$252,451	\$258,694	\$210,556	\$175,819
Deposits & Other DPW	(5)%	\$244,668	\$258,315	\$210,875	\$177,192	\$197,069
Net Earned Premium	(9)%	\$398,016	\$439,273	\$428,999	\$384,505	\$346,216
Net Investment Income	9%	\$143,646	\$131,780	\$121,327	\$109,244	\$105,254
General Expenses	3%	\$40,772	\$39,713	\$39,156	\$37,808	\$34,903
Operating Income	(12)%	\$22,832	\$25,961	\$19,001	\$25,842	\$24,228
Realized Gains/(Losses)	48%	(\$2,020)	(\$3,900)	(\$1,936)	(\$9,379)	\$360
Net Income/(Loss)	(6)%	\$20,812	\$22,061	\$17,065	\$16,463	\$24,588
Unrealized Gains/(Losses)	1,245%	\$19,080	(\$1,667)	\$5,804	\$3,595	(\$15,885)
ROA (Annualized)	(0.1) pts	0.4%	0.5%	0.4%	0.4%	0.6%
Net Investment Yield	0.1 pts	4.9%	4.8%	4.7%	4.2%	4.3%
	6-mo. Chg	2Q 2026	2025	2024	2023	2022
Capital & Surplus	4%	\$564,312	\$540,707	\$511,539	\$501,425	\$479,196

Note: Adjustments to exclude affiliated amounts were made where appropriate.

PREMIUM
Written Premiums

The life industry reported a 1% (\$9 billion) decrease in direct written premiums and deposits to \$732 billion for the first six months of 2026. Net written premiums and deposits decreased 5% (\$29 billion) to \$597 billion. **Table 2** illustrates direct, assumed, ceded, and net written premiums by line of business and provides a year-over-year comparison.

Life Insurance

Gross premiums for life insurance increased 5% (\$8 billion) to \$155 billion. Both direct and assumed premiums increased by 5% (\$5 billion) and 7% (\$3 billion), respectively. Ceded premiums increased 13% (\$8 billion) to \$68 billion, compared to the first six months of 2025. Net life insurance premiums decreased 1% (\$413 million) to \$87 billion. The industry retention rate on life insurance premiums decreased three percentage points to 56%.

Annuities

Gross annuity considerations decreased 4% (\$11 billion) to \$274 billion. Both direct and assumed premiums decreased by 3% (\$7 billion) and 11% (\$4 billion), respectively. Ceded premiums increased 4% (\$4 billion), and total net annuity considerations decreased 8% (\$15 billion) to \$178 billion for the first six months of 2026. The industry retention rate on annuities decreased three percentage points to 65%.

A&H

Gross A&H premiums increased by 17% (\$25 billion) to \$169 billion. Both direct and assumed premiums increased by 5% (\$6 billion) and 69% (\$19 billion), respectively. Ceded premiums also increased 62% (\$26 billion) to \$69 billion, and total net A&H premiums decreased 1% (\$1 billion) to \$100 billion. The industry retention rate on A&H decreased eleven percentage points to 59%.

Deposit-Type Contracts

Gross deposit-type contract funds decreased 5% (\$10 billion) to \$211 billion driven by a 4% (\$9 billion) decrease in direct deposits. Ceded deposits also decreased by 26% (\$3 billion). Total net deposits decreased by 3% (\$7 billion) to \$203 billion. The industry retention rate on deposits increased one percentage point to 96%.

Other Considerations

Gross other considerations decreased 13% (\$5 billion) to \$35 billion driven by a 13% (\$5 billion) decrease in direct other considerations. Ceded other considerations increased 12% to \$6 billion and total net other considerations decreased by 17% (\$6 billion) to \$29 billion.

Total Written Premium by LOB
(\$ in Billions)

Direct Premiums	% Chg.	2Q'26	2Q'25
Life Insurance	5%	\$118.0	\$112.9
Annuity Considerations	(3)%	\$245.2	\$252.5
A&H Insurance	5%	\$123.6	\$117.2
Deposit-type Contracts	(4)%	\$210.8	\$219.6
Other Considerations	(13)%	\$33.9	\$38.7
Total	(1)%	\$731.5	\$740.9

Assumed Premium	% Chg.	2Q'26	2Q'25
Life Insurance	7%	\$37.0	\$34.5
Annuity Considerations	(11)%	\$29.2	\$32.8
A&H Insurance	69%	\$45.7	\$27.0
Deposit-type Contracts	(70)%	\$0.5	\$1.8
Other Considerations	(28)%	\$1.6	\$2.3
Total	16%	\$114.1	\$98.4

Ceded Premium	% Chg.	2Q'26	2Q'25
Life Insurance	13%	\$68.0	\$60.0
Annuity Considerations	4%	\$96.6	\$92.9
A&H Insurance	62%	\$69.0	\$42.7
Deposit-type Contracts	(26)%	\$8.5	\$11.5
Other Considerations	12%	\$6.1	\$5.4
Total	17%	\$248.2	\$212.5

Net Premium	% Chg.	2Q'26	2Q'25
Life Insurance	(0.5)%	\$87.0	\$87.4
Annuity Considerations	(7.5)%	\$177.8	\$192.3
A&H Insurance	(1)%	\$100.3	\$101.6
Deposit-type Contracts	(3)%	\$202.8	\$209.9
Other Considerations	(17)%	\$29.4	\$35.6
Total	(5)%	\$597.3	\$626.7

Earned Premiums

On an earned basis, the industry reported a 9% (\$41 billion) decrease in net premiums and deposits to \$398 billion. As shown in **Figure 1**, there were no significant changes in the industry's direct earned premium allocation by sector from mid-year 2025 to 2026.

Figure 1 — Direct Earned Premiums & Deposits by Sector

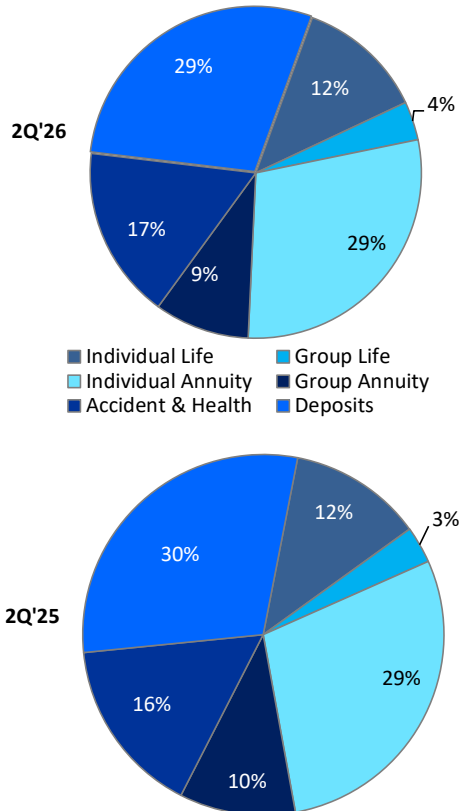


Table 3 shows in total and by line of business, the top five states reporting the greatest dollar amount of increases and decreases in total direct written premiums and deposits for the first half of 2026 when compared to the same period in 2025.

Massachusetts reported the largest increase in total direct written premiums and deposits, followed by Indiana, with both increases primarily driven by deposit-type contracts. New York reported the largest decrease, followed by Delaware, with both decreases primarily driven by lower deposit-type contract activity.

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'26		% Chg	\$ Chg	2Q'26
MA	38%	\$6,289	\$22,986	NY	(29%)	(\$30,857)	\$74,663
IN	37%	\$4,589	\$17,046	DE	(6%)	(\$4,851)	\$73,474
KS	65%	\$3,966	\$10,045	CA	(3%)	(\$1,528)	\$50,684
MD	22%	\$2,161	\$11,943	MO	(12%)	(\$1,389)	\$9,917
WI	14%	\$2,033	\$16,243	WA	(5%)	(\$501)	\$9,265

LIFE							
Increases				Decreases			
	% Chg	\$ Chg	2Q'26		% Chg	\$ Chg	2Q'26
DE	280%	\$3,670	\$4,983	IA	(23%)	(\$368)	\$1,226
KS	67%	\$543	\$1,352	GA	(6%)	(\$196)	\$3,219
MA	16%	\$369	\$2,608	NY	(1%)	(\$83)	\$6,744
OH	10%	\$297	\$3,241	MN	(3%)	(\$76)	\$2,426
AK	49%	\$218	\$662	TN	(4%)	(\$75)	\$2,028

ANNUITIES							
Increases				Decreases			
	% Chg	\$ Chg	2Q'26		% Chg	\$ Chg	2Q'26
DE	30%	\$763	\$3,266	CA	(4%)	(\$1,027)	\$24,226
NV	23%	\$438	\$2,320	MO	(15%)	(\$753)	\$4,396
PA	3%	\$394	\$13,315	GA	(11%)	(\$717)	\$5,794
MD	9%	\$379	\$4,772	TX	(4%)	(\$707)	\$15,956
NH	17%	\$289	\$2,017	NY	(4%)	(\$654)	\$15,281

A&H							
Increases				Decreases			
	% Chg	\$ Chg	2Q'26		% Chg	\$ Chg	2Q'26
IN	36%	\$1,150	\$4,321	MA	(17%)	(\$523)	\$2,502
NY	11%	\$820	\$8,439	LA	(8%)	(\$138)	\$1,597
IL	16%	\$815	\$5,872	AL	(8%)	(\$124)	\$1,517
TX	6%	\$526	\$9,750	OR	(9%)	(\$112)	\$1,124
OH	9%	\$420	\$4,885	MD	(2%)	(\$47)	\$2,279

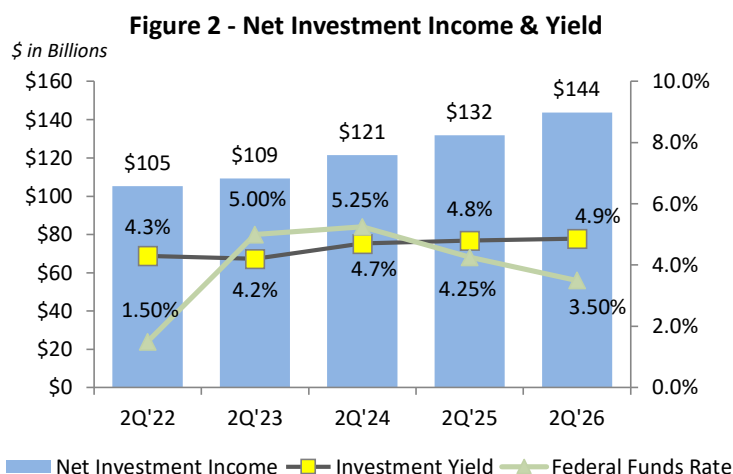
OTHER							
Increases				Decreases			
	% Chg	\$ Chg	2Q'26		% Chg	\$ Chg	2Q'26
NV	145%	\$495	\$836	CA	(11%)	(\$565)	\$4,678
UT	37%	\$405	\$1,500	OH	(55%)	(\$501)	\$411
CO	26%	\$180	\$863	NY	(16%)	(\$498)	\$2,657
TN	11%	\$74	\$776	PA	(34%)	(\$444)	\$850
LA	15%	\$52	\$411	FL	(30%)	(\$429)	\$1,019

DEPOSIT-TYPE CONTRACTS							
Increases				Decreases			
	% Chg	\$ Chg	2Q'26		% Chg	\$ Chg	2Q'26
MA	319%	\$7,225	\$9,486	NY	(42%)	(\$30,442)	\$41,542
IN	164%	\$3,875	\$6,238	DE	(13%)	(\$9,381)	\$64,543
KS	308%	\$3,379	\$4,476	MO	(32%)	(\$368)	\$794
IA	48%	\$2,360	\$7,279	VA	(36%)	(\$337)	\$606
WI	45%	\$2,101	\$6,814	TX	(12%)	(\$306)	\$2,215

INVESTMENT INCOME

Net investment income increased 9% (\$12 billion) to \$144 billion through the first half of 2026. The industry's annualized net investment yield increased 0.1 percentage points to 4.9% as seen in **Figure 2**.

The Federal Reserve lowered the federal funds rate six times between 2024 and 2025. In 2026, the rate remained unchanged until September 17, when it increased to 3.75% from 3.50%, representing the first rate increase since July 2023.



The industry's cash and adjusted invested asset portfolio has grown steadily over the past ten years, increasing 4% from the prior year-end to \$6 trillion at June 30, 2026. **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 a 12% (\$434 billion) increase in adjusted bonds, a 23% (\$156 billion) increase in adjusted mortgages, and a 39% (\$121 billion) increase in BA assets. Investment grade bonds accounted for approximately 95% of total bonds as of June 30, 2026, relatively unchanged compared to year-end 2025.

Table 4 – Asset Concentration

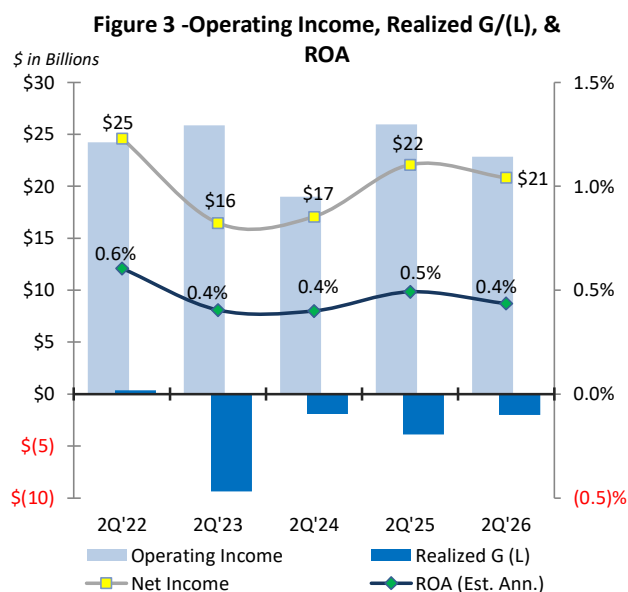
(\$ Change in Billions)	% Chg. Over 5 Years	% Chg from PYE	2Q'26	YE'25	2Q'25	2Q'24	2Q'23	2Q'22
Bonds*	12%	3%	\$3,975	\$3,861	\$3,796	\$3,649	\$3,591	\$3,541
Preferred Stock*	36%	12%	\$25	\$22	\$21	\$17	\$17	\$18
Common Stock*	51%	33%	\$64	\$48	\$43	\$43	\$41	\$43
Mortgages*	23%	1%	\$825	\$814	\$793	\$740	\$700	\$669
Real Estate	(4)%	(0)%	\$22	\$22	\$22	\$22	\$23	\$23
BA Assets	39%	5%	\$431	\$411	\$398	\$356	\$334	\$310
Cash	82%	6%	\$185	\$174	\$157	\$143	\$116	\$102
Short-term Investments	88%	39%	\$58	\$42	\$46	\$44	\$39	\$31

*adjusted to exclude affiliated amounts

OPERATIONS

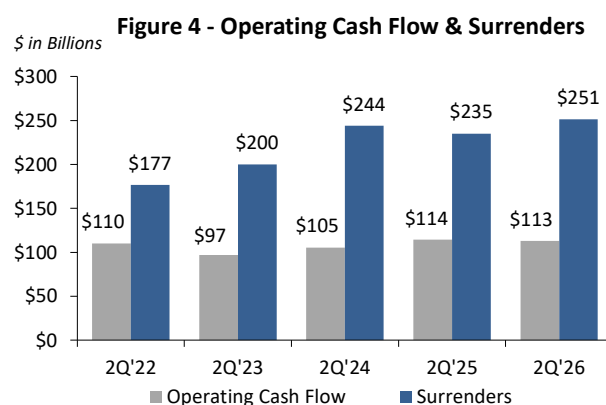
Net operating income decreased 12% to \$23 billion from \$26 billion. Net earned premiums, annuity considerations, and deposits decreased 9% to \$398 billion, and reserve adjustments on reinsurance ceded decreased \$31 billion to negative \$18 billion. Net investment income increased 9% to \$144 billion from \$132 billion. Aggregate reserves for life and accident and health contracts increased \$58 billion in the first six months of 2026, compared to a \$63 billion increase during the same period in 2025. Net income decreased 6% (\$1 billion) as the industry reported net income of \$21 billion for the first six months of 2026.

As illustrated in **Figure 3**, the industry reported \$2 billion in realized capital losses for the first six months of 2026. The industry's return on assets (ROA) decreased to 0.4% at June 30, 2026, from 0.5% at mid-year 2025. The ROA has been below 1% for the past five years, as seen in **Figure 3**.



LIQUIDITY

The life industry reported a 1% (\$1 billion) decrease in operating cash flow to \$113 billion in the first half of 2026 from \$114 billion in the comparable period of 2025. The largest contributing factors to the decrease were a 7% (\$29 billion) increase in benefits and loss related payments, and a 1% (\$4 billion) decrease in premiums collected net of reinsurance, partially offset by an 11% (\$13 billion) increase in net investment income, and a 31% (\$19 billion) decrease in net transfers to separate accounts, segregated accounts and protected cell accounts.



Surrender benefits through June 30, 2026, increased 7% (\$16 billion) to \$251 billion compared to \$235 billion through mid-year 2025. With the exception of 2025, surrenders have shown an increasing trend over the past five years from \$177 billion for the same period in 2022. See **Figure 4**.

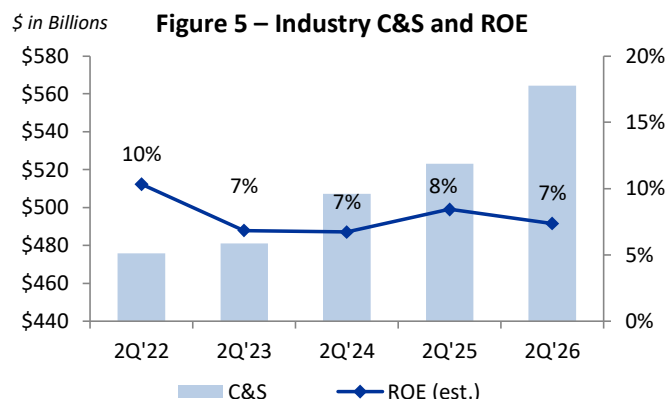
Net cash from investments increased 8% (\$12 billion), remaining negative, for a net cash outflow of \$148 billion compared to \$160 billion outflow for the same period of 2025. The increase was attributed to a 16% (\$104 billion) increase in the acquisition of investments, offset by a 23% (\$117 billion) increase in investment proceeds. The largest increases were in bonds for both acquisitions and proceeds.

The life industry reported a net cash from financing activities cash inflow of \$62 billion in the first half of 2026 compared to a net inflow of \$52 million in the first six months of 2025. The \$10 billion increase was primarily due to a \$10 billion increase in other cash applied to \$23 billion.

CAPITAL AND SURPLUS

The life industry's capital and surplus increased 4% (\$24 billion) to \$564 billion at June 30, 2026, from \$540 billion at December 31, 2025, due primarily to net income of \$21 billion and unrealized capital gains of \$19 billion, partially offset by stockholder dividends of \$19 billion.

As illustrated in **Figure 5**, estimated annualized return on equity (ROE) decreased one percentage point to 7% through the second quarter of 2026 compared to 8% for the same period of 2025. The decrease was primarily attributable to lower net income.



SEPARATE ACCOUNTS

The industry's separate account assets increased 5% (\$186 billion) to approximately \$4 trillion at June 30, 2026, compared to year-end 2025. On a year-end basis, separate account assets have increased steadily over the past five years from \$3 trillion at year-end 2022, a 34% increase. Separate account fee income increased 3% (\$608 million) to \$18 billion in the first six months of 2026, compared to the prior-year period. The ratio of separate account fee income to separate account assets decreased slightly to 1%.

The life industry's CARVM allowance decreased 46% (\$8 billion) to negative \$26 billion at the end of the first half of 2026 compared to June 30, 2025.

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.

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DISCLAIMER

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