

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

LIFE INDUSTRY OVERVIEW

Table 1 provides the life insurance industry’s aggregate financial results for insurers filing with the NAIC on the life, accident & health annual statement blank.

- The life insurance industry reported a decrease in overall profitability from year-end 2019 of 56.2% to \$17.4 billion.
- Direct written premiums and deposits increased 6.8% to \$1.0 trillion largely due to a \$56.6 billion (28.6%) increase in deposit-type contracts to \$254.4 billion.
- The industry’s total capital and surplus increased 2.7% to \$451.0 billion compared to prior year-end.
- Total net admitted assets increased 7.8% to \$8.2 trillion compared to prior year-end.

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**Table 1 - Financial Synopsis: December 31, 2020-2011
Life and Accident & Health Insurance Industry**

(\$ In Billions)	Change	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Operations											
Direct Written Premium	6.8%	\$1,034.2	\$968.3	\$909.6	\$859.0	\$836.3	\$826.6	\$788.6	\$782.1	\$829.8	\$785.4
Assumed Premium	(7.6)%	\$158.6	\$171.7	\$167.5	\$127.0	\$115.6	\$147.0	\$82.0	\$99.5	\$89.7	\$79.5
Ceded Premium	21.4%	\$307.0	\$253.0	\$282.4	\$223.9	\$193.8	\$191.1	\$103.6	\$199.4	\$151.5	\$135.7
Net Earned Premium	(7.8)%	\$637.6	\$691.9	\$613.5	\$607.8	\$611.9	\$651.1	\$657.8	\$590.7	\$653.0	\$631.5
Net Investment Income	(0.1)%	\$187.2	\$187.4	\$186.3	\$182.7	\$176.0	\$172.8	\$174.8	\$170.5	\$169.4	\$170.0
Benefits	3.7%	\$319.7	\$308.2	\$295.2	\$285.3	\$274.9	\$266.8	\$254.0	\$265.5	\$255.7	\$252.4
Commissions & Gen. Expenses	(7.3)%	\$131.5	\$141.8	\$127.4	\$127.0	\$132.1	\$118.5	\$113.7	\$114.3	\$112.2	\$109.9
Operating Income	(39.6)%	\$28.1	\$46.5	\$34.7	\$45.4	\$46.9	\$40.9	\$35.5	\$54.4	\$49.0	\$21.6
Realized Gains/(Losses)	(58.2)%	(\$10.6)	(\$6.7)	(\$4.4)	(\$6.2)	(\$11.3)	(\$3.4)	(\$1.2)	(\$11.9)	(\$9.5)	(\$8.6)
Net Income/(Loss)	(56.2)%	\$17.4	\$39.7	\$29.6	\$38.5	\$34.9	\$36.8	\$33.7	\$41.8	\$38.9	\$12.2
Net Cash From Operations	1.8%	\$179.7	\$176.7	\$174.6	\$171.8	\$184.0	\$165.2	\$137.4	\$145.1	\$135.2	\$156.8
Number of Filers	(1.4)%	771	782	795	798	814	823	841	849	866	893
Capital and Surplus											
Unrealized Gains/(Losses)	(89.4)%	\$1.7	\$16.0	(\$4.6)	\$4.0	(\$2.7)	(\$10.5)	\$23.0	(\$3.9)	\$5.2	\$13.9
Capital and Surplus	2.7%	\$451.0	\$439.0	\$415.6	\$409.2	\$395.3	\$380.5	\$364.8	\$341.2	\$333.2	\$314.3
Stockholder Dividends	(8.1)%	(\$31.9)	(\$34.8)	(\$44.3)	(\$36.5)	(\$43.7)	(\$33.1)	(\$39.1)	(\$31.0)	(\$22.2)	(\$27.2)
ROE	(5.2)pts.	3.9%	9.1%	7.1%	9.4%	8.8%	9.7%	9.2%	12.3%	11.7%	3.9%
Assets											
Cash & Invested Assets	7.0%	\$4,812.6	\$4,497.8	\$4,268.7	\$4,215.2	\$4,031.9	\$3,836.6	\$3,755.5	\$3,596.1	\$3,513.6	\$3,462.1
Net Adm. Assets (excl. S. A.)	7.1%	\$5,118.1	\$4,778.9	\$4,529.9	\$4,465.8	\$4,285.7	\$4,067.7	\$3,979.2	\$3,794.4	\$3,700.8	\$3,637.3
Separate Account Assets	8.9%	\$3,084.8	\$2,833.4	\$2,492.5	\$2,743.8	\$2,520.4	\$2,437.9	\$2,447.3	\$2,349.9	\$2,069.8	\$1,849.4
Total Net Admitted Assets	7.8%	\$8,203.0	\$7,612.4	\$7,022.4	\$7,209.5	\$6,806.2	\$6,505.6	\$6,402.7	\$6,123.3	\$5,754.0	\$5,472.9
Net Investment Yield	(0.3) pts.	4.0%	4.3%	4.4%	4.4%	4.5%	4.6%	4.8%	4.8%	4.9%	5.0%
ROA	(0.5) pts.	0.4%	0.9%	0.7%	0.9%	0.8%	0.9%	0.9%	1.1%	1.1%	0.3%

FILINGS

As shown in **Figure 1**, for year-end 2020, a total of 771 companies filed with the NAIC on the life, accident & health annual statement blank. There were 12 companies that reported to be party to a merger, five more than reported in 2019.

PREMIUM

Written Premiums

The life industry reported an increase of 6.8% (\$65.9 billion) in total direct written premium and deposits to \$1.0 trillion in 2020. Total net written premiums and deposits decreased 7.8% (\$54.3 billion) to \$637.6 billion. **Table 2** shows total direct written, assumed, ceded and net premium by line of business for the last two years.

Reinsurance

Total ceded premium increased 21.4% (\$54.1 billion), of which the largest increase was seen in the annuities line of business, with an increase of 66.3% or \$41.8 billion to \$104.9 billion for 2020, offset partially by an \$18.5 billion decrease in the life line of business. The majority of the change in ceded premium is reflected in six companies with increases or decreases of more than \$5 billion. Of the 727 companies that reported ceded premiums, 49 companies with over \$100 million in ceded premiums reported changes of over 25% from 2019.

Total assumed premium decreased 7.6%, or \$13.1 billion, primarily driven by the life line of business, which decreased \$25.6 billion for 2020, offset partially by a \$9.4 billion increase in the annuities line of business.

Life Insurance

The life insurance line of business reported a 4.8% or \$7.5 billion decrease to \$150.2 billion on a net basis due to a combination of the \$25.6 billion decrease in assumed premiums and a \$18.5 billion decrease in ceded premium for 2020.

Deposit-type Contracts

Deposit-type contracts of \$246.4 billion experienced a 25.2%, or \$49.5 billion, increase over what was reported in 2019, and a 138.1% increase over the \$103.5 million reported in 2011.

Figure 1 - Total Number of Filers

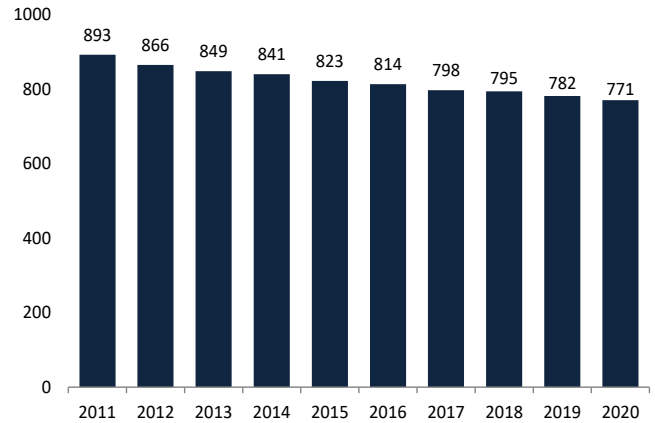


Table 2 — Total Written Premium by LOB

(\$ in Billions)

	% Chg.	\$ Chg.	2020	2019
Life Insurance				
Direct Premium	(0.2)%	(\$0.4)	\$192.8	\$193.3
Assumed Premium	(26.9)%	(\$25.6)	\$69.8	\$95.5
Gross Premium	(9.0)%	(\$26.1)	\$262.7	\$288.7
Ceded Premiums	(14.1)%	(\$18.5)	\$112.5	\$131.0
Net Premium	(4.8)%	(\$7.5)	\$150.2	\$157.7
Annuity Considerations				
Direct Premium	(3.6)%	(\$10.9)	\$291.1	\$302.0
Assumed Premium	23.2%	\$9.4	\$50.1	\$40.6
Gross Premium	(0.4)%	(\$1.5)	\$341.1	\$342.7
Ceded Premiums	66.3%	\$41.8	\$104.9	\$63.1
Net Premium	(15.5)%	(\$43.3)	\$236.2	\$279.6
A&H Insurance				
Direct Premium	2.9%	\$5.9	\$212.1	\$206.2
Assumed Premium	13.9%	\$4.4	\$36.1	\$31.7
Gross Premium	4.3%	\$10.3	\$248.2	\$237.9
Ceded Premiums	18.3%	\$9.2	\$59.7	\$50.5
Net Premium	0.6%	\$1.1	\$188.5	\$187.4
Other				
Direct Premium	21.2%	\$14.7	\$83.7	\$69.0
Assumed Premium	(27.8)%	(\$0.4)	\$1.0	\$1.5
Gross Premium	20.2%	\$14.3	\$84.8	\$70.5
Ceded Premiums	309.1%	\$15.4	\$20.3	\$5.0
Net Premium	(1.7)%	(\$1.1)	\$64.4	\$65.5
Deposit-type Contracts				
Direct Premium	28.6%	\$56.6	\$254.4	\$197.8
Assumed Premium	(37.6)%	(\$0.9)	\$1.5	\$2.5
Gross Premium	27.8%	\$55.7	\$256.0	\$200.3
Ceded Premiums	181.0%	\$6.2	\$9.6	\$3.4
Net Premium	25.2%	\$49.5	\$246.4	\$196.8

Annuities

Net premiums for annuity considerations decreased 15.5%, or \$43.3 billion, to \$236.2 billion for year-end 2020. The decrease in net premiums for 2020 was attributed to a combination of a 23.2% (\$9.4 billion) increase in assumed premiums and a 66.3% (\$41.8 billion) increase in ceded premiums, compared to year-end 2019.

Table 3 - Premiums by State

(\$ in Millions)	Life Insurance Premiums			Annuity Considerations			A&H Insurance Premiums			Other Considerations			Deposit-Type Contracts		
State	% Chg	2020	2019	% Chg	2020	2019	% Chg	2020	2019	% Chg	2020	2019	% Chg	2020	2019
Alabama	11%	\$2,664	\$2,392	(1%)	\$3,233	\$3,265	(1%)	\$1,902	\$1,925	8%	\$460	\$424	7%	\$264	\$246
Alaska	(16%)	\$440	\$523	(8%)	\$353	\$384	(7%)	\$288	\$310	2%	\$251	\$246	47%	\$37	\$25
Arizona	2%	\$2,776	\$2,720	(5%)	\$6,431	\$6,745	10%	\$4,482	\$4,062	61%	\$1,881	\$1,170	21%	\$454	\$374
Arkansas	7%	\$1,200	\$1,125	(19%)	\$1,621	\$2,012	9%	\$1,164	\$1,066	18%	\$289	\$245	40%	\$137	\$98
California	2%	\$19,483	\$19,030	(6%)	\$26,392	\$28,212	2%	\$15,910	\$15,669	0%	\$10,223	\$10,198	13%	\$3,297	\$2,912
Colorado	(2%)	\$2,906	\$2,965	(1%)	\$5,630	\$5,715	0%	\$4,381	\$4,379	35%	\$1,254	\$931	123%	\$2,684	\$1,202
Connecticut	(2%)	\$2,601	\$2,644	(26%)	\$4,827	\$6,479	3%	\$3,250	\$3,150	77%	\$3,184	\$1,804	47%	\$13,882	\$9,454
Delaware	4%	\$1,533	\$1,468	(3%)	\$2,681	\$2,753	13%	\$902	\$799	81%	\$1,206	\$668	25%	\$69,547	\$55,611
Dist. Columbia	(2%)	\$409	\$416	3%	\$772	\$746	2%	\$1,133	\$1,111	(23%)	\$514	\$668	(51%)	\$512	\$1,040
Florida	(1%)	\$10,732	\$10,862	(3%)	\$21,909	\$22,632	10%	\$18,141	\$16,542	16%	\$3,084	\$2,651	5%	\$1,574	\$1,492
Georgia	4%	\$5,450	\$5,230	7%	\$6,895	\$6,434	5%	\$9,696	\$9,203	89%	\$4,814	\$2,545	28%	\$1,883	\$1,475
Hawaii	(3%)	\$842	\$865	(12%)	\$1,361	\$1,555	10%	\$1,333	\$1,208	10%	\$339	\$307	(18%)	\$84	\$102
Idaho	4%	\$655	\$630	12%	\$1,339	\$1,198	8%	\$912	\$846	(6%)	\$250	\$267	(26%)	\$78	\$106
Illinois	(10%)	\$7,262	\$8,088	(5%)	\$11,218	\$11,750	3%	\$6,847	\$6,630	61%	\$3,623	\$2,246	35%	\$3,734	\$2,775
Indiana	2%	\$3,010	\$2,945	(1%)	\$5,993	\$6,042	5%	\$5,274	\$5,041	17%	\$910	\$776	(41%)	\$2,152	\$3,648
Iowa	(14%)	\$2,183	\$2,525	1%	\$3,282	\$3,259	(0%)	\$1,578	\$1,585	47%	\$6,599	\$4,493	25%	\$11,023	\$8,848
Kansas	5%	\$1,536	\$1,464	(9%)	\$2,439	\$2,666	1%	\$4,147	\$4,106	22%	\$360	\$296	3%	\$1,209	\$1,179
Kentucky	(1%)	\$1,715	\$1,725	2%	\$3,024	\$2,972	3%	\$1,896	\$1,838	3%	\$692	\$674	(26%)	\$277	\$375
Louisiana	(1%)	\$2,439	\$2,457	(3%)	\$3,677	\$3,779	3%	\$2,498	\$2,424	25%	\$679	\$542	23%	\$327	\$266
Maine	(2%)	\$462	\$470	(8%)	\$1,175	\$1,281	3%	\$986	\$962	10%	\$187	\$170	4%	\$67	\$65
Maryland	0%	\$3,243	\$3,240	10%	\$6,337	\$5,765	0%	\$4,008	\$4,005	(6%)	\$1,095	\$1,159	4%	\$853	\$822
Massachusetts	(7%)	\$3,937	\$4,212	(4%)	\$8,132	\$8,467	8%	\$4,164	\$3,845	(2%)	\$3,375	\$3,455	43%	\$2,272	\$1,591
Michigan	4%	\$4,992	\$4,820	8%	\$11,887	\$10,974	(0%)	\$3,794	\$3,810	16%	\$1,523	\$1,312	94%	\$2,635	\$1,359
Minnesota	2%	\$5,149	\$5,072	(5%)	\$5,613	\$5,892	5%	\$1,988	\$1,898	(5%)	\$2,313	\$2,434	12%	\$879	\$788
Mississippi	(1%)	\$1,324	\$1,337	(11%)	\$1,620	\$1,814	7%	\$1,691	\$1,582	14%	\$180	\$158	19%	\$141	\$119
Missouri	1%	\$3,003	\$2,982	(7%)	\$6,147	\$6,620	(3%)	\$4,781	\$4,927	81%	\$1,886	\$1,040	(4%)	\$619	\$648
Montana	13%	\$463	\$409	(5%)	\$508	\$534	5%	\$460	\$438	(14%)	\$137	\$160	99%	\$89	\$45
Nebraska	(2%)	\$1,182	\$1,208	(10%)	\$1,950	\$2,172	(1%)	\$1,633	\$1,649	51%	\$417	\$276	(58%)	\$396	\$953
Nevada	5%	\$1,291	\$1,228	5%	\$2,041	\$1,936	5%	\$1,502	\$1,436	(11%)	\$430	\$482	(1%)	\$185	\$187
New Hampshire	2%	\$665	\$649	9%	\$2,234	\$2,048	4%	\$786	\$755	143%	\$524	\$216	89%	\$177	\$94
New Jersey	1%	\$6,915	\$6,879	(11%)	\$12,517	\$13,990	4%	\$8,840	\$8,480	(14%)	\$2,674	\$3,122	20%	\$1,636	\$1,363
New Mexico	3%	\$707	\$688	6%	\$1,228	\$1,156	6%	\$1,210	\$1,137	0%	\$450	\$450	(64%)	\$158	\$437
New York	(2%)	\$12,826	\$13,023	0%	\$19,718	\$19,632	4%	\$11,879	\$11,444	32%	\$8,335	\$6,299	48%	\$95,023	\$64,338
North Carolina	0%	\$5,177	\$5,162	(8%)	\$8,237	\$8,971	4%	\$7,036	\$6,739	(1%)	\$1,347	\$1,355	8%	\$838	\$777
North Dakota	(3%)	\$497	\$510	2%	\$756	\$739	3%	\$345	\$335	23%	\$178	\$144	65%	\$143	\$87
Ohio	(0%)	\$5,365	\$5,379	(9%)	\$12,073	\$13,287	(3%)	\$7,951	\$8,184	23%	\$2,001	\$1,623	11%	\$20,621	\$18,618
Oklahoma	2%	\$1,536	\$1,510	(13%)	\$1,872	\$2,159	3%	\$1,845	\$1,792	19%	\$546	\$459	46%	\$419	\$287
Oregon	1%	\$1,363	\$1,353	(16%)	\$2,540	\$3,042	5%	\$2,418	\$2,311	12%	\$1,420	\$1,263	(5%)	\$218	\$231
Pennsylvania	(3%)	\$6,853	\$7,081	(2%)	\$16,092	\$16,421	6%	\$8,664	\$8,136	6%	\$2,792	\$2,638	(51%)	\$3,451	\$7,007
Rhode Island	5%	\$491	\$467	(25%)	\$1,228	\$1,640	1%	\$540	\$533	(4%)	\$174	\$181	52%	\$124	\$81
South Carolina	2%	\$2,477	\$2,424	(9%)	\$4,160	\$4,593	5%	\$4,698	\$4,462	1%	\$363	\$360	20%	\$313	\$261
South Dakota	3%	\$1,153	\$1,124	2%	\$679	\$666	2%	\$448	\$440	61%	\$148	\$91	11%	\$353	\$319
Tennessee	4%	\$3,414	\$3,285	13%	\$5,711	\$5,057	8%	\$4,129	\$3,831	27%	\$1,474	\$1,165	10%	\$970	\$883
Texas	2%	\$13,230	\$12,909	(1%)	\$18,840	\$18,971	0%	\$18,806	\$18,778	11%	\$3,133	\$2,831	67%	\$4,100	\$2,458
Utah	3%	\$1,558	\$1,514	(9%)	\$2,576	\$2,840	6%	\$1,507	\$1,418	(6%)	\$440	\$468	(32%)	\$236	\$349
Vermont	(4%)	\$256	\$268	(7%)	\$584	\$627	6%	\$416	\$392	50%	\$229	\$153	33%	\$77	\$58
Virginia	(1%)	\$4,424	\$4,470	(4%)	\$6,525	\$6,771	(5%)	\$5,567	\$5,844	2%	\$1,185	\$1,165	21%	\$981	\$811
Washington	(1%)	\$2,833	\$2,849	(5%)	\$5,387	\$5,697	(13%)	\$3,873	\$4,434	12%	\$1,800	\$1,611	41%	\$524	\$372
West Virginia	1%	\$668	\$662	(2%)	\$1,245	\$1,276	2%	\$902	\$886	74%	\$243	\$139	43%	\$173	\$121
Wisconsin	(20%)	\$3,062	\$3,833	1%	\$6,532	\$6,468	(1%)	\$4,063	\$4,092	14%	\$1,300	\$1,137	92%	\$1,405	\$731
Wyoming	(22%)	\$298	\$380	1%	\$403	\$398	4%	\$409	\$395	(7%)	\$65	\$70	(19%)	\$29	\$36
American Samoa	4%	\$3	\$3	(0%)	\$0	\$0	14%	\$0	\$0	0%	\$0	\$0	0%	\$0	\$0
Guam	14%	\$66	\$58	(27%)	\$7	\$9	108%	\$134	\$65	(32%)	\$4	\$6	520%	\$1	\$0
Puerto Rico	1%	\$561	\$556	(2%)	\$785	\$800	(1%)	\$826	\$835	4%	\$88	\$85	(6%)	\$29	\$31
U.S. Virgin Islands	(5%)	\$29	\$31	(67%)	\$12	\$35	4%	\$257	\$248	(37%)	\$4	\$7	(15%)	\$0	\$0
Northern Mariana Islands	(7%)	\$8	\$9	(35%)	\$0	\$0	2%	\$39	\$39	0%	\$0	\$0	0%	\$0	\$0
Canada	(5%)	\$473	\$498	(28%)	\$19	\$26	(7%)	\$395	\$426	(31%)	\$22	\$32	(18%)	\$61	\$74
Aggregate other alien	(2%)	\$1,659	\$1,687	20%	\$109	\$90	(2%)	\$1,454	\$1,487	2,370%	\$366	\$15	24,800%	\$1,007	\$4

Table 3, on the previous page, illustrates state detail for 2020 and 2019, by premium type, with the three largest states for each premium type highlighted. As you can see in the table, California has the largest percentage of premiums in life insurance, annuity considerations, and other considerations. Texas has the largest percentage of premiums in A&H insurance and New York has the largest percentage of deposit-type contract funds.

Earned Premiums

On an earned basis, the industry reported a 7.8% (\$54.3 billion) decrease in net earned premium to \$637.6 billion. **Table 4** shows a breakdown of net earned premium by line of business for 2020 and 2019.

Annuities

Total annuity considerations decreased 12.9%, or \$44.4 billion, to \$300.7 billion for 2020. The decrease was primarily driven by a 54.0%, or \$36.6 billion, decrease in indexed annuities. Variable annuities with and without guarantees accounted for 51.1% of total annuity considerations.

Life Insurance

Total Life insurance premiums increased 1.1% to \$139.6 billion for year-end 2020. Whole life and term life accounted for 67% of total life insurance premiums. Term life increased 8.4%, or \$2.6 billion and whole life increased 0.9%, or \$0.5 billion, both compared to year-end 2019.

A&H

Total A&H was relatively unchanged overall, decreasing 0.9%, or \$1.8 billion, for year-end 2020. The largest increase was seen in Title XVIII Medicare premiums, which increased 19.6%, or \$5.3 billion, while the largest decrease was seen in disability income, which decreased 11.3%, or \$3.0 billion, both compared to 2019.

Table 4 – Net Premiums by Line of Business

(\$ in Billions)	% Chg.	\$ Chg.	2020	2019
Total Annuities	-12.9%	(\$44.4)	\$300.7	\$345.1
Indexed Annuities	-54.0%	(\$36.6)	\$31.2	\$67.7
Life Contingent Payout	-20.3%	(\$7.4)	\$29.1	\$36.5
Fixed Annuities	-5.2%	(\$3.2)	\$58.2	\$61.4
Other Annuities	44.5%	\$8.8	\$28.5	\$19.8
Variable Annuities w/out Guar	5.4%	\$2.9	\$56.6	\$53.7
Variable Annuities w/ Guar	-8.4%	(\$8.9)	\$97.1	\$106.0
Total Life Insurance	1.1%	\$1.6	\$139.6	\$138.0
Universal Life with Secondary Guar	-9.9%	(\$0.6)	\$5.2	\$5.7
Indexed Life	1.2%	\$0.2	\$14.0	\$13.8
YRT Mortality Risk Only	-3.1%	(\$0.2)	\$6.4	\$6.6
Credit Life	-18.3%	(\$0.1)	\$0.5	\$0.7
Other Group Life	43.7%	\$0.4	\$1.2	\$0.9
Industrial Life	-75.6%	(\$0.1)	\$0.0	\$0.1
Universal Life	-33.6%	(\$0.7)	\$1.5	\$2.2
Other Individual Life	161.9%	\$8.9	\$3.4	(\$5.5)
Variable Universal Life	-46.9%	(\$9.0)	\$10.2	\$19.2
Variable Life	-6.8%	(\$0.2)	\$3.1	\$3.3
Term Life	8.4%	\$2.6	\$34.0	\$31.3
Whole Life	0.9%	\$0.5	\$60.1	\$59.6
Total A&H	-0.9%	(\$1.8)	\$186.3	\$188.1
Long-Term Care	-16.9%	(\$1.7)	\$8.1	\$9.8
Federal Employees Health Ben	27.7%	\$0.3	\$1.3	\$1.0
Credit A&H	-15.4%	(\$0.1)	\$0.6	\$0.7
Vision Only	2.7%	\$0.0	\$1.8	\$1.8
Title XIX Medicaid	2.0%	\$0.1	\$4.3	\$4.2
Individual Comprehensive	34.6%	\$1.0	\$4.0	\$3.0
Medicare Supplement	-3.2%	(\$0.7)	\$21.0	\$21.7
Dental Only	-5.6%	(\$0.8)	\$13.8	\$14.6
Disability Income	-11.3%	(\$3.0)	\$23.3	\$26.3
Title XVIII Medicare	19.6%	\$5.3	\$32.5	\$27.1
Other Health	-3.1%	(\$1.2)	\$35.8	\$36.9
Group Comprehensive	-2.7%	(\$1.1)	\$39.9	\$41.0

INVESTMENT INCOME

Net investment income decreased 0.1% (\$172.9 million), to \$187.3 billion in 2020 compared to \$187.4 billion in 2019. The decrease was driven by the following:

- Investment income from cash and short-term investments decreased \$1.5 billion to \$1.5 billion
- Investment income from affiliated common stock decreased \$1.2 billion to \$10.1 billion
- Investment income from unaffiliated other bonds decreased \$752.0 million to \$131.9 billion

- Investment income from derivatives increased \$2.5 billion to \$4.8 billion

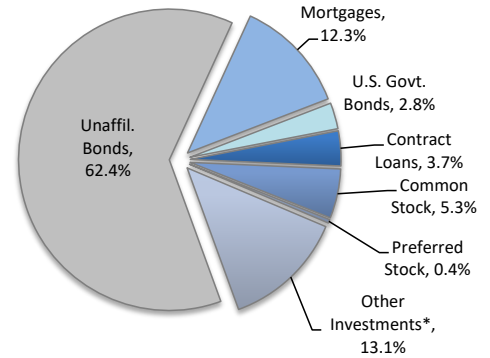
The industry’s invested asset portfolio increased 7.0% to \$4.8 trillion at year-end 2020. **Figure 2** illustrates net investment income by asset class.

The Other Investments category*, seen in **Figure 2**, increased to 13.1% of total investment income, from 12.7% at year-end 2019, primarily from a 1.2 point increase in derivatives to 2.3%.

The industry’s net investment yield decreased 0.3 percentage point to 4.0% as seen in **Figure 3**. In 2020, the Federal Reserve decreased the federal funds interest rate as follows:

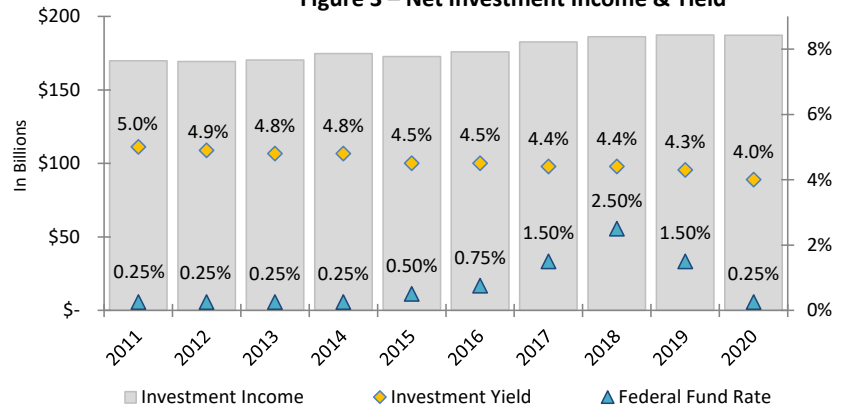
- 2020
 - March 3—to 1.00% from 1.25%
 - March 16—to 0.25% from 1.00%

Figure 2 — Net Investment Income Allocation



* Includes: affiliated bonds, real estate, cash, short-term investments, derivatives, BA Assets, and write-ins.

Figure 3 – Net Investment Income & Yield



OPERATIONS

The industry reported profitability of \$27.6 billion in 2020 compared to \$49.4 billion for 2019, a \$21.9 billion decrease. The decline was primarily driven by a decrease in premiums, which decreased \$55.2 billion to \$635.9 billion for year-end 2020. Death benefits increased 15.1% (\$12.1 billion) to \$92.0 billion compared to \$79.9 billion at prior year-end. The changes are shown below on **Table 5**.

Table 5 - Changes in Net Income / (Loss)

<i>\$ In Billions</i>	<i>% Change</i>	<i>\$ Change</i>	2020	2019
Premiums	-8.0%	(\$55.2)	\$635.9	\$691.1
Net Investment Income	2.1%	\$3.9	\$193.7	\$189.7
Reserve Adjustments on Reins Ceded	23.2%	\$6.9	(\$22.9)	(\$29.7)
Total Revenues	-5.3%	(\$50.9)	\$907.6	\$958.5
Surrender Benefits & Withdrawals for Life Contracts	-4.8%	(\$16.7)	\$328.1	\$344.9
Death Benefits	15.1%	\$12.1	\$92.0	\$79.9
Increase in Agg Reserves for Life and A&H Contracts	-10.4%	(\$12.0)	\$103.1	\$115.2
Commissions & Exp Allowances on Reins Assumed	-31.1%	(\$7.8)	\$17.2	\$25.0
Net Transfers To or (From) S.A. Net of Reins	3.3%	\$2.4	(\$70.0)	(\$72.4)
Total Expenses	-3.3%	(\$28.4)	\$845.6	\$874.0
Federal and Foreign Income Taxes Incurred	-45.8%	(\$4.3)	\$5.1	\$9.4
Net Realized Capital Gains/(Losses)	-58.4%	(\$3.9)	(\$10.6)	(\$6.7)
Net Income/(Loss)	-44.2%	(\$21.9)	\$27.6	\$49.4

** unadjusted basis

Realized losses in derivative instruments were \$5.0 billion for 2020 compared to realized losses of \$5.1 billion for 2019. Concurrently, unaffiliated other bonds reported realized gains of \$8.9 billion compared to losses of \$4.4 million for 2019. The impact realized losses have had on net income over the past ten years is depicted in **Figure 4**.

Annuities

The annuities line of business reported a \$24.1 billion net income, a 36.5% (\$13.9 billion) decrease compared to year-end 2019. Variable annuities with guarantees was the largest line of annuity business, which reported a 46.7% decline in operating gains to \$17.0 billion for year-end 2020. The only operating loss reported in the annuities line of business was indexed annuities, which reported a \$1.4 billion operating loss.

Life Insurance

Total life insurance reported a \$7.3 billion operating gain, a 67.7%, or \$15.4 billion decrease compared to year-end 2019. Whole life reported the largest operating gain of \$15.4 billion, while universal life with secondary guarantee reported the largest operating loss of \$7.9 billion, both for 2020.

Accident & Health

Total A&H reported a 30.9% increase in operating gains to \$22.2 billion for 2020. The largest operating gain for A&H was \$8.3 billion reported in other health.

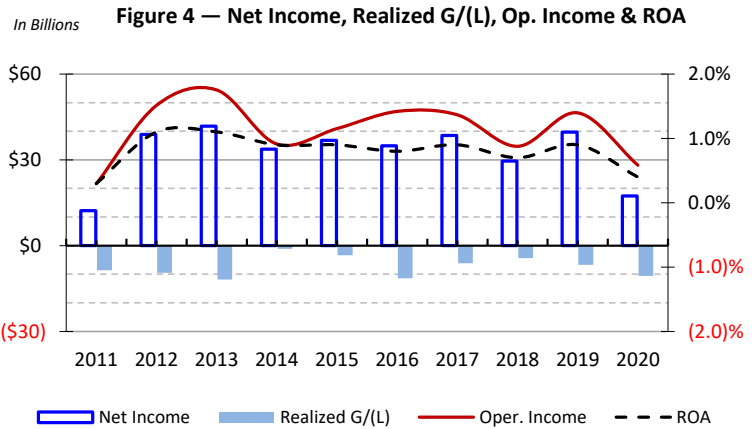


Table 6 – Operating Gain/Loss by Line of Business

(\$ in Billions)	% Chg.	\$ Chg.	2020	2019
Total Annuities	-36.5%	(\$13.9)	\$24.1	\$38.0
Indexed Annuities	14.4%	\$0.2	(\$1.4)	(\$1.6)
Life Contingent Payout	-84.6%	(\$2.6)	\$0.5	\$3.1
Fixed Annuities	-61.6%	(\$2.5)	\$1.5	\$4.0
Other Annuities	2.0%	\$0.0	\$2.5	\$2.4
Variable Annuities w/out Guar	327.6%	\$5.8	\$4.0	(\$1.8)
Variable Annuities w/ Guar	-46.7%	(\$14.9)	\$17.0	\$31.9
Total Life Insurance	-67.7%	(\$15.4)	\$7.3	\$22.7
Universal Life with Secondary Guar	-269.6%	(\$5.8)	(\$7.9)	(\$2.1)
Indexed Life	-64.3%	(\$0.9)	(\$2.4)	(\$1.5)
YRT Mortality Risk Only	-233.8%	(\$1.6)	(\$0.9)	\$0.7
Credit Life	-28.9%	(\$0.0)	\$0.1	\$0.1
Other Group Life	78.3%	\$0.0	\$0.1	\$0.0
Industrial Life	84.0%	\$0.0	\$0.1	\$0.0
Universal Life	98.1%	\$0.2	\$0.3	\$0.2
Other Individual Life	-69.7%	(\$1.1)	\$0.5	\$1.6
Variable Universal Life	-45.5%	(\$0.4)	\$0.5	\$1.0
Variable Life	-22.4%	(\$0.2)	\$0.6	\$0.8
Term Life	-80.9%	(\$4.1)	\$1.0	\$5.0
Whole Life	-8.7%	(\$1.5)	\$15.4	\$16.9
Total A&H	30.9%	\$5.2	\$22.2	\$17.0
Long-Term Care	107.3%	\$2.1	\$0.1	(\$1.9)
Federal Employees Health Ben	129.9%	\$0.1	\$0.1	\$0.1
Credit A&H	23.9%	\$0.0	\$0.1	\$0.1
Vision Only	80.4%	\$0.1	\$0.3	\$0.2
Title XIX Medicaid	447.8%	\$0.4	\$0.4	\$0.1
Individual Comprehensive	132.7%	\$0.4	\$0.7	\$0.3
Medicare Supplement	651.0%	\$0.9	\$1.0	\$0.1
Dental Only	83.1%	\$0.9	\$1.9	\$1.1
Disability Income	-29.5%	(\$1.1)	\$2.7	\$3.8
Title XVIII Medicare	19.0%	\$0.5	\$2.8	\$2.4
Other Health	8.6%	\$0.7	\$8.3	\$7.6
Group Comprehensive	13.4%	\$0.4	\$3.6	\$3.2

ASSETS

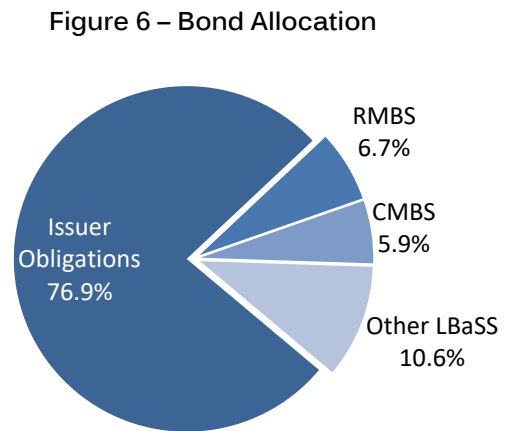
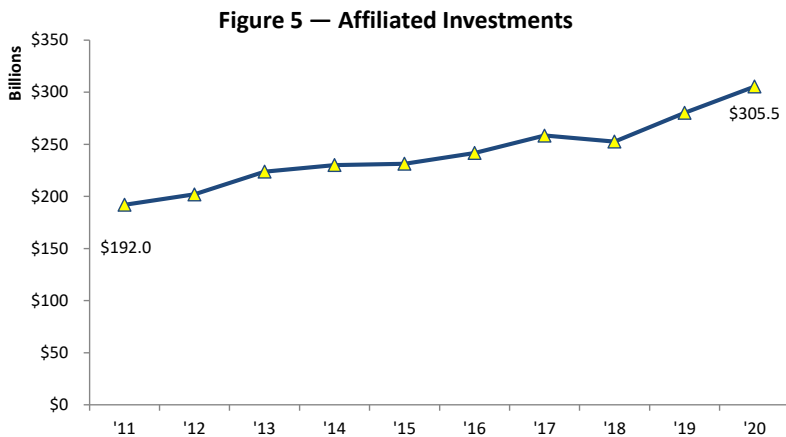
The life industry reported an 7.8% increase in total net admitted assets at Dec. 31, 2020 to \$8.2 trillion. The increase was primarily in separate accounts, which increased 8.9% to \$3.1 trillion and accounted for 37.6% of total net admitted assets. Over the past five years, the industry has seen significant increases in several asset classes as shown in the 5-year change column in **Table 7**. See page 9 for discussion of separate accounts.

Table 7 - Invested Assets

(\$ In Billions)	2020 % of Total	2016 % of Total	5-Yr % Chg	1-Yr % Chg	2020	2019	2016
Bonds	70.6%	73.8%	14.2%	5.8%	\$3,399.0	\$3,213.7	\$2,977.1
Common Stock	1.9%	2.2%	5.8%	4.5%	\$93.4	\$89.4	\$88.3
Preferred Stock	0.3%	0.3%	52.3%	13.1%	\$15.5	\$13.7	\$10.2
Mortgage Loans	12.5%	11.1%	33.9%	3.8%	\$600.8	\$578.6	\$448.8
Real Estate	0.5%	0.6%	(7.1)%	(1.4)%	\$23.0	\$23.3	\$24.7
Cash & S/T Investments	3.3%	2.6%	50.8%	27.7%	\$157.8	\$123.6	\$104.7
Derivatives	2.5%	1.5%	96.2%	52.6%	\$121.7	\$79.7	\$62.0
BA Assets	4.9%	3.9%	48.6%	10.7%	\$235.9	\$213.1	\$158.8
Other Invested Assets	3.4%	3.9%	5.2%	1.8%	\$165.5	\$162.6	\$157.3
Total Invested Assets	100.0%	100.0%	19.4%	7.0%	\$4,812.6	\$4,497.8	\$4,031.9

As seen in **Figure 5**, the industry has seen an increase in affiliated investments over the past ten years. The largest components of affiliated investments were:

- common stock—\$150.9 billion
- other affiliated assets—\$108.0 billion
- affiliated bonds—\$34.6 billion



As seen in **Figure 6**, the majority of the industry’s bond portfolio is comprised of industrial and miscellaneous bonds, 76.9%.

The industry’s allocation of long-term bonds is shown in **Figure 7**, with the majority (78.7%) being issuer obligations. The industry’s holdings of noninvestment-grade bonds increased 25.4% (\$43.4 billion) and represented 6.2% of total bonds at Dec. 31, 2020. The distribution of bonds between class NAIC 1 through class NAIC 6 has been essentially flat for the last five years.

The life insurance industry maintains a relatively unchanged portfolio of bond maturities with 33.7% of the holdings at year-end 2020 due to mature in five years or less compared with 32.6% at year-end 2019. Bonds with a maturity of ten years or later represented 38.2% of total bonds. **Figure 8** illustrates bond distribution by maturity.

Figure 7 – Long Term Bond Allocation

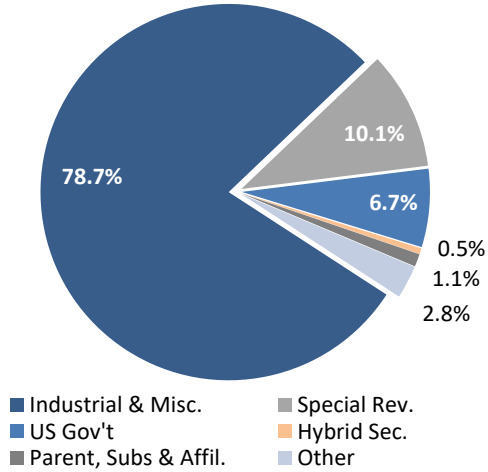
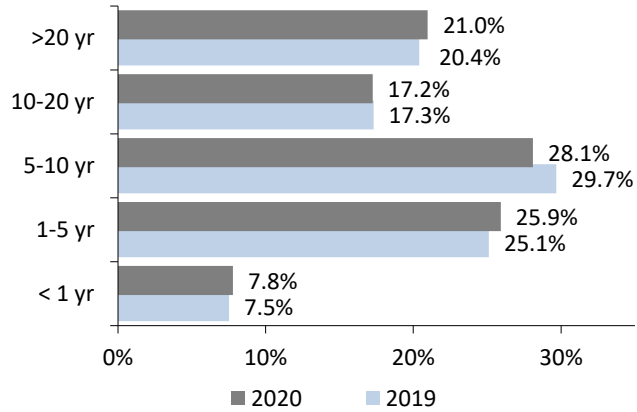


Figure 8 – % of Total Bonds Held by Maturity



LIABILITIES

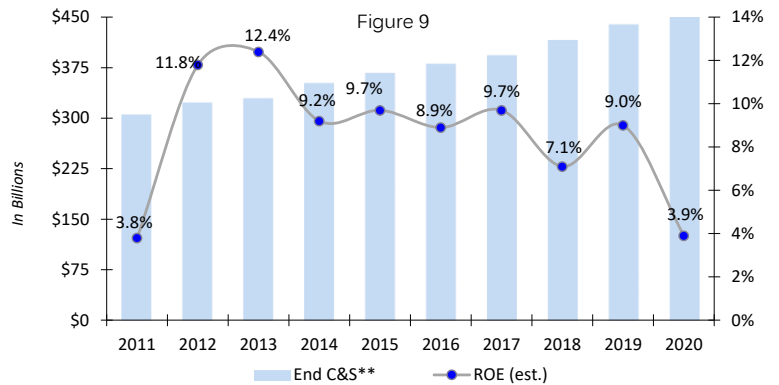
The life industry reported an 8.0% (\$573.6 billion) increase in total liabilities to \$7.8 trillion at year-end 2020. The largest increases were in the following:

- 3.3% (\$98.9 billion) increase in reserves for life contracts to \$3.1 trillion
- 41.1% (\$44.2 billion) increase in funds held under coinsurance to \$151.7 billion
- 27.8% (\$39.6 billion) increase in funds held under reinsurance treaties with unauthorized reinsurers to \$182.4 billion
- 10.9% (\$37.9 billion) increase in liability for deposit-type contracts to \$386.6 billion

CAPITAL AND SURPLUS

The life industry’s capital and surplus increased by 2.7% to \$451.0 billion compared to \$439.0 billion at Dec. 31, 2019 due primarily to the \$27 billion net income discussed on page 5 and \$15.3 billion capital paid in, mostly offset by dividends paid to stockholders of \$31.9 billion.

As seen in **Figure 9**, the industry’s return on equity decreased to 3.9% from 9.0% in 2019 due mainly to the industry’s decrease in net income.

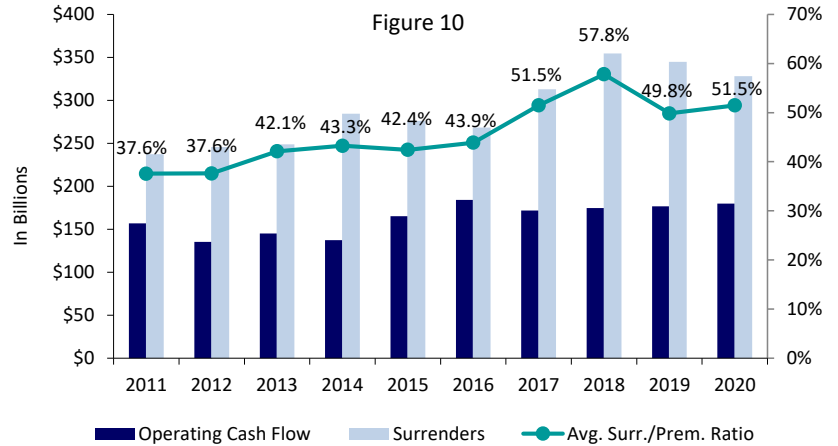


LIQUIDITY

The life industry reported operating cash flow of \$179.7 billion in 2020, up 1.8% (\$3.1 billion) from \$176.6 billion in the prior year. The increase was primarily from a decrease in commissions of 8.3% (\$12.7 billion) and a decrease in benefits and loss payments of 1.5% (\$10.2 billion). Concurrently, miscellaneous income decreased 8.9% (\$6.9 billion) and net premium decreased 1.0% (\$6.9 billion).

The industry experienced a 4.9% (\$16.7 billion) decrease in surrender benefits to \$328.1 billion. **Figure 10** shows the industry’s operating cash flow and surrender activity over the past ten years.

The life industry reported \$(208.7) billion in net cash from investment activity as total investment proceeds of \$825.8 billion were surpassed by \$1.0 trillion in total investments acquired. The largest increase in investments acquired was \$114.4 billion in bonds to \$827.7 billion and \$16.2 billion in stocks to \$43.8 billion.



Net cash from financing activity increased 494.6% (\$52.8 billion) to \$63.5 billion mostly from a \$22.3 billion increase in other cash applied to \$42.7 billion and a \$15.6 billion increase in net deposit-type contracts to \$25.6 billion.

SEPARATE ACCOUNTS

Table 8 - Separate Accounts

<i>\$ In Millions</i>	% Change ▲	2020 ▲	2019
Totals Revenue	(15.4%)	\$537,723	\$635,594
Net premiums	5.6%	\$198,621	\$188,056
Net investment income and capital gains and losses	(24.2%)	\$339,574	\$448,248
Total Benefits and Expenses	2.6%	\$271,993	\$265,183
Death benefits	5.6%	\$9,041	\$8,560
Annuity benefits	6.3%	\$29,387	\$27,649
Surrender benefits and withdrawals for life contracts	(5.2%)	\$211,646	\$223,232
Fees for charges for investment mgt, admin and guarantees	1.7%	\$37,786	\$37,156
Increase in aggregate reserve for life and A&H contracts	(30.4%)	\$211,504	\$304,009
Increase in liability for deposit-type contracts	(41.0%)	\$18,570	\$31,498
Net gain from operations	(28.2%)	(\$576)	(\$802)
Surplus	19.4%	\$3,517	\$2,946
Assets	8.9%	\$3,084,832	\$2,833,387
Liabilities	8.9%	\$3,084,831	\$2,833,387
CARVM Allowance	1.3%	(\$26,875)	(\$27,215)

The life industry reported an 8.9% increase in separate account assets to \$3.1 trillion at Dec. 31, 2020. Likewise, total separate account liabilities increased 8.9% to \$3.1 trillion. Aggregate separate account reserves for life, annuity and A&H products increased 8.5% (\$214.2 billion) to \$2.7 trillion and liability for deposit-type contracts increased 7.4% (\$16.5 billion) to \$239.5 billion.

Net investment income and capital gains and losses decreased to \$339.6 billion compared to \$448.2 billion for 2019.0 Net gain from operations decreased 28.2% (\$225.8 million) to \$(576.0) million.

Separate account fees increased 1.7% to \$37.8 billion from \$37.2 billion at Dec. 31, 2019. The ratio of separate account fees to separate account assets decreased to 1.2% from 1.3% and the industry's CARVM allowance increased 1.3% to \$(26.9) billion. Separate account surplus increased 19.4% (\$571.5 million) to \$3.5 billion compared to year-end 2019.

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DISCLAIMER

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