

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 an increase in overall profitability from year-end 2020 of 94.6% to \$33.8 billion.
- Direct written premiums and deposits increased 7.6% to \$1.1 trillion largely due to a \$35.2 billion (12.1%) increase in annuities to \$326.3 billion, and a \$28.0 billion (11.0%) increase in deposit-type contracts to \$282.7 billion.
- The industry’s total capital and surplus increased 8.6% to \$489.6 billion compared to prior year-end.
- Total net admitted assets increased 6.3% to \$8.7 trillion compared to prior year-end.

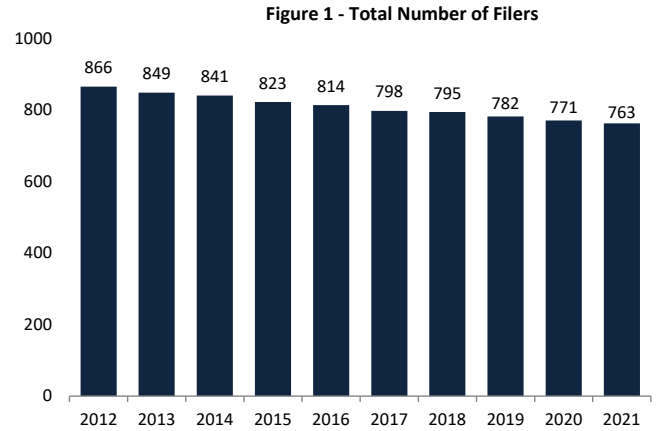
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Table 1 - Financial Synopsis: December 31, 2021-2012
Life and Accident & Health Insurance Industry

(\$ In Billions)	Change	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Operations											
Direct Written Premium	7.6%	\$1,113.0	\$1,034.3	\$968.3	\$909.6	\$859.0	\$836.3	\$826.6	\$788.6	\$782.1	\$829.8
Life Direct Written Premium	9.0%	\$210.1	\$192.8	\$193.3	\$185.4	\$187.0	\$179.3	\$177.7	\$170.9	\$169.1	\$178.3
A&H Direct Written Premium	2.1%	\$216.6	\$212.1	\$206.2	\$197.7	\$191.4	\$180.4	\$172.7	\$168.9	\$183.4	\$180.3
Annuities	12.1%	\$326.3	\$291.1	\$302.0	\$277.0	\$247.0	\$254.3	\$264.9	\$261.3	\$248.6	\$272.6
Other Considerations	(7.7)%	\$77.3	\$83.7	\$69.0	\$82.8	\$74.4	\$79.0	\$76.0	\$71.1	\$77.8	\$91.0
Deposits	11.0%	\$282.7	\$254.6	\$197.8	\$166.7	\$159.2	\$143.3	\$135.5	\$116.4	\$103.2	\$107.7
Assumed Premium	24.9%	\$198.1	\$158.6	\$171.7	\$167.5	\$127.0	\$115.6	\$147.0	\$82.0	\$99.5	\$89.7
Ceded Premium	26.7%	\$391.1	\$308.8	\$253.0	\$282.4	\$223.9	\$193.8	\$191.1	\$103.6	\$199.4	\$151.5
Net Earned Premium	2.2%	\$649.7	\$635.9	\$691.9	\$613.5	\$607.8	\$611.9	\$651.1	\$657.8	\$590.7	\$653.0
Net Investment Income	8.8%	\$203.6	\$187.2	\$187.4	\$186.3	\$182.7	\$176.0	\$172.8	\$174.8	\$170.5	\$169.4
Benefits	8.0%	\$345.5	\$319.8	\$308.2	\$295.2	\$285.3	\$274.9	\$266.8	\$254.0	\$265.5	\$255.7
Commissions & Gen. Expenses	5.6%	\$138.9	\$131.5	\$141.8	\$127.4	\$127.0	\$132.1	\$118.5	\$113.7	\$114.3	\$112.2
Operating Income	48.0%	\$41.5	\$28.0	\$46.5	\$34.7	\$45.4	\$46.9	\$40.9	\$35.5	\$54.4	\$49.0
Realized Gains/(Losses)	28.2%	(\$7.6)	(\$10.6)	(\$6.7)	(\$4.4)	(\$6.2)	(\$11.3)	(\$3.4)	(\$1.2)	(\$11.9)	(\$9.5)
Net Income/(Loss)	94.6%	\$33.8	\$17.4	\$39.7	\$29.6	\$38.5	\$34.9	\$36.8	\$33.7	\$41.8	\$38.9
Net Cash From Operations	(32.0)%	\$123.1	\$180.9	\$176.7	\$174.6	\$171.8	\$184.0	\$165.2	\$137.4	\$145.1	\$135.2
Number of Filers	(1.0)%	763	771	782	795	798	814	823	841	849	866
Capital and Surplus											
Unrealized Gains/(Losses)	773.4%	\$14.8	\$1.7	\$16.0	(\$4.6)	\$4.0	(\$2.7)	(\$10.5)	\$23.0	(\$3.9)	\$5.2
Capital and Surplus	8.6%	\$489.6	\$450.9	\$439.0	\$415.6	\$409.2	\$395.3	\$380.5	\$364.8	\$341.2	\$333.2
Stockholder Dividends	26.4%	(\$40.4)	(\$31.9)	(\$34.8)	(\$44.3)	(\$36.5)	(\$43.7)	(\$33.1)	(\$39.1)	(\$31.0)	(\$22.2)
ROE	3.0 pts.	6.9%	3.9%	9.1%	7.1%	9.4%	8.8%	9.7%	9.2%	12.3%	11.7%
Assets											
Cash & Invested Assets	4.9%	\$5,047.0	\$4,812.7	\$4,497.8	\$4,268.7	\$4,215.2	\$4,031.9	\$3,836.6	\$3,755.5	\$3,596.1	\$3,513.6
Net Adm. Assets (excl. S. A.)	5.0%	\$5,371.7	\$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
Separate Account Assets	8.5%	\$3,347.9	\$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
Total Net Admitted Assets	6.3%	\$8,719.6	\$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
Net Investment Yield	0.1 pts.	4.1%	4.0%	4.3%	4.4%	4.4%	4.5%	4.6%	4.8%	4.8%	4.9%
ROA	0.2 pts.	0.6%	0.4%	0.9%	0.7%	0.9%	0.8%	0.9%	0.9%	1.1%	1.1%

FILINGS

As shown in **Figure 1**, for year-end 2021, a total of 763 companies filed with the NAIC on the life, accident & health annual statement blank. There were 7 companies that reported to be party to a merger, five less than reported in 2020.



PREMIUM

Written Premiums

The life industry reported an increase of 7.6% (\$78.6 billion) in total direct written premium and deposits to \$1.1 trillion in 2021. Total net written premiums and deposits increased 4.1% (\$35.8 billion) to \$920.0 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 26.7% or \$82.3 billion, of which the largest increase was seen in the annuities line of business, with an increase of 66.8% or \$71.2 billion to \$134.5 billion for 2021, and a 19.6% or \$22.0 billion) increase in the life insurance line of business. The majority of the change in ceded premium is reflected in 17 companies with increases or decreases of more than \$5 billion. Of the 609 companies that reported ceded premiums, 57 companies with over \$100 million in ceded premiums reported changes of over 25% from 2020.

Total assumed premium increased 24.9%, or \$39.5 billion, primarily driven by a combination of the annuities, life, and other lines of business, which increased \$22.5 billion, \$13.6 billion, and \$11.9 billion, respectively, for 2021.

Life Insurance

The life insurance line of business reported a 5.9% or \$8.9 billion increase to \$159.1 billion on a net basis due to a combination of the \$13.6 billion increase in assumed premiums and a \$22.0 billion increase in ceded premium for 2021.

Deposit-type Contracts

Deposit-type contracts of \$269.7 billion experienced a 9.4%, or \$23.2 billion, increase over 2020, and a 151.0% increase over the \$107.4 million reported in 2012.

Table 2 — Total Written Premium by LOB

(\$ in Billions)

	% Chg.	\$ Chg.	2021	2020
Life Insurance				
Direct Premium	9.0%	\$17.3	\$210.1	\$192.8
Assumed Premium	19.5%	\$13.6	\$83.4	\$69.8
Gross Premium	11.8%	\$30.9	\$293.6	\$262.7
Ceded Premiums	19.6%	\$22.0	\$134.5	\$112.5
Net Premium	5.9%	\$8.9	\$159.1	\$150.2
Annuity Considerations				
Direct Premium	12.1%	\$35.2	\$326.3	\$291.1
Assumed Premium	45.0%	\$22.5	\$72.6	\$50.1
Gross Premium	16.9%	\$57.8	\$398.9	\$341.1
Ceded Premiums	66.8%	\$71.2	\$177.8	\$106.6
Net Premium	(5.7)%	(\$13.4)	\$221.1	\$234.6
A&H Insurance				
Direct Premium	2.1%	\$4.5	\$216.6	\$212.1
Assumed Premium	(24.6)%	(\$8.9)	\$27.2	\$36.1
Gross Premium	(1.8)%	(\$4.4)	\$243.8	\$248.2
Ceded Premiums	(13.0)%	(\$7.8)	\$51.9	\$59.7
Net Premium	1.8%	\$3.4	\$191.9	\$188.5
Other				
Direct Premium	(7.7)%	(\$6.4)	\$77.3	\$83.7
Assumed Premium	1,138.6%	\$11.9	\$13.0	\$1.0
Gross Premium	6.5%	\$5.5	\$90.3	\$84.8
Ceded Premiums	(40.8)%	(\$8.3)	\$12.0	\$20.3
Net Premium	21.4%	\$13.8	\$78.2	\$64.4
Deposit-type Contracts				
Direct Premium	11.0%	\$28.0	\$282.7	\$254.6
Assumed Premium	20.3%	\$0.3	\$1.9	\$1.5
Gross Premium	11.1%	\$28.3	\$284.5	\$256.2
Ceded Premiums	53.3%	\$5.2	\$14.8	\$9.7
Net Premium	9.4%	\$23.2	\$269.7	\$246.5

Annuities

Net premiums for annuity considerations decreased 5.7%, or \$13.4 billion, to \$221.1 billion for year-end 2021. The decrease in net premiums for 2021 was attributed to a combination of a 45.0% (\$22.5 billion) increase in assumed premiums and a 66.8% (\$71.2 billion) increase in ceded premiums, compared to year-end 2020.

Table 3 - Premiums by State

(\$ in Millions)	Life Insurance Premiums			Annuity Considerations			A&H Insurance Premiums			Other Considerations			Deposit-Type Contracts		
State	% Chg	2021	2020	% Chg	2021	2020	% Chg	2021	2020	% Chg	2021	2020	% Chg	2021	2020
Alabama	7%	\$2,856	\$2,664	22%	\$3,933	\$3,233	6%	\$2,018	\$1,902	9%	\$499	\$460	14%	\$301	\$264
Alaska	27%	\$560	\$440	14%	\$402	\$353	1%	\$291	\$288	8%	\$271	\$251	(25%)	\$28	\$37
Arizona	9%	\$3,030	\$2,776	17%	\$7,498	\$6,431	5%	\$4,727	\$4,482	9%	\$2,055	\$1,881	11%	\$505	\$454
Arkansas	21%	\$1,453	\$1,200	28%	\$2,074	\$1,621	3%	\$1,199	\$1,164	(4%)	\$277	\$289	201%	\$413	\$137
California	8%	\$21,019	\$19,483	6%	\$27,927	\$26,392	(6%)	\$14,904	\$15,910	9%	\$11,147	\$10,223	0%	\$3,303	\$3,297
Colorado	9%	\$3,171	\$2,906	14%	\$6,439	\$5,630	4%	\$4,575	\$4,381	8%	\$1,354	\$1,254	128%	\$6,121	\$2,684
Connecticut	9%	\$2,841	\$2,601	14%	\$5,482	\$4,827	1%	\$3,293	\$3,250	(47%)	\$1,683	\$3,184	(1%)	\$13,701	\$13,882
Delaware	36%	\$2,089	\$1,533	(10%)	\$2,406	\$2,681	11%	\$1,005	\$902	(54%)	\$554	\$1,206	21%	\$84,352	\$69,547
Dist. Columbia	13%	\$461	\$409	(19%)	\$623	\$772	13%	\$1,279	\$1,133	(16%)	\$433	\$514	36%	\$698	\$512
Florida	13%	\$12,143	\$10,732	17%	\$25,681	\$21,909	(1%)	\$17,895	\$18,141	(5%)	\$2,917	\$3,084	(16%)	\$1,317	\$1,574
Georgia	9%	\$5,937	\$5,450	15%	\$7,963	\$6,895	(0%)	\$9,671	\$9,696	(55%)	\$2,162	\$4,814	(11%)	\$1,684	\$1,883
Hawaii	9%	\$919	\$842	18%	\$1,609	\$1,361	4%	\$1,392	\$1,333	2%	\$347	\$339	(8%)	\$78	\$84
Idaho	17%	\$766	\$655	(2%)	\$1,319	\$1,339	3%	\$936	\$912	78%	\$444	\$250	34%	\$105	\$78
Illinois	9%	\$7,910	\$7,262	13%	\$12,713	\$11,218	3%	\$7,050	\$6,847	14%	\$4,146	\$3,623	24%	\$4,623	\$3,734
Indiana	7%	\$3,223	\$3,010	12%	\$6,699	\$5,993	4%	\$5,503	\$5,274	(10%)	\$818	\$910	(36%)	\$1,368	\$2,152
Iowa	1%	\$2,202	\$2,183	22%	\$4,003	\$3,282	1%	\$1,591	\$1,578	(10%)	\$5,930	\$6,599	10%	\$12,112	\$11,023
Kansas	4%	\$1,599	\$1,536	10%	\$2,679	\$2,439	(3%)	\$4,014	\$4,147	(1%)	\$356	\$360	75%	\$2,116	\$1,209
Kentucky	5%	\$1,799	\$1,715	11%	\$3,366	\$3,024	0%	\$1,905	\$1,896	(19%)	\$559	\$692	72%	\$477	\$277
Louisiana	8%	\$2,640	\$2,439	13%	\$4,164	\$3,677	7%	\$2,671	\$2,498	36%	\$920	\$679	(17%)	\$272	\$327
Maine	7%	\$494	\$462	37%	\$1,613	\$1,175	2%	\$1,003	\$986	2%	\$192	\$187	5%	\$71	\$67
Maryland	8%	\$3,498	\$3,243	(4%)	\$6,103	\$6,337	10%	\$4,408	\$4,008	11%	\$1,211	\$1,095	(10%)	\$771	\$853
Massachusetts	16%	\$4,569	\$3,937	10%	\$8,938	\$8,132	9%	\$4,541	\$4,164	(7%)	\$3,146	\$3,375	16%	\$2,634	\$2,272
Michigan	5%	\$5,218	\$4,992	9%	\$12,980	\$11,887	2%	\$3,871	\$3,794	11%	\$1,692	\$1,523	(63%)	\$980	\$2,635
Minnesota	4%	\$5,375	\$5,149	19%	\$6,663	\$5,613	6%	\$2,113	\$1,988	4%	\$2,406	\$2,313	(2%)	\$862	\$879
Mississippi	17%	\$1,550	\$1,324	11%	\$1,806	\$1,620	12%	\$1,887	\$1,691	8%	\$195	\$180	(33%)	\$94	\$141
Missouri	9%	\$3,265	\$3,003	17%	\$7,167	\$6,147	3%	\$4,907	\$4,781	(39%)	\$1,152	\$1,886	10%	\$679	\$619
Montana	(1%)	\$458	\$463	37%	\$697	\$508	5%	\$484	\$460	64%	\$225	\$137	(53%)	\$41	\$89
Nebraska	34%	\$1,587	\$1,182	16%	\$2,258	\$1,950	(2%)	\$1,601	\$1,633	21%	\$505	\$417	70%	\$674	\$396
Nevada	15%	\$1,479	\$1,291	13%	\$2,298	\$2,041	5%	\$1,582	\$1,502	31%	\$564	\$430	(4%)	\$178	\$185
New Hampshire	12%	\$746	\$665	9%	\$2,442	\$2,234	15%	\$901	\$786	(1%)	\$517	\$524	(31%)	\$122	\$177
New Jersey	5%	\$7,279	\$6,915	3%	\$12,931	\$12,517	3%	\$9,095	\$8,840	(16%)	\$2,247	\$2,674	(12%)	\$1,447	\$1,636
New Mexico	2%	\$722	\$707	2%	\$1,257	\$1,228	(23%)	\$935	\$1,210	(34%)	\$297	\$450	(17%)	\$131	\$158
New York	5%	\$13,444	\$12,826	2%	\$20,181	\$19,718	8%	\$12,861	\$11,879	(23%)	\$6,434	\$8,335	5%	\$99,508	\$95,023
North Carolina	22%	\$6,323	\$5,177	31%	\$10,752	\$8,237	(1%)	\$6,995	\$7,036	(8%)	\$1,244	\$1,347	1%	\$843	\$838
North Dakota	18%	\$585	\$497	26%	\$950	\$756	3%	\$355	\$345	22%	\$217	\$178	9%	\$156	\$143
Ohio	11%	\$5,949	\$5,365	10%	\$13,302	\$12,073	1%	\$8,063	\$7,951	(4%)	\$1,921	\$2,001	34%	\$27,685	\$20,621
Oklahoma	8%	\$1,657	\$1,536	29%	\$2,409	\$1,872	1%	\$1,865	\$1,845	(24%)	\$414	\$546	(50%)	\$210	\$419
Oregon	5%	\$1,430	\$1,363	10%	\$2,788	\$2,540	2%	\$2,475	\$2,418	(4%)	\$1,363	\$1,420	3%	\$225	\$218
Pennsylvania	11%	\$7,579	\$6,853	8%	\$17,425	\$16,092	2%	\$8,874	\$8,664	9%	\$3,031	\$2,792	(25%)	\$2,571	\$3,451
Rhode Island	52%	\$747	\$491	14%	\$1,402	\$1,228	1%	\$547	\$540	(7%)	\$162	\$174	51%	\$187	\$124
South Carolina	8%	\$2,663	\$2,477	27%	\$5,276	\$4,160	(7%)	\$4,373	\$4,698	2%	\$369	\$363	(15%)	\$267	\$313
South Dakota	32%	\$1,519	\$1,153	27%	\$865	\$679	3%	\$462	\$448	309%	\$604	\$148	6%	\$375	\$353
Tennessee	7%	\$3,655	\$3,414	14%	\$6,488	\$5,711	10%	\$4,563	\$4,129	(7%)	\$1,376	\$1,474	(5%)	\$924	\$970
Texas	8%	\$14,326	\$13,230	19%	\$22,467	\$18,840	5%	\$19,753	\$18,806	(3%)	\$3,052	\$3,133	(24%)	\$3,113	\$4,100
Utah	11%	\$1,737	\$1,558	12%	\$2,890	\$2,576	7%	\$1,619	\$1,507	29%	\$568	\$440	640%	\$1,749	\$236
Vermont	9%	\$278	\$256	19%	\$695	\$584	(0%)	\$415	\$416	(51%)	\$113	\$229	(0%)	\$77	\$77
Virginia	13%	\$4,986	\$4,424	16%	\$7,598	\$6,525	3%	\$5,754	\$5,567	15%	\$1,363	\$1,185	(18%)	\$805	\$981
Washington	18%	\$3,330	\$2,833	17%	\$6,290	\$5,387	5%	\$4,048	\$3,873	6%	\$1,914	\$1,800	(17%)	\$434	\$524
West Virginia	16%	\$776	\$668	13%	\$1,406	\$1,245	(1%)	\$893	\$902	(30%)	\$169	\$243	(35%)	\$113	\$173
Wisconsin	9%	\$3,337	\$3,062	(4%)	\$6,303	\$6,532	(0%)	\$4,055	\$4,063	(12%)	\$1,148	\$1,300	(36%)	\$893	\$1,405
Wyoming	9%	\$324	\$298	17%	\$470	\$403	5%	\$428	\$409	18%	\$77	\$65	(2%)	\$28	\$29
American Samoa	15%	\$4	\$3	300%	\$0	\$0	(22%)	\$0	\$0	0%	\$0	\$0	0%	\$0	\$0
Guam	(12%)	\$58	\$66	145%	\$17	\$7	(9%)	\$121	\$134	88%	\$8	\$4	(34%)	\$1	\$1
Puerto Rico	4%	\$584	\$561	33%	\$1,045	\$785	1%	\$833	\$826	8%	\$95	\$88	(16%)	\$24	\$29
U.S. Virgin Islands	1%	\$30	\$29	(20%)	\$9	\$12	3%	\$265	\$257	79%	\$8	\$4	405%	\$1	\$0
Northern Mariana Islands	(6%)	\$8	\$8	(39%)	\$0	\$0	9%	\$43	\$39	0%	\$0	\$0	0%	\$0	\$0
Canada	5%	\$495	\$473	2%	\$19	\$19	5%	\$414	\$395	103%	\$45	\$22	27%	\$77	\$61
Aggregate other alien	12%	\$1,855	\$1,659	(39%)	\$66	\$109	(8%)	\$1,339	\$1,454	(34%)	\$243	\$366	(98%)	\$17	\$1,007

Table 3, on the previous page, illustrates state detail for 2021 and 2020, 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 a net earned basis, the industry reported a 2.2% (\$13.8 billion) increase in net earned premium to \$649.7 billion. **Table 4** shows a breakdown of net earned premium by line of business for 2021 and 2020.

Annuities

Total net annuity considerations decreased 2.8%, or \$8.5 billion, to \$290.5 billion for 2021. The decrease was primarily driven by a 27.3%, or \$26.5 billion, decrease in variable annuities with guarantees, partially offset by a 48.3%, or \$15.0 billion, increase in indexed annuities. Variable annuities with and without guarantees accounted for 47.8% of total annuity considerations.

Life Insurance

Total net life insurance premiums increased 7.6% to \$150.2 billion for year-end 2021. Whole life and term life accounted for 67.1% of total life insurance premiums. Term life decreased 2.4%, or \$0.8 billion and whole life increased 12.4%, or \$7.5 billion, both compared to year-end 2020.

A&H

Total net A&H premiums increased 3.1%, or \$5.7 billion, for year-end 2021. The largest increase was seen in disability income, which increased 15.1%, or \$3.5 billion, while the largest decrease was seen in group comprehensive, which decreased 5.8%, or \$2.3 billion, both compared to 2020.

Table 4 – Net Premiums by Line of Business

(\$ in Billions)	% Chg.	\$ Chg.	2021	2020
Indexed Annuities	48.3%	\$15.0	\$46.2	\$31.2
Life Contingent Payout	16.0%	\$4.6	\$33.7	\$29.1
Fixed Annuities	-13.9%	(\$7.8)	\$48.7	\$56.6
Other Annuities	-19.2%	(\$5.5)	\$23.0	\$28.5
Variable Annuities w/out Guar	20.6%	\$11.7	\$68.3	\$56.6
Variable Annuities w/ Guar	-27.3%	(\$26.5)	\$70.6	\$97.1
Total Annuities	-2.8%	(\$8.5)	\$290.5	\$299.0
Universal Life with Secondary Guar	20.8%	\$1.1	\$6.2	\$5.2
Indexed Life	13.9%	\$1.9	\$15.9	\$14.0
YRT Mortality Risk Only	-9.2%	(\$0.6)	\$5.8	\$6.4
Credit Life	8.2%	\$0.0	\$0.6	\$0.5
Other Group Life	9.3%	\$0.1	\$1.3	\$1.2
Industrial Life	391.3%	\$0.1	\$0.1	\$0.0
Universal Life	1.7%	\$0.0	\$1.5	\$1.5
Other Individual Life	4.2%	\$0.1	\$3.5	\$3.4
Variable Universal Life	21.8%	\$2.2	\$12.4	\$10.2
Variable Life	-37.7%	(\$1.2)	\$1.9	\$3.1
Term Life	-2.4%	(\$0.8)	\$33.2	\$34.0
Whole Life	12.4%	\$7.5	\$67.6	\$60.1
Total Life Insurance	7.6%	\$10.6	\$150.2	\$139.6
Long-Term Care	20.5%	\$1.7	\$9.8	\$8.1
Federal Employees Health Ben	10.3%	\$0.1	\$1.4	\$1.3
Credit A&H	2.9%	\$0.0	\$0.6	\$0.6
Vision Only	2.5%	\$0.0	\$1.9	\$1.8
Title XIX Medicaid	-5.7%	(\$0.2)	\$4.0	\$4.3
Individual Comprehensive	-17.4%	(\$0.7)	\$3.3	\$4.0
Medicare Supplement	2.8%	\$0.6	\$21.6	\$21.0
Dental Only	-2.1%	(\$0.3)	\$13.5	\$13.8
Disability Income	15.1%	\$3.5	\$26.8	\$23.3
Title XVIII Medicare	7.5%	\$2.4	\$34.9	\$32.5
Other Health	2.4%	\$0.9	\$36.6	\$35.8
Group Comprehensive	-5.8%	(\$2.3)	\$37.6	\$39.9
Total A&H	3.1%	\$5.7	\$192.0	\$186.3

INVESTMENT INCOME

Net investment income increased 8.8% (\$16.5 billion), to \$203.6 billion in 2021 compared to \$187.2 billion in 2020. The increase was driven by the following:

- Investment income from other invested assets increased \$18.0 billion to \$28.6 billion
- Investment income from derivatives increased \$3.1 billion to \$7.4 billion

- Investment income from unaffiliated other bonds increased \$1.8 billion to \$133.7 billion
- Investment income from mortgage loans increased \$1.2 billion to \$27.2 billion

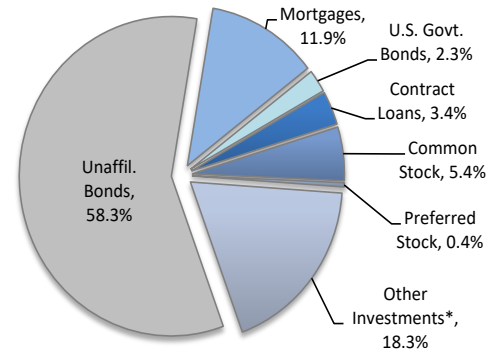
The industry’s invested asset portfolio increased 4.9% to \$5.0 trillion at year-end 2021. **Figure 2** illustrates net investment income by asset class.

The Other Investments category*, seen in **Figure 2**, increased to 18.3% of total investment income, from 13.1% at year-end 2020, primarily from a 4.7-point increase in BA invested assets to 12.4%.

The industry’s net investment yield increased 0.1 percentage point to 4.1% as seen in **Figure 3**. In 2021, the Federal Reserve held the federal funds interest rate at 0.25%. In 2022, the Federal Reserve increased the federal funds interest rate as follows:

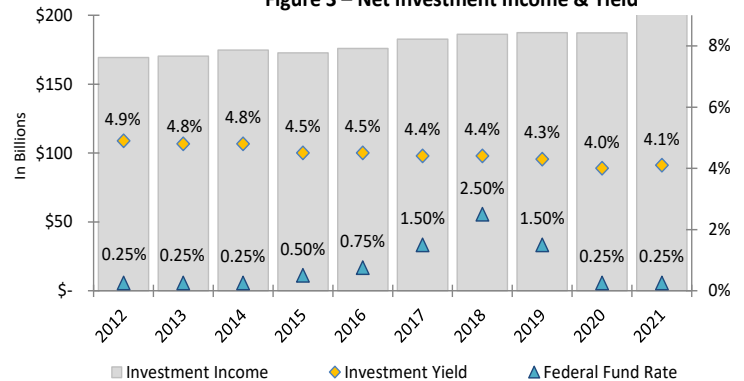
- March 17—to 0.50% from 0.25%
- May 5—to 1.00% from 0.50%

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 \$33.8 billion in 2021 compared to \$17.4 billion for 2020, a \$16.4 billion increase. The largest increase was seen in premiums, which increased \$14.2 billion to \$649.8 billion for year-end 2021. The changes are shown on **Table 5**.

Table 5 - Changes in Net Income / (Loss)

<i>\$ In Billions</i>	% Change	\$ Change	2021	2020
Premiums	2.2%	\$14.2	\$649.8	\$635.6
Net Investment Income	2.1%	\$3.9	\$193.7	\$189.7
Reserve Adjustments on Reins Ceded	141.2%	\$32.3	\$9.4	(\$22.9)
Total Revenues	7.6%	\$68.9	\$976.0	\$907.1
Surrender Benefits & Withdrawals for Life Contracts	12.0%	\$39.5	\$367.7	\$328.1
Death Benefits	10.8%	\$10.0	\$102.0	\$92.0
Increase in Agg Reserves for Life and A&H Contracts	-18.9%	(\$19.5)	\$83.7	\$103.2
Commissions & Exp Allowances on Reins Assumed	-3.5%	(\$0.6)	\$16.6	\$17.2
Net Transfers To or (From) S.A. Net of Reins	-8.9%	(\$6.2)	(\$76.3)	(\$70.0)
Total Expenses	6.1%	\$51.5	\$896.6	\$845.1
Federal and Foreign Income Taxes Incurred	61.2%	\$3.1	\$8.2	\$5.1
Net Realized Capital Gains/(Losses)	28.3%	\$3.0	(\$7.6)	(\$10.6)
Net Income/(Loss)	64.0%	\$17.6	\$45.1	\$27.5

** unadjusted basis

Realized losses in derivative instruments were \$16.9 billion for 2021 compared to realized losses of \$5.0 billion for 2020. Concurrently, unaffiliated other bonds reported realized gains of \$15.5 billion compared to gains of \$8.9 billion for 2020. 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 \$47.9 billion net income, a 98.5% (\$23.7 billion) increase compared to year-end 2020. Variable annuities with guarantees was the largest line of annuity business, which reported a 178.8% improvement in operating gains to \$47.9 billion for year-end 2021. The operating losses reported in the annuities line of business was indexed annuities, which reported a \$9.8 billion operating loss, and variable annuities without guarantees, which reported a \$0.8 billion operating loss.

Life Insurance

Total life insurance reported a \$4.0 billion operating gain, a 44.9%, or \$3.3 billion decrease compared to year-end 2020. Whole life reported the largest operating gain of \$14.3 billion, while term life reported the largest operating loss of \$4.0 billion, both for 2021.

Accident & Health

Total A&H reported an 8.3% decrease in operating gains to \$20.4 billion for 2021. The largest operating gain for A&H was \$9.3 billion reported in other health.

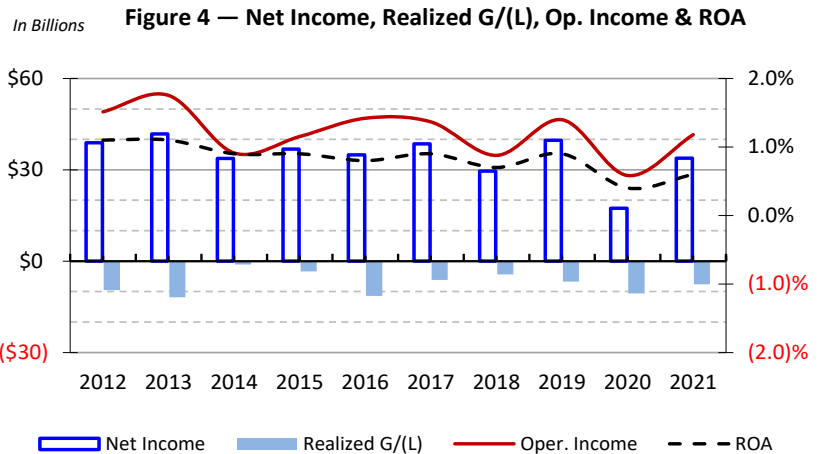


Table 6 – Operating Gain/Loss by Line of Business

(\$ in Billions)	% Chg.	\$ Chg.	2021	2020
Indexed Annuities	-621.7%	(\$8.5)	(\$9.8)	(\$1.4)
Life Contingent Payout	833.5%	\$4.0	\$4.4	\$0.5
Fixed Annuities	170.2%	\$2.6	\$4.1	\$1.5
Other Annuities	9.5%	\$0.2	\$2.7	\$2.5
Variable Annuities w/out Guar	-120.6%	(\$4.9)	(\$0.8)	\$4.0
Variable Annuities w/ Guar	178.8%	\$30.3	\$47.3	\$17.0
Total Annuities	98.5%	\$23.7	\$47.9	\$24.1
Universal Life with Secondary Guar	50.7%	\$4.0	(\$3.9)	(\$7.9)
Indexed Life	10.1%	\$0.2	(\$2.2)	(\$2.4)
YRT Mortality Risk Only	-76.7%	(\$0.7)	(\$1.6)	(\$0.9)
Credit Life	-198.4%	(\$0.1)	(\$0.1)	\$0.1
Other Group Life	-164.6%	(\$0.1)	(\$0.0)	\$0.1
Industrial Life	0.2%	\$0.0	\$0.1	\$0.1
Universal Life	-46.4%	(\$0.2)	\$0.2	\$0.3
Other Individual Life	37.8%	\$0.2	\$0.7	\$0.5
Variable Universal Life	-61.9%	(\$0.3)	\$0.2	\$0.5
Variable Life	-29.3%	(\$0.2)	\$0.5	\$0.6
Term Life	-519.8%	(\$5.0)	(\$4.0)	\$1.0
Whole Life	-7.5%	(\$1.1)	\$14.3	\$15.4
Total Life Insurance	-44.9%	(\$3.3)	\$4.0	\$7.3
Long-Term Care	810.8%	\$1.1	\$1.3	\$0.1
Federal Employees Health Ben	-50.1%	(\$0.1)	\$0.1	\$0.1
Credit A&H	-16.7%	(\$0.0)	\$0.1	\$0.1
Vision Only	-18.5%	(\$0.1)	\$0.3	\$0.3
Title XIX Medicaid	-4.6%	(\$0.0)	\$0.4	\$0.4
Individual Comprehensive	-77.7%	(\$0.6)	\$0.2	\$0.7
Medicare Supplement	-33.5%	(\$0.3)	\$0.7	\$1.0
Dental Only	-32.7%	(\$0.6)	\$1.3	\$1.9
Disability Income	12.2%	\$0.3	\$3.0	\$2.7
Title XVIII Medicare	-37.9%	(\$1.1)	\$1.8	\$2.8
Other Health	12.6%	\$1.0	\$9.3	\$8.3
Group Comprehensive	-44.0%	(\$1.6)	\$2.0	\$3.6
Total A&H	-8.3%	(\$1.8)	\$20.4	\$22.2

ASSETS

The life industry reported an 6.3% increase in total net admitted assets at Dec. 31, 2021, to \$8.7 trillion. The increase was primarily in separate accounts, which increased 8.5% to \$3.4 trillion and accounted for 38.4% of total net admitted assets. Over the past five years, the industry has seen significant increases in several invested asset classes (excluding separate accounts) 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)	2021 % of Total	2017 % of Total	5-Yr % Chg	1-Yr % Chg	2021	2020	2017
Bonds	70.3%	73.3%	14.7%	4.3%	\$3,545.6	\$3,399.1	\$3,090.0
Common Stock	2.2%	2.3%	14.0%	16.4%	\$108.7	\$93.4	\$95.4
Preferred Stock	0.4%	0.3%	85.6%	32.8%	\$20.6	\$15.5	\$11.1
Mortgage Loans	12.7%	11.6%	31.1%	6.6%	\$640.4	\$600.8	\$488.6
Real Estate	0.5%	0.6%	(4.1)%	(0.6)%	\$22.8	\$23.0	\$23.8
Cash & S/T Investments	3.0%	2.6%	37.9%	(5.7)%	\$148.9	\$157.9	\$108.0
Derivatives	1.9%	1.4%	65.0%	(20.4)%	\$96.8	\$121.7	\$58.7
BA Assets	5.8%	4.2%	67.1%	24.2%	\$293.0	\$235.9	\$175.3
Other Invested Assets	3.4%	3.9%	3.5%	2.8%	\$170.1	\$165.5	\$164.3
Total Invested Assets	100.0%	100.0%	19.7%	4.9%	\$5,047.0	\$4,812.7	\$4,215.2

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—\$170.2 billion
- other affiliated assets (Parent, Subs, and Affiliates)—\$127.0 billion
- affiliated bonds—\$43.0 billion

Figure 5 — Affiliated Investments

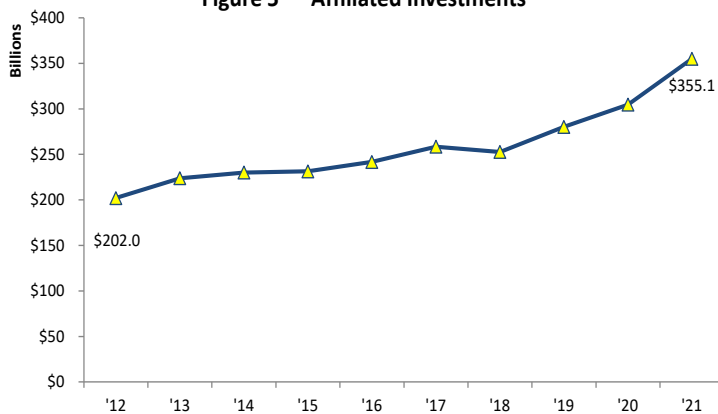
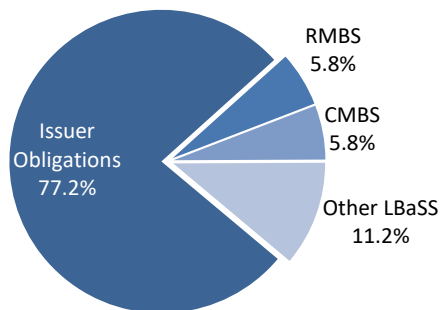


Figure 6 – Bond Allocation



As seen in **Figure 6**, the majority of the industry’s bond portfolio is comprised of industrial and miscellaneous bonds, at 77.2%.

The industry’s allocation of long-term bonds is shown in **Figure 7**, with the majority (80.1%) being issuer obligations. The industry’s holdings of noninvestment-grade bonds slightly decreased 0.8% (\$1.6 billion) and represented 5.9% of total bonds at Dec. 31, 2021. 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 32.3% of the holdings at

year-end 2021 due to mature in five years or less compared with 33.7% at year-end 2020. Bonds with a maturity of ten years or later represented 40.4% of total bonds. **Figure 8** illustrates bond distribution by maturity.

Figure 7 – Long Term Bond Allocation

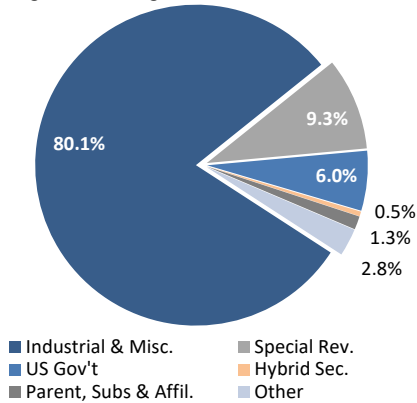
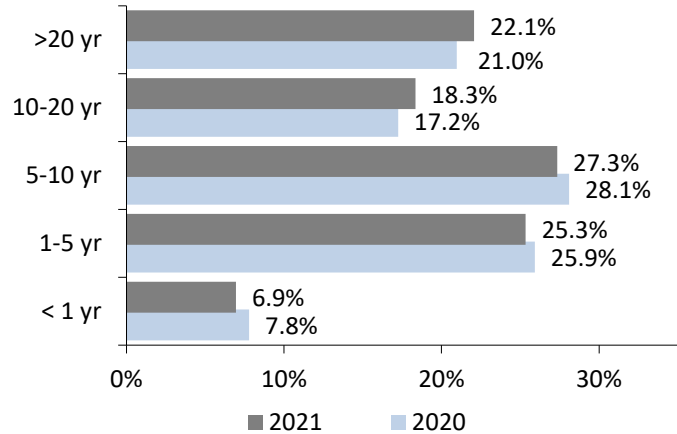


Figure 8 – % of Total Bonds Held by Maturity



LIABILITIES

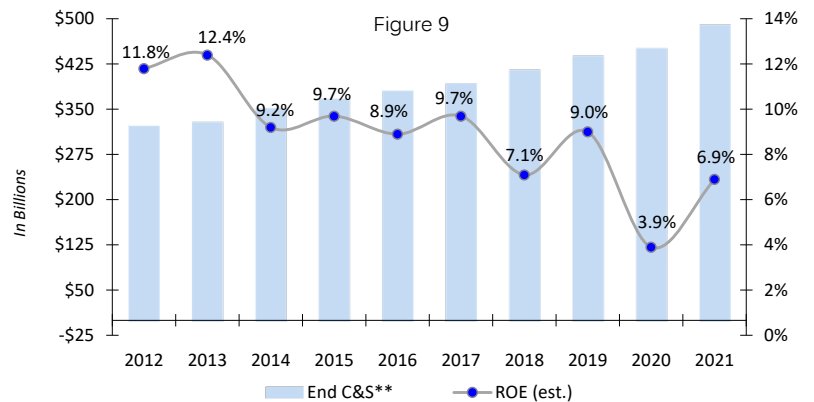
The life industry reported a 6.2% (\$482.2 billion) increase in total liabilities to \$8.2 trillion at year-end 2021. The largest increases were in the following:

- 2.1% (\$67.0 billion) increase in reserves for life contracts to \$3.2 trillion.
- 33.6% (\$61.3 billion) increase in funds held under reinsurance treaties with unauthorized reinsurers to \$243.6 billion.
- 13.0% (\$50.2 billion) increase in liability for deposit-type contracts to \$436.7 billion.
- 23.2% (\$18.2 billion) increase in asset valuation reserve to \$96.5 billion.
- Partially offset by a 26.5% (\$21.3 billion) decrease in derivative liabilities to \$59.2 billion.

CAPITAL AND SURPLUS

The life industry’s capital and surplus increased by 8.6% to \$489.6 billion compared to \$451.0 billion at Dec. 31, 2020, due primarily to the \$41.5 billion net income discussed on page 5 and \$21.0 billion capital paid in, mostly offset by dividends paid to stockholders of \$40.4 billion.

As seen in **Figure 9**, the industry’s return on equity (ROE) increased to 6.9% from 3.9% in 2020 due mainly to the industry’s increase in net income.



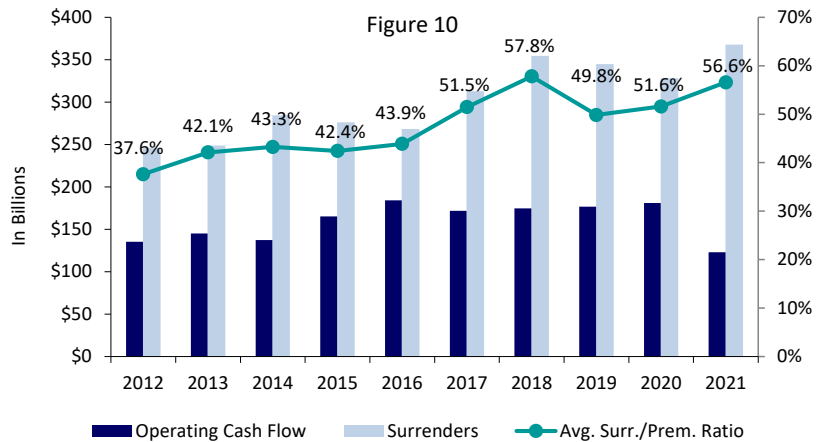
LIQUIDITY

The life industry reported operating cash flow of \$123.1 billion in 2021, down 32.0% (\$57.9 billion) from \$180.9 billion in the prior year. The decline was primarily from an increase in benefits and loss payments of 13.0% (\$86.0 billion) and an increase in commissions of 3.1% (\$4.3 billion). Transfers to separate accounts was \$(84.4) billion compared to \$(73.7)

billion for 2020, partially offsetting the decline.

The industry experienced a 12.0% (\$39.5 billion) increase in surrender benefits to \$367.6 billion. **Figure 10** shows the industry’s operating cash flow and surrender activity over the past ten years.

The life insurance industry reported \$(218.2) billion in net cash from investment activity as total investment proceeds of \$1.1 trillion were surpassed by \$1.3 trillion in total investments acquired. The largest increase in investments acquired was \$152.5 billion in bonds to \$980.1 billion, partially offset by a decrease of \$0.4 billion in stocks to \$43.4 billion.



Net cash from financing activity increased 38.2% (\$23.8 billion) to \$86.2 billion mostly from a \$17.8 billion increase in net deposit-type contracts to \$43.4 billion and a \$4.3 billion increase in capital and paid-in surplus to \$17.6 billion.

SEPARATE ACCOUNTS

Table 8 - Separate Accounts

<i>\$ In Millions</i>	<i>% Change</i>	2021	2020
Totals Revenue	13.7%	\$606,883	\$533,892
Net premiums	15.0%	\$226,907	\$197,268
Net investment income and capital gains and losses	10.5%	\$372,368	\$337,096
Total Benefits and Expenses	11.5%	\$301,257	\$270,234
Death benefits	17.7%	\$10,497	\$8,922
Annuity benefits	17.5%	\$34,514	\$29,386
Surrender benefits and withdrawals for life contracts	15.9%	\$242,956	\$209,584
Fees for charges for investment mgt, admin and guarantees	10.0%	\$41,406	\$37,643
Increase in aggregate reserve for life and A&H contracts	13.8%	\$238,533	\$209,576
Increase in liability for deposit-type contracts	51.7%	\$28,179	\$18,570
Net gain from operations	151.2%	(\$1,447)	(\$576)
Surplus	39.7%	\$4,913	\$3,517
Assets	8.5%	\$3,347,927	\$3,084,832
Liabilities	8.6%	\$3,318,934	\$3,056,383
CARVM Allowance	(2.1%)	(\$27,452)	(\$26,875)

The life insurance industry reported an 8.5% increase in separate account assets to \$3.3 trillion at Dec. 31, 2021. Likewise, total separate account liabilities increased 8.6% to \$3.3 trillion. Aggregate separate account reserves for life, annuity and A&H products increased 8.9% (\$240.7 billion) to \$3.0 trillion and the liability for deposit-type contracts increased 10.9% (\$26.0 billion) to \$265.5 billion.

Net investment income and capital gains and losses increased to \$372.4 billion compared to \$337.1 billion for 2020. Net gain from operations decreased 151.2% (\$871.0 million) to \$(1.5) billion.

Separate account fees increased 10.0% to \$41.4 billion from \$37.6 billion at Dec. 31, 2020. The ratio of separate account fees to separate account assets remained flat at 1.2% and the industry's CARVM allowance increased 1.2% to \$(27.5) billion. Separate account surplus increased 39.7% (\$1.4 billion) to \$4.9 billion compared to year-end 2020.

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DISCLAIMER

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