

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 2024.
- Overall, the life industry reported \$18 billion of net income, a 7% increase compared to the first six months of 2023.
- Net premiums and deposits increased 11% to \$592 billion. Total direct premiums increased 15% to \$700 billion, assumed premiums increased 6% to \$87 billion, and ceded premiums increased 22% to \$196 billion.
- Life industry cash and invested assets increased 3% to \$5 trillion.
- The industry’s total capital and surplus increased slightly by 1% to \$507 billion compared to prior year-end, mainly driven by \$17 billion of net income, partially offset by \$21 billion in stockholders’ dividends.
- Net cash from operations for the life industry increased by 9% to \$106 billion.
- Total separate account assets increased 5% to \$3 trillion.

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Table 1 - Life and Accident & Health Entities

Financial Synopsis: June 30, 2024-2020

(\$ In Millions)	Change	2Q 2024	2Q 2023	2Q 2022	2Q 2021	2Q 2020
Direct Written Premium and Deposits	15%	\$700,445	\$610,020	\$586,966	\$552,662	\$513,490
Life Direct Written Premium	2%	\$107,856	\$106,176	\$106,791	\$102,294	\$94,078
A&H Direct Written Premium	6%	\$123,269	\$116,077	\$107,288	\$107,786	\$105,460
Annuities	23%	\$258,447	\$210,575	\$175,819	\$156,148	\$134,215
Deposits & Other DPW	19%	\$210,874	\$177,193	\$197,069	\$186,434	\$179,738
Net Earned Premium	12%	\$429,311	\$384,556	\$346,216	\$351,205	\$314,756
Net Investment Income	11%	\$121,290	\$109,260	\$105,254	\$100,447	\$98,920
General Expenses	4%	\$39,130	\$37,776	\$34,697	\$33,974	\$32,972
Operating Income	(24)%	\$19,491	\$25,813	\$23,944	\$31,782	\$1,000
Realized Gains/(Losses)	79%	(\$1,936)	(\$9,379)	\$360	(\$12,058)	\$7,676
Net Income/(Loss)	7%	\$17,555	\$16,465	\$24,588	\$19,724	\$8,672
Unrealized Gains/(Losses)	61%	\$5,804	\$3,595	(\$15,885)	\$12,127	\$13,671
ROA (Annualized)	0.0 pts	0.4%	0.4%	0.6%	0.5%	0.2%
Net Investment Yield	0.4 pts	4.6%	4.2%	4.3%	4.1%	4.2%

PREMIUM

Written Premiums

The life industry reported a 15% (\$90 billion) increase in direct written premiums and deposits to \$700 billion for the first six months of 2024. Net written premiums and deposits increased 11% (\$60 billion) to \$592 billion. **Table 2** illustrates total direct, assumed, ceded, and net written premiums by line of business for a year-over-year comparison.

Life Insurance

Gross premiums for life insurance decreased 1% (\$1 billion) to \$138 billion. Both assumed and ceded premiums decreased by 8% (\$3 billion) and 5% (\$3 billion), respectively. Direct premiums increased 2% (\$2 billion) to \$108 billion, compared to first six months of 2023. Net life insurance premiums increased 2% (\$2 billion) to \$87 billion. The industry retention rate on life insurance premiums increased 2 percentage point to 63%.

Annuities

Gross annuity considerations increased 19% (\$45 billion) to \$284 billion. Direct premiums increased by 23% (\$48 billion) and assumed premiums decreased by 9% (\$3 billion). Ceded premiums increased 31% (\$22 billion) compared to first six months of 2023. Total net annuity consideration increased 14% (\$24 billion) to \$193 billion for second quarter 2024. The industry retention rate on annuities decreased 3 percentage points to 68%.

A&H

Gross A&H premiums increased by 11% (\$15 billion) to \$148 billion. Both direct and assumed premiums increased by 6% (\$7 billion) and 48% (\$8 billion), respectively. Ceded premiums also increased 44% (\$12 billion) to \$40 billion, and total net A&H premiums increased 3% (\$3 billion) to \$107 billion. The industry retention rate on A&H decreased 6 percentage points to 73%.

Deposit-Type Contracts

Gross deposits-type contract funds increased 16% (\$23 billion) to \$171 billion driven by a 14% (\$21 billion) increase in direct deposits. Assumed and ceded premiums increased by 250% (\$3 billion), and 374% (\$5 billion), respectively. Total net deposits increased by 12% (\$18 billion) to \$164 billion. The industry retention rate on deposits decreased 3 percentage points to 96%.

Other Considerations

Gross other considerations increased 37% (\$12 billion) to \$46 billion driven by a 41% (\$13 billion) increase in direct other considerations and a \$351 million decrease in assumed other considerations. Ceded other considerations decreased 21% (\$1 billion) for a total net other considerations increase of 52% (\$14 billion) to \$41 billion.

Table 2 -- Total Written Premium by LOB

(\$ in Billions)

Direct Premiums	% Chg.	2Q'24	2Q'23
Life Insurance	2%	\$107.9	\$106.2
Annuity Considerations	23%	\$258.4	\$210.6
A&H Insurance	6%	\$123.3	\$116.1
Deposit-type Contracts	14%	\$167.2	\$146.3
Other Considerations	41%	\$43.7	\$30.9
Total	15%	\$700.4	\$610.0

Assumed Premium	% Chg.	2Q'24	2Q'23
Life Insurance	(8)%	\$30.5	\$33.2
Annuity Considerations	(9)%	\$26.0	\$28.6
A&H Insurance	47%	\$24.4	\$16.6
Deposit-type Contracts	250%	\$3.5	\$1.0
Other Considerations	(14)%	\$2.2	\$2.6
Total	6%	\$86.7	\$82.0

Ceded Premium	% Chg.	2Q'24	2Q'23
Life Insurance	(5)%	\$51.4	\$54.0
Annuity Considerations	31%	\$91.7	\$70.0
A&H Insurance	44%	\$40.3	\$28.1
Deposit-type Contracts	374%	\$7.0	\$1.5
Other Considerations	(21)%	\$5.3	\$6.7
Total	22%	\$195.7	\$160.2

Net Premium	% Chg.	2Q'24	2Q'23
Life Insurance	2%	\$87.0	\$85.4
Annuity Considerations	14%	\$192.8	\$169.1
A&H Insurance	3%	\$107.4	\$104.6
Deposit-type Contracts	12%	\$163.7	\$145.8
Other Considerations	52%	\$40.7	\$26.8
Total	11%	\$591.5	\$531.8

Earned Premiums

On an earned basis, the industry reported a 12% (\$45 billion) increase in net premiums and deposits to \$429 billion. As shown in **Figure 1**, there were no significant changes in the industry’s direct earned premium allocation by sector from mid-year 2023 to 2024.

Figure 1 — Direct Earned Premiums & Deposits by Sector

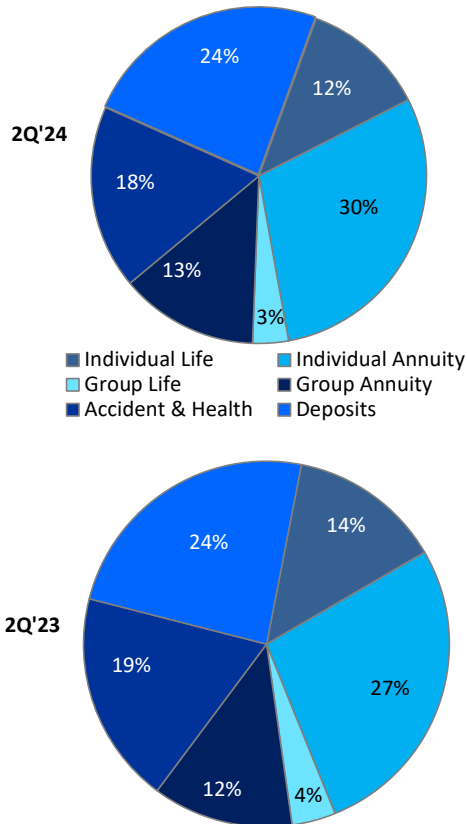


Table 3 – Top Five States - Change in Direct Written Premiums by Line of Business (Based on \$ Change in Millions)

TOTAL							
Increases			Decreases				
	% Chg	\$ Chg	2Q'24		% Chg	\$ Chg	
DE	29%	\$11,936	\$53,418	CT	(25%)	(\$3,821)	\$11,423
CA	16%	\$7,415	\$53,061	OH	(1%)	(\$400)	\$37,015
TX	20%	\$7,067	\$41,619	CO	(1%)	(\$72)	\$13,257
WI	77%	\$6,784	\$15,574	DC	(4%)	(\$66)	\$1,782
IA	49%	\$4,582	\$13,987	MP	(19%)	(\$5)	\$21

LIFE							
Increases			Decreases				
	% Chg	\$ Chg	2Q'24		% Chg	\$ Chg	
HI	68%	\$292	\$725	OH	(10%)	(\$357)	\$3,049
TX	2%	\$174	\$7,812	NY	(3%)	(\$218)	\$6,635
FL	3%	\$166	\$6,319	MN	(4%)	(\$110)	\$2,569
GA	6%	\$163	\$3,114	DE	(10%)	(\$103)	\$958
AK	35%	\$117	\$449	CA	(1%)	(\$101)	\$10,527

ANNUITIES							
Increases			Decreases				
	% Chg	\$ Chg	2Q'24		% Chg	\$ Chg	
TX	34%	\$4,795	\$18,716	KS	(19%)	(\$405)	\$1,710
FL	22%	\$3,734	\$20,806	AS	(86%)	(\$0)	\$0
NY	25%	\$3,436	\$17,040	MP	(95%)	(\$0)	\$0
OH	29%	\$2,487	\$11,104	GU	22%	\$1	\$8
PA	20%	\$2,249	\$13,321	VI	72%	\$4	\$10

A&H							
Increases			Decreases				
	% Chg	\$ Chg	2Q'24		% Chg	\$ Chg	
CA	11%	\$935	\$9,262	IL	(1%)	(\$59)	\$4,746
AL	40%	\$499	\$1,760	NH	(5%)	(\$27)	\$513
TX	4%	\$417	\$10,435	ME	(3%)	(\$17)	\$596
MO	17%	\$416	\$2,807	MD	(1%)	(\$15)	\$2,391
GA	10%	\$408	\$4,540	DC	(1%)	(\$4)	\$569

OTHER							
Increases			Decreases				
	% Chg	\$ Chg	2Q'24		% Chg	\$ Chg	
CA	111%	\$4,174	\$7,935	DE	(81%)	(\$423)	\$100
UT	416%	\$2,330	\$2,890	CT	(31%)	(\$236)	\$524
IA	91%	\$1,750	\$3,681	NE	(62%)	(\$211)	\$129
TX	117%	\$1,517	\$2,808	NJ	(20%)	(\$187)	\$763
WA	143%	\$931	\$1,583	NY	(7%)	(\$182)	\$2,262

DEPOSIT-TYPE CONTRACTS							
Increases			Decreases				
	% Chg	\$ Chg	2Q'24		% Chg	\$ Chg	
DE	30%	\$11,294	\$48,700	CT	(62%)	(\$4,181)	\$2,553
WI	1492%	\$5,370	\$5,729	OH	(13%)	(\$2,594)	\$17,753
IA	73%	\$2,366	\$5,593	CO	(26%)	(\$1,422)	\$4,099
IL	52%	\$2,018	\$5,898	IN	(43%)	(\$920)	\$1,203
FL	-13%	(\$104)	\$704	UT	(29%)	(\$314)	\$750

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 2024 when compared to the same period in 2023.

Delaware reported the largest increase on a total basis followed by California. Delaware was primarily driven by an increase in deposit-type contracts while California was driven by A&H and other considerations. Connecticut reported the largest decrease on a total basis followed by Ohio. Delaware and Iowa were driven by a decrease in deposit type contracts.

INVESTMENT INCOME

Net investment income increased 11% (\$12 billion) to \$121 billion through the first half of 2024. Concurrently, the industry’s annualized net investment yield increased 0.4 percentage points to 4.6% as seen in **Figure 2**.

The Federal Reserve raised the federal funds interest rate four times in 2023, and seven times in 2022. Prior to this year, the Federal Reserve had not adjusted the federal funds interest rate since March 2020. The most recent rate change in 2024 was in September, where the rate decreased to 4.75% - 5.0%.

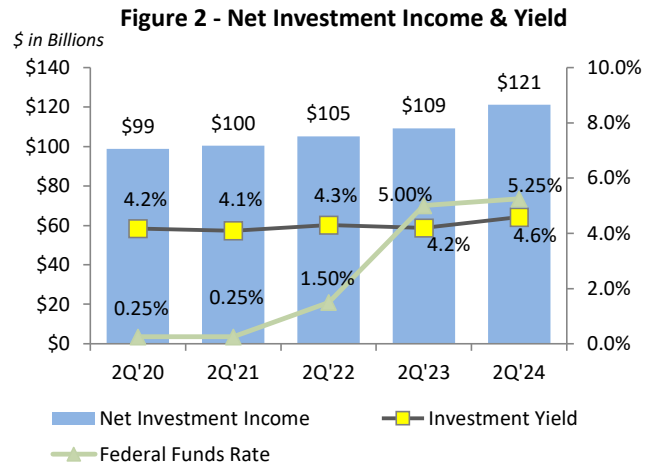


Table 4 – Asset Concentration

(\$ Change in Billions)	% Chg. Over 5 Years	% Chg from PYE	2Q'24	YE'23	2Q'23	2Q'22	2Q'21	2Q'20
Bonds*	12%	2%	\$3,648	\$3,580	\$3,591	\$3,541	\$3,418	\$3,265
Preferred Stock*	39%	0%	\$17	\$17	\$17	\$18	\$16	\$12
Common Stock*	15%	4%	\$43	\$41	\$41	\$43	\$44	\$38
Mortgages*	26%	2%	\$740	\$723	\$700	\$669	\$609	\$587
Real Estate	2%	(1)%	\$22	\$23	\$23	\$23	\$23	\$22
BA Assets	65%	4%	\$355	\$341	\$334	\$310	\$264	\$216
Cash	(1)%	(4)%	\$143	\$148	\$116	\$102	\$130	\$144
Short-term Investments	(25)%	4%	\$44	\$42	\$39	\$31	\$35	\$58

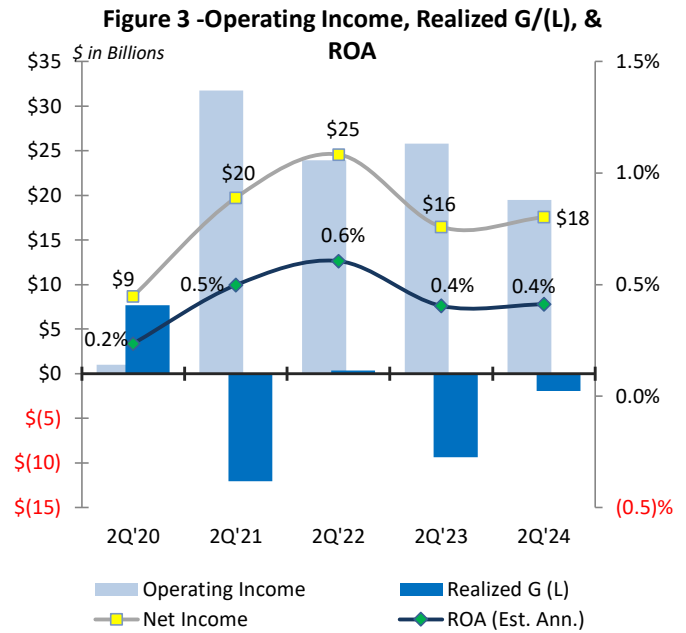
*adjusted to exclude affiliated amounts

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, 2024. **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% (\$382 billion) increase in adjusted bonds, a 26% (\$153 billion) increase in adjusted mortgages, and a 65% (\$140 billion) increase in BA assets. Investment grade bonds accounted for 95% of total bonds as of June 30, 2024, unchanged compared to year-end 2023.

OPERATIONS

Net operating income decreased 24% to \$19 billion from \$26 billion. Net Earned premiums, annuity considerations and deposit contributed to net operating income with an increase of 12% to \$429 billion. Reserve adjustments on reinsurance ceded decreased 107% to \$(593) million. Aggregate reserves for life and accident and health contracts increased \$63 billion in the first six months of 2024, compared to \$57 billion increase through the second quarter 2023. Net income increased 7% (\$1 billion) as the industry reported net income of \$17 billion for the first six months of 2024. The life industry reported realized capital losses of \$2 billion through the second quarter of 2024 impacting net income.

As illustrated in **Figure 3**, the industry reported \$2 billion in realized capital losses for the first six months of 2024. The industry’s return on assets (ROA) remained flat at 0.4% at June 30, 2024. The ROA has been below 1% for the past five years, as seen in **Figure 3**.



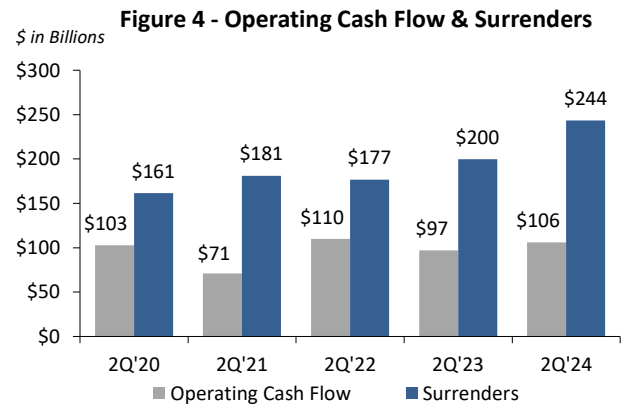
LIQUIDITY

The life industry reported a 9% (\$9 billion) increase in operating cash flow to \$106 billion in the first half of 2024 from \$97 billion in the comparable period of 2023. The largest contributing factors to the increase was a 9% (\$34 billion) increase in premiums collected net of reinsurance, partially offset by a 15% (\$58 billion) increase in benefits and loss-related payments.

Surrender benefits through June 30, 2024, increased 22% (\$44 billion) to \$244 billion compared to \$200 billion in through mid-year 2023. Surrenders have shown an increasing trend over the past five years from \$161 billion for the same period in 2020. See **Figure 4**.

Net cash from investments decreased 58% (\$50 billion), remaining negative, for a net cash outflow of \$136 billion compared to \$86 billion outflow for the same period of 2023. The negative result was attributed to a \$116 billion increase in bond acquisition and a \$14 billion increase in mortgage loan acquisition, partially offset by a \$63 billion increase in proceeds from bonds.

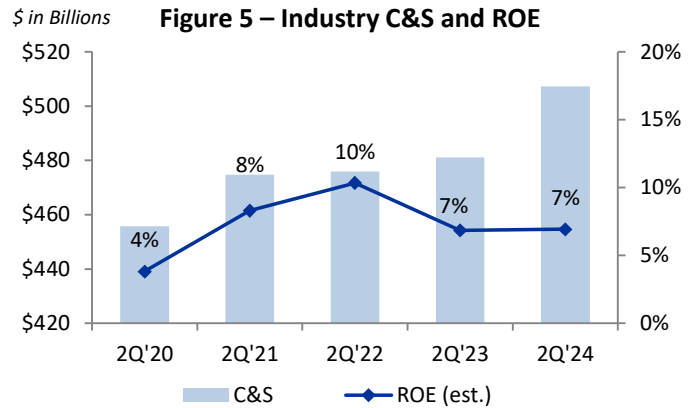
The life industry reported a net cash from financing activities cash in-flow of \$26 billion in the first half of 2024 compared to a net in-flow of \$126 million in the first six months of 2023. The \$26 billion increase was mainly due to a \$7 billion increase in net deposits on deposit-type contracts and other insurance liabilities applied to \$23 billion.



CAPITAL AND SURPLUS

The life industry’s capital and surplus increased 1.2% (\$6 billion) to \$507 billion at June 30, 2024, from \$501 billion at December 31, 2023, due primarily to an industry net income of \$17 billion, unrealized gains of \$6 billion, paid-in surplus and capital of \$3 billion, partially offset by stockholders’ dividends of \$21 billion.

As illustrated in **Figure 5**, estimated annualized return on equity (ROE) remained flat at 7% through the second quarter of 2024 compared to the same period of 2023.



SEPARATE ACCOUNTS

The industry’s separate account assets increased 5% to approximately \$3 trillion at June 30, 2024, compared to year-end 2023. Looking on a year-end basis, separate account assets have slightly increased over the past five years from \$2.5 billion at year-end 2020. Separate account fee income decreased 6% (\$1 billion) to \$18 billion in the first six months of 2024, compared to the prior-year period. The ratio of separate account fee income to separate account assets decreased slightly to 1.1%.

The life industry’s CARVM allowance increased 1% to negative \$25 billion at second quarter 2024 compared to June 30, 2023.

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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