

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 2022 of 3.8% to \$34.9 billion.
- Direct written premiums and deposits increased 5.3% to \$1.2 trillion largely due to a \$60.1 billion (18.4%) increase in annuities to \$386 billion.
- The industry’s total capital and surplus decreased 2.1% to \$479.2 billion compared to prior year-end, largely due to \$34.5 billion in unrealized capital losses and a 12.7% increase in stockholder dividends.
- Total net admitted assets decreased 4.6% to \$8.3 trillion compared to prior year-end.

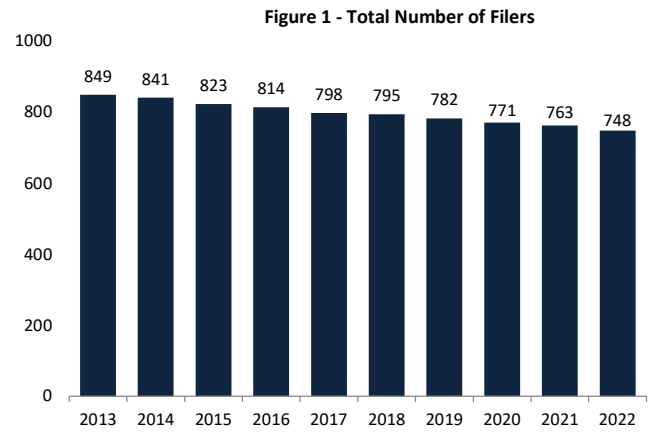
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Table 1 - Financial Synopsis: December 31, 2022-2013
Life and Accident & Health Insurance Industry

(\$ In Billions)	Change	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Operations											
Direct Written Premium	5.3%	\$1,172.0	\$1,112.6	\$1,034.3	\$968.3	\$909.6	\$859.0	\$836.3	\$826.6	\$788.6	\$782.1
Life Direct Written Premium	1.6%	\$213.5	\$210.1	\$192.8	\$193.3	\$185.4	\$187.0	\$179.3	\$177.7	\$170.9	\$169.1
A&H Direct Written Premium	(1.3)%	\$213.7	\$216.6	\$212.1	\$206.2	\$197.7	\$191.4	\$180.4	\$172.7	\$168.9	\$183.4
Annuities	18.4%	\$386.0	\$325.9	\$291.1	\$302.0	\$277.0	\$247.0	\$254.3	\$264.9	\$261.3	\$248.6
Other Considerations	(0.5)%	\$76.9	\$77.3	\$83.7	\$69.0	\$82.8	\$74.4	\$79.0	\$76.0	\$71.1	\$77.8
Deposits	(0.3)%	\$282.0	\$282.7	\$254.6	\$197.8	\$166.7	\$159.2	\$143.3	\$135.5	\$116.4	\$103.2
Assumed Premium	1.2%	\$200.5	\$198.1	\$158.6	\$171.7	\$167.5	\$127.0	\$115.6	\$147.0	\$82.0	\$99.5
Ceded Premium	(2.2)%	\$382.2	\$390.7	\$308.8	\$253.0	\$282.4	\$223.9	\$193.8	\$191.1	\$103.6	\$199.4
Net Earned Premium	9.9%	\$714.3	\$649.8	\$635.9	\$691.9	\$613.5	\$607.8	\$611.9	\$651.1	\$657.8	\$590.7
Net Investment Income	(1.0)%	\$201.6	\$203.7	\$187.2	\$187.4	\$186.3	\$182.7	\$176.0	\$172.8	\$174.8	\$170.5
Benefits	(5.4)%	\$327.0	\$345.5	\$319.8	\$308.2	\$295.2	\$285.3	\$274.9	\$266.8	\$254.0	\$265.5
Commissions & Gen. Expenses	1.9%	\$141.5	\$138.9	\$131.5	\$141.8	\$127.4	\$127.0	\$132.1	\$118.5	\$113.7	\$114.3
Operating Income	10.4%	\$45.6	\$41.3	\$28.0	\$46.5	\$34.7	\$45.4	\$46.9	\$40.9	\$35.5	\$54.4
Realized Gains/(Losses)	(39.5)%	(\$10.7)	(\$7.6)	(\$10.6)	(\$6.7)	(\$4.4)	(\$6.2)	(\$11.3)	(\$3.4)	(\$1.2)	(\$11.9)
Net Income/(Loss)	3.8%	\$34.9	\$33.6	\$17.4	\$39.7	\$29.6	\$38.5	\$34.9	\$36.8	\$33.7	\$41.8
Net Cash From Operations	65.1%	\$204.7	\$124.0	\$180.9	\$176.7	\$174.6	\$171.8	\$184.0	\$165.2	\$137.4	\$145.1
Number of Filers	(2.0)%	748	763	771	782	795	798	814	823	841	849
Capital and Surplus											
Unrealized Gains/(Losses)	(328.2)%	(\$34.5)	\$15.1	\$1.7	\$16.0	(\$4.6)	\$4.0	(\$2.7)	(\$10.5)	\$23.0	(\$3.9)
Capital and Surplus	(2.1)%	\$479.2	\$489.4	\$450.9	\$439.0	\$415.6	\$409.2	\$395.3	\$380.5	\$364.8	\$341.2
Stockholder Dividends	(12.7)%	(\$45.5)	(\$40.4)	(\$31.9)	(\$31.9)	(\$34.8)	(\$44.3)	(\$36.5)	(\$43.7)	(\$33.1)	(\$39.1)
ROE	0.4 pts.	7.3%	6.9%	3.9%	9.1%	7.1%	9.4%	8.8%	9.7%	9.2%	12.3%
Assets											
Cash & Invested Assets	3.0%	\$5,197.8	\$5,047.4	\$4,812.7	\$4,497.8	\$4,268.7	\$4,215.2	\$4,031.9	\$3,836.6	\$3,755.5	\$3,596.1
Net Adm. Assets (excl. S. A.)	5.6%	\$5,556.0	\$5,260.0	\$5,118.1	\$4,778.9	\$4,529.9	\$4,465.8	\$4,285.7	\$4,067.7	\$3,979.2	\$3,794.4
Separate Account Assets	(17.4)%	\$2,765.8	\$3,348.2	\$3,084.8	\$2,833.4	\$2,492.5	\$2,743.8	\$2,520.4	\$2,437.9	\$2,447.3	\$2,349.9
Total Net Admitted Assets	(4.6)%	\$8,321.7	\$8,720.2	\$8,203.0	\$7,612.4	\$7,022.4	\$7,209.5	\$6,806.2	\$6,505.6	\$6,402.7	\$6,123.3
Net Investment Yield	(0.2) pts.	3.9%	4.1%	4.0%	4.3%	4.4%	4.4%	4.5%	4.6%	4.8%	4.8%
ROA	0.0 pts.	0.6%	0.6%	0.4%	0.9%	0.7%	0.9%	0.8%	0.9%	0.9%	1.1%

FILINGS

As shown in **Figure 1**, for year-end 2022, a total of 748 companies filed with the NAIC on the life, accident & health annual statement blank. There were 6 companies that reported to be party to a merger; one less than reported in 2021.



PREMIUM

Written Premiums

The life industry reported an increase of 5.3% (\$59.4 billion) in total direct written premium and deposits to \$1.2 trillion in 2022. Total net written premiums and deposits increased 7.6% (\$70.4 billion) to \$990.4 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 decreased 2.2% or \$8.5 billion, of which the largest increase was seen in the life insurance line of business, with a decrease of 11.7% or \$15.7 billion to \$118.5 billion for 2022, and a 46.9% or \$7.0 billion decrease in the deposit-type contracts line of business. The majority of the change in ceded premium is reflected in 13 companies with increases or decreases of more than \$5 billion. Of the 600 companies that reported ceded premiums, 46 companies with over \$100 million in ceded premiums reported changes of over 25% from 2021.

Total assumed premium increased 1.2%, or \$2.4 billion, primarily driven by the accident and health insurance line of business, which increased \$7.2 billion for 2022.

Life Insurance

The life insurance line of business reported a 9.9% or \$15.8 billion increase to \$175.1 billion on a net basis due to a combination of the \$3.2 billion decrease in assumed premiums and a \$15.7 billion decrease in ceded premium for 2022.

Deposit-type Contracts

Deposit-type contracts of \$275.9 billion experienced a 2.3%, or \$6.2 billion, increase over 2021, and a 105.4% increase over the \$134.3 million reported in 2013.

Table 2 — Total Written Premium by LOB

(\$ in Billions)

Life Insurance	% Chg.	\$ Chg.	2022	2021
Direct Premium	1.6%	\$3.3	\$213.5	\$210.1
Assumed Premium	(3.9)%	(\$3.2)	\$80.2	\$83.4
Gross Premium	0.0%	\$0.1	\$293.6	\$293.6
Ceded Premiums	(11.7)%	(\$15.7)	\$118.5	\$134.2
Net Premium	9.9%	\$15.8	\$175.1	\$159.4
Annuity Considerations	% Chg.	\$ Chg.	2022	2021
Direct Premium	18.4%	\$60.1	\$386.0	\$325.9
Assumed Premium	(1.3)%	(\$1.0)	\$71.3	\$72.2
Gross Premium	14.9%	\$59.1	\$457.3	\$398.1
Ceded Premiums	(0.1)%	(\$0.1)	\$177.5	\$177.7
Net Premium	26.9%	\$59.3	\$279.7	\$220.5
A&H Insurance	% Chg.	\$ Chg.	2022	2021
Direct Premium	(1.3)%	(\$2.8)	\$213.7	\$216.6
Assumed Premium	26.4%	\$7.2	\$34.4	\$27.2
Gross Premium	1.8%	\$4.3	\$248.1	\$243.8
Ceded Premiums	11.5%	\$6.0	\$57.8	\$51.9
Net Premium	(0.8)%	(\$1.6)	\$190.3	\$191.9
Other	% Chg.	\$ Chg.	2022	2021
Direct Premium	(0.5)%	(\$0.4)	\$76.9	\$77.3
Assumed Premium	(3.6)%	(\$0.5)	\$12.9	\$13.3
Gross Premium	(1.0)%	(\$0.9)	\$89.8	\$90.6
Ceded Premiums	69.4%	\$8.4	\$20.4	\$12.0
Net Premium	(11.8)%	(\$9.2)	\$69.3	\$78.6
Deposit-type Contracts	% Chg.	\$ Chg.	2022	2021
Direct Premium	(0.3)%	(\$0.7)	\$282.0	\$282.7
Assumed Premium	(4.1)%	(\$0.1)	\$1.8	\$1.9
Gross Premium	(0.3)%	(\$0.8)	\$283.7	\$284.5
Ceded Premiums	(46.9)%	(\$7.0)	\$7.9	\$14.8
Net Premium	2.3%	\$6.2	\$275.9	\$269.7

Annuities

Net premiums for annuity considerations increased 26.9%, or \$59.3 billion, to \$279.7 billion for 2022. The increase in net premiums for 2022 was attributed to an 18.4% (\$60.1 billion) increase in direct premium compared to 2021.

Table 3 - Premiums by State

(\$ in Millions)	Life Insurance Premiums			Annuity Considerations			A&H Insurance Premiums			Other Considerations			Deposit-Type Contracts		
	% Chg	2022	2021	% Chg	2022	2021	% Chg	2022	2021	% Chg	2022	2021	% Chg	2022	2021
Alabama	(8%)	\$2,618	\$2,856	13%	\$4,458	\$3,933	10%	\$2,218	\$2,017	(1%)	\$494	\$499	20%	\$362	\$301
Alaska	20%	\$675	\$560	17%	\$471	\$402	6%	\$307	\$291	49%	\$403	\$271	4%	\$29	\$28
Arizona	2%	\$3,100	\$3,030	25%	\$9,389	\$7,498	(7%)	\$4,394	\$4,727	10%	\$2,256	\$2,055	(5%)	\$479	\$505
Arkansas	(10%)	\$1,303	\$1,453	5%	\$2,170	\$2,074	1%	\$1,213	\$1,199	(5%)	\$262	\$277	(75%)	\$104	\$413
California	1%	\$21,170	\$21,019	28%	\$35,691	\$27,927	7%	\$15,979	\$14,903	(6%)	\$10,480	\$11,147	9%	\$3,596	\$3,303
Colorado	3%	\$3,268	\$3,171	5%	\$6,783	\$6,439	(1%)	\$4,521	\$4,575	7%	\$1,454	\$1,354	(13%)	\$5,344	\$6,121
Connecticut	(2%)	\$2,779	\$2,841	15%	\$6,325	\$5,482	10%	\$3,626	\$3,293	57%	\$2,651	\$1,683	(29%)	\$9,785	\$13,701
Delaware	1%	\$2,108	\$2,089	31%	\$3,161	\$2,406	3%	\$1,032	\$1,005	(52%)	\$267	\$554	(10%)	\$75,651	\$84,352
Dist. Columbia	12%	\$519	\$461	11%	\$694	\$623	(18%)	\$1,043	\$1,279	204%	\$1,316	\$433	64%	\$1,147	\$698
Florida	2%	\$12,442	\$12,143	22%	\$31,298	\$25,681	(11%)	\$15,885	\$17,895	(13%)	\$2,552	\$2,917	0%	\$1,320	\$1,317
Georgia	(1%)	\$5,899	\$5,937	15%	\$9,167	\$7,963	(23%)	\$7,463	\$9,671	23%	\$2,659	\$2,162	17%	\$1,965	\$1,684
Hawaii	8%	\$993	\$919	22%	\$1,967	\$1,609	(25%)	\$1,046	\$1,392	(6%)	\$326	\$347	8%	\$84	\$78
Idaho	1%	\$773	\$766	55%	\$2,049	\$1,319	(28%)	\$674	\$936	(34%)	\$295	\$444	(25%)	\$79	\$105
Illinois	5%	\$8,296	\$7,910	9%	\$13,795	\$12,713	4%	\$7,352	\$7,050	(25%)	\$3,092	\$4,146	(15%)	\$3,945	\$4,623
Indiana	8%	\$3,481	\$3,223	8%	\$7,243	\$6,699	(18%)	\$4,528	\$5,503	6%	\$870	\$818	95%	\$2,664	\$1,368
Iowa	25%	\$2,758	\$2,202	10%	\$4,397	\$4,003	(1%)	\$1,573	\$1,591	(5%)	\$5,652	\$5,930	(24%)	\$9,146	\$12,112
Kansas	(1%)	\$1,589	\$1,599	5%	\$2,801	\$2,679	(0%)	\$3,996	\$4,014	(18%)	\$292	\$356	(2%)	\$2,065	\$2,116
Kentucky	6%	\$1,904	\$1,799	28%	\$4,317	\$3,366	1%	\$1,932	\$1,905	(2%)	\$546	\$559	(8%)	\$437	\$477
Louisiana	3%	\$2,711	\$2,640	18%	\$4,930	\$4,164	(5%)	\$2,545	\$2,671	(29%)	\$654	\$920	(5%)	\$259	\$272
Maine	8%	\$533	\$494	1%	\$1,623	\$1,613	7%	\$1,073	\$1,003	15%	\$220	\$192	3%	\$73	\$71
Maryland	(3%)	\$3,410	\$3,498	15%	\$7,036	\$6,103	(0%)	\$4,396	\$4,408	(13%)	\$1,057	\$1,211	41%	\$1,083	\$771
Massachusetts	(6%)	\$4,289	\$4,569	23%	\$10,990	\$8,938	11%	\$5,028	\$4,541	48%	\$4,662	\$3,146	10%	\$2,904	\$2,634
Michigan	2%	\$5,347	\$5,218	8%	\$14,052	\$12,980	6%	\$4,122	\$3,871	(5%)	\$1,615	\$1,692	41%	\$1,379	\$980
Minnesota	6%	\$5,722	\$5,375	9%	\$7,288	\$6,663	9%	\$2,306	\$2,113	13%	\$2,729	\$2,406	11%	\$960	\$862
Mississippi	(4%)	\$1,492	\$1,550	21%	\$2,190	\$1,806	(4%)	\$1,812	\$1,886	19%	\$233	\$195	(14%)	\$81	\$94
Missouri	1%	\$3,310	\$3,265	17%	\$8,372	\$7,167	(4%)	\$4,722	\$4,908	(3%)	\$1,114	\$1,152	130%	\$1,562	\$679
Montana	(0%)	\$456	\$458	(9%)	\$636	\$697	0%	\$484	\$484	(25%)	\$169	\$225	(6%)	\$39	\$41
Nebraska	(5%)	\$1,515	\$1,587	7%	\$2,414	\$2,258	(0%)	\$1,595	\$1,601	(16%)	\$424	\$505	(44%)	\$378	\$674
Nevada	10%	\$1,626	\$1,479	43%	\$3,281	\$2,298	8%	\$1,712	\$1,582	(13%)	\$489	\$564	(5%)	\$169	\$178
New Hampshire	(3%)	\$720	\$746	11%	\$2,699	\$2,442	2%	\$916	\$901	(23%)	\$397	\$517	343%	\$539	\$122
New Jersey	11%	\$8,054	\$7,279	26%	\$16,285	\$12,931	6%	\$9,650	\$9,095	(15%)	\$1,902	\$2,247	(7%)	\$1,353	\$1,447
New Mexico	6%	\$764	\$722	8%	\$1,352	\$1,257	(23%)	\$720	\$935	(12%)	\$260	\$297	(9%)	\$119	\$131
New York	1%	\$13,578	\$13,444	29%	\$25,961	\$20,181	13%	\$14,481	\$12,861	(16%)	\$5,396	\$6,434	(4%)	\$95,946	\$99,508
North Carolina	(1%)	\$6,248	\$6,323	27%	\$13,699	\$10,752	2%	\$7,110	\$6,996	1%	\$1,252	\$1,244	(12%)	\$744	\$843
North Dakota	3%	\$600	\$585	54%	\$1,460	\$950	4%	\$370	\$355	(20%)	\$173	\$217	61%	\$251	\$156
Ohio	7%	\$6,354	\$5,949	13%	\$15,083	\$13,302	3%	\$8,272	\$8,063	(18%)	\$1,577	\$1,921	48%	\$40,882	\$27,685
Oklahoma	1%	\$1,672	\$1,657	2%	\$2,462	\$2,409	(6%)	\$1,755	\$1,865	8%	\$449	\$414	(4%)	\$201	\$210
Oregon	3%	\$1,467	\$1,430	15%	\$3,207	\$2,788	(15%)	\$2,114	\$2,475	1%	\$1,378	\$1,363	0%	\$226	\$225
Pennsylvania	(2%)	\$7,422	\$7,579	13%	\$19,760	\$17,425	(1%)	\$8,778	\$8,874	32%	\$4,007	\$3,031	(2%)	\$2,532	\$2,571
Rhode Island	(28%)	\$540	\$747	18%	\$1,658	\$1,402	(7%)	\$512	\$547	(8%)	\$148	\$162	(43%)	\$107	\$187
South Carolina	2%	\$2,721	\$2,663	23%	\$6,510	\$5,276	(29%)	\$3,092	\$4,373	6%	\$391	\$369	(21%)	\$211	\$267
South Dakota	(13%)	\$1,321	\$1,519	7%	\$923	\$865	4%	\$481	\$462	9%	\$657	\$604	1%	\$377	\$375
Tennessee	4%	\$3,794	\$3,655	15%	\$7,446	\$6,488	7%	\$4,896	\$4,563	(11%)	\$1,225	\$1,376	(3%)	\$895	\$924
Texas	6%	\$15,146	\$14,326	15%	\$25,830	\$22,467	(1%)	\$19,486	\$19,753	(1%)	\$3,036	\$3,052	2%	\$3,176	\$3,113
Utah	8%	\$1,875	\$1,737	28%	\$3,691	\$2,890	8%	\$1,752	\$1,619	(7%)	\$531	\$568	28%	\$2,240	\$1,749
Vermont	3%	\$286	\$278	91%	\$1,327	\$695	(15%)	\$354	\$415	42%	\$160	\$113	47%	\$113	\$77
Virginia	(3%)	\$4,828	\$4,986	19%	\$9,029	\$7,598	1%	\$5,787	\$5,754	(12%)	\$1,199	\$1,363	5%	\$842	\$805
Washington	5%	\$3,512	\$3,330	3%	\$6,471	\$6,290	(15%)	\$3,429	\$4,048	(7%)	\$1,785	\$1,914	56%	\$675	\$434
West Virginia	(7%)	\$720	\$776	21%	\$1,695	\$1,406	1%	\$906	\$893	11%	\$188	\$169	(13%)	\$98	\$113
Wisconsin	(3%)	\$3,232	\$3,337	21%	\$7,609	\$6,303	26%	\$5,119	\$4,055	0%	\$1,151	\$1,148	(16%)	\$749	\$893
Wyoming	17%	\$379	\$324	29%	\$609	\$470	(3%)	\$417	\$428	(18%)	\$63	\$77	(15%)	\$24	\$28
American Samoa	29%	\$5	\$4	107%	\$0	\$0	63%	\$1	\$0	0%	\$0	\$0	0%	\$0	\$0
Guam	1%	\$58	\$58	(14%)	\$14	\$17	(67%)	\$41	\$121	(29%)	\$6	\$8	(87%)	\$0	\$1
Puerto Rico	4%	\$606	\$584	28%	\$1,342	\$1,045	3%	\$860	\$833	(64%)	\$34	\$95	17%	\$28	\$24
U.S. Virgin Islands	10%	\$33	\$30	31%	\$12	\$9	(4%)	\$254	\$265	(30%)	\$6	\$8	(57%)	\$0	\$1
Northern Mariana Islands	17%	\$9	\$8	16%	\$0	\$0	1%	\$43	\$43	0%	\$0	\$0	0%	\$0	\$0
Canada	2%	\$504	\$495	21%	\$23	\$19	(2%)	\$404	\$414	(16%)	\$38	\$45	(13%)	\$67	\$77
Aggregate other alien	(12%)	\$1,631	\$1,855	67%	\$111	\$66	(4%)	\$1,284	\$1,339	(45%)	\$133	\$243	12,683%	\$2,137	\$17

Table 3, on the previous page, illustrates state details for 2022 and 2021, 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 9.9% (\$64.5 billion) increase in net earned premium to \$714.3 billion. **Table 4** shows a breakdown of net earned premium by line of business for 2022 and 2021.

Annuities

Total net annuity considerations increased 20.2% (\$58.6 billion) to \$349.1 billion for 2022. The increase was primarily driven by an 89.8%, or \$43.8 billion, increase in fixed annuities, and a 27.3% (\$19.2 billion) increase in variable annuities with guarantees, partially offset by a 6.8% (\$4.6 billion) decrease in variable annuities without guarantees. Variable annuities with and without guarantees accounted for 44.0% of total annuity considerations.

Life Insurance

Total net life insurance premiums increased 4.6% to \$157.1 billion for year-end 2022. Whole life and term life accounted for 67.4% of total life insurance premiums. Term life increased 16.3% (\$5.4 billion) and whole life decreased 0.4% (\$0.2 billion) both compared to year-end 2021.

A&H

Total net A&H premiums decreased 1.1% (\$2.2 billion) for year-end 2022. The largest increase was seen in disability income, which increased 18.8% (\$5.0 billion) while the largest decrease was seen in Title XVIII Medicare, which decreased 32.6% (\$11.4 billion) both compared to 2021.

Table 4 – Net Premiums by Line of Business

(\$ in Billions)	% Chg.	\$ Chg.	2022	2021
Indexed Annuities	-7.6%	(\$3.5)	\$42.7	\$46.2
Life Contingent Payout	9.8%	\$3.3	\$37.0	\$33.7
Fixed Annuities	89.8%	\$43.8	\$92.5	\$48.7
Other Annuities	1.7%	\$0.4	\$23.4	\$23.0
Variable Annuities w/out Guar	-6.8%	(\$4.6)	\$63.7	\$68.3
Variable Annuities w/ Guar	27.3%	\$19.2	\$89.8	\$70.6
Total Annuities	20.2%	\$58.6	\$349.1	\$290.5
Universal Life with Secondary Guar	-17.5%	(\$1.1)	\$5.2	\$6.2
Indexed Life	6.8%	\$1.1	\$17.0	\$15.9
YRT Mortality Risk Only	23.0%	\$1.3	\$7.1	\$5.8
Credit Life	-0.4%	(\$0.0)	\$0.6	\$0.6
Other Group Life	-9.0%	(\$0.1)	\$1.2	\$1.3
Industrial Life	-263.7%	(\$0.3)	(\$0.2)	\$0.1
Universal Life	5.0%	\$0.1	\$1.6	\$1.5
Other Individual Life	-5.8%	(\$0.2)	\$3.3	\$3.5
Variable Universal Life	4.5%	\$0.6	\$13.0	\$12.4
Variable Life	23.1%	\$0.4	\$2.4	\$1.9
Term Life	16.3%	\$5.4	\$38.6	\$33.2
Whole Life	-0.4%	(\$0.2)	\$67.3	\$67.6
Total Life Insurance	4.6%	\$6.9	\$157.1	\$150.2
Long-Term Care	-9.1%	(\$0.9)	\$8.9	\$9.8
Federal Employees Health Ben	12.8%	\$0.2	\$1.6	\$1.4
Credit A&H	-0.4%	(\$0.0)	\$0.6	\$0.6
Vision Only	0.8%	\$0.0	\$1.9	\$1.9
Title XIX Medicaid	9.3%	\$0.4	\$4.4	\$4.0
Individual Comprehensive	4.9%	\$0.2	\$3.5	\$3.3
Medicare Supplement	-0.2%	(\$0.0)	\$21.6	\$21.6
Dental Only	6.1%	\$0.8	\$14.3	\$13.5
Disability Income	18.8%	\$5.0	\$31.8	\$26.8
Title XVIII Medicare	-32.6%	(\$11.4)	\$23.5	\$34.9
Other Health	0.3%	\$0.1	\$36.7	\$36.6
Group Comprehensive	9.2%	\$3.5	\$41.1	\$37.6
Total A&H	-1.1%	(\$2.2)	\$189.9	\$192.0

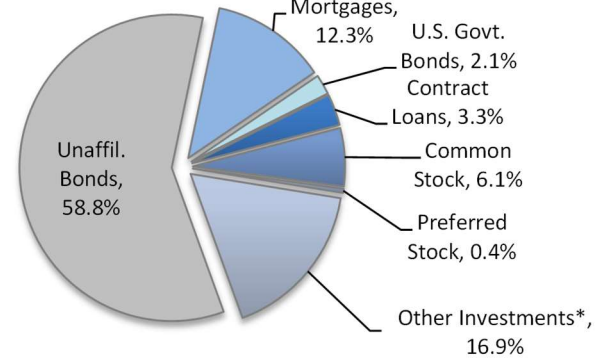
INVESTMENT INCOME

Net investment income decreased 1% (\$2 billion), to \$201.6 billion in 2022 compared to \$203.6 billion in 2021. The increase was driven by the following:

- Investment income from other invested assets decreased \$3.6 billion to \$24.9 billion
- Investment income from derivatives decreased \$2.4 billion to \$5 billion
- Investment income from unaffiliated other bonds increased \$4.1 billion to \$137.8 billion
- Investment income from mortgage loans increased \$1.5 billion to \$28.7 billion

The industry’s invested asset portfolio increased 3% to \$5.2 trillion at year-end 2022. **Figure 2** illustrates net investment income by asset class.

Figure 2 — Net Investment Income Allocation



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

The Other Investments category*, seen in **Figure 2**, decreased to 16.9% of total investment income, from 18.3% at year-end 2021, primarily from a 1.8-point decrease in BA invested assets to 10.6%.

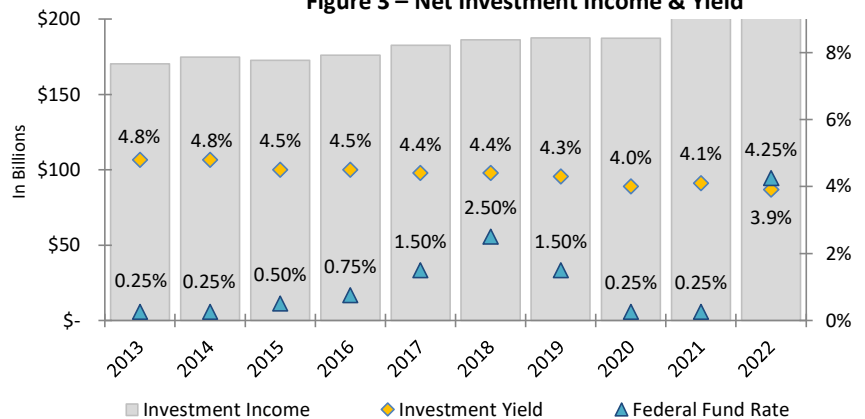
The industry’s net investment yield decreased 0.2 percentage point to 3.9% as seen in **Figure 3**. In 2022, the Federal Reserve increased the federal funds interest rate as follows:

- March 17—to 0.50% from 0.25%
- May 5—to 1.00% from 0.50%
- June 16—to 1.75% from 1.00%
- July 28—to 2.50% from 1.75%
- September 22—to 3.25% from 2.50%
- November 3—to 4.00% from 3.25%
- December 15—to 4.50% from 4.00%

In 2023 (not reflected in the 10-year historical chart), the Federal Reserve increased the federal funds interest rate as follows:

- February 2—to 4.75% from 4.50%
- March 23—to 5.00% from 4.75%
- May 4—to 5.25% from 5.00%

Figure 3 – Net Investment Income & Yield



OPERATIONS

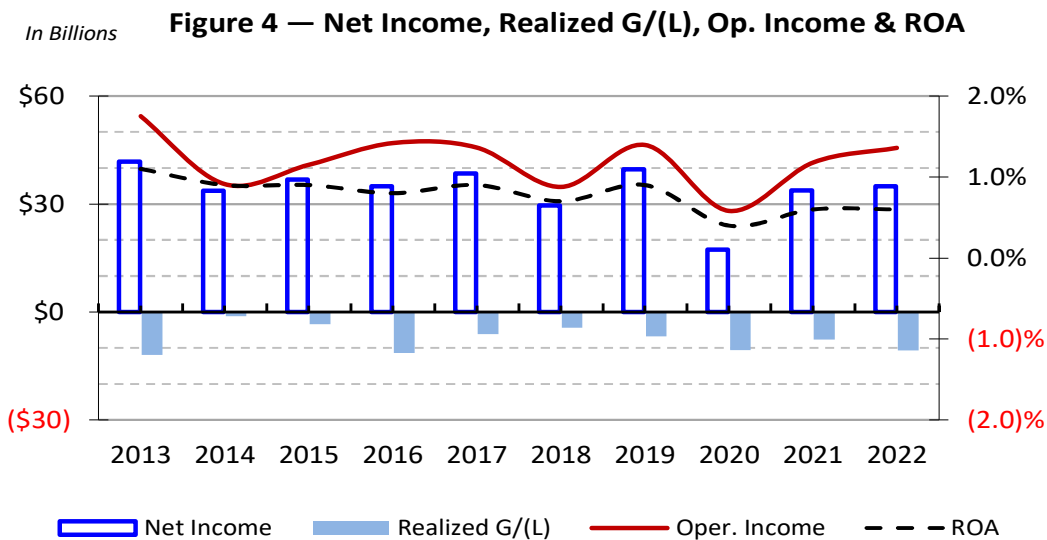
The industry reported profitability of \$34.9 billion in 2022 compared to \$33.8 billion for 2021, a \$1.1 billion increase. The largest increase was seen in premiums, which increased \$68.6 billion to \$714.4 billion for year-end 2022. The changes are shown in **Table 5**.

Table 5 - Changes in Net Income / (Loss)

<i>\$ In Billions</i>	% Change	\$ Change	2022	2021
Premiums	10.6%	\$68.6	\$714.4	\$645.8
Net Investment Income	2.1%	\$3.9	\$193.7	\$189.7
Reserve Adjustments on Reins Ceded	316.0%	\$29.8	\$39.2	\$9.4
Total Revenues	10.0%	\$97.4	\$1,069.4	\$972.0
Surrender Benefits & Withdrawals for Life Contracts	-3.9%	(\$14.4)	\$353.2	\$367.7
Death Benefits	-8.3%	(\$8.5)	\$93.5	\$102.0
Increase in Agg Reserves for Life and A&H Contracts	43.7%	\$36.6	\$120.3	\$83.7
Commissions & Exp Allowances on Reins Assumed	8.6%	\$1.4	\$18.0	\$16.5
Net Transfers To or (From) S.A. Net of Reins	33.0%	\$25.2	(\$51.1)	(\$76.3)
Total Expenses	9.9%	\$88.7	\$981.8	\$893.0
Federal and Foreign Income Taxes Incurred	3.1%	\$0.3	\$8.5	\$8.2
Net Realized Capital Gains/(Losses)	-39.4%	(\$3.0)	(\$10.6)	(\$7.6)
Net Income/(Loss)	7.3%	\$3.3	\$48.0	\$44.7

** unadjusted basis

Realized capital losses in derivative instruments were \$15.0 billion for 2022 compared to realized capital losses of \$16.9 billion for 2021. Concurrently, unaffiliated other bonds reported realized capital losses of \$16.4 billion compared to realized capital gains of \$15.5 million for 2021. The impact realized capital losses have had on net income over the past ten years is depicted in **Figure 4**.



Annuities

The annuities line of business reported net operating gain of \$39.4 billion, a 17.7% (\$8.5 billion) decrease compared to 2021. Indexed annuities was the largest line of annuity business, which reported a 283.2% improvement in operating gains to \$18.0 billion for 2022.

Life Insurance

Total life insurance reported a \$18.6 billion operating gain, a 360.6% (\$14.6 billion) increase compared to 2021. Whole life reported the largest operating gain of \$14.7 billion, while universal life with secondary guarantees reported the largest operating loss of \$3.4 billion, both for 2022.

Accident & Health

Total A&H reported a 10.4% increase in operating gains to \$22.5 billion for 2022. The largest operating gain for A&H was \$9.5 billion reported in other health.

Table 6 – Operating Gain/Loss by Line of Business

(\$ in Billions)	% Chg.	\$ Chg.	2022	2021
Indexed Annuities	283.2%	\$27.9	\$18.0	(\$9.8)
Life Contingent Payout	-100.1%	(\$4.4)	(\$0.0)	\$4.4
Fixed Annuities	35.7%	\$1.5	\$5.5	\$4.1
Other Annuities	30.3%	\$0.8	\$3.5	\$2.7
Variable Annuities w/out Guar	209.7%	\$1.7	\$0.9	(\$0.8)
Variable Annuities w/ Guar	-76.0%	(\$36.0)	\$11.4	\$47.3
Total Annuities	-17.7%	(\$8.5)	\$39.4	\$47.9
Universal Life with Secondary Guar	11.9%	\$0.5	(\$3.4)	(\$3.9)
Indexed Life	282.2%	\$6.1	\$3.9	(\$2.2)
YRT Mortality Risk Only	104.0%	\$1.7	\$0.1	(\$1.6)
Credit Life	138.0%	\$0.1	\$0.0	(\$0.1)
Other Group Life	495.5%	\$0.2	\$0.2	(\$0.0)
Industrial Life	-8.1%	(\$0.0)	\$0.1	\$0.1
Universal Life	27.5%	\$0.1	\$0.2	\$0.2
Other Individual Life	-0.3%	(\$0.0)	\$0.7	\$0.7
Variable Universal Life	-121.2%	(\$0.2)	(\$0.0)	\$0.2
Variable Life	-74.2%	(\$0.3)	\$0.1	\$0.5
Term Life	153.0%	\$6.2	\$2.1	(\$4.0)
Whole Life	3.1%	\$0.4	\$14.7	\$14.3
Total Life Insurance	360.6%	\$14.6	\$18.6	\$4.0
Long-Term Care	-86.8%	(\$1.1)	\$0.2	\$1.3
Federal Employees Health Ben	107.2%	\$0.1	\$0.1	\$0.1
Credit A&H	11.0%	\$0.0	\$0.1	\$0.1
Vision Only	22.9%	\$0.1	\$0.3	\$0.3
Title XIX Medicaid	12.7%	\$0.1	\$0.5	\$0.4
Individual Comprehensive	95.5%	\$0.2	\$0.3	\$0.2
Medicare Supplement	2.5%	\$0.0	\$0.7	\$0.7
Dental Only	6.4%	\$0.1	\$1.4	\$1.3
Disability Income	18.0%	\$0.5	\$3.5	\$3.0
Title XVIII Medicare	-56.3%	(\$1.0)	\$0.8	\$1.8
Other Health	1.9%	\$0.2	\$9.5	\$9.3
Group Comprehensive	151.5%	\$3.0	\$5.0	\$2.0
Total A&H	10.4%	\$2.1	\$22.5	\$20.4

ASSETS

The life industry reported a 4.6% decrease in total net admitted assets at Dec. 31, 2022, to \$8.3 trillion. The decrease was primarily in separate accounts, which decreased 17.4% to \$2.8 trillion and accounted for 33.4% 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** (on the following page). See page 10 for discussion of separate accounts.

Table 7 - Invested Assets

(\$ In Billions)	2022 % of Total	2018 % of Total	5-Yr % Chg	1-Yr % Chg	2022	2021	2018
Bonds	69.8%	72.8%	16.8%	2.4%	\$3,630.2	\$3,545.9	\$3,108.2
Common Stock	1.9%	1.9%	22.1%	(11.0)%	\$96.7	\$108.7	\$79.2
Preferred Stock	0.3%	0.3%	32.0%	(16.8)%	\$17.1	\$20.6	\$12.9
Mortgage Loans	13.4%	12.5%	30.2%	8.5%	\$695.2	\$640.4	\$534.0
Real Estate	0.4%	0.5%	9.0%	(1.2)%	\$22.6	\$22.8	\$20.7
Cash & S/T Investments	2.8%	2.5%	33.9%	(3.3)%	\$144.1	\$148.9	\$107.6
Derivatives	1.8%	1.3%	68.9%	(1.5)%	\$95.4	\$96.8	\$56.5
BA Assets	6.2%	4.5%	66.0%	9.6%	\$321.1	\$292.9	\$193.4
Other Invested Assets	3.4%	3.7%	12.4%	3.1%	\$175.6	\$170.3	\$156.3
Total Invested Assets	100.0%	100.0%	21.8%	3.0%	\$5,197.8	\$5,047.4	\$4,268.7

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:

- Affiliated common stock—\$165.6 billion
- Other affiliated assets (Parent, Subs, and Affiliates)—\$140.7 billion
- Affiliated bonds—\$73.8 billion

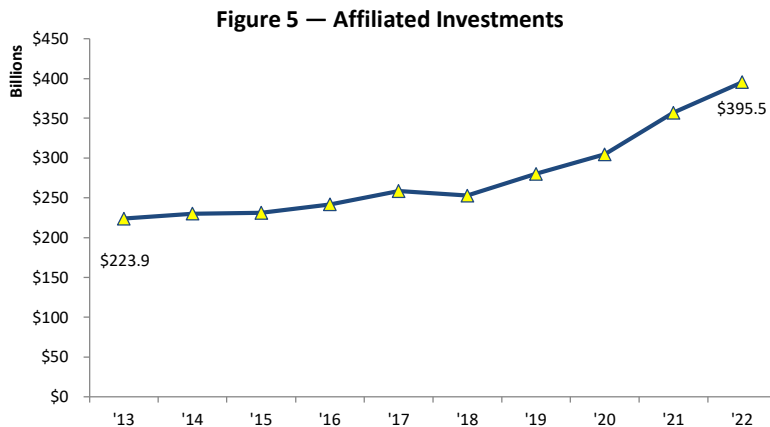
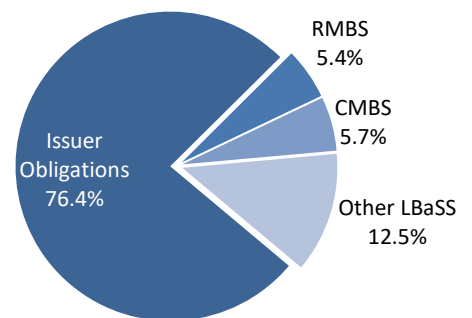


Figure 6 – Bond Allocation



As seen in **Figure 6**, the majority of the industry’s total bond portfolio (long-term and short-term) is comprised of industrial and miscellaneous bonds, at 76.4%.

The industry’s allocation of long-term bonds is shown in **Figure 7**, with the majority (80.5%) being industrial and miscellaneous. The industry’s holdings of noninvestment-grade bonds decreased 6.2% (\$13.1 billion) and represented 5.4% of total bonds on Dec. 31, 2022. 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 32.4% of the holdings at year-end 2022 due to mature in five years or less compared with 32.3% at year-end 2021. Bonds with a maturity of ten years or later represented 41.2% of total bonds. **Figure 8** illustrates bond distribution by maturity.

Figure 7 – Long Term Bond Allocation

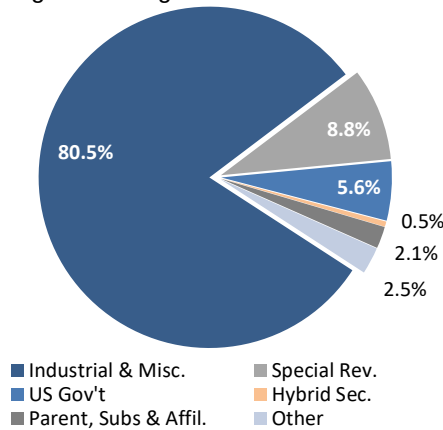
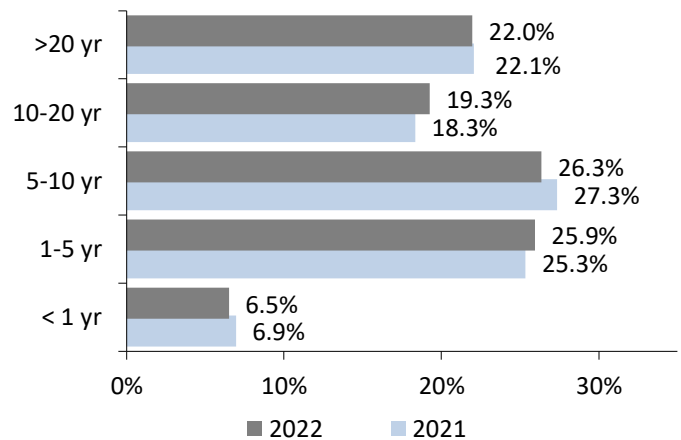


Figure 8 – % of Total Bonds Held by Maturity



LIABILITIES

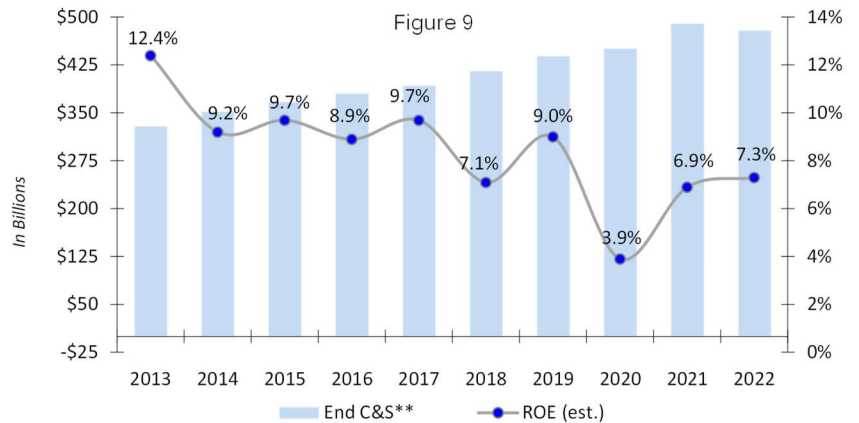
The life industry reported a 4.6% (\$382.2 billion) decrease in total liabilities to \$7.9 trillion at year-end 2022. The largest decreases were in the following:

- 17.4% (\$382.2 billion) decrease in separate account liabilities to \$2.8 trillion, partially offset by:
- 3.2% (\$101.2 billion) increase in reserves for life contracts to \$3.3 trillion.
- 19.8% (\$48.3 billion) increase in funds held under reinsurance treaties with unauthorized reinsurers to \$292.0 billion.
- 10.6% (\$46.1 billion) increase in liability for deposit-type contracts to \$482.9 billion.

CAPITAL AND SURPLUS

The life industry’s capital and surplus decreased by 2.1% to \$479.2 billion compared to \$489.4 billion at Dec. 31, 2021, due primarily to stockholder dividends of \$45.5 billion and unrealized capital losses of \$34.5 billion, mostly offset by the \$34.9 billion net income, discussed on page 5, and \$14.2 billion in capital paid-in.

As seen in **Figure 9**, the industry’s return on equity (ROE) increased to 7.3% from 6.9% in 2021 due mainly to the industry’s increase in net income.



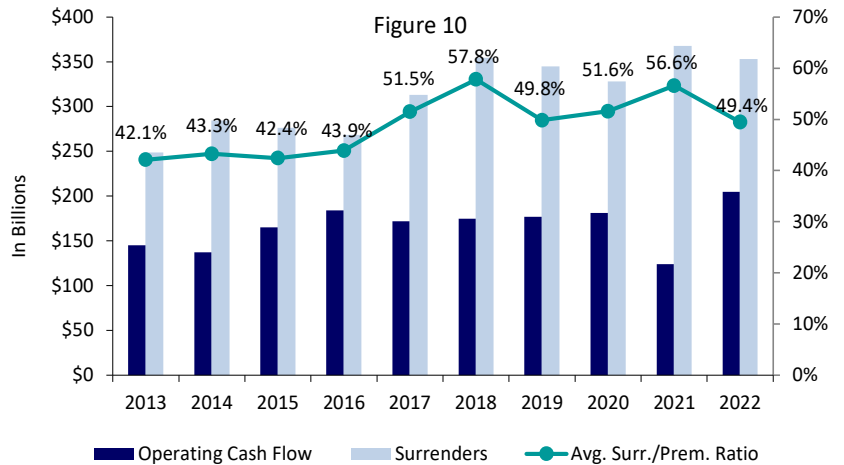
LIQUIDITY

The life industry reported operating cash flow of \$204.7 billion in 2022, up 65.1% (\$80.7 billion) from \$124.0 billion in the prior year. The increase was primarily from an increase in net premium of 9.8% (\$66.3 billion), a decrease in benefits and loss payments of 7.2% (\$54.4 billion), partially offset by an increase in commissions of 12.2% (\$17.6 billion) and transfers to separate accounts was \$(64.5) billion compared to \$(84.4) billion for 2021, partially offsetting the decline.

The industry experienced a 3.9% (\$14.4 billion) decrease in surrender benefits to \$353.2 billion. The average surrenders to premiums ratio decreased 6.2-points to 49.4% compared to 56.6% in 2021. **Figure 10** shows the industry’s operating cash flow and surrender activity over the past ten years.

The life insurance industry reported \$(230.4) billion in net cash from investment activity as total investment proceeds of \$855.0 billion were surpassed by \$1.1 trillion in total investments acquired. The largest decrease in investments acquired was \$207.1 billion in bonds to \$773.0 billion, acquired stocks decreased \$9.0 billion to \$34.3 billion.

Net cash from financing activity decreased 75.6% (\$65.2 billion) to \$21.0 billion mostly from a \$54.0 billion decrease in other cash provided and applied to \$(11.6) billion and a \$5.5 billion decrease in capital and paid-in surplus to \$12.2 billion.



SEPARATE ACCOUNTS

Table 8 - Separate Accounts

<i>\$ In Millions</i>	<i>% Change</i>	2022	2021
Totals Revenue	(138.1%)	(\$232,494)	\$609,940
Net premiums	1.7%	\$231,932	\$227,967
Net investment income and capital gains and losses	(224.5%)	(\$466,241)	\$374,364
Total Benefits and Expenses	(8.5%)	\$278,265	\$304,164
Death benefits	(5.1%)	\$10,086	\$10,631
Annuity benefits	(5.7%)	\$32,532	\$34,515
Surrender benefits and withdrawals for life contracts	(6.7%)	\$228,743	\$245,272
Fees for charges for investment mgt, admin and guarantees	(6.7%)	\$38,784	\$41,558
Increase in aggregate reserve for life and A&H contracts	(310.7%)	(\$502,494)	\$238,530
Increase in liability for deposit-type contracts	(292.0%)	(\$54,108)	\$28,179
Net gain from operations	549.9%	\$6,510	(\$1,447)
Surplus	20.2%	\$5,906	\$4,913
Assets	(17.4%)	\$2,765,780	\$3,348,163
Liabilities	(17.3%)	\$2,769,011	\$3,348,164
CARVM Allowance	9.9%	(\$24,728)	(\$27,452)

The life insurance industry reported a 17.4% decrease in separate account assets to \$2.8 trillion at Dec. 31, 2022. Likewise, total separate account liabilities decreased 17.3% to \$2.8 trillion. Aggregate separate account reserves for life, annuity and A&H products decreased 17.0% (\$507.3 billion) to \$2.5 trillion and the liability for deposit-type contracts decreased 18.9% (\$50.0 billion) to \$215.5 billion.

Net investment income and capital gains and losses decreased to \$466.2 billion compared to \$374.4 billion for 2021. Net gain from operations increased 549.9% (\$8 billion) to \$6.5 billion.

Separate account fees decreased 6.7% to \$38.8 billion from \$41.6 billion at Dec. 31, 2021. The ratio of separate account fees to separate account assets increased to 1.4% from 1.2% and the industry's CARVM allowance increased 9.9% to \$(24.7) billion. The separate account surplus increased 20.2% (\$1.0 billion) to \$5.9 billion compared to year-end 2021.

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DISCLAIMER

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