TENZING INSURANCE STRATEGIES

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# RESILIENCY OF THE U.S. LIFE INSURANCE INDUSTRY

In troubled times, the public has relied on the life insurance industry to steady the course. And with good reason. Over the past 150 years, the United States has endured many financial and public health crises. Throughout all those events, life insurance companies have been resilient and continued to provide benefits to their policyholders. As seen in Appendix A, the 37 largest life insurance groups in the U.S. have exemplified that resiliency and commitment to policyholders.

Most recently, during the Covid-19 pandemic, when uncertainty reigned, the life insurance industry paid out more than $90 billion to beneficiaries in 2020, the highest ever in any single year, according to the American Council of Life Insurers.[1] Consumers reaffirmed their trust in life insurers during the first half of 2021, contributing to the life insurance industry's biggest sales gain since 1983.[2]

The growth in life insurance sales after a pandemic has occurred once before. Following the Spanish flu pandemic of 1918 which killed 675,000 in the U.S., the industry experienced double-digit growth for three to five years.[3]

A timeline of major financial shocks illustrates the resilience of the life insurance industry.

## SIGNIFICANT FINANCIAL SHOCKS TO THE U.S. AND GLOBAL FINANCIAL SYSTEM OVER THE LAST 125 YEARS (1900-2025)

| Spanish Flu Pandemic (1918)* | The Great Depression (1929-1939)** | Oil Shock Recession (1973) | Savings and Loan Crisis (1986) | Financial Crisis in Asia (1997) | Great Recession (2008) | Covid-19 Pandemic (2020-2022) |
|---|---|---|---|---|---|---|
| **29 of 30** company groups were in operation prior to the Great Depression and started business before the Spanish Flu Pandemic.*** | **30 of the 37** company groups trace their origins prior to the Great Depression. **33** were in operation in 1931 or before.*** | **4 of the 37** company groups started operations between 1957 and 1961. | | | | |

**ALL 37 COMPANIES HAVE BEEN IN BUSINESS SINCE 1961 OR EARLIER**

* A significant public health event occurred in 1918—the Spanish Flu Pandemic—which is estimated to have caused 675,000 deaths in the United States.

** The most significant financial event of the 20th Century

*** See Appendix A for life insurance groups and Appendix B for primary insurance companies in life insurance groups.

Not to be overlooked, the 19th Century and the start of the 20th Century experienced three major financial panics prior to the Great Depression which inured the life insurance industry to volatile times.

## THREE MAJOR FINANCIAL PANICS IMPACTING U.S. AND GLOBAL ECONOMIES IN THE 19TH AND EARLY 20TH CENTURIES

| Panic of 1873 | Panic of 1893 | Panic of 1907 |
|---|---|---|
| A global economic depression that lasted until 1877 triggered by bankruptcies in the relatively new railroad industry which led to a large number of bank failures. | An economic depression which technically lasted eight months, but whose effects lasted for several years. The event involved bank runs, a credit crunch, and a lack of confidence in paper currency. | A failed attempt by investors to corner the market on United Copper Co. caused banks which had lent money to the investors to suffer runs by worried depositors. The runs later spread to other banks and trusts that declared bankruptcy. |
| **14** life insurers began operations before the start of this financial crisis. | **22** life insurers began operations before the start of this financial crisis. | **28** life insurers began operations before the start of this financial crisis. |

## A PATH OF RESILIENCE

Fourteen of the 37 largest life insurance groups operating today trace their origins back to before the Panic of 1873, a period spanning over 150 years. The resilience of the life insurance industry is evident from the number of insurance companies in the “150+ Club.”

| The 150+ Club | |
|---|---|
| **14** of the **37** companies have been doing business for over 150 years and have survived and thrived through a civil war, two global pandemics, and numerous recessions, depressions, and financial panics. | |
| Brighthouse Life Insurance Co. | Metropolitan Life Insurance Co. |
| Equitable Financial Life Insurance Co. | National Life Group |
| Genworth Financial | New York Life Insurance Co. |
| Global Atlantic Financial | Northwestern Mutual Life Insurance Co. |
| Guardian Life Insurance Co. of America | Pacific Life Insurance Co. |
| John Hancock Life Insurance Co. (U.S.A.)[4] | Penn Mutual Life Insurance Co. |
| Massachusetts Mutual Life Insurance Co. | Unum |

That resilience spans three centuries, continuing through today.

According to AM Best[5], 184 life and health insurers became impaired[6] between 2001 and 2023 with affiliated operating entities within the same holding company being counted separately[7]. A total of 70% of the impairments occurred in what are accident and health companies. The other 30% were active in the life insurance business. The vast majority of these companies were unrated, had surplus levels below $20 million, and were poorly diversified from a business line and geographical standpoints.

This contrasts to the U.S. banking industry which the Federal Deposit Insurance Corporation (FDIC) reported had 566 bank failures with a combined $1.27 trillion in total assets.

Both industries hold a large percentage of the invested assets in the U.S. economy. The Federal Reserve states that U.S. commercial banks held over $23 trillion in assets at the end of 2023. The National Association of Life Insurance Commissioners (NAIC) reported that the U.S. life insurance industry held nearly $5.5 trillion of assets as of year-end 2023.

## A THUMBNAIL OF LIFE INSURANCE AND BANK FAILURES (2001 TO 2023)

| | Life Insurance Industry | Banking Industry |
|---|---|---|
| Failures | 184<br>Life Insurers (30%)<br>Accident & Health Insurers (70%) | 566<br>(combined $1.27 trillion in total assets) |
| Invested Assets in U.S. economy (year-end 2023) | $5.5 trillion | $23 trillion |

## WHY THE DIFFERENCE?

The primary reason that banks are more susceptible to failure than life insurers is the nature of their liabilities compared to those of the life insurance industry. Banks typically have a high percentage of demand deposits, which means that depositors have immediate access to the funds in their accounts if they choose to partially or fully liquidate their accounts.

On the other hand, most of the liabilities of life insurers are either contingent upon an event (death, disability, or other loss) or are structured payments (such as an annuity).

In periods of extreme financial stress, bank assets are usually the first assets to be accessed when liquidity needs arise and values in life or annuity policies are secondary.

Life insurers also have a robust state-level regulatory regime and favorable liability structure that is relatively insulated from demand for liquidity during financial crises.

Despite the consistent strong showing of the life insurance industry, it's worth noting that all financial institutions have some risk, however small, of failing when liabilities exceed assets.

## APPENDIX A

There are 37 life insurance groups[8] that rank in the top 50 in both general account assets[9] and in-force permanent life insurance coverage in the U.S.

| | |
|---|---|
| AEGON USA Group* | Nationwide Financial* |
| Allianz Life Insurance Co. of North America | New York Life Insurance Co. |
| American National Insurance Co. | Northwestern Mutual Life Insurance Co. |
| Brighthouse Life Insurance Co. | OneAmerica Group* |
| Corebridge Financial* | Pacific Life Insurance Co. |
| Equitable Financial Life Insurance Co. | Penn Mutual Life Insurance Co. |
| Fidelity & Guaranty Life Insurance Co. | Principal Life Insurance Co. |
| Genworth Financial* | Protective Life Insurance Co. |
| Global Atlantic Financial* | Prudential Financial* |
| Great-West Lifeco* | Resolution Life US Group* |
| Guardian Life Insurance Co. of America | Sammons Financial* |
| Jackson National Life Insurance Co. | Securian Financial* |
| John Hancock Life Insurance Co. (U.S.A.) | State Farm Life Insurance Co. |
| Knights of Columbus | Symetra Life Insurance Co. |
| Lincoln National Life Insurance Co. | Thrivent Financial for Lutherans |
| Massachusetts Mutual Life Insurance Co. | Unum* |
| Metropolitan Life Insurance Co. | Voya Financial* |
| Mutual of Omaha Life & Health Companies* | Western & Southern Financial* |
| National Life Group* | |

* Consolidated companies; see Appendix B for primary insurance companies

** This group represents over 80% of the in-force permanent life insurance coverage for the U.S. life/health industry.

## APPENDIX B

| Life Insurance Group (Primary Life Insurance Company) | Year Commenced Business | Total Admitted Assets ($Billions)* | In-force Permanent Coverage ($Billions)** |
|---|---|---|---|
| Aegon USA Group (Transamerica Life Insurance Co.) | 1961 | 84.9 | 414.8 |
| Allianz Life Insurance Group (Allianz Life Insurance Co. of North America) | 1905 | 125.6 | 63.7 |
| American National Group (American National Insurance Co.) | 1905 | 94.3 | 54.3 |
| Brighthouse Insurance Group (Brighthouse Life Insurance Co.[10]) | 1864 | 86.7 | 141.1 |
| Corebridge Financial (American General Life Insurance Co.) | 1917 | 235.4 | 158.0 |
| Equitable Life Group (Equitable Financial Life Insurance Co.) | 1859 | 80.3 | 270.9 |
| Fidelity & Guaranty Life Group (Fidelity & Guaranty Life Insurance Co) | 1960 | 48.1 | 69.8 |
| Genworth Financial (Genworth Life and Annuity Insurance Co.[11]) | 1871 | 59.5 | 132.5 |
| Global Atlantic Group (First Allmerica Financial Life Insurance Co.[12]) | 1845 | 155.0 | 107.2 |
| Great-West Life Group (Empower Annuity Insurance Co. of America) | 1907 | 84.2 | 674.1 |
| Guardian Life & Health Group (Guardian Life Insurance Co. of America[13]) | 1860 | 89.9 | 216.7 |

| Life Insurance Group (Primary Life Insurance Company) | Year Commenced Business | Total Admitted Assets ($Billions)* | In-force Permanent Coverage ($Billions)** |
|---|---|---|---|
| Jackson National Group (Jackson National Life Insurance Co.) | 1961 | 62.0 | 38.8 |
| John Hancock Life Insurance Group (John Hancock Life Insurance Co. (U.S.A.)) | 1862 | 123.2 | 373.3 |
| Knights of Columbus | 1882 | 30.3 | 55.8 |
| Lincoln Financial Group (Lincoln National Life Insurance Co.) | 1905 | 110.6 | 384.0 |
| Massachusetts Mutual Life Group (Massachusetts Mutual Life Insurance Co.) | 1851 | 321.2 | 493.9 |
| Metropolitan Life & Affiliated Cos. Group (Metropolitan Life Insurance Co.) | 1868 | 284.9 | 259.6 |
| Mutual of Omaha Life & Health Group (United of Omaha Life Insurance Co.) | 1926 | 43.5 | 95.1 |
| National Life Group (Life Insurance Co. of the Southwest[14]) | 1850 | 41.4 | 226.1 |
| Nationwide Life Group (Nationwide Life Insurance Co.[15]) | 1931 | 111.9 | 218.3 |
| New York Life Group (New York Life Insurance Co.) | 1845 | 355.5 | 583.9 |
| Northwestern Mutual Group (Northwestern Mutual Life Insurance Co.) | 1858 | 320.7 | 848.4 |
| OneAmerica Group (American United Life Insurance Co.) | 1877 | 28.4 | 30.0 |
| Pacific Life Group (Pacific Life Insurance Co.[16]) | 1868 | 134.4 | 288.1 |
| Penn Mutual Group (Penn Mutual Life Insurance Co.) | 1847 | 33.9 | 153.9 |
| Principal Financial Group Inc. (Principal Life Insurance Co.) | 1879 | 89.5 | 151.4 |
| Protective Life Group (Protective Life Insurance Co.) | 1907 | 81.4 | 390.4 |
| Prudential of America Group (Prudential Insurance Co. of America) | 1875 | 186.8 | 908.4 |
| Resolution Life US Group (Security Life of Denver Insurance Co.) | 1931 | 33.4 | 321.1 |
| Sammons Financial Group (North American Co. for Life & Health Insurance[17]) | 1886 | 111.3 | 145.0 |
| Securian Financial Insurance Group (Minnesota Life Insurance Co.) | 1880 | 34.6 | 96.2 |
| State Farm Life Group (State Farm Life Insurance Co.) | 1929 | 93.1 | 251.3 |
| Symetra Life Group (Symetra Life Insurance Co.) | 1957 | 48.5 | 45.7 |
| Thrivent Financial for Lutherans | 1902 | 77.4 | 116.4 |
| Unum Insurance Group (Unum Life Insurance Co. of America)[18] | 1848 | 40.4 | 39.8 |
| Voya Financial Group (ReliaStar Life Insurance Co.) | 1885 | 41.7 | 37.1 |
| Western & Southern Financial Group (Western and Southern Life Insurance Co.) | 1888 | 64.1 | 104.5 |

* Excludes assets held in separate accounts

** Total life insurance coverage of permanent policies, including policies with separate accounts; excludes term life insurance

## FOOTNOTES

1 2021 ACLI Life Insurers Fact Book, Dec. 9, 2021.

2 AM Best Nov. 10, 2021 press release, based on LIMRA data.

3 Life Insurance Sales Are Up, But for How Long?, Terence Dopp, Best's Review®, November 2021. The article references an AM Best TV interview with David Levenson, president and CEO of LIMRA, and LOMA.

4 Based on the date of inception of the former John Hancock Life Insurance Co., which commenced doing business in 1862 and was merged into John Hancock Life Insurance Co. (U.S.A.) in 2009.

5 2023 US Life/Health Impairments Update, AM Best; January 31, 2025

6 An impaired insurer is defined by AM Best as one that has been placed into "conservation, rehabilitation, and/or insolvent liquidation". This is compared to a failed bank, which is defined by the FDIC as being closed by a banking regulatory agency when it is unable to meet its obligations to depositors and others.

7 For example, six member companies of the Friday Health group of health insurance companies were counted as six impairments in 2023 even though they are all part of the same company group.

8 Data reflects total for all affiliated life insurance companies within the same corporate group.

9 This excludes assets held in separate accounts that support policies like variable life and annuities.

10 Originally formed as The Travelers Insurance Co.

11 Originally incorporated as The Life Insurance Co. of Virginia

12 Originally incorporated as State Mutual Life Assurance Co. of America. Global Atlantic is mainly comprised of three life insurance companies including Commonwealth Annuity and Life Insurance Co. and Accordia Life and Annuity Co.

13 Originally incorporated as Germania Life Insurance Co. of Virginia

14 Originally incorporated as Coleman Life Insurance Co.; National Life Insurance Co. is smaller in scale but has been in business since 1850

15 Subsidiary Nationwide Life and Annuity Insurance Co. has more in-force permanent life insurance coverage

16 Originally incorporated as The Pacific Mutual Life Insurance Company of California

17 Affiliated insurer Midland National Life Insurance Co. has more in-force permanent life insurance coverage

18 Company is a continuation of Union Mutual Life Insurance

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