

U.S. RETAIL INDIVIDUAL LIFE INSURANCE SALES TECHNICAL SUPPLEMENT

3rd Quarter 2022

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Highlights

- Individual life insurance annualized premium sales fell 5 percent in the third quarter of 2022, the first quarterly drop since fourth quarter 2020. Just over half of the writers were down, including seven of the top ten (who sold at least half of the premium). Nearly three in four participants issued fewer policies than they had in third quarter 2021; and overall, policy sales fell for the third consecutive quarter (Table 1).
- While just about four in ten writers increased their indexed universal life (IUL) insurance sales, IUL was the only product line to post positive growth (thanks in part, to higher face policies). And while IUL premium grew only 2 percent, this is compared with third quarter 2021 when sales jumped 21 percent (ignited by 2021 tax law updates that allowed for higher premiums per dollar of death benefit).
- Six in ten fixed UL writers were down, including seven of the top ten (who sold 70 percent of the premium). Overall, fixed UL posted the largest decline of the quarter (Table 2). That said, this follows double-digit growth in third quarter 2021 (when sales were fueled by the Washington Cares Act) and future sales could benefit from rising interest rates and an uncertain stock market.
- After doubling this time last year, new VUL premium fell 12 percent in the third quarter of 2022 (its first drop in five years). The majority of the decline reflects protection-focused VUL results (which fell 24 percent), although accumulation-focused sales were also down (by 4 percent). While the bear market may have hindered VUL growth and at least half the writers were down, a large portion of the drop this quarter reflects one manufacturer.
- One in two term writers sold less premium than they had in third quarter 2021; in fact, one in three experienced a double-digit decline. What's more, seven in ten issued fewer policies, an indication that the pandemic's impact on consumer demand continues to fade. Still, at least four in ten of the policies issued so far this year are term policies (Figure 1). About as many are whole life (WL) policies; although given its higher average cost for coverage (Table 3), WL represented a much higher share of premium.
- Similar to term, half of the WL writers sold less premium in the third quarter of 2022 (with one in three experiencing a double-digit decline) and three in four issued fewer policies. The largest drops in WL premium and policy sales however, stemmed from the Direct-to-Consumer (D2C) channel. While a large number of WL policies were sold D2C (Figure 9), the channel's negative growth likely reflects (at least in part) the waning consumer demand. Inflation and a potential recession have also surely put a damper on current and future individual life insurance policy sales.

Technical Report

U.S. RETAIL INDIVIDUAL LIFE INSURANCE SALES

Table 1 — Individual Life Insurance Sales by Quarter

Quarter	Annualized Premium (in \$000)			Face Amount (in \$000)			Number of Policies		
	2021	2022	Growth rate 2022/2021	2021	2022	Growth rate 2022/2021	2021	2022	Growth rate 2022/2021
First	\$2,946,005	\$3,450,271	17%	\$421,622,319	\$415,029,765	-2%	1,544,683	1,429,710	-7%
Second	\$3,176,539	\$3,365,165	6%	\$446,482,034	\$424,465,900	-5%	1,526,664	1,350,658	-12%
Third	\$3,207,909	\$3,051,574	-5%	\$412,203,031	\$392,164,980	-5%	1,428,102	1,258,192	-12%
Fourth	\$3,987,637	—	—	\$459,033,345	—	—	1,432,688	—	—
YTD	\$9,330,454	\$9,867,010	6%	\$1,280,307,384	\$1,231,660,645	-4%	\$4,499,448	4,038,560	-10%

Table 2 — Growth Rates by Product*Percent Change 2021 - 2022*

		Annualized Premium	Face Amount	Policies
Indexed universal life	First Quarter	39%	11%	8%
	Second Quarter	27%	10%	7%
	Third Quarter	2%	13%	12%
	Fourth Quarter	—	—	—
	Year-to-Date	22%	11%	9%
Fixed universal life	First Quarter	5%	2%	-5%
	Second Quarter	-14%	-10%	-19%
	Third Quarter	-25%	-27%	-43%
	Fourth Quarter	—	—	—
	Year-to-Date	-12%	-12%	-25%
Variable universal life	First Quarter	49%	14%	27%
	Second Quarter	29%	10%	6%
	Third Quarter	-12%	-14%	-16%
	Fourth Quarter	—	—	—
	Year-to-Date	18%	3%	4%
Term	First Quarter	-2%	-3%	-8%
	Second Quarter	-7%	-6%	-11%
	Third Quarter	-6%	-4%	-9%
	Fourth Quarter	—	—	—
	Year-to-Date	-5%	-5%	-10%
Whole life	First Quarter	8%	-5%	-10%
	Second Quarter	-3%	-15%	-15%
	Third Quarter	-2%	-15%	-14%
	Fourth Quarter	—	—	—
	Year-to-Date	1%	-12%	-13%

Figure 1 — Market Share by Product

Third Quarter 2022 Year-to-Date

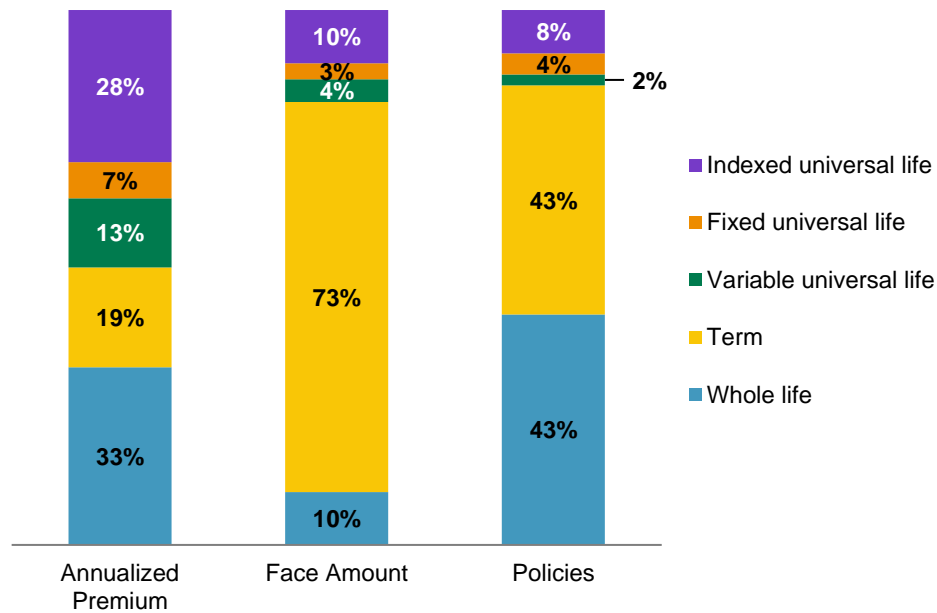


Table 3 — Policy Characteristics by Product

Third Quarter 2022 Year-to-Date

	Premium per \$1,000	Percent growth rate 2022/2021	Average size policy	Percent growth rate 2022/2021	Premium per policy	Percent growth rate 2022/2021
Indexed universal life	\$21.88	9%	\$368,724	2%	\$8,068	12%
Fixed universal life	\$18.17	1%	\$224,159	16%	\$4,074	17%
Variable universal life	\$24.67	15%	\$624,751	-1%	\$15,415	14%
Term	\$2.09	++	\$520,146	6%	\$1,086	5%
Whole life	\$27.55	14%	\$69,168	1%	\$1,906	16%
Total	\$8.10	10%	\$304,975	7%	\$2,443	18%

++ Less than ½ of negative 1 percent

UNIVERSAL LIFE INSURANCE SALES

Figure 2 — Universal Life Market Share by Product Design

Third Quarter 2022 Year-to-Date

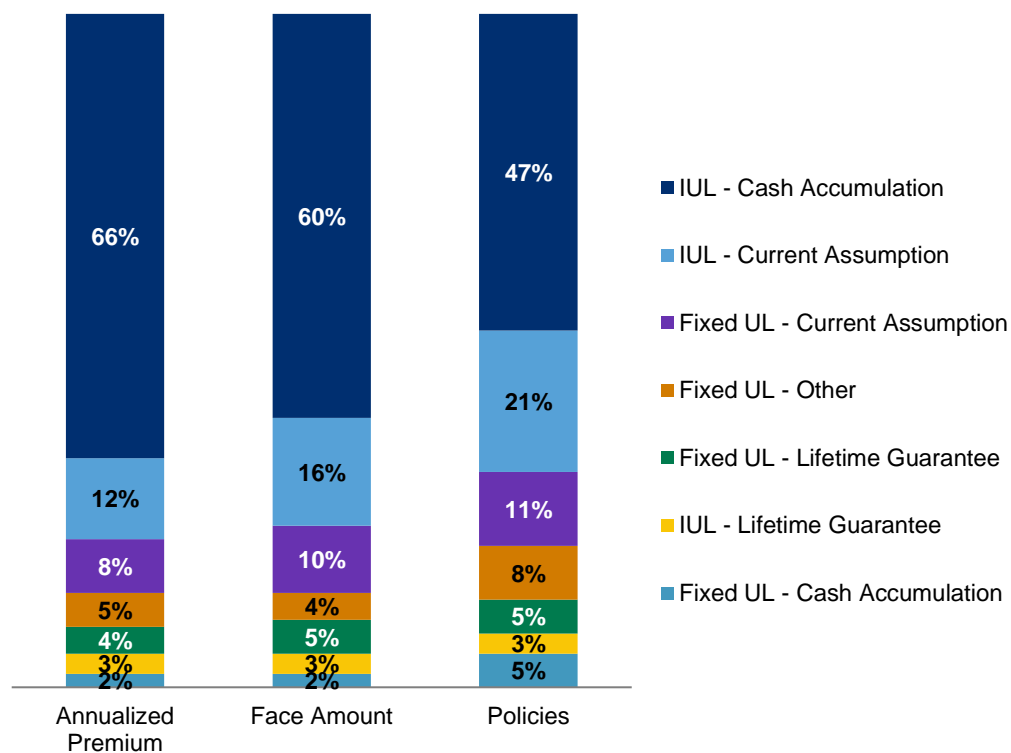


Table 4 — Universal Life Annualized Premium Growth Rates by Product Design

Percent Change 2021 - 2022

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year-to-Date
Indexed cash accumulation	40%	32%	-2%	—	22%
Indexed current assumption	39%	20%	33%	—	30%
Indexed lifetime guarantee	23%	-20%	-20%	—	-7%
Fixed cash accumulation	12%	-13%	-23	—	-10%
Fixed current assumption	24%	-12%	-22%	—	-5%
Fixed lifetime guarantee	-27%	-32%	-18%	—	-26%
Fixed other UL	5%	1%	-36%	—	-11%

Table 5 — Universal Life Policy Characteristics by Product Design*Third Quarter 2022 Year-to-Date*

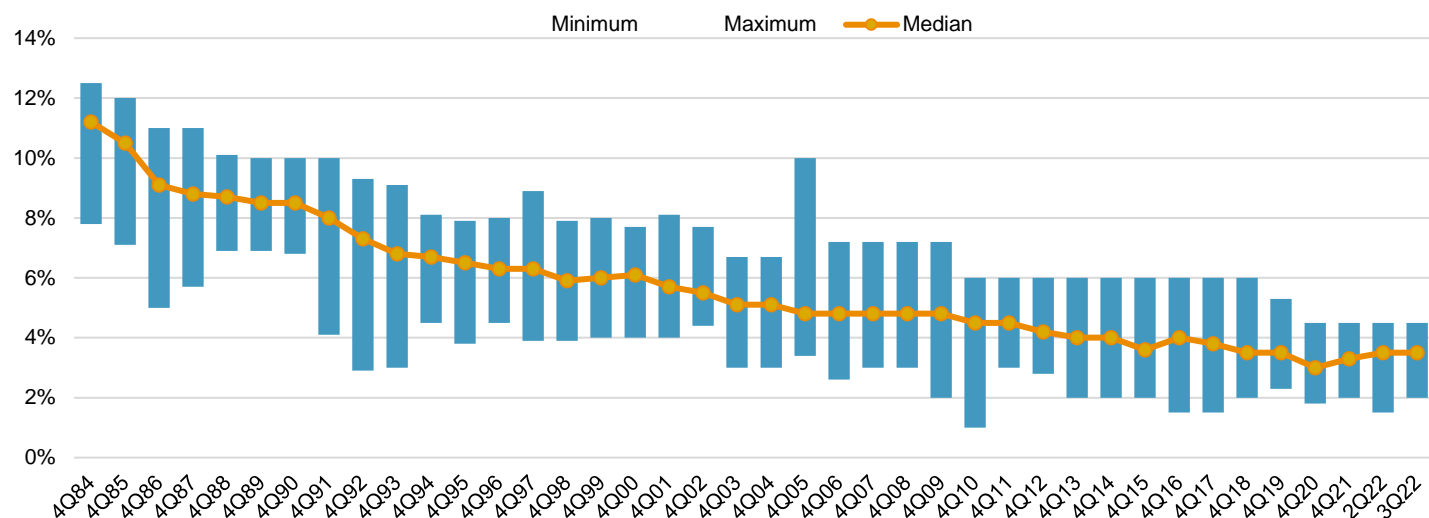
	Premium per \$1,000	Percent growth rate 2022/2021	Average size policy	Percent growth rate 2022/2021	Premium per policy	Percent growth rate 2022/2021
Indexed cash accumulation	\$23.36	13%	\$423,454	6%	\$9,893	20%
Indexed current assumption	\$15.99	-4%	\$246,655	2%	\$3,944	-2%
Indexed lifetime guarantee	\$21.89	7%	\$384,087	-4%	\$8,408	3%
Fixed cash accumulation	\$16.39	6%	\$138,930	6%	\$2,277	12%
Fixed current assumption	\$18.01	3%	\$287,602	35%	\$5,179	39%
Fixed lifetime guarantee	\$15.86	++	\$322,098	4%	\$5,109	4%
Fixed other UL	\$21.74	-9%	\$183,095	28%	\$3,980	17%

++ Less than ½ of negative 1 percent

Table 6 — Universal Life Interest Rates*Third Quarter 2022*

	Percent
Median	3.5%
Range	2.0% – 4.5%
Range of middle 50 percent	2.3% – 4.0%

Figure 3 — Universal Life Interest Rate Trend



RETAIL INDIVIDUAL LIFE INSURANCE SALES BY DISTRIBUTION CHANNEL

Figure 4 — Annualized Premium Growth by Distribution Channel
Third Quarter 2022 Year-to-Date

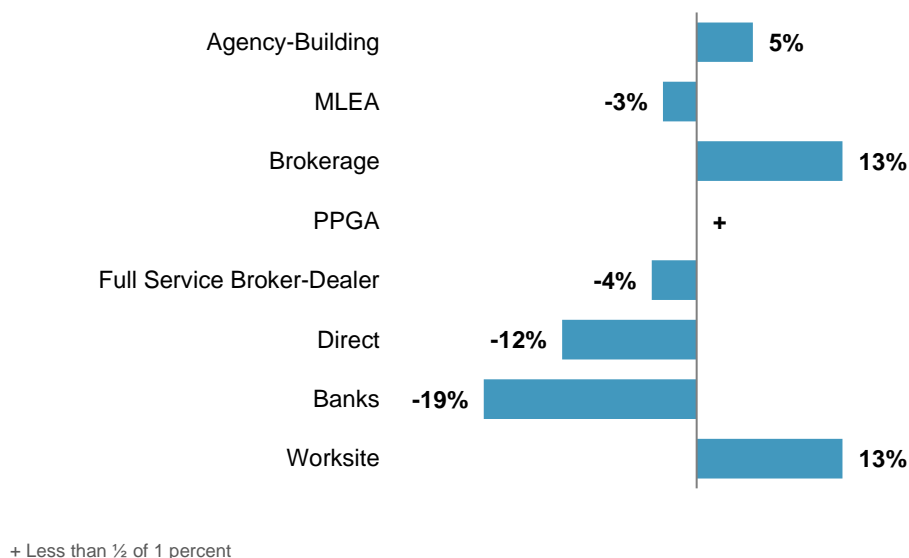


Figure 5 — Face Amount Growth by Distribution Channel

Third Quarter 2022 Year-to-Date

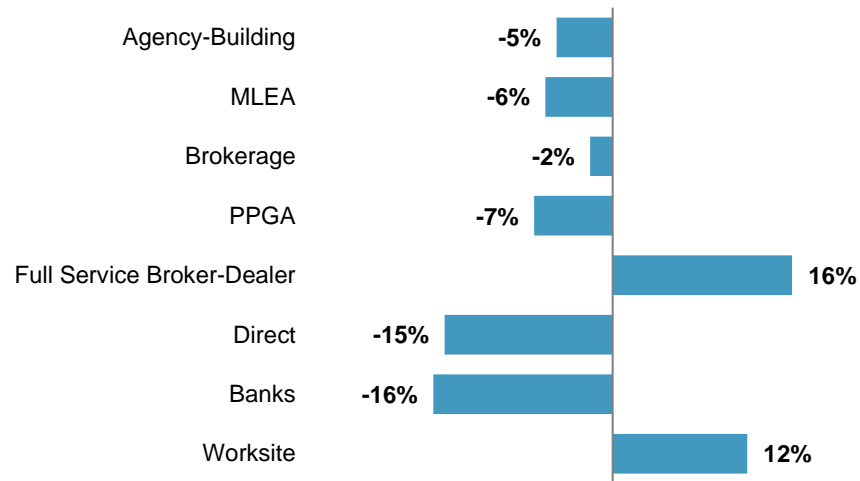


Figure 6 — Policy Growth by Distribution Channel

Third Quarter 2022 Year-to-Date

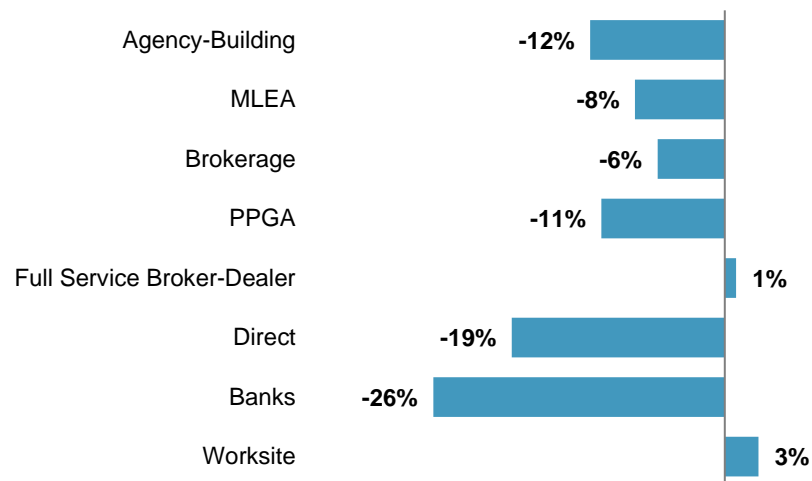


Table 7 — Policy Characteristics by Distribution Channel

Third Quarter 2022 Year-to-Date

	Premium per \$1,000	Percent growth rate 2022/2021	Average size policy	Percent growth rate 2022/2021	Premium per policy	Percent growth rate 2022/2021
Agency-Building	\$7.87	10%	\$462,388	9%	\$3,639	19%
MLEA	\$4.87	3%	\$187,900	3%	\$915	5%
Brokerage	\$8.54	15%	\$421,844	4%	\$3,601	20%
PPGA	\$11.61	8%	\$853,852	4%	\$9,912	12%
Full Service Broker-Dealer	\$15.23	-17%	\$652,893	14%	\$9,944	-5%
Direct	\$9.39	3%	\$75,013	5%	\$704	9%
Banks	\$33.89	-3%	\$247,425	13%	\$8,386	9%
Worksite	\$11.98	2%	\$49,104	8%	\$588	10%
Total sales	\$8.01	10%	\$304,975	7%	\$2,443	18%

RETAIL INDIVIDUAL LIFE INSURANCE SALES BY DISTRIBUTION GROUP

Figure 7 — Product Annualized Premium Market Share by Distribution Group

Third Quarter 2022 Year-to-Date

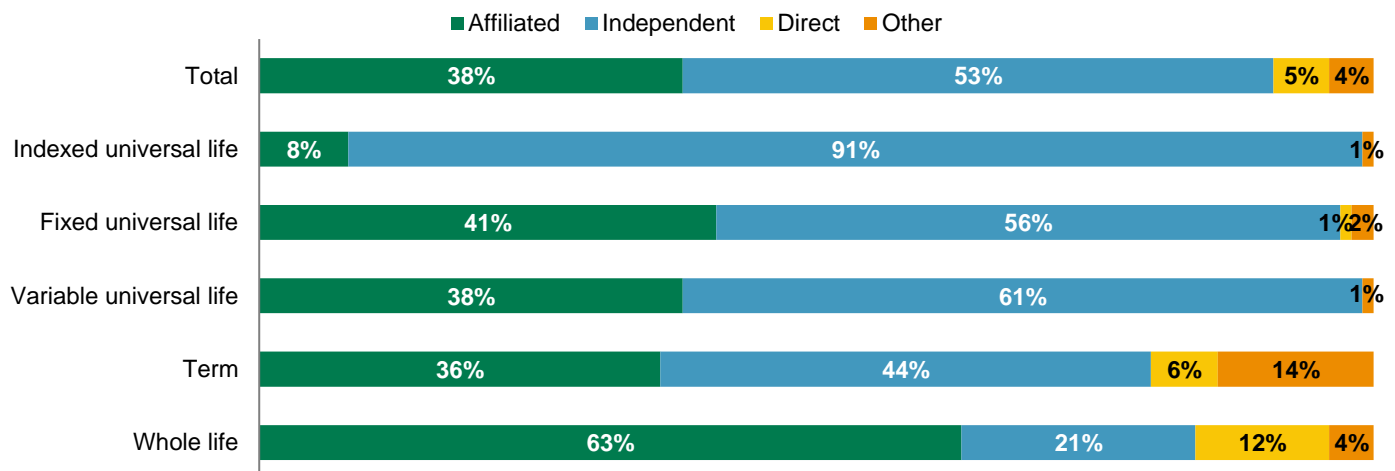


Figure 8 — Product Face Amount Market Share by Distribution Group

Third Quarter 2022 Year-to-Date

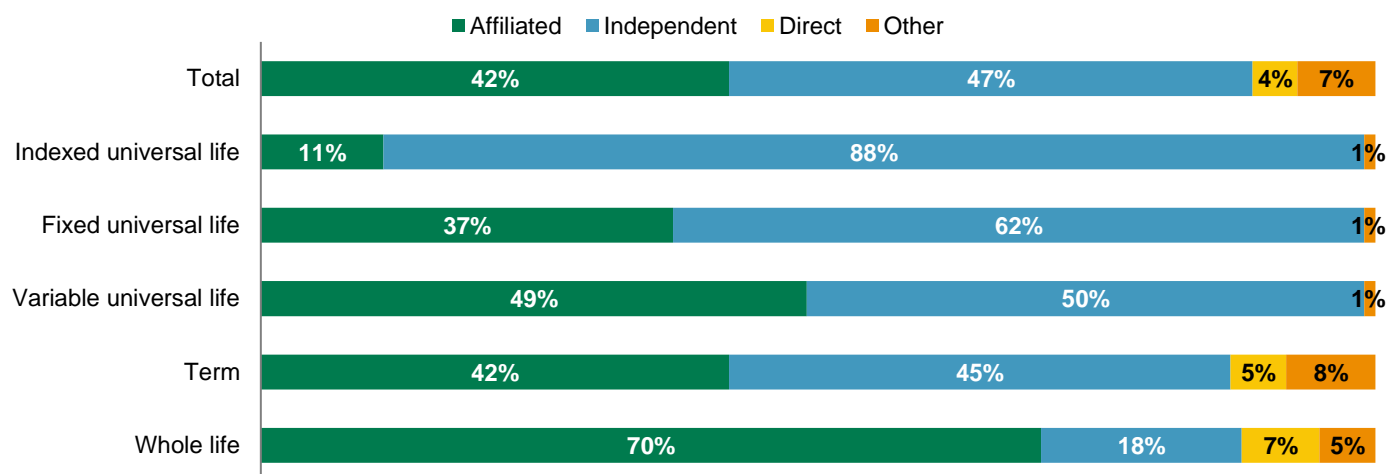


Figure 9 — Product Policy Market Share by Distribution Group

Third Quarter 2022 Year-to-Date

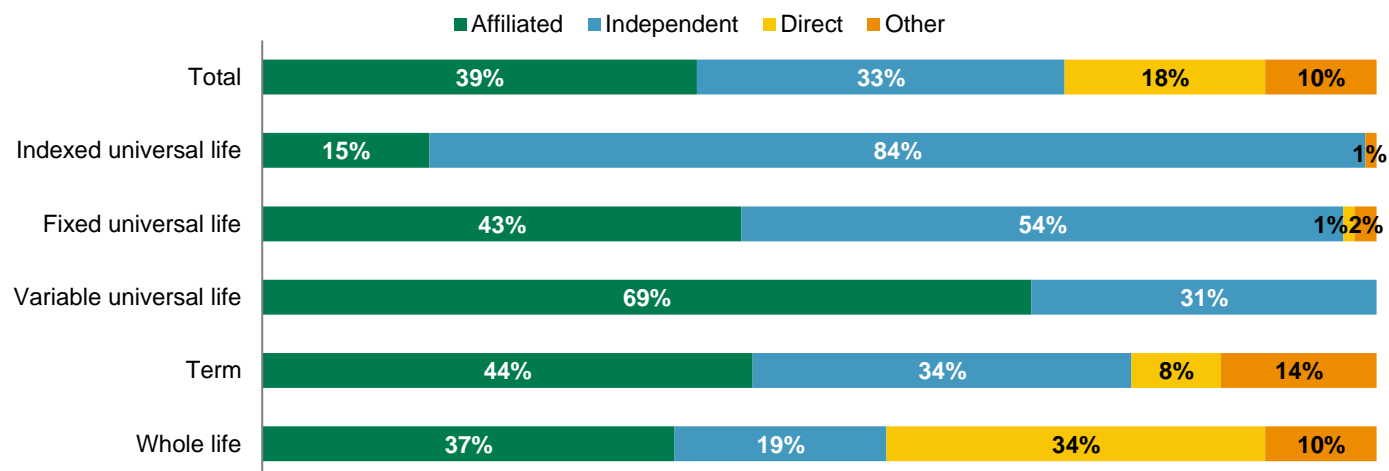


Figure 10 — Distribution Group Annualized Premium Market Share by Product

Third Quarter 2022 Year-to-Date

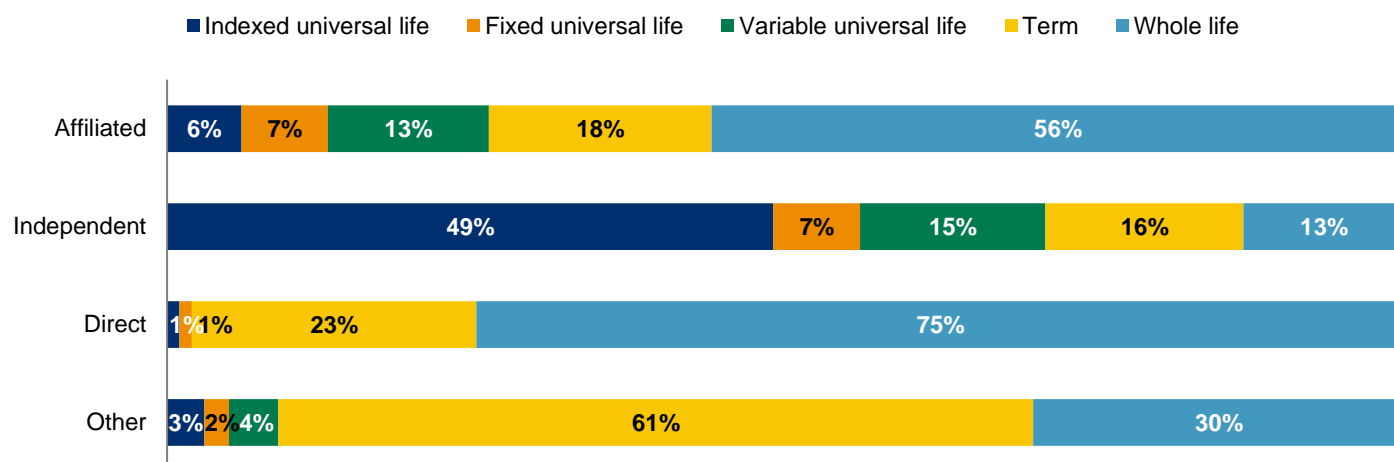


Figure 11 — Distribution Group Face Amount Market Share by Product

Third Quarter 2022 Year-to-Date

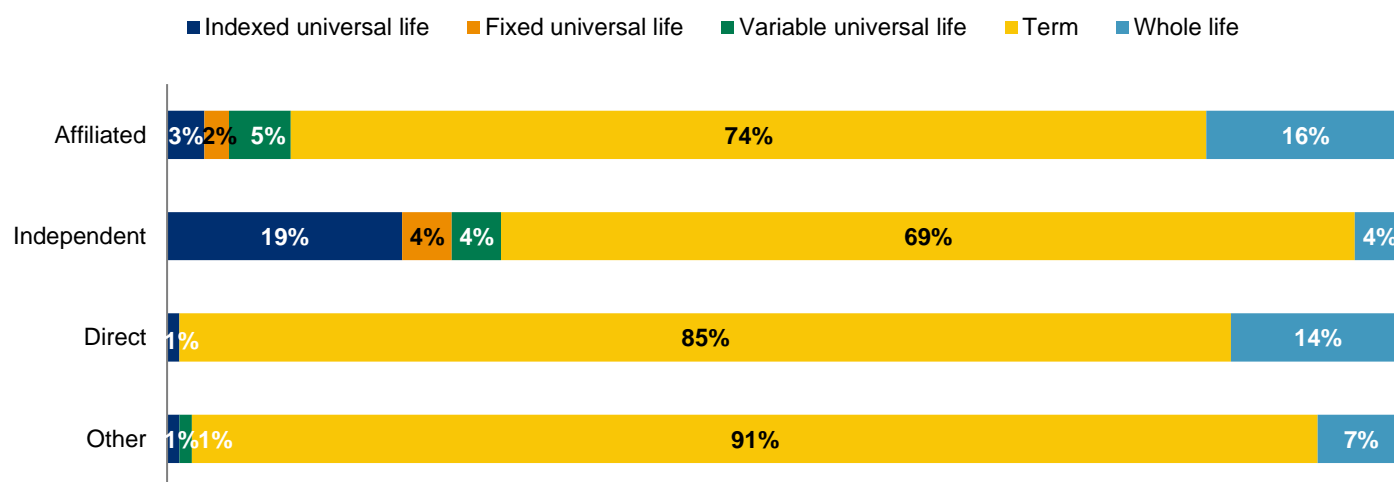
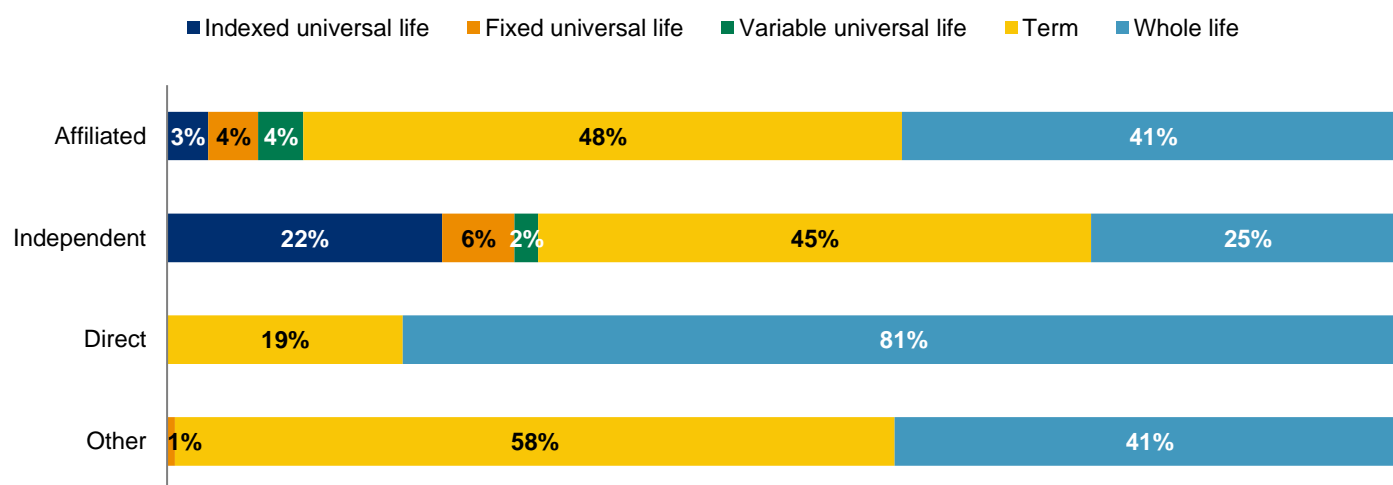


Figure 12 — Distribution Group Policy Market Share by Product

Third Quarter 2022 Year-to-Date



U.S. SURVIVORSHIP LIFE INSURANCE SALES

Table 8 — Survivorship Life Insurance Sales by Quarter

Quarter	Annualized Premium (in \$000)			Face Amount (in \$000)			Number of Policies		
	2021	2022	Growth rate 2022/2021	2021	2022	Growth rate 2022/2021	2021	2022	Growth rate 2022/2021
First	\$124,177	\$172,517	39%	\$6,518,581	\$7,308,326	12%	1,730	1,853	7%
Second	\$128,119	\$135,933	6%	\$6,423,830	\$5,976,909	-7%	1,697	1,610	-5%
Third	\$146,551	\$132,956	-9%	\$6,571,547	\$5,714,103	-13%	1,768	1,456	-18%
Fourth	\$269,078	—	—	\$12,286,116	—	—	2,629	—	—
YTD	\$398,847	\$441,406	11%	\$19,513,957	\$18,999,338	-3%	5,195	4,919	-5%

Table 9 — Survivorship Growth Rates by Product*Percent Change 2021 - 2022*

		Annualized Premium	Face Amount	Policies
Indexed universal life	First Quarter	143%	67%	43%
	Second Quarter	15%	2%	39%
	Third Quarter	10%	-1%	2%
	Fourth Quarter	—	—	—
	Year-to-Date	41%	19%	26%
Fixed universal life	First Quarter	7%	-17%	-4%
	Second Quarter	-28%	-39%	-29%
	Third Quarter	-9%	-7%	-4%
	Fourth Quarter	—	—	—
	Year-to-Date	-12%	-25%	-14%
Variable universal life	First Quarter	-9%	-11%	-15%
	Second Quarter	20%	33%	21%
	Third Quarter	-34%	-26%	-25%
	Fourth Quarter	—	—	—
	Year-to-Date	-12%	-7%	-10%
Whole life	First Quarter	111%	70%	15%
	Second Quarter	41%	14%	-24%
	Third Quarter	9%	-15%	-39%
	Fourth Quarter	—	—	—
	Year-to-Date	48%	20%	-17%

Figure 13 — Survivorship Market Share by Product

Third Quarter 2022 Year-to-Date

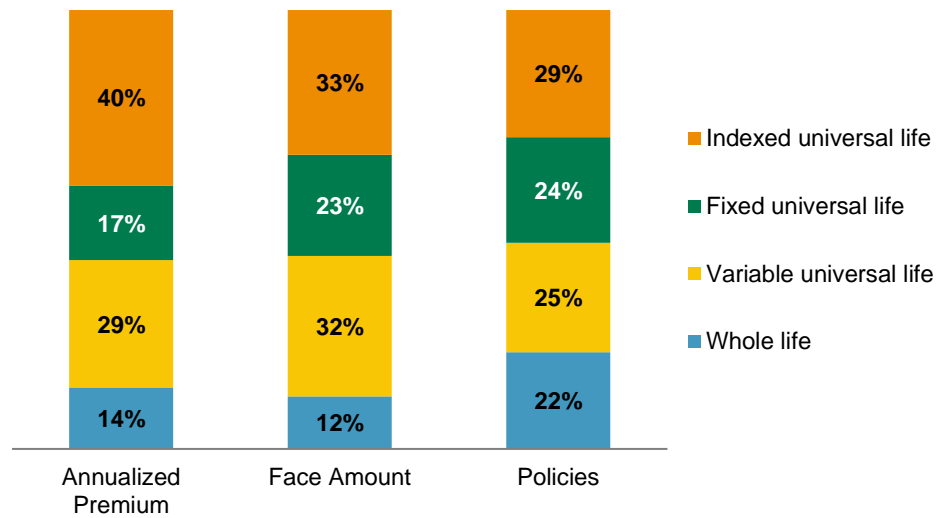


Table 10 — Survivorship Policy Characteristics by Product

Third Quarter 2022 Year-to-Date

	Premium per \$1,000	Percent growth rate 2022/2021	Average size policy	Percent growth rate 2022/2021	Premium per policy	Percent growth rate 2022/2021
Indexed universal life	\$28.02	19%	\$4,418,237	-6%	\$123,816	12%
Fixed universal life	\$17.46	17%	\$3,528,144	-13%	\$61,588	2%
Variable universal life	\$21.22	-5%	\$5,033,306	3%	\$106,802	-2%
Whole life	\$26.81	23%	\$2,182,585	46%	\$58,513	79%
Total	\$23.23	14%	\$3,862,439	3%	\$89,735	17%

Participating Companies

AAA Life	Guardian Life Insurance Company of America (includes Guardian Insurance & Annuity Company and Berkshire Life Insurance Company of America)
Allianz Life of NA	
American Family Life Insurance Company	
American National Insurance Company	Horace Mann Life
Americo Companies (includes Americo Financial Life & Annuity, Great Southern Life, and the Ohio State Life Insurance Company)	Illinois Mutual Life Insurance Company
Ameritas (Ameritas Life and Ameritas Life of New York)	John Hancock Life Insurance Company (includes John Hancock Variable Life Insurance Company, John Hancock Life Insurance Company (U.S.A.), and John Hancock Life Insurance Company of New York)
Amica Life	
Assurity Life Insurance Company	Kansas City Life
Bankers Life & Casualty [Illinois]	Knights of Columbus
Brighthouse Financial	Lafayette Life
Colonial Life	Legal & General America (Banner Life and William Penn Life)
Colonial Penn	
Columbus Life	Lincoln National Life Insurance Company (includes Jefferson Pilot Financial Life and Lincoln National Life Insurance Company)
Corebridge Financial	
COUNTRY Insurance & Financial Services (includes Country Investors Life)	Lombard International Life Assurance Company
CUNA Mutual	MassMutual Life Insurance Company (includes CM Life and MML Baystate Life)
Equitable Financial (includes Equitable Financial Life Insurance Company and Equitable Financial Life Insurance Company of America)	Modern Woodmen of America
Erie Family Life Insurance Company	Mutual of Omaha Companies (includes United of Omaha and Companion Life)
Farm Bureau Financial Services	Mutual Trust Life
Farm Bureau Life (MI)	National Integrity Life
Farmers New World Life	National Life Group
Federated Life	National Western Life Insurance Company
Fidelity & Guaranty Life Insurance Company (Fidelity & Guaranty Life and Fidelity & Guaranty Life of New York)	Nationwide
Fidelity Investments Life Insurance Company	New York Life (includes New York Life & Annuity and NYLife of Arizona)
Foresters Financial	Northwestern Mutual
Gerber Life Insurance Company	Ohio National Life Companies (includes Ohio National Life Insurance and Ohio National Life Assurance)
Global Atlantic Financial Group	Old American Insurance Company

OneAmerica Financial (includes American United Life, Pioneer Mutual and State Life)

Pacific Life (includes Pacific Life & Annuity)

Pan-American Life

Penn Mutual

Primerica Life Insurance

Principal (includes Principal Life Insurance Company and Principal National Life Insurance Company)

Protective Life Corporation (includes Protective Life Insurance Company, Protective Life & Annuity, West Coast Life, Empire General, and Liberty Life of Boston)

Prudential Financial (includes Pruco Life [AZ] and Pruco Life of New Jersey)

RiverSource Life Insurance Company (includes RiverSource Life Insurance Co. of New York)

Sammons Financial Group (includes Midland National Life and NACOLAH Life)

Savings Bank Life of Massachusetts

Securian Financial

Security Mutual Life of New York

State Farm Life (includes State Farm Life & Accident)

Symetra Financial

Thrivent Financial for Lutherans

Transamerica (Transamerica Life Insurance Company, Transamerica Financial Life Insurance Company, Transamerica Premier Life Insurance Company)

Unum

USAA Life (includes USAA Life of New York)

Washington National Insurance Company

Western-Southern Life Insurance (includes Western-Southern Life Assurance)

Zurich North America (Zurich American Life Insurance Company and Zurich American Life Insurance Company of New York)

Definitions

This survey represents approximately 85 percent of industrywide annualized premium, 90 percent of face amount, and 60 percent of new policies. A report showing sales by company is available to participants.

Premium

Annualized — Recurring premium plus 10 percent of single premium.

Recurring — The premium policyholders expect to pay each year.

Single — A lump-sum payment intended to cover the entire cost of the policy.

Product

Universal life (UL) — A flexible-premium permanent contract that credits cash values with current interest rates and deducts mortality and expense charges from the cash values.

Cash accumulation UL — UL developed for the accumulation market where cash accumulation and efficient distribution are the primary concerns of the buyer. Includes products that allow for high early cash value accumulation, typically through the election of an accelerated cash value rider.

Current assumption UL — UL that offers the lowest cost death benefit coverage without lifetime guarantees.

Lifetime guarantee UL — UL developed specifically for the lifetime death benefit guarantee market that features lifetime (to age 120) no-lapse guarantees either through a rider or as part of the base policy.

Other UL — UL that does not fit the above categories. Includes term UL.

Indexed UL — UL products that are linked to market indices (such as the S&P). Cash values increase with indices, while receiving a minimum guarantee when the market is down.

Universal life interest rates — The annualized rate of interest credited to new cash value deposits.

Variable universal life — A Securities and Exchange Commission-registered flexible-premium permanent contract that houses cash values (which fluctuate depending on investment performance) in a separate account.

Term — Life insurance issued for a specific number of years or to a specific age with no (or little) cash value.

Whole Life — Traditional cash-value life insurance such as whole life continuous pay, limited pay, modified life, and current-assumption whole life.

Survivorship life — Second- or last-to-die life insurance which insures two or more lives, with the proceeds payable when the second or last insured dies.

Distribution

Affiliated

Affiliated agents (i.e., direct sales force) are agents under contract with one company who sell primarily that company's products. They usually: devote at least 75 percent of their time selling one company's products; are provided with training, financing, and supervision; qualify for pensions, conventions, and awards; do not receive any overriding commissions on personal production; and need to meet certain minimum production requirements to maintain a full-time contract. Includes agency-building, MLEA, and home service:

- **Agency-building** — An affiliated agent who sells and services products such as life, health, annuities, group insurance, and equity products.

- **Multiple-line exclusive-agent (MLEA)** — An affiliated agent who is licensed to sell and service individual life, health and annuity products as well as property-casualty products. The MLEA represents one company and their primary business is property-casualty.
- **Home service** — An affiliated agent who sells ordinary, industrial, or property-casualty products in an assigned territory known as a debit. The home service agent may be responsible for home collection of premiums

Independent

Producers who do not have an exclusive contract with one company and are not obligated to sell the products of one company. Includes insurance brokers, personal-producing general-agents, broker-dealers, and registered investment advisers/planning firms:

- **Brokerage** — Includes insurance brokers, independent broker-dealers, and registered investment advisers/planning firms.
- **Insurance Broker** — An independent producer who does not have an exclusive contract with one company or obligations to represent one company exclusively. A brokerage contract provides no overriding commissions on personally produced business and minimal or no production is required to retain a contract. Brokers pay the bulk of their own expenses; companies may pay commissions only or commissions plus expense allowances, but will rarely pay expenses direct. Includes sales stemming from aggregator websites (such as selectquote.com) and sales that flowed through BGAs, IMOs, or other independent intermediaries.
- **Personal-Producing General-Agent (PPGA)** — An independent producer who receives overriding commissions on personally produced business and on business produced by subproducers (full-time agents or brokers working under the PPGA). While the PPGA may have a primary affiliation with one company, they typically have contractual relationships with several companies. The main focus is on personal production. PPGAs may be appointed by regional directors or managing general agents. Includes business of either full-time or brokerage subproducers of PPGAs.
- **Broker-dealer (BD)** — Firms in the business of buying and selling securities for itself and others. Broker-dealers provide a wide array of financial services and products to both retail and institutional clients. Broker-dealers must register with the SEC. When acting as a broker, a broker-dealer executes orders on behalf of his/her client. When acting as a dealer, a broker-dealer executes trades for his/her firm's own account. Securities bought for the firm's own account may be sold to clients or other firms, or become a part of the firm's holdings.
- **Independent BD** — Registered reps/advisors of IBDs are not employees of the broker-dealer. Examples include LPL Financial and Commonwealth. Excludes business through full service broker-dealers, sales through a manufacturer's own broker-dealer, and sales that occurred at a bank or other savings institution that flow through the bank's BD or an independent BD. Includes registered representative IBD sales that flow through intermediaries (such as BGAs and IMOs).

- **Full Service BD** — Full Service BDs have an extensive national (and international) branch network system. Registered reps/advisors are employees of the company. Examples include Merrill Lynch, Morgan Stanley, UBS Financial Services Inc., Wells Fargo Advisors, and Edward Jones. Includes FSBD sales that flow through independent intermediaries (such as BGAs and IMOs), as well as non-face-to-face approaches channeled through the FSBD.
- **Registered Investment Adviser/Planner Firm** — A registered investment adviser, investment adviser representative, or financial planner primarily earns compensation by charging fees for services to their client. Their primary practice is advice and planning for a fee. Commissions are not a significant portion of their income.
- **Worksite** — Individual insurance products sold at the worksite. The employee pays the total cost of premiums that are collected by payroll deduction. Commissioned agents/brokers are used to line up the sponsoring employer and/or to solicit individual employee enrollment.
- **Banks and Savings Institutions** — Products sold through banks, savings and loans, credit unions, thrifts, etc. This includes non face-to-face approaches channeled through savings institutions, business sold by savings institution staff, and sales by advisors within the savings institution (if arranged by the home office). Includes bank and savings institution sales that flow through intermediaries (such as BGAs, IMOs, and BDs).
- **Other** — Includes channels other than those defined above.

Direct

Direct reflects any non-face-to-face distribution program directed by the manufacturer such that no third-party distributor has a financial incentive for the program's success. Includes direct to consumer and internet direct:

- **Direct to Consumer** — Buyer-initiated purchases made in response to direct home office (i.e., manufacturer) offerings through mail, media advertising, or purchases resulting from home office telemarketing efforts. The customer may speak with a home office or third party representative who may assist with the sale, but does not offer products manufactured by other companies.
- **Internet Direct** — Internet sales in which the consumer submits an online application to the manufacturer's website. This does not include sales initialized by internet leads, sales initiated by a producer or producer website and submitted via e-mail, or sales stemming from aggregator or other third-party/intermediary websites or other non-face-to-face methods.

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