

The insurance policy document provides a comprehensive overview of life insurance in the United States, emphasizing its primary purpose of offering financial protection for dependents upon the policyholder's death, while also allowing for savings accumulation. In 2021, Americans purchased \$3.3 trillion in new life insurance coverage, resulting in a total of \$21.2 trillion in force by year-end. The market is primarily composed of three types of policies: individual, group, and credit insurance. Individual life insurance, which constitutes 64% of all policies, is typically sold through agents and serves both family and business protection needs. By the end of 2021, individual life insurance totaled \$13.6 trillion, with the average policy size increasing from \$162,230 in 2011 to \$189,830 in 2021. Individual policies can be categorized as term or permanent; term insurance, which covers a specified period without cash value accumulation, accounted for 40% of new individual policies, while 60% were permanent, providing lifelong coverage and cash value. Policies may be participating, allowing for dividends, or nonparticipating, which made up 70% of individual policies in 2021. Policy lapses occur if premiums remain unpaid after a grace period, with a voluntary termination rate of 4.6% in 2021. Many policies include disability provisions, with 93% allowing for premium waivers during disability. Group life insurance, often provided by employers, represented 43% of policies in force in 2021, totaling \$7.5 trillion in protection, and typically includes survivor benefits and disability provisions, with 90% offering premium waivers. Credit life insurance, which pays off loans upon the borrower's death, was valued at \$95 billion at the end of 2021. Claims can be resisted or delayed due to misrepresentation or lack of proof of death, with \$301 million in new claims disputed in 2021.

The document also details the distribution of life insurance purchases by participating status, indicating that nonparticipating policies dominate both individual and group categories, with 70.6% and 96.6% respectively in 2020. The voluntary termination rates reveal a decrease in individual lapse rates from 4.8% in 2011 to 3.7% in 2021, while group lapse rates reached 6.2% in 2021. Credit insurance exhibited higher termination rates, with a combined rate of 11.4% in 2021. Furthermore, it outlines that 25.7% of individual policies and 93.6% of group policies include waiver

of premium benefits due to disability. In 2021, new claims in dispute amounted to \$300,777 million, with a significant portion of previously resisted claims ultimately being paid out, totaling \$219,301 million in claims paid for the year.

Additionally, the document presents statistical data on life insurance in force from 1900 to 2021, detailing the number of individual policies, group certificates, and credit policies along with their respective face amounts. The data, sourced from the National Association of Insurance Commissioners (NAIC) and LIMRA International, shows trends in the total number of policies and face amounts over time, while excluding revivals, increases, dividend additions, and reinsurance acquired. It clarifies that the totals represent all life insurance on U.S. residents, regardless of the issuing company, and includes specific historical data points for federal and servicemen's group life insurance. Overall, the document reflects the trends and statistics relevant to U.S. life insurers and fraternal benefit societies, providing a detailed landscape of the life insurance market.