

Life insurance serves primarily to protect dependents from financial difficulties following the death of the insured, with many policies also facilitating savings accumulation. In 2017, Americans purchased \$3.1 trillion in new life insurance coverage, raising the total to \$20.4 trillion. The market is primarily composed of three policy types: individual, group, and credit insurance. Individual life insurance, which constitutes 58% of all policies, is typically sold through agents and is utilized for both family and business protection, totaling \$12 trillion by the end of 2017, with an average policy size of \$163,000. These policies can be classified as term, providing coverage for a specified duration without cash value, or permanent, offering lifelong protection with a cash value component. In 2017, 40% of new individual policies were term insurance, while 60% were permanent, which includes traditional whole life, universal life, variable life, and variable-universal life, each with distinct premium structures and investment options.

Group life insurance, covering members of a collective such as employees, represented 46% of all policies in force in 2017, providing \$8.4 trillion in protection. These policies often include survivor benefits and can be retained post-retirement, with most being nonparticipating and 94% offering waiver of premium during disability. Credit life insurance, which pays off loans upon the borrower's death, was valued at \$78 billion at the end of 2017. Policyholders are required to pay premiums to maintain coverage, and policies may lapse if payments are not made within a grace period. The voluntary termination rate for individual policies was 5.7% in 2017, with many policyholders surrendering policies for cash value. Disability provisions are prevalent, with 91% of individual policies allowing premium waivers during disability. Claims may be delayed or denied due to misrepresentation or insufficient proof of death, with \$551 million in new claims disputed in 2017.

In 2017, a total of 10,114 thousand life insurance policies were purchased, with 4,059 thousand being term insurance, accounting for 40.1% of policies and 70.3% of the face amount. Whole life and endowment policies made up 59.9% of total policies, representing 29.7% of the face amount. The data distinguishes between participating and nonparticipating policies, with nonparticipating

policies comprising a significant majority of the face amounts across individual, group, and credit insurance categories. Termination rates for life insurance policies indicate a decrease in lapse rates for individual policies from 5.1% in 2007 to 4.5% in 2017, while group policies showed a similar trend. Surrender rates for individual policies remained low, around 1.1% to 1.6%, suggesting stability in policy retention, whereas credit policies exhibited higher termination rates, peaking at 23.1% in 2014 before stabilizing.

The data also reveals an increase in claims disputes, with new claims in dispute rising from \$238.5 million in 2007 to \$550.9 million in 2017, indicating a growing trend in claims resistance. The amount paid for new claims also saw a significant rise, from \$25.8 million in 2007 to \$153.7 million in 2017. Furthermore, a substantial percentage of individual and group policies include waiver of premium benefits, reflecting the inclusion of disability provisions. Overall, the data provides a comprehensive overview of life insurance trends in the U.S. from 1900 to 2017, highlighting policy purchases, retention rates, claims disputes, and the prevalence of disability provisions, sourced from the American Council of Life Insurers (ACLI) and the National Association of Insurance Commissioners (NAIC).