

The insurance policy document provides a comprehensive overview of life insurance in the United States, emphasizing its primary purpose of protecting dependents from financial hardship upon the death of the insured, while also allowing for savings accumulation. In 2023, Americans purchased \$3.6 trillion in new life insurance coverage, reflecting an 8.8% increase from the previous year, resulting in a total of \$22.2 trillion in life insurance coverage. The market is primarily composed of three types of policies: individual, group, and credit insurance. Individual life insurance, which constitutes 63% of all policies in force, is typically acquired through agents and serves both family protection and business needs. By the end of 2023, individual life insurance reached \$14 trillion, with the average policy size increasing from \$165,000 in 2013 to \$206,000 in 2023. Among individual policies, 39.5% were term insurance, which provides coverage for a specified period without cash value, while 60.5% were permanent insurance, offering lifelong coverage and a cash value component. Policies can be classified as participating, allowing for dividends, or nonparticipating, which are more prevalent. Lapses occur when premiums are unpaid, with a voluntary termination rate of 5.4% in 2023, and many policies include disability provisions, with 93% allowing for premium waivers during disability. Group life insurance, covering members of a group such as employees, represented 45% of all life insurance policies in force in 2023, totaling \$8.1 trillion in protection. Group policies often include survivor benefits and disability benefits, with 91% allowing for premium waivers. Credit life insurance, which pays off loans upon the borrower's death, was valued at \$92 billion at the end of 2023. Claims can be disputed for reasons such as misrepresentation or lack of proof of death, with \$252 million in new claims contested in 2023.

The document further details the face amounts of life insurance policies, reporting a total of \$1,971,771 million, with 39.5% attributed to term insurance and 60.5% to whole life and endowment policies. Within term insurance, level term accounts for 67.9% of the total face amount, while decreasing term insurance represents 0.4%. Nonparticipating policies dominate both individual and group segments, comprising 72% and 96.2% of face amounts, respectively, in 2023. Voluntary termination rates indicate that individual lapse rates have remained stable, averaging around 4.3%,

while group and credit policies exhibit higher lapse rates. Surrender rates for individual policies are around 1%, whereas credit policies show significantly higher rates, peaking at 17.1% in 2013 and stabilizing at 14.7% in 2023. The document highlights that 25.6% of individual policies and 91.6% of group policies include waiver of premium benefits, with total face amounts for these provisions at \$5,335,122 million for individual policies and \$7,813,251 million for group policies.

Claims data indicates a decrease in new claims in dispute from \$435,366 million in 2013 to \$251,577 million in 2023, with total claims paid fluctuating over the years. The data represents U.S. life insurers and fraternal benefit societies, sourced from the National Association of Insurance Commissioners (NAIC), which does not endorse any conclusions drawn from the data. The document also includes historical data on life insurance purchases and policies from 2004 to 2023, showing trends in the number of individual and group policies, their face amounts, and total amounts for each year. For instance, individual policies decreased from 35,767 in 2004 to 9,586 in 2023, while the face amount increased to \$1,971,771 million. Group policies rose from 12,581 in 2004 to 27,394 in 2023, with a face amount of \$1,617,469 million, leading to a total of 36,980 policies and a face amount of \$3,589,241 million. The data excludes certain types of insurance, such as credit life insurance prior to 1974, and includes long-term credit insurance from that year onward, with sources being the American Council of Life Insurers and the NAIC, which disclaims endorsement of any conclusions drawn from the data.