
Life/health insurers see net quarterly operating income more the double

By Editorial Staff *Thu, Jun 1, 2017*

Bonds remains the industry's top invested asset class, but the proportion held in bonds declined as more money was invested in mortgage loans, which made up more than 11% of invested assets at the end of the first quarter.

The U.S. life/health industry's pretax net operating income in first-quarter 2017 jumped 130% over the same period a year ago, to \$14.5 billion from \$6.3 billion. It was the highest first-quarter total since 2013, according to a new Best's Special Report, "A.M. Best First Look—1Qtr 2017 U.S. Life/Health Financial Results."

The data is derived from companies' three-month 2017 interim statutory statements (received by May 22, 2017), representing about 84% of total industry premiums and annuity considerations.

The life/health industry posted an increase in realized capital losses of \$3.1 billion compared with first-quarter 2016. The loss increase, driven by a \$1.8 billion year-over-year difference at Transamerica Life Insurance Company, reduced net income growth to \$7.7 billion, a 73.5% increase over first-quarter 2016.

Total income in first-quarter 2017 increased year-over-year by 1.6% to \$187.2 billion as premiums and annuity considerations grew 2.2% and net investment income rose 6.2%. This offset a 38.1% decline in commissions and expense allowances on reinsurance ceded, which was elevated during first-quarter 2016 with a reinsurance agreement at Genworth Life and Annuity Insurance Co. that resulted in \$2.3 billion of income not repeated during the current quarter.

The life/health industry saw continued growth in invested assets, reaching a record \$3.8 trillion as of March 2017. Bonds remained the top invested asset class in first-quarter 2017, but the proportion held in bonds continued to steadily decline as more money was invested in mortgage loans, which made up more than 11% of invested assets at the end of the first quarter.

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