
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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