
Total revenue for public life insurers rises in 2017

By Editorial Staff *Thu, Apr 19, 2018*

The industry garnered a year-over-year \$9.5 billion tax benefit in 2017 due to the impact of tax reform. Nearly three-quarters of that went to Prudential, MetLife and Aflac.

U.S. publicly traded life/annuity insurers saw total revenue rise by 5.9% in 2017, to \$311.9 billion, due to increased net investment income, fees and commissions and premium revenue, according to A.M. Best, the ratings agency.

The Best's Special Report, "Quick Look: U.S. L/A GAAP Earnings Review—Year-End 2017," notes that the industry garnered a year-over-year \$9.5 billion tax benefit in 2017 due to the impact of tax reform. Nearly three-quarters of that went to Prudential, MetLife and Aflac.

The revenue growth resulted in a 6.5% increase in operating income, even though about one-third of the companies reported a decline from 2016. However, net income grew substantially in 2017, up nearly 60% to \$29.5 billion.

Fees and commissions revenue grew by 7.3%. Growth in assets under management (AUM) and mean account values was driven by an increase in the daily average equity markets. Higher fees on variable annuities, driven by higher average separate account balances, also contributed to the increase in fee income.

Although annuity revenue rose on the growth of AUM, annuity sales were marginal, influenced by an overall industry decline and shift away from variable annuity products, as well as the focus of carriers and independent marketing organizations on the evolving Department of Labor (DOL) fiduciary rule and implementation.

The majority of companies reported marginal growth in investment income due to higher AUM and a larger asset base.

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