
U.S. life/annuity insurers see higher net income in 1Q2019

By Editorial Staff *Thu, Jun 6, 2019*

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The U.S. life/annuity (L/A) industry's net income in the first quarter of 2019 rose sharply over the prior-year period, to \$14.9 billion from \$3.2 billion, due mainly to a significant decline in total expenses, according to A.M. Best, the ratings agency.

Those preliminary financial results are detailed in a new Best's Special Report, titled, "First Look - Three Month 2019 Life/Annuity Financial Results." The data comes from companies' three-month 2019 interim period statutory statements, which were received by May 29, 2019 and represent an estimated 93% of total industry premiums and annuity considerations.

The L/A industry's total income for the first three months of 2019 declined slightly by 1.3% from the prior-year period, as net investment income remained unchanged and a \$37.7 billion increase in premiums and annuity considerations was negated by a \$40.7 billion decline in other income, the report said.

However, a \$12.8 billion decrease in incurred benefits, coupled with a \$9.8 billion reduction in general insurance and other expenses, and an \$8.5 billion reduction in net transfers to separate accounts drove a \$13.6 billion reduction in total expenses.

Despite relatively flat income, the decline in expenses resulted in pre-tax net operating gain doubling from the prior-year period to \$21.9 billion. A \$2.0 billion increase in federal and foreign taxes was offset by a \$2.8 billion reduction in net realized capital losses, boosting the total industry's net income.