



# 2014 LIFE REINSURANCE SURVEY RESULTS

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Munich Re prepared the survey on behalf of the Society of Actuaries Reinsurance Section as a service to section members. The contributing companies provide the numbers in response to the survey. These numbers are not audited and Munich Re, the Society of Actuaries and the Reinsurance Section take no responsibility for the accuracy of the figures.



- Who: Top US & Canadian reinsurers
- What: Individual & group new business (assumed) and in force
- Definitions
  - **Recurring:** issued in same year as reinsured
  - **Portfolio:** issued prior to year reinsured
  - **Retrocession:** reinsurance not directly written by ceding company

Note: Individual life based on amount (NAR), Group based on premium



- RGA announced an agreement to retrocede approximately \$200B of their US IL block to Pacific Life.
- RGA agreed to buy Aurora National Life Assurance Co. – a wholly owned life insurance subsidiary of Swiss Re.
- RGA reached an agreement with Voya Financial to reinsure a \$100B block of level term business.
- CPPIB acquired Wilton Re for \$1.8B. Later, Wilton Re announced agreement to acquire Transamerica business in Canada from Aegon N.V.
- New York Life agreed to assume a 60% share of John Hancock's in force par life closed block.
- Dai-ichi Life Insurance Company purchased Protective Life Corp.
- Manulife announced it will acquire Standard Life's Canadian business for a reported \$3.67B

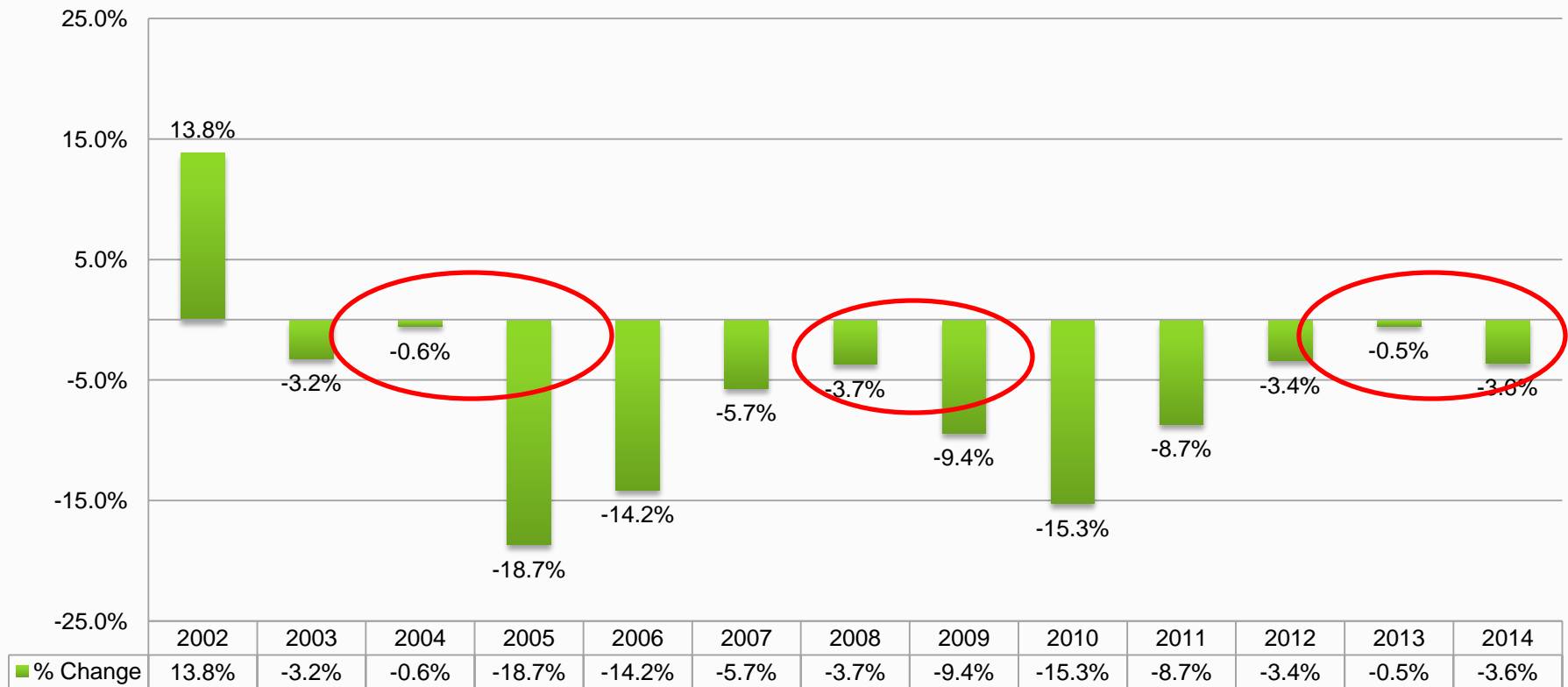
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# US RECURRING



# Annual percentage change in US recurring new business (2002-2014)

## US individual recurring reinsurance



# US Recurring by company

## US ordinary recurring reinsurance (\$US Millions)

| Company          | 2013             |              | 2014             |              | Change in Production |
|------------------|------------------|--------------|------------------|--------------|----------------------|
|                  | Assumed Business | Market Share | Assumed Business | Market Share |                      |
| SCOR Global Life | 125,025          | 28.2%        | 114,171          | 26.7%        | -8.7%                |
| Swiss Re         | 86,654           | 19.6%        | 89,719           | 21.0%        | 3.5%                 |
| Munich Re (US)   | 67,131           | 15.2%        | 70,297           | 16.5%        | 4.7%                 |
| RGA Re. Company  | 85,936           | 19.4%        | 67,277           | 15.8%        | -21.7%               |
| Hannover Life Re | 47,096           | 10.6%        | 42,893           | 10.0%        | -8.9%                |
| Aurigen          | 1                | 0.0%         | 11,697           | 2.7%         | 1000+%               |
| General Re Life  | 12,275           | 2.8%         | 10,769           | 2.5%         | -12.3%               |
| Canada Life      | 7,677            | 1.7%         | 8,501            | 2.0%         | 10.7%                |
| Optimum Re (US)  | 6,858            | 1.5%         | 7,174            | 1.7%         | 4.6%                 |
| Wilton Re        | 4,369            | 1.0%         | 4,575            | 1.1%         | 4.7%                 |
| RGA Re (Canada)  | 2                | 0.0%         | 15               | 0.0%         | 650.0%               |
| <b>TOTAL</b>     | <b>443,024</b>   | <b>100%</b>  | <b>427,088</b>   | <b>100%</b>  | <b>-3.6%</b>         |

**Top 5 = 90% Market Share**

# US Recurring by company

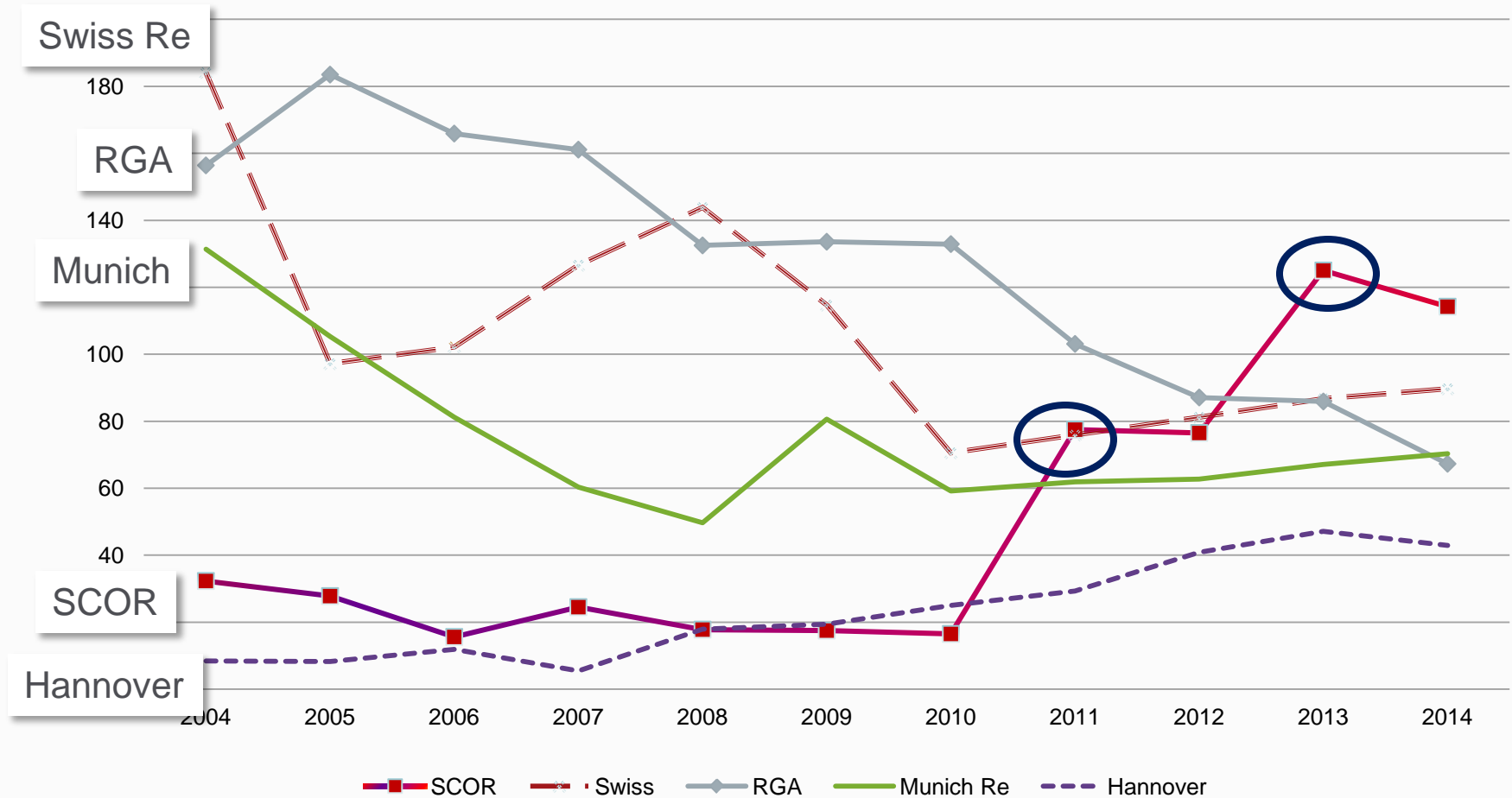
## US ordinary recurring reinsurance (\$US Millions)

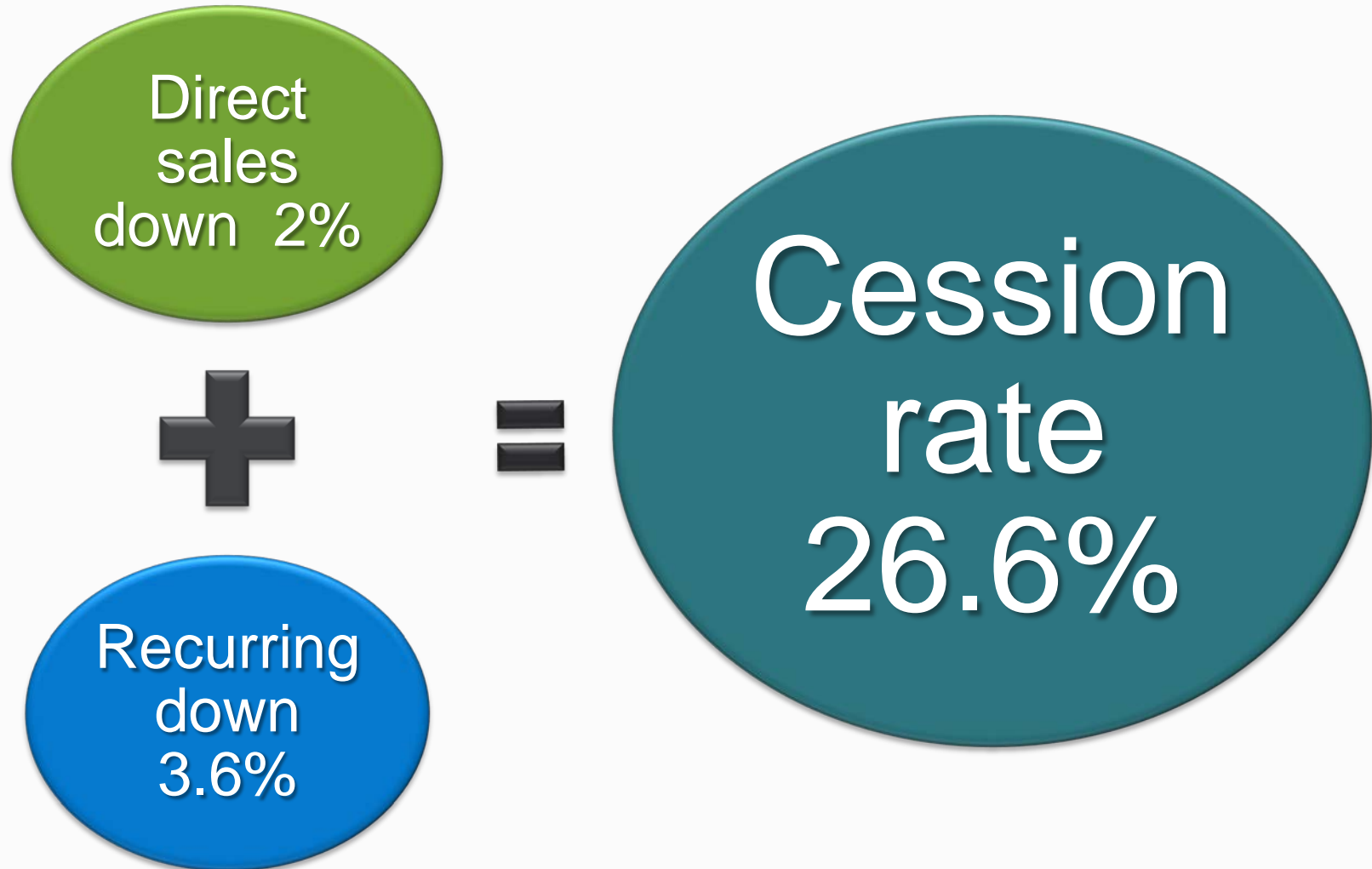
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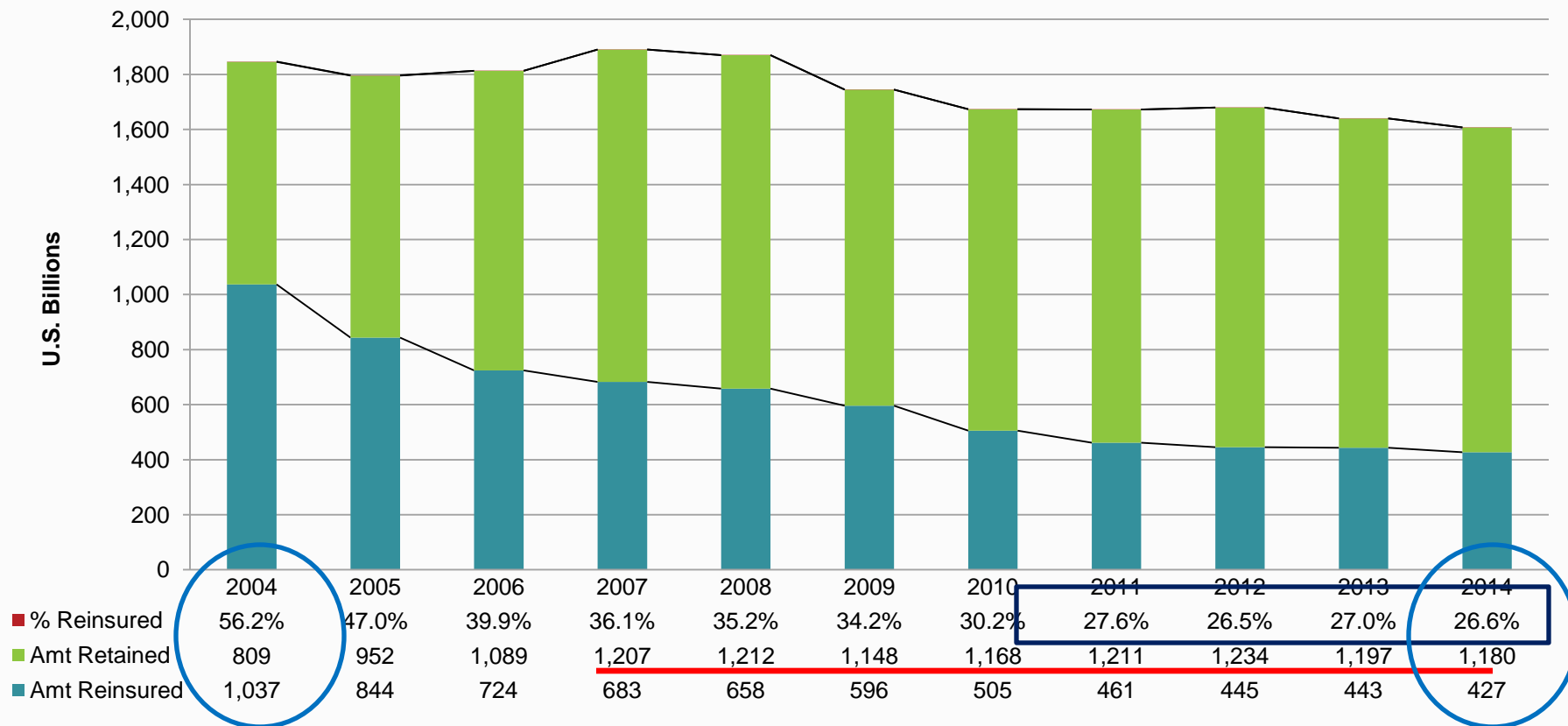
# US Recurring by company

## U.S. Recurring: Top 5 New Business (2004-2014)



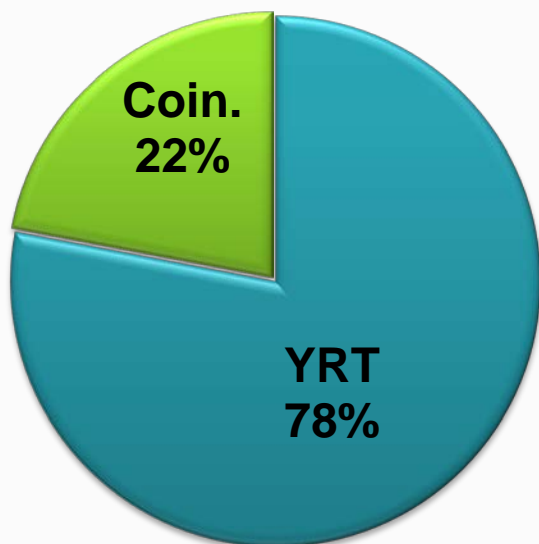


## US ordinary individual life insurance sales (2004-2014)

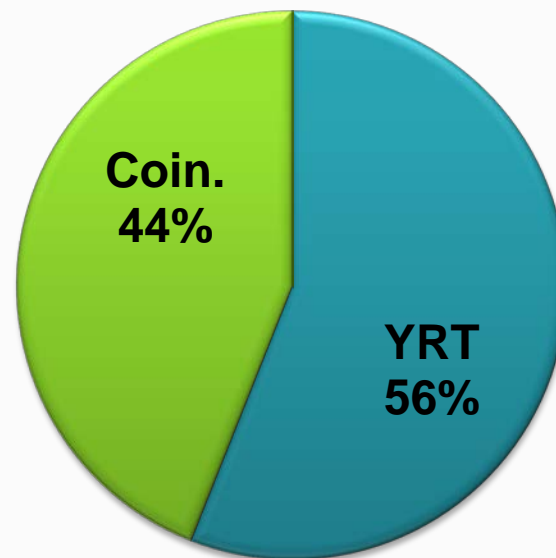


The percentage of coinsurance new business has dropped from 37% in 2009 to 22% in 2014.

## 2014 New Business



## 2014 In Force



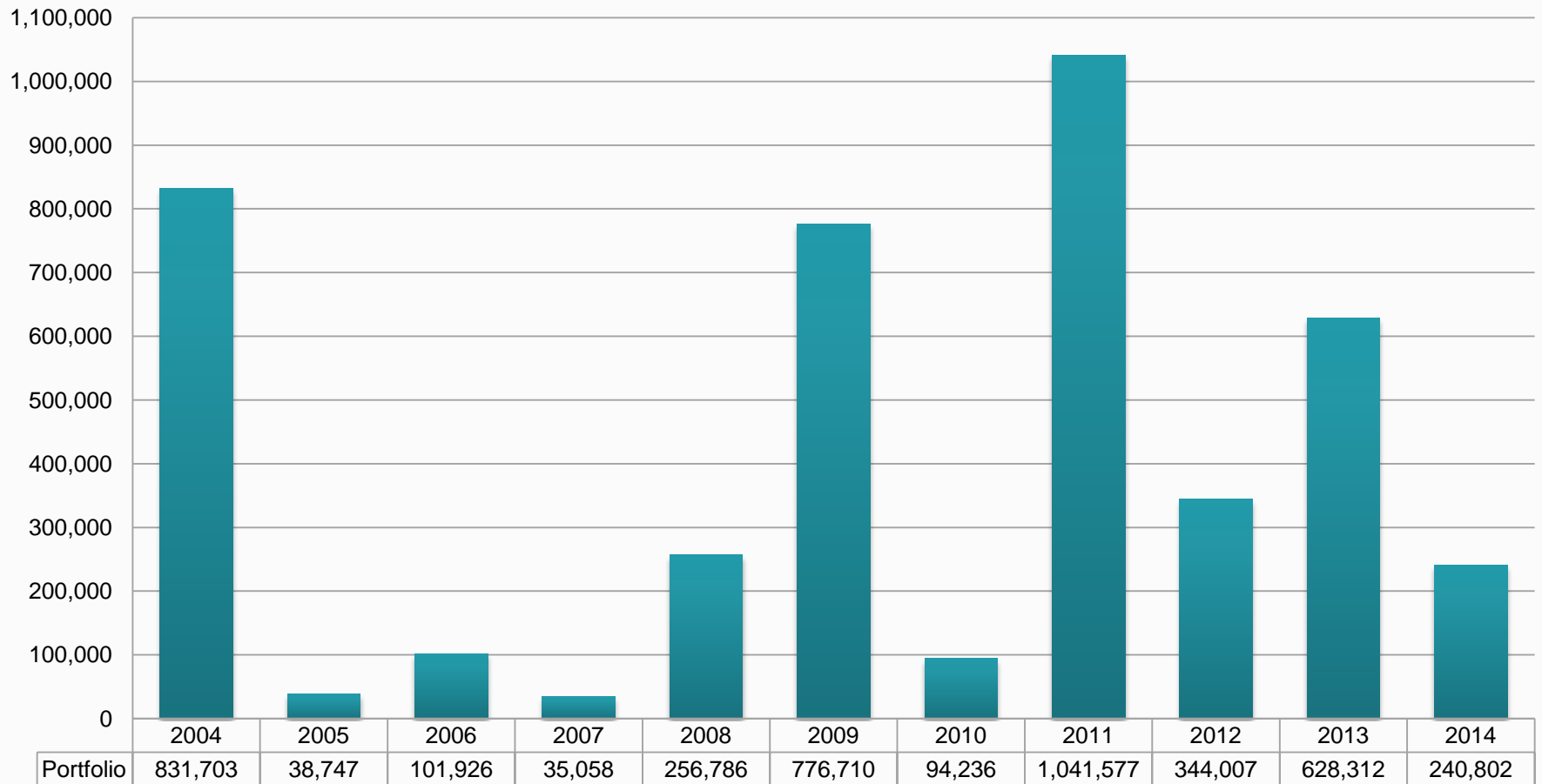
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# US PORTFOLIO AND RETROCESSION



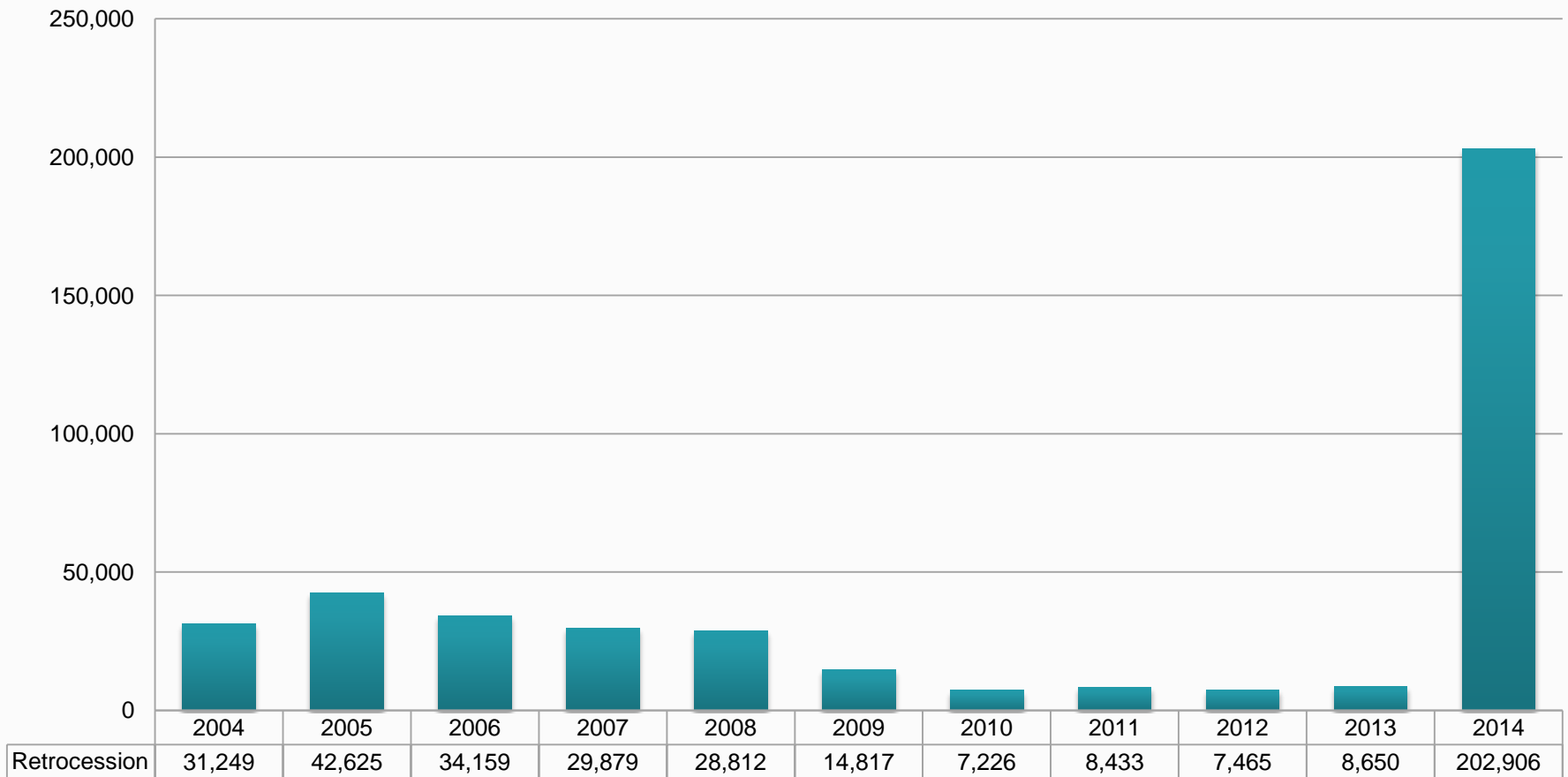
# US portfolio (2004 – 2014)

## Portfolio (\$US Millions)



# U.S. retrocession (2004-2014)

## Retrocession (\$US Millions)



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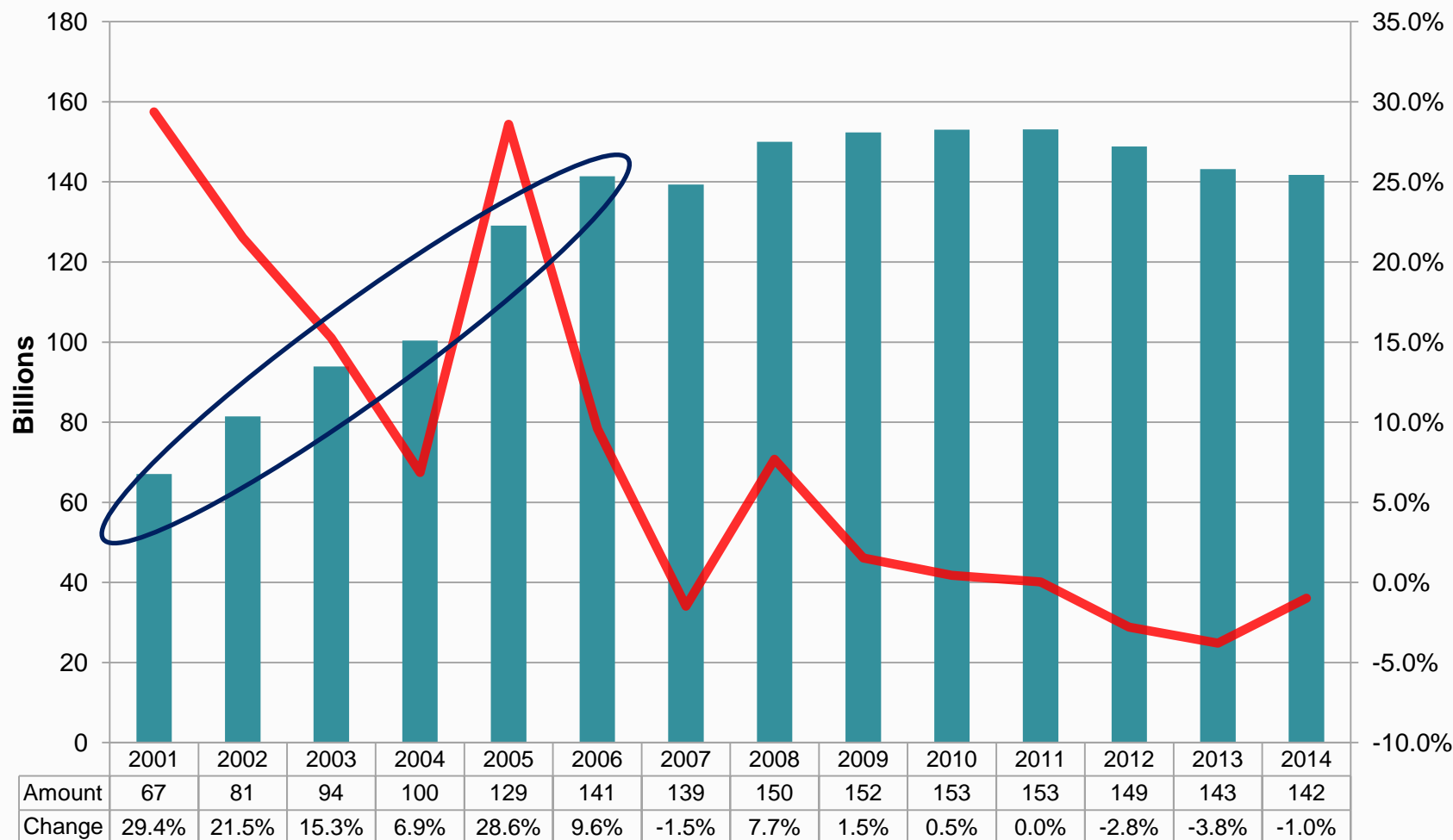
# CANADA RECURRING





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- Recurring fell 1.0% in 2014 (\$141.8 billion reported)
  - LIMRA estimates Canadian direct sales fell 2% in 2014
  - Canadian cession rate stable – well above US cession rate
  - 96.4% reinsured on a YRT basis, only 3.6% coinsured.

# Canadian Recurring: 2001-2014



Canada ordinary recurring reinsurance (\$CAN Millions)

| Company                   | 2013             |              | 2014             |              | Change in Production |
|---------------------------|------------------|--------------|------------------|--------------|----------------------|
|                           | Assumed Business | Market Share | Assumed Business | Market Share |                      |
| RGA Re (Canada)           | 45,763           | 32.0%        | 45,715           | 32.2%        | -0.1%                |
| Munich Re (Canada)        | 42,593           | 29.7%        | 41,593           | 29.3%        | -2.3%                |
| Swiss Re                  | 28,095           | 19.6%        | 25,861           | 18.2%        | -8.0%                |
| SCOR Global Life (Canada) | 13,968           | 9.8%         | 11,954           | 8.4%         | -14.4%               |
| Aurigen                   | 6,668            | 4.7%         | 10,049           | 7.1%         | 50.7%                |
| Optimum Re (Canada)       | 6,104            | 4.3%         | 6,600            | 4.7%         | 8.1%                 |
| <b>TOTALS</b>             | <b>143,191</b>   | <b>100%</b>  | <b>141,772</b>   | <b>100%</b>  | <b>-1.0%</b>         |

**Top 3 = 80% Market Share**



- Portfolio: ZERO
- Retrocession: \$1.4 billion.
  - Berkshire Hathaway, Pacific Life and AXA-Equitabel

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# US GROUP



# US group life

Premium in \$US Thousands


| Company                | Group Reinsurance New Business (Premium) |              |           |                |               |               |           |               |
|------------------------|--|--------------|-----------|----------------|---------------|---------------|-----------|---------------|
|                        | 2013                                     |              |           |                | 2014          |               |           |               |
|                        | Trad                                     | Port         | Retro     | Total          | Trad          | Port          | Retro     | Total         |
| Aurigen                | 4,927                                    | 2,133        | 0         | 7,060          | 0             | 0             | 0         | 0             |
| Group Reinsurance Plus | 10,300                                   | 0            | 0         | 10,300         | 3,283         | 0             | 0         | 3,283         |
| Hannover Life Re       | 1,875                                    | 0            | 0         | 1,875          | 897           | 0             | 0         | 897           |
| Munich Re (US)         | 143,792                                  | 0            | 0         | 143,792        | 14,602        | 40,867        | 0         | 55,469        |
| Pacific Life           | 0  | 0            | 64        | 64             | 0             | 0             | 50        | 50            |
| RGA Re. Company        | 3,912                                    | 0            | 0         | 3,912          | 6,820         | 0             | 0         | 6,820         |
| Swiss Re               | 271,632                                  | 0            | 0         | 271,632        | 0             | 0             | 0         | 0             |
| <b>TOTALS</b>          | <b>436,438</b>                           | <b>2,133</b> | <b>64</b> | <b>438,635</b> | <b>25,602</b> | <b>40,867</b> | <b>50</b> | <b>66,519</b> |

| Company                  | Group Reinsurance In Force (Premium) |                  |               |                  |                |                  |               |                  |
|--------------------------|--------------------------------------|------------------|---------------|------------------|----------------|------------------|---------------|------------------|
|                          | 2013                                 |                  |               |                  | 2014           |                  |               |                  |
|                          | Trad                                 | Port             | Retro         | Total            | Trad           | Port             | Retro         | Total            |
| Aurigen                  | 4,927                                | 2,133            | 0             | 7,060            | 0              | 1,639            | 0             | 1,639            |
| Berkshire Hathaway Group | 0                                    | 0                | 66,836        | 66,836           | 0              | 0                | 72,007        | 72,007           |
| Canada Life              | 998                                  | 955,951          | 0             | 956,949          | 913            | 879,537          | 0             | 880,450          |
| General Re Life          | 24,257                               | 0                | 0             | 24,257           | 21,590         | 0                | 0             | 21,590           |
| Group Reinsurance Plus   | 33,100                               | 0                | 0             | 33,100           | 33,800         | 0                | 0             | 33,800           |
| Hannover Life Re         | 7,095                                | 513,135          | 0             | 520,230          | 7,282          | 544,552          | 0             | 551,834          |
| Munich Re (US)           | 170,452                              | 0                | 0             | 170,452          | 182,172        | 40,867           | 0             | 223,039          |
| Optimum Re (US)          | 3,926                                | 0                | 0             | 3,926            | 251            | 0                | 0             | 251              |
| Pacific Life             | 0                                    | 0                | 64            | 64               | 0              | 0                | 50            | 50               |
| RGA Re. Company          | 93,882                               | 0                | 0             | 93,882           | 102,104        | 0                | 0             | 102,104          |
| SCOR Global Life         | 14,099                               | 43,266           | 0             | 57,365           | 51,691         | 0                | 0             | 51,691           |
| Scottish Re              | 0                                    | 21,182           | 0             | 21,182           | 0              | 18,922           | 0             | 18,922           |
| Swiss Re                 | 293,188                              | 0                | 0             | 293,188          | 317,045        | 0                | 0             | 317,045          |
| <b>TOTALS</b>            | <b>645,924</b>                       | <b>1,535,667</b> | <b>66,900</b> | <b>2,248,491</b> | <b>716,848</b> | <b>1,485,517</b> | <b>72,057</b> | <b>2,274,422</b> |

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# CANADA GROUP





## Premium in \$CAN

- 2014 new business premium: \$10.3 million
- 2014 in force premium: \$1.24 billion
- Top NB Writers: Swiss Re and Munich Re
- Top IF: Munich, Swiss Re and RGA



## Premium in \$CAN (thousands)

| Company            | Group Reinsurance New Business (Premium) |          |          |               |               |          |          |               |
|--------------------|--|----------|----------|---------------|---------------|----------|----------|---------------|
|                    | 2013                                     |          |          |               | 2014          |          |          |               |
|                    | Trad                                     | Port     | Retro    | Total         | Trad          | Port     | Retro    | Total         |
| Munich Re (Canada) | 5,818                                    | 0        | 0        | 5,818         | 4,210         | 0        | 0        | 4,210         |
| RGA Re (Canada)    | 0  | 0        | 0        | 0             | 696           | 0        | 0        | 696           |
| SCOR Global Life   | 165                                      | 0        | 0        | 165           | 328           | 0        | 0        | 328           |
| Swiss Re           | 4,116                                    | 0        | 0        | 4,116         | 5,089         | 0        | 0        | 5,089         |
| <b>TOTALS</b>      | <b>10,099</b>                            | <b>0</b> | <b>0</b> | <b>10,099</b> | <b>10,323</b> | <b>0</b> | <b>0</b> | <b>10,323</b> |

| Company                  | Group Reinsurance In Force (Premium) |                  |           |                  |                |                  |           |                  |
|--------------------------|--------------------------------------|------------------|-----------|------------------|----------------|------------------|-----------|------------------|
|                          | 2013                                 |                  |           |                  | 2014           |                  |           |                  |
|                          | Trad                                 | Port             | Retro     | Total            | Trad           | Port             | Retro     | Total            |
| Berkshire Hathaway Group | 0                                    | 0                | 26        | 26               | 0              | 0                | 78        | 78               |
| Munich Re (Canada)       | 50,342                               | 1,262,701        | 0         | 1,313,043        | 49,518         | 1,136,014        | 0         | 1,185,532        |
| Optimum Re (Canada)      | 5,157                                | 0                | 0         | 5,157            | 5,151          | 0                | 0         | 5,151            |
| RGA Re (Canada)          | 20,570                               | 0                | 0         | 20,570           | 22,010         | 0                | 0         | 22,010           |
| SCOR Global Life         | 2,949                                | 0                | 0         | 2,949            | 1,852          | 0                | 0         | 1,852            |
| Swiss Re                 | 24,132                               | 0                | 0         | 24,132           | 26,829         | 0                | 0         | 26,829           |
| <b>TOTALS</b>            | <b>103,150</b>                       | <b>1,262,701</b> | <b>26</b> | <b>1,365,877</b> | <b>105,360</b> | <b>1,136,014</b> | <b>78</b> | <b>1,241,452</b> |

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# SUMMARY



# Individual life reinsurance new business production

US figures in \$US Millions, Canadian figures in \$CD Millions

|                       | U.S.             |                |               | Canadian       |                |              |
|-----------------------|------------------|----------------|---------------|----------------|----------------|--------------|
|                       | 2013             | 2014           | Change        | 2013           | 2014           | Change       |
| Ordinary Life         |                  |                |               |                |                |              |
| Recurring             | \$443,024        | \$427,088      | -3.6%         | \$143,191      | \$141,772      | -1.0%        |
| Portfolio             | 628,312          | 240,802        | -61.7%        | 0              | 0              | 0.0%         |
| Retrocession          | 8,650            | 202,906        | 2245.7%       | 987            | 1,406          | 42.5%        |
| <b>Total Ordinary</b> | <b>1,079,986</b> | <b>870,796</b> | <b>-19.4%</b> | <b>144,178</b> | <b>143,178</b> | <b>-0.7%</b> |



Economy



Direct Sales



Regulation



Life Reinsurance



## For more information

- Complete results: [www.munichre.com/us/life](http://www.munichre.com/us/life) under “Publications”
- Contact the author: [dbruggeman@munichre.com](mailto:dbruggeman@munichre.com)