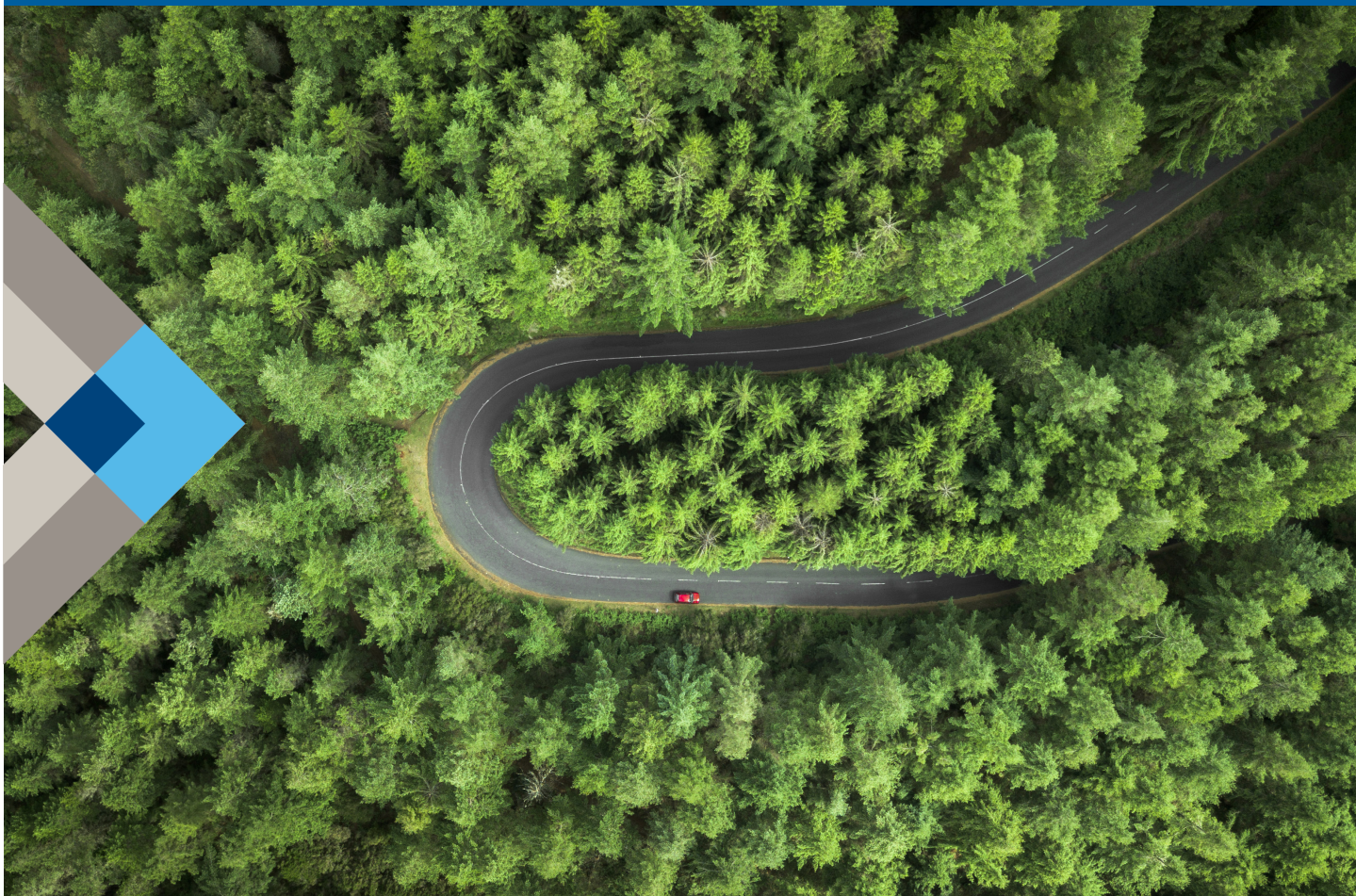


eSurvey

Premium Financing for IUL Sales



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Overview

LIMRA asked companies if they allow premium financing and explored factors driving their recent indexed universal life (IUL) sales growth/declines.

- Twenty-one companies responded, of which 10 reported IUL increases in the first quarter of 2023.
- A decline in premium financing does not appear to be the primary driver behind first quarter 2023 IUL premium declines since only 3 of 10 with negative growth have seen a decrease in premium financing.
- Of the responding companies, 11 allow premium financing, half of which have seen declines in recent months, with the decrease starting as early as April 2022 and as late as March of this year. Six of the 11 said there were other factors that impacted their sales.
- Ten companies (both those that allow financing and those that do not) responded to a question regarding other factors that impacted their IUL sales in the first quarter of 2023. Factors included interest rates, impending AG 49 changes, market returns, and product changes.

Survey Results

1. Do you allow for premium financing?

Number of companies (N=21)**			
	1Q2023 IUL Sales Increase	1Q2023 IUL Sales Decrease	All Responses
Yes	5	6	11
No*	5	5	10
	10	11	21

* Two of the 10 companies that responded "No" indicated that they did not feel this survey was applicable to them. ** Sales growth based on LIMRA's Quarterly Retail Individual Life Insurance Sales Survey.

2. Have you seen a recent decline in the incidence of financing? *(Based on the responses of 10 of the companies that allow for premium financing)*

Number of companies** (N=10)			
	1Q2023 IUL Sales Increase	1Q2023 IUL Sales Decrease	All Responses
Yes*	2	3	5
No	3	2	5
	5	5	10

** Sales growth based on LIMRA's Quarterly Retail Individual Life Insurance Sales Survey.

*If yes, when did this trend begin?

- April 2022
- Late 2022
- December 2022
- January 2023
- March 2023

3. Are there factors other than premium financing that significantly impacted your IUL sales in the first quarter of 2023? *(Based on the responses of the 11 companies that offer)*

<u>Number of companies</u>	<u>Response</u>
6	Yes
5	No

4. What factors significantly impacted your IUL growth/decline? (N=10)

- Our caps are becoming less competitive relative to our competitors. This is due to the lag between how the higher new money rates impact our large portfolio relative to other competitors with smaller portfolios.
- We had product reprices in 2022 which helped sales in Q1 2023.
- Impending AG 49-A changes; interest rates.
- Market returns had a large negative influence on recent IUL sales.
- Primary factor for 1Q growth was in relation to the continued engagement with our new product launched in July 2022.
- Our IUL sales have been impacted over the years by a challenging interest rate environment and a shift to less interest-sensitive products.
- We have seen an increase in large premium sales (e.g., \$100,000+ target) in 1Q 2023, which has driven much of our increase in IUL sales.
- Higher interest rates have made short-term savings vehicles attractive and delayed some larger IUL cases. Additionally, we had some cases in Q1 2022 that had unusually high Annualized w/ Excess premium relative to TCP [Target Commissionable Premium].
- Lack of productive competitiveness/largely uncompetitive product.
- Economic environment has resulted in a shift in desired product line.

5. Additional comments:

- We do allow premium finance sales but those sales are not meaningful. Our IUL sales have been impacted over the years by a challenging interest rate.
- We did not have much PF business to begin with, accounted for <1% of our premium.
- We can't prevent it, but we discourage premium financing and rarely, if ever, see any cases.
- While [our] IUL sales were positive this quarter we have seen a decline in submissions for Premium Financed business since December 2022. Other than premium financing, market returns had a large negative influence on recent IUL sales.
- After effects of sponsored demutualization [caused] disruption within the field force.
- While our product sits on an IUL chassis, it is actually a hybrid product.
- We don't see many sales yet as our agents are still learning the product.

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F&G Annuities & Life
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Thank you for your participation!



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