



2020 Annual Report



50 Braintree Hill Park
Braintree, MA 02184
(781) 751-6130

www.mibgroup.com/lifeindex

MIB Life Index Annual Report for 2020

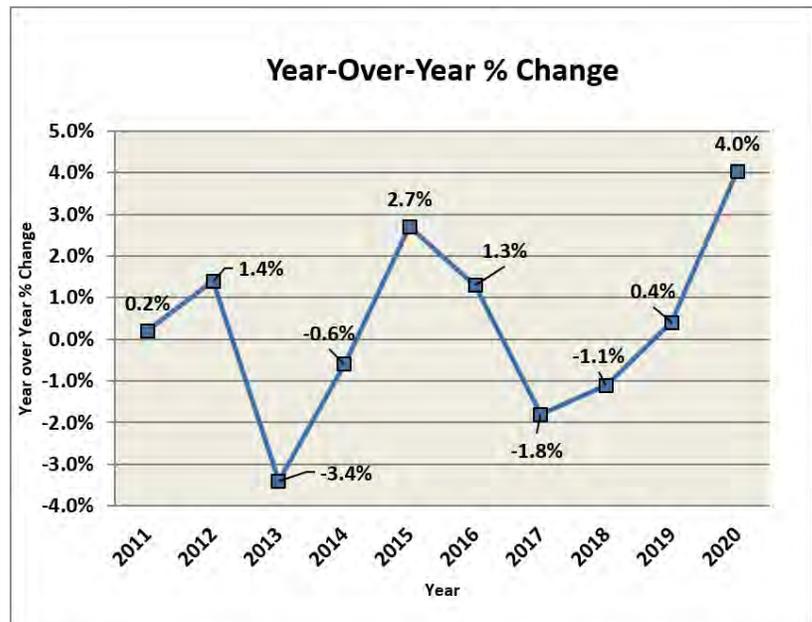
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Executive Summary

Overview

- Despite a tumultuous year due to the pandemic, the MIB Life Index ended 2020 up +4.0% YOY 2020/2019, representing the highest YOY annual growth rate on record. It surpassed the previous YOY growth record from 2015 of +2.7% and followed a fairly flat growth year in 2019 which ended up +0.4% YOY. Further, the 2020 year-end index value of 102.8 is at an all-time high since the index was reset in 2011, finishing at 2.8% higher than par value (Index=100).

Year-over-Year Percent Change		
Year	Composite Index	Y/Y % chge
2011	100.0	0.2%
2012	101.4	1.4%
2013	98.0	-3.4%
2014	97.5	-0.6%
2015	100.1	2.7%
2016	101.4	1.3%
2017	99.6	-1.8%
2018	98.5	-1.1%
2019	98.9	0.4%
2020	102.8	4.0%



- Growth in 2020 was largely driven by younger age groups with activity increasing among those ages 0-59 and decreasing for those ages 60+ year over year. This is in contrast to the last 2 years where the 60+ age group experienced the most significant growth.
- 2020 started strong with initial growth in the first two months, including the strongest YOY growth for the month of February on record (+5.6%), however was interrupted by declines in March and April with the onset of the pandemic and quarantine situations. These two months proved to be the only YOY declines for 2020 and we went on to have record YOY growth for five of the remaining months in 2020.
- The 2020 MIB Life Index grew consistently each quarter despite COVID-19. It followed seasonal patterns commonly seen when compared to 4-year averages, with the exception of Q3, which saw uncharacteristic growth over Q2. All age groups also followed a cyclical pattern with the exception of the 60+ age band.

MIB Life Index 2020

- COVID-19 Impact: Life insurance activity took a deep dive in March (-2.2% YOY and -6.7% MOM) in reaction to COVID-19 quarantines with a rebound recovery peak in July (+14.1% YOY) followed by above normal growth patterns in the fall. The pandemic appears to have impacted younger age groups differently than the older set. As of March, the 60+ age group began to experience YOY declines that lasted the remainder of the year with the exception of a brief recovery in July and minor growth (<1%) in December. In contrast, the 45-59 age group saw declines in March and April, but then had consistent growth through year-end with double-digit YOY growth peaks in July and August. The 0-44 age band had less of a negative reaction to the pandemic, with monthly YOY figures in March and April relatively flat and growth the remainder of the year with July, August and October experiencing double-digit growth.

Life Index Volume by Age Group

- Year-over-year, the relative size of submissions reflected in the MIB Life Index shows growth in the 0-44 age group, nearly all at the expense of the 60+ age group, reversing trends from the prior 2 years. At year-end 2020, the % of total applications attributable to the 0-44 age group increased by +1.2% over last year, totaling 53.5% of all individual life insurance applications where in contrast, ages 60+ decreased -1.2%, totaling 19.3% of all applications. The percentage attributable to ages 45–59 remained flat (0.0%), totaling 27.2% of all applications.
- A three-year lookback (2020-2018) examining age group size percent change shows relatively flat trends with the 0-44 age group at -0.7%, 45-59 at +0.1% and the 60+ age group at +0.6%.
- The five-year lookback (2020-2016) examining age group size percent change shows slight long term declines in younger age groups with 0-44 down -1.1% and 45-59 down -0.4%. In contrast, the 60+ age group has taken up a slightly larger proportion of total applications over the past 5 years, up +1.5%.
- Both the three-year and five-year lookbacks are influenced by historical growth in the 60+ age band and corresponding declines in the 0-44 age group, as well as the notable reversal of that trend in 2020 which saw growth in younger age groups and declines in the 60+ age band.

Face Amount and Product Type Trends

- YOY growth was driven by increases in activity across face amounts up to and including \$2.5M as well as double-digit growth for face amounts over \$5M.

MIB Life Index 2020

- 2020 experienced a growth trend in large face amounts with consistent YOY increases in activity for policies over \$5M across all age groups, including double digit growth for those under age 30 and between 51-70. Ages 71+ saw triple digit growth in these high-end face amounts.
- With the exception of face amounts of \$5M+, all other face amount ranges saw growth patterns on a decreasing scale as applicants aged. As a result, applicants ages 0-30 showed growth in all face amounts.
- All life product lines finished the year with growth over 2019 results, however patterns varied by age group. Term life grew for all age groups up to and including age 60 with double digit growth for ages 31-50; Universal Life grew for all age groups up to and including age 70, with double digit growth for the younger ages of 0-30; and Whole Life grew for all age groups over age 30.

Long Term Composite Trends

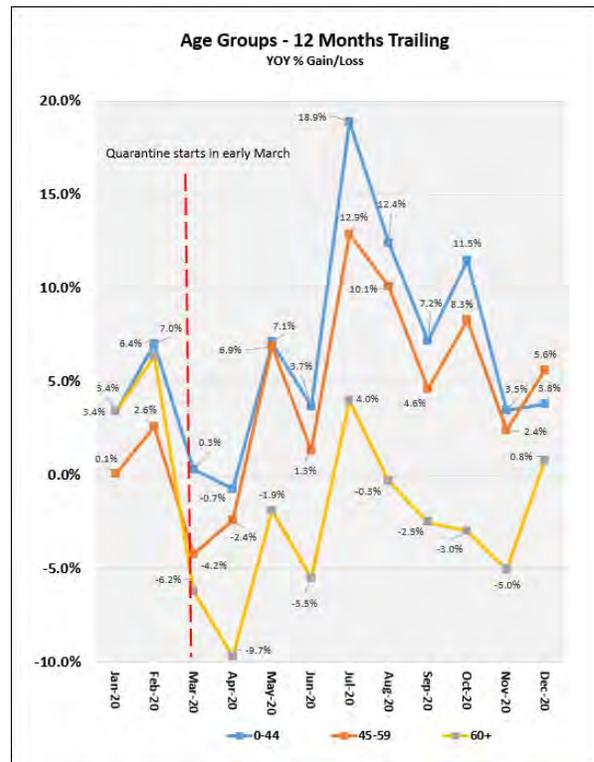
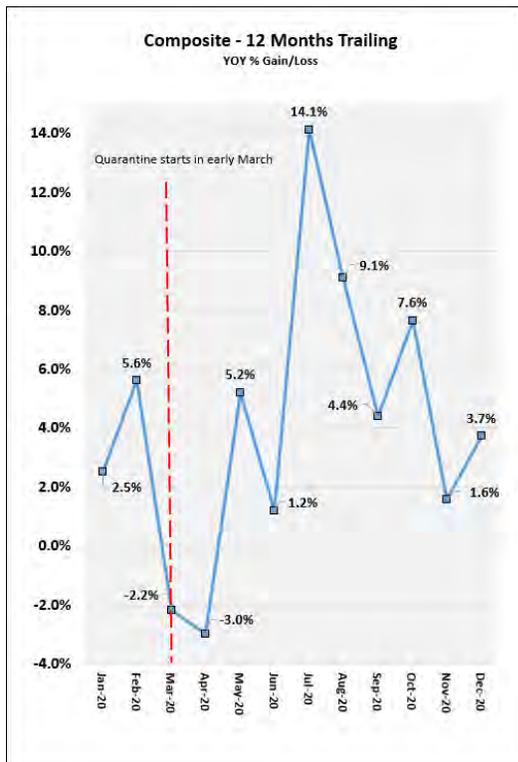
- The five-year average rate of change returned to growth in 2020, following a drop in 2019. Prior to 2019, the five-year average was above par for two consecutive years.
- 2020 set records for annual growth as previously noted. On a quarterly basis, 2020 had the highest index values for Q4 and Q3 over the last 5 years and tied 2016 for the highest Q2 value in that same period.

Detailed 2020 Findings

12-Month Composite Summary

2020 started strong with initial growth in the first two months, including the strongest YOY growth for the month of February on record (+5.6%). However, growth was interrupted by declines in March (-2.2% YOY and -6.7% MOM) and April (-3.0% YOY and -5.5% MOM) with the onset of the pandemic and quarantine situations. These two months proved to be the only YOY declines for 2020 and we went on to have record YOY growth for five of the remaining months of the year with July +14.1%, August +9.1%, September +4.4%, October +7.6% and December +3.7%.

All age groups started at growth, but saw 2020/2019 drops in March and April due to COVID19. Age groups up to age 60 recovered and experienced YOY growth for the rest of the year, peaking in July. However, ages 60+ appeared to have a more negative reaction to the pandemic, having a brief recovery period in July but experiencing negative YOY activity for all other months following the onset of the pandemic, with the exception of minor growth (<1%) in December.



MIB Life Index 2020

Year Over Year Quarterly Percentage Change

Despite the impact of COVID19, 2020 experienced growth over 2019 during all four quarters. While the year started strong, initial gains were offset by losses in March, ending Q1 at +1.8%. Similar losses in April counterbalanced growth in May and June ending Q2 at +1.0%. A spike in July set the tone for the rest of the year leading to record YOY growth in every month remaining except November, and driving a strong Q3, Q4 and year-end result.

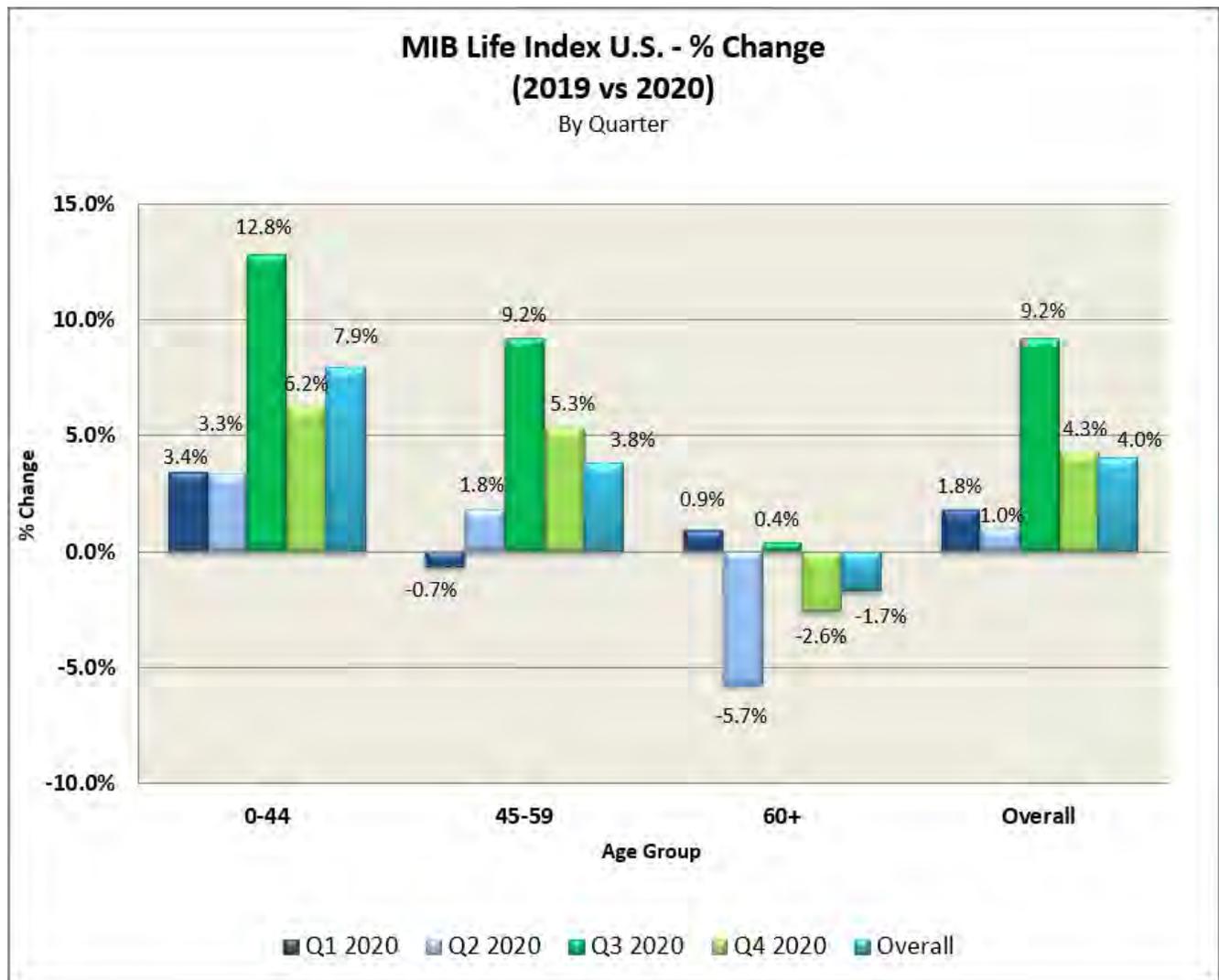
Percent Change		
Period	Compared to	Gain/Loss
Q1 2020	Q1 2019	1.8%
Q2 2020	Q2 2019	1.0%
Q3 2020	Q3 2019	9.2%
Q4 2020	Q4 2019	4.3%



MIB Life Index 2020

Quarterly Percentage Changes by Age Group

Year over year growth was largely driven by the under 60 age group in 2020 with activity increasing among those ages 0-59 and decreasing for those ages 60+. Ages 60+ took a -5.7% drop in Q2 setting a trend for the rest of the year and ending at -1.7% overall. All other age groups trended positive, with the 0-44 age group, who contributes the most volume to the composite index, growing the most significantly. These results are in direct contrast to those of 2019 where the 60+ age group saw increases and the 0-44 age group experienced declines.

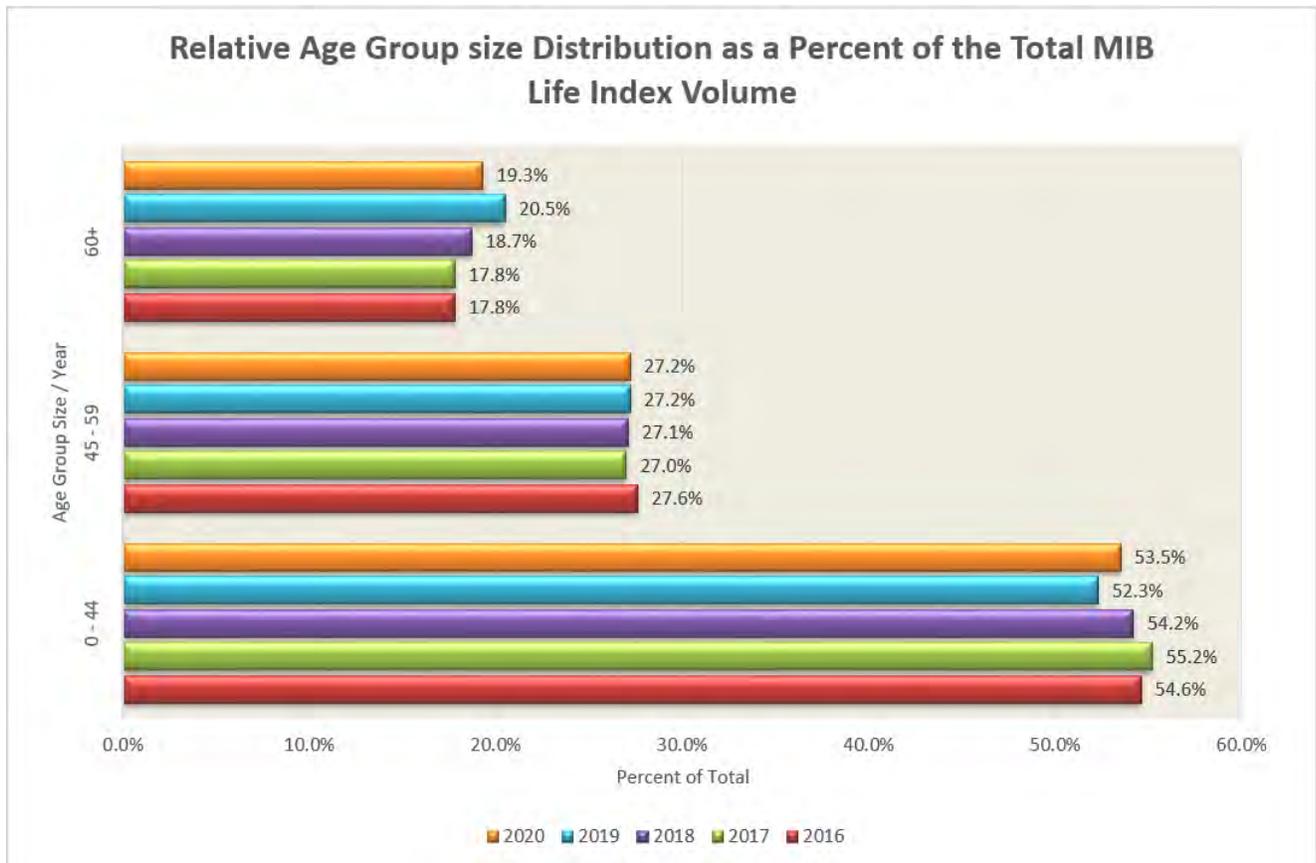


Age Distribution

Age Group Size as a Percent of the Total MIB Life Index

A five-year analysis of the relative size of the age groups in the MIB Life Index as a percent of total Life Index applications reflects a reversal of trends, with 2020 showing a growing percentage of applicants ages 0-44 and a corresponding reduction in applicants ages 60+. In 2020, ages 0-44 represented 53.5%, 45–59 represented 27.2%, and 60+ represented 19.3% of the composite Life Index.

Age Distribution - Percentage of Total					
Age Group	2016	2017	2018	2019	2020
0 - 44	54.6%	55.2%	54.2%	52.3%	53.5%
45 - 59	27.6%	27.0%	27.1%	27.2%	27.2%
60+	17.8%	17.8%	18.7%	20.5%	19.3%
Total	100%	100%	100%	100%	100%



Face Amount by Product Type

Face Amounts by Age Group

Based on the information provided to MIB, 2020 saw increases in activity across all face amounts up to and including \$2.5M as well as double-digit growth for face amounts over \$5M. Of note is the significant increase across all age groups in policies over \$5M, specifically tied to applicants ages 0-30 and over age 61.

As we examined age group patterns, we saw positive activity spread across fewer face amount categories as age bands increased. While the 0-30 age group reflected growth across all face amount categories, growth in the older age group 71+ was isolated to face amounts over \$5M.

2020/2019 Change in Face Amount by Age Group						
Age Group	< \$250,000	\$250,001 - \$500,000	\$500,001 - \$1,000,000	\$1,000,001- \$2,500,000	\$2,500,001- \$5,000,000	\$5,000,001+
Overall	4.6%	9.3%	7.5%	0.9%	-1.8%	16.1%
0-30	1.7%	14.1%	14.0%	9.5%	8.2%	33.0%
31-50	8.9%	11.4%	8.6%	1.2%	-1.8%	6.4%
51-60	4.2%	2.4%	-1.9%	-3.6%	-4.9%	13.5%
61-70	2.4%	-9.5%	-8.9%	-11.3%	-3.4%	27.9%
71+	-0.3%	-16.5%	-12.4%	-15.1%	-10.8%	118.4%



MIB Life Index 2020

Life Product Insights by Age Group

Based on the information provided to MIB, all life product lines finished the year up over 2019 results, however patterns varied by age group. The younger age group of 0-30 experienced declines in Whole Life, growth in Term and double-digit growth in Universal Life. Ages 31-60 had growth across all product lines, including double-digit growth in Term for ages 31-50. Ages 61-70 experienced a slight decrease in Term applications, yet stable growth in both Universal and Whole Life. The age 71+ population had double-digit declines in Term with growth in Whole Life application activity.

When taking a more detailed look at product trends, younger applicants under age 30 appear to be more willing to trade off risk for return and are leaning toward indexed or interest sensitive products whereas their older counterparts ages 61+ appear to be more concerned about guarantees as reflected in the growth in Traditional Whole Life products. While off a smaller base, Variable Universal Life products continued their growth trend with increases in all age bands.

2020/2019 Change in Product Type by Age Group			
Age Group	Term	Universal Life	Whole Life
Overall	7.6%	5.7%	3.4%
0-30	5.4%	11.2%	-2.5%
31-50	11.6%	6.3%	3.8%
51-60	6.0%	2.5%	4.9%
61-70	-1.1%	3.1%	8.1%
71+	-11.2%	-0.1%	7.0%

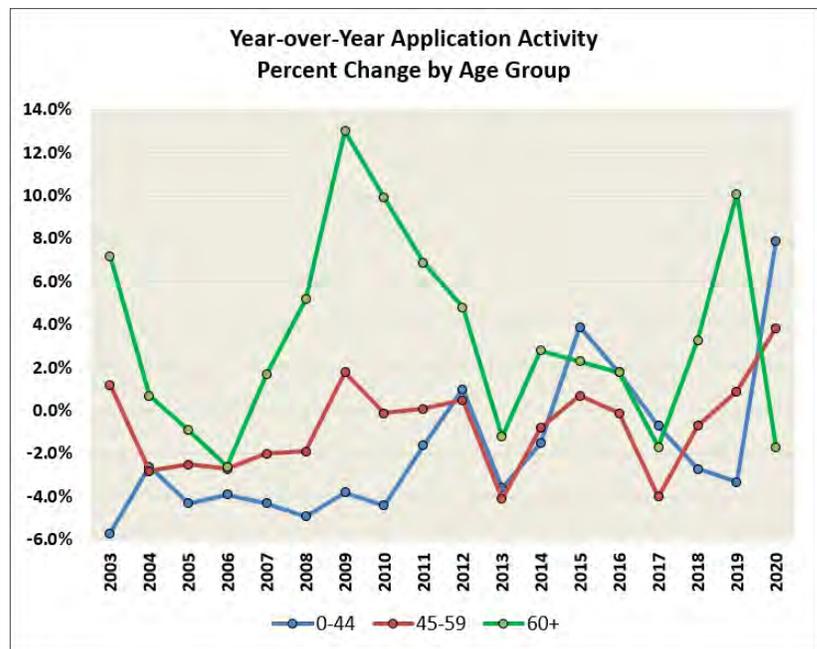


Long Term Trends

Long Term Trends by Age Group

Historically, the 60+ age group has experienced the highest YOY growth of all age groups. Starting in 2015, trends began to fluctuate with the 0-44 age group beginning to outpace the older population in YOY growth. 2018 and 2019 saw a return to more traditional trends with the 60+ age group growing and 0-44 group declining. However, 2020 saw a major reverse of that trend with an all-time peak in YOY growth for ages 0-44 and a corresponding decline in activity for the 60+ population.

Y-O-Y Application Activity % Change			
	0-44	45-59	60+
2020	7.9%	3.8%	-1.7%
2019	-3.3%	0.9%	10.1%
2018	-2.7%	-0.7%	3.3%
2017	-0.7%	-4.0%	-1.7%
2016	1.8%	-0.1%	1.8%
2015	3.9%	0.7%	2.3%
2014	-1.5%	-0.8%	2.8%
2013	-3.6%	-4.1%	-1.2%
2012	1.0%	0.5%	4.8%
2011	-1.6%	0.1%	6.9%
2010	-4.4%	-0.1%	9.9%
2009	-3.8%	1.8%	13.0%
2008	-4.9%	-1.9%	5.2%
2007	-4.3%	-2.0%	1.7%
2006	-3.9%	-2.7%	-2.6%
2005	-4.3%	-2.5%	-0.9%
2004	-2.6%	-2.8%	0.7%
2003	-5.7%	1.2%	7.2%



MIB Life Index 2020

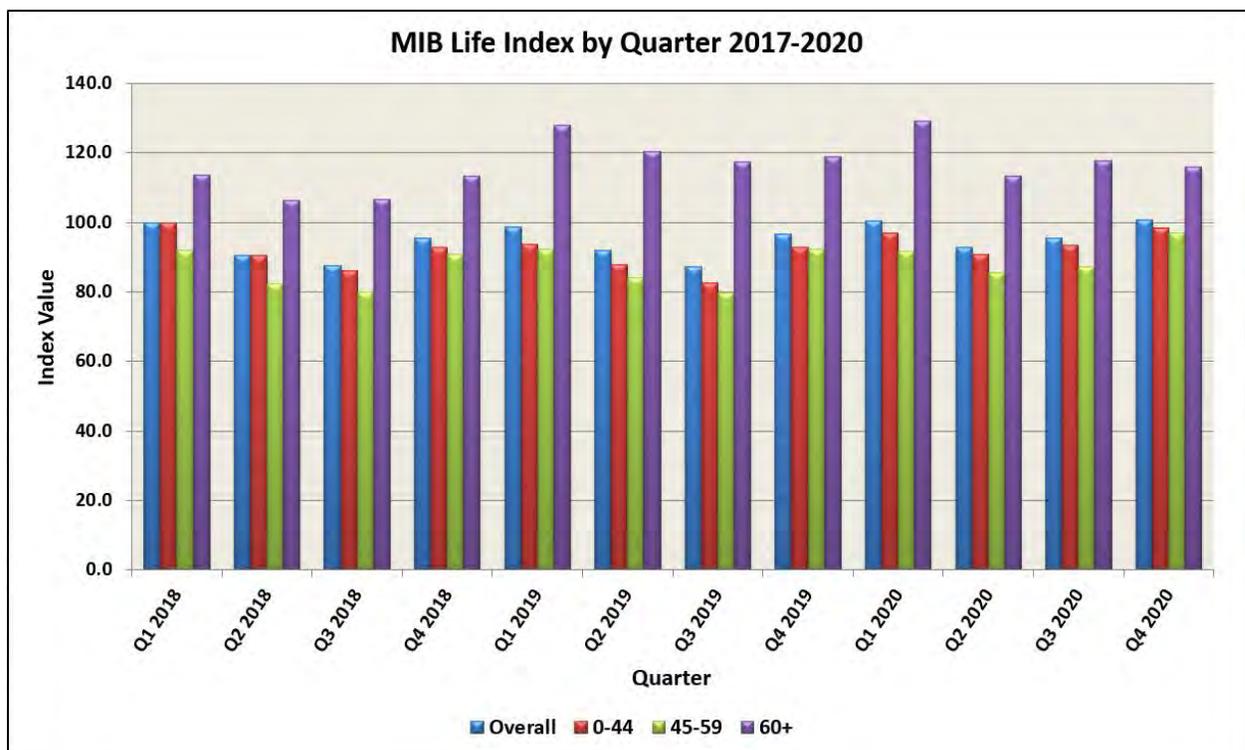
Long Term Quarterly Trend in Index Value

Historically, strong seasonal trends are reflected in the MIB Life Index with the highest index value traditionally in quarter 1 of each year, decreasing in quarters 2 and 3 with an increase in quarter 4. For the composite index, 2020 followed a similar seasonal pattern with Q4 2020 showcasing as the highest value, followed closely by Q1 2020. All age groups also followed a seasonal pattern with the exception of the 60+ age band.

Overall, application activity for the 0-44 age group was up. Q4 2020 and Q1 2020 had the second and third highest index values seen over the last 3 years for this age group, hitting values not seen since Q1 2018. Additionally, 2020 represents the first time the index has not fallen below 90% for any quarter for the 0-44 age group over the last 3 years, reflecting a new growth trend among these younger applicants.

Application activity for the 45-59 age group also grew compared to 2019 submission levels. 2020 saw the highest Q4 index value for this age band over the last 3 years.

The 60+ demographic started strong, with Q1 index values at the highest rate seen for this age group over the last 3 years. However, once COVID hit, the Q2 index for this group dropped more than 15 points, the largest quarter over quarter change to the index in the last 3 years across any age group. Index values experienced a minor recovery in Q3 only to drop again in Q4, deviating from historical seasonal trends.

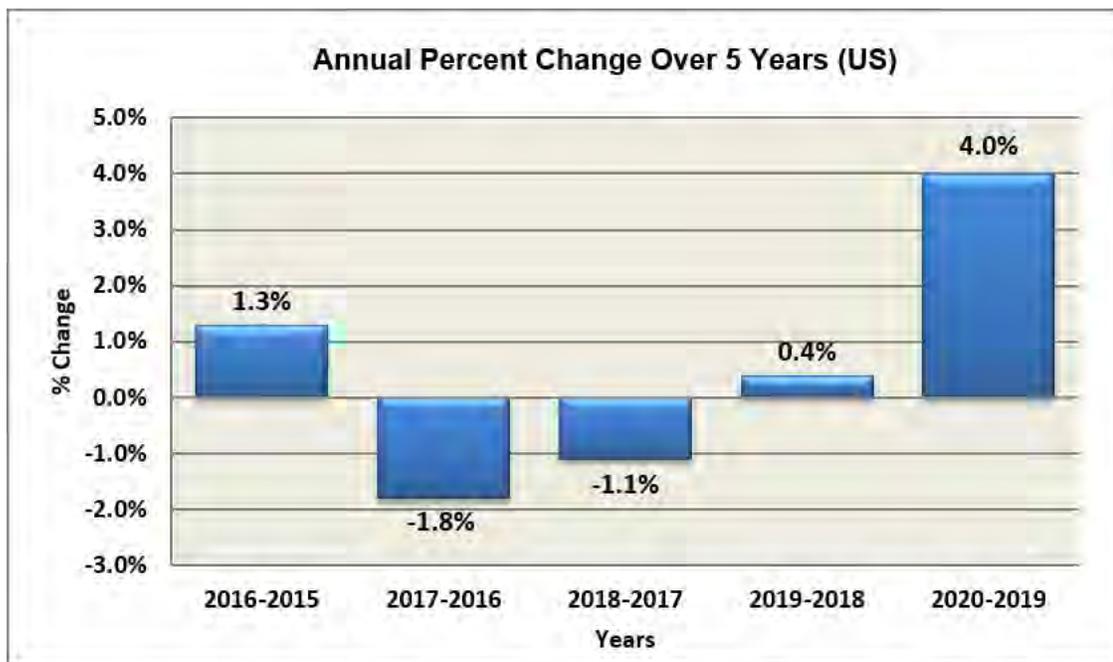


MIB Life Index 2020

Five-Year Percent Change

The annual year-over-year percent change over five years ranges from a low of -1.8% (2017/2016) to a high of +4.0% (2020/2019).

Five-Year Percent Change			
Period	Compared to	Index	Percent Change
2016	2015	101.4	1.3%
2017	2016	99.6	-1.8%
2018	2017	98.5	-1.1%
2019	2018	98.9	0.4%
2020	2019	102.8	4.0%



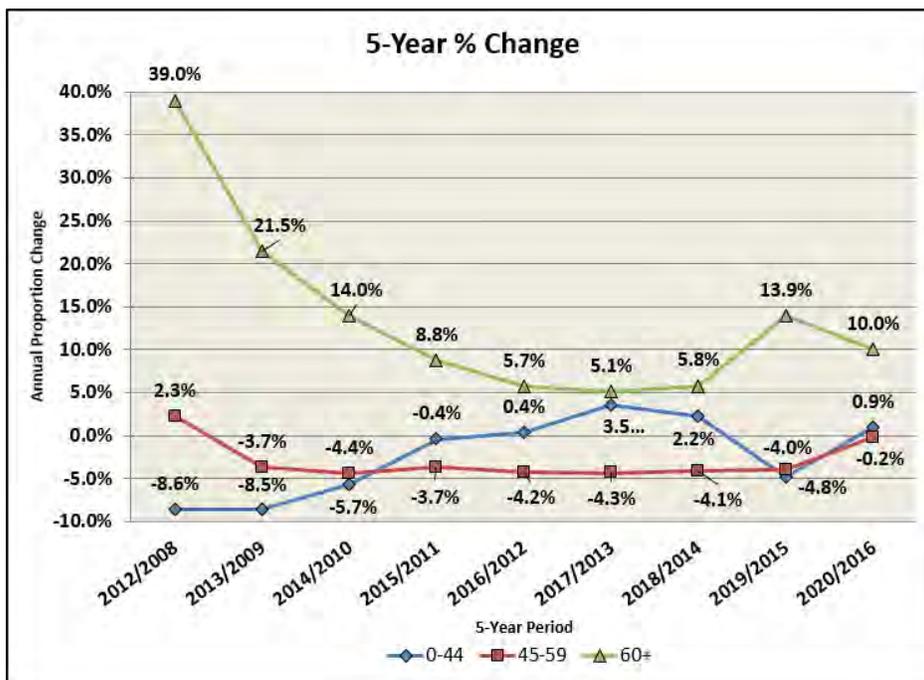
MIB Life Index 2020

5-Year Average Trends

The rate of change in the five-year composite Index was positive (+1.4%) for 2020, returning to a growth trend broken in 2019 where the trailing average dropped to -1.3%. Prior to 2019, the trailing average was above par for two consecutive years.



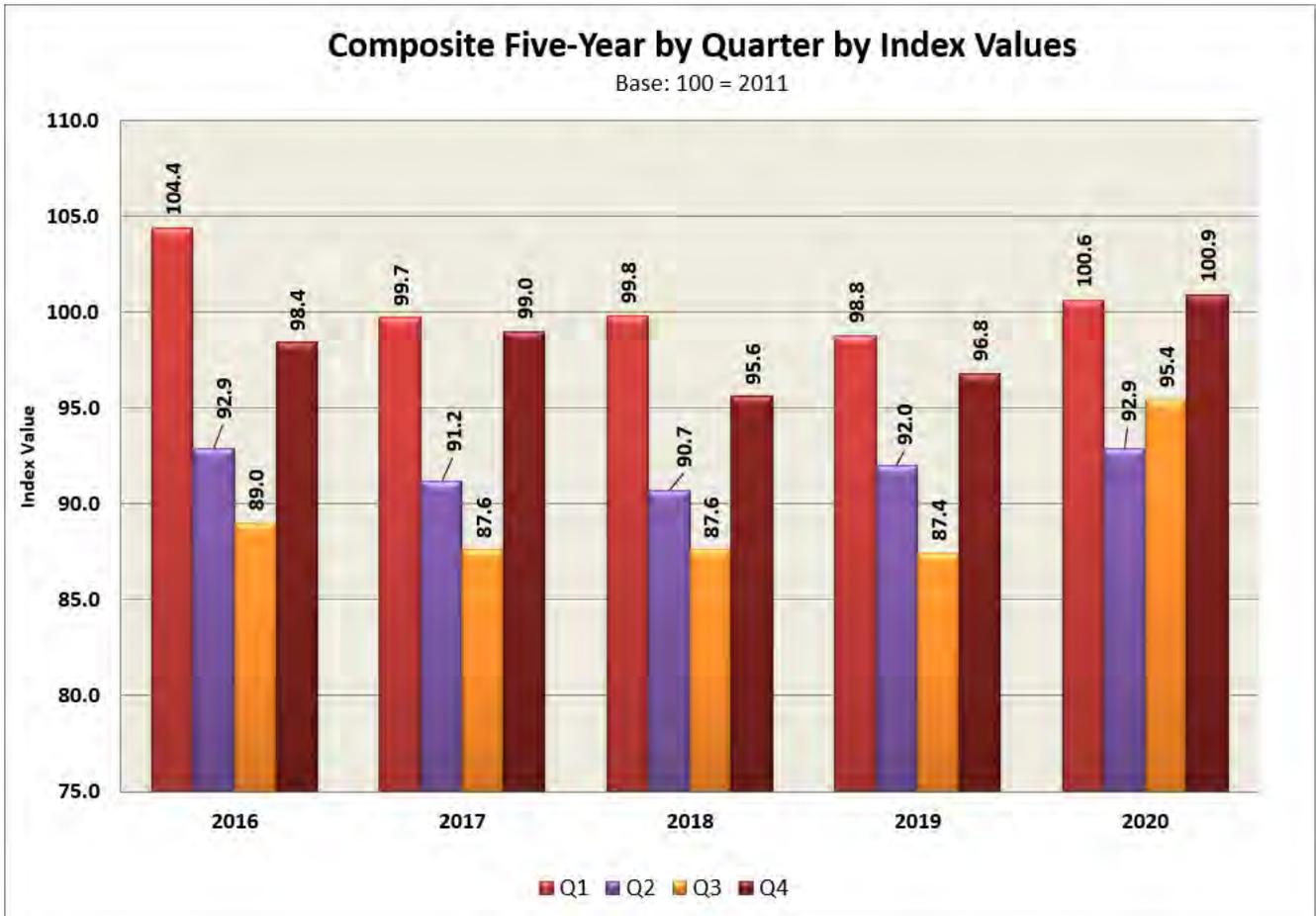
Breaking down the five-year trailing rate by age, the 0-44 age group was up +0.9%, improving significantly from the -4.8% recorded 2019/2018. After several years of declines, the five-year trailing rate for application activity ages 45-59 was flat in 2020/2016 (-0.2%).



MIB Life Index 2020

Five-Years Composite, Quarter-by-Quarter

2020 had the highest Q4 and Q3 in the five-year period and tied 2016 for the highest Q2. 2020 also had the second highest Q1 during the five-year period, surpassing all years except 2016. Growth is primarily attributable to the 0-44 age group, which has the highest percent of total applicants, and therefore, more weight in driving the index.



MIB Life Index 2020

Average Quarterly MIB Life Index 2016 – 2019 vs. 2020

2020 remained above the four-year average in all four quarters, with the exception of Q1 where it essentially matched the average. This further demonstrates that 2020 was a highly positive year for application activity.



Appendix A: MIB Life Index Methodology

Methodology

The MIB Life Index is designed to measure application activity for individually underwritten life insurance, as approximated by inquiries to the MIB Checking Service from MIB's U.S. member companies. Since the MIB Checking Service is used to underwrite the vast majority of individually underwritten life insurance in the US (estimated as high as 90 percent), the MIB Life Index provides a reasonable means by which to estimate new application activity.

Current methodology reflects the following non-exclusive factors: (1) all MIB Checking Service inquiries from disability income, critical illness and long-term care insurance are removed from the source data, (2) guaranteed issue and other non-underwritten individual and group life insurance are not reflected because MIB Checking Service inquiries are not made for those market segments, and (3) all facultatively underwritten life reinsurance activity is included. The MIB Life Index percent changes are calculated using the average number of MIB inquiries per business day for a given period. The number of business days in the US in a given month is determined based on the number of days the New York Stock Exchange is open for trading.

MIB Life Index Benchmark Adjustment Effective January 1, 2017

Effective January 2017, MIB reset its benchmark comparison (basis=100) for the MIB Life Index from January 2001 to January 2011. The 2017 reset to a more current benchmark ensured that the MIB Life Index values were not biased from cumulative and exogenous historical market factors such as industry consolidation, economic shocks and/or regulatory changes occurring since 2001.

The change in the basis for the MIB Life Index had no effect on the historical percent changes reported to the public in the monthly press releases or the mid-year or annual reports. These reports were based on a rate of change over different time intervals which were independent of the index value.

Changes Effective January, 2021

Going forward in 2021, MIB will be changing the way we report trends in application activity, moving away from showing figures relative to an index in favor of reporting straight year-over-year percentages. We hope you will find this new approach more straightforward, easier to understand and more useful than the index values. If you have any questions or concerns, please contact our Head of Marketing Betty-Jean Lane at Blane@mib.com.