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FOR IMMEDIATE RELEASE

Press Release

Life insurers see increased variable universal life sales compared to universal life and indexed universal life products, according to annual Milliman survey

SEATTLE – JULY 14, 2022 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its 15th annual Milliman study of universal life (UL), indexed universal life (IUL), and variable universal life (VUL) issues. The study is based on a survey of 27 UL/IUL/VUL companies and focuses on current topics that impact these products. The scope of the survey was abbreviated as Milliman will do the full comprehensive survey bi-annually.

Key findings of the study include:

- Sales in 2020, and even more so in 2021, were likely impacted by the low interest rate environment, as well as challenges triggered by the pandemic. This was especially true for UL sales, and, to a lesser extent, for IUL sales. The chart below illustrates changes to the distribution of sales (reported by survey participants) between 2020 and 2021 as of year-to-date (YTD) 9/30/21.

Product	Percentage of total UL/IUL/VUL sales 2020	Percentage of total UL/IUL/VUL sales YTD 9/30/21
Total individual UL	20%	15%
Total individual IUL	58%	57%
Total individual VUL	22%	28%

- Sales of combination riders on UL/IUL products continue to be strong. During YTD 9/30/21, sales of chronic illness riders as a percent of total sales were 20.4% for UL products and 48.0% for IUL products. For VUL, this number was 16.2%. During the same period, sales of policies with long-term care riders as a percent of total sales were 49.8% for UL products, 22.5% for IUL products, and 33.4% for VUL products. Currently, 100% of survey respondents market either an LTC or chronic illness rider.
- Of the 27 respondents, full underwriting of UL/IUL/VUL products is used by 26 participants, accelerated underwriting by 23 participants, and simplified issue underwriting by five participants. Twelve participants reported the use of fluid-less underwriting, but with substitute information, as needed. Under this approach, when cases fail to meet the accelerated underwriting requirements, the underwriters seek substitute information to avoid paramedical visits with lab tests.
- The use of accelerated underwriting on UL products increased due to COVID-19 for nine participants. With IUL products, the use of accelerated underwriting due to COVID-19 increased



for 10 participants. The use of accelerated underwriting on VUL products increased due to COVID-19 for six participants. One participant indicated that it does not officially offer accelerated underwriting on UL products but due to COVID-19, it made some limited temporary exceptions which ended in early 2021.

The 131-page “Universal Life, Indexed Universal Life, and Variable Universal Life Issues – 2021/2022 Detailed Report” includes detailed information on product and actuarial issues, such as sales, profit measures, reserves, investments, underwriting, product design, pricing, and illustrations. It is available for purchase by visiting the Milliman website at <https://www.milliman.com/en/insight/Universal-life-and-indexed-universal-life-issues-2022> or by calling Gina Ritchie at (312) 499-5605. Participating companies receive a complimentary copy of the detailed report.

About Milliman

Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in healthcare, property & casualty insurance, life insurance and financial services, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe. For further information, visit www.milliman.com.

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