

VitalSigns Glossary of Terms

Ratings

The ratings from five rating services are presented, if available. The composite index, Comdex, is the average percentile ranking of all of the ratings received by a company. The Comdex indicates on a scale of 1 to 100 where the company ranks among 1,100 companies that have been rated.

Watch list identifiers follow the ratings if the company is on the rating service's watch list. The identifier indicates a possible upgrade (w+), downgrade (w-), or unknown change (w).

The Numerical Equivalence is the number which is shown in parentheses next to each rating indicating where that rating ranks within that particular rating service's scale. The total number of ratings available is listed in parentheses after the ratings service.

Assets Analysis

Total Admitted Assets:

Assets permitted to be included in an insurance company's annual statement. This item also includes separate accounts.

Total Liabilities:

Funds required for payment of future claims and expenses, including Asset Valuation Reserve (AVR).

Separate Accounts:

Assets dedicated and matched to specific liabilities, such as variable life insurance policies.

Total Surplus & AVR:

The sum of Capital and Surplus, and Asset Valuation Reserve (AVR). AVR is the reserve for potential losses in invested assets.

Surplus & AVR as % of General Account Assets:

Total Surplus & AVR as a percent of general account assets. Higher numbers represent greater protection for the policyholder.

Invested Assets:

Total income-producing assets. Invested Assets refer to things such as bonds, stocks, cash, and income-producing real estate.

Distribution of Invested Assets:

The percentage of each category of investments to the total invested assets.

Net Yield on Mean Invested Assets:

Net investment income expressed as a percent of mean cash and invested assets plus accrued investment income minus borrowed money.

Total Investment Return:

The net yield plus realized and unrealized capital gains and losses, minus transfers to Interest Maintenance Reserve (IMR), plus amortization of IMR.

Asset Growth:

1-year and 3-year compound growth for Total Admitted Assets and Total Surplus & AVR.

Asset Quality Analysis

Non-Investment Grade Bonds (Class 3-6):

The NAIC divides bonds into six categories. Classes 1 and 2 are considered investment grade, classes 3 through 6 are below investment grade. Generally, non-investment grade bonds carry higher default and illiquidity risks.

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Non-Investment Grade Bonds / Total Bonds:

The sum of bonds in classes 3 through 6 divided by Total Bonds.

Non-Investment Grade Bonds / Surplus & AVR:

The sum of bonds in classes 3 through 6 divided by Surplus & AVR.

Non-Performing Bonds / Total Bonds:

Class 6 bonds are "In or Near Default". This is the percentage of the bond portfolio that is considered non-performing.

Non-Performing Bonds / Surplus & AVR:

Class 6 bonds divided by Surplus & AVR.

Non-Performing Mortgages & Real Estate / Total Mortgages & Real Estate:

This is the percentage of the mortgage and real estate portfolio that is considered non-performing. This includes mortgages that are 90 days overdue or in foreclosure and real estate acquired through foreclosure.

Non-Performing Mortgages & Real Estate / Surplus & AVR:

Mortgages 90 days overdue or in foreclosure and foreclosed real estate divided by Surplus & AVR.

Non-Performing Assets / Surplus & AVR:

Bonds in or near default (Class 6), Mortgages 90 days overdue or in foreclosure, and real estate acquired by foreclosure are each presented as a percent of Surplus & AVR.

Total Non-Performing Assets / Surplus & AVR:

Total non-performing bonds, mortgages and real estate as a percent of Surplus & AVR, and then as a percentage of invested assets.

Bond Portfolio Analysis

Total Bonds Book and Market Value:

The total book value and market value of bonds, and the ratio of market value to book value.

Bond Quality Distribution:

The percentage of bonds in each of the six NAIC classes.

Weighted Bond Class:

Indicates the average NAIC class for each dollar invested in bonds.

Bond Maturity Distribution:

The distribution of bonds by number of years to maturity.

Weighted Bond Maturity:

Indicates the average number of years to maturity for each dollar invested in bonds.

Operating Income Analysis

Total Income:

Total income from all sources.

Total General Expenses:

Total general expenses incurred. This includes investment expenses.

Total General Expenses / Total Income:

Total general expenses as a percent of total income.

Earnings Before Policy Dividends and Taxes:

Net gain from operations before policy dividends and federal income taxes.

Policy Dividends:

Amount paid out as policy dividends, and as a percent of earnings.

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Pretax Earnings from Operations:

Net gain from operations after policy dividends and before federal income taxes.

Federal Income Taxes:

Amount paid in federal income tax, and as a percent of pretax earnings.

Net Earnings from Operations:

Earnings before policy dividends and taxes minus policy dividends and federal income taxes.

Net Realized Capital Gains:

The total capital gain (or loss) on assets sold during the year.

Net Income:

The total after-tax earnings generated from operations and realized capital gains.

Net Income as % of Admitted Assets:

Net Income divided by total admitted assets.

Unrealized Capital Gains:

The total capital gain (or loss) on assets that remain in the investment portfolio.

Premium Growth

Premium Growth:

1-year and 3-year compound growth for Total Premium Income (premiums and annuity considerations only) and Ordinary Life Premium.

Profitability

Return on Assets:

Net Earnings from Operations divided by the prior year's Total Admitted Assets.

Return on Equity:

Net Earnings from Operations divided by the prior year's Capital & Surplus.

Lapse Ratio:

The percentage of ordinary life policies that lapsed during the year, and the average for three years.

Interest Margin:

Net Investment Income and Required Interest are as reported. The Interest Margin is the Net Investment Income less Required Interest as a percent of Required Interest.

Ordinary Life Expenses/Premiums:

Ordinary Life insurance expenses as a percent of Ordinary Life Premiums.

Total General Expenses / Total Income:

Total general expenses as a percent of total income.

Commissions & General Exp./Total Income:

Commissions and total general expenses as a percent of Total Income.

Analysis of Face Amount of Insurance

Total Insurance In Force:

The dollar amount of life insurance that a company has issued.

In Force Distribution:

Each category (ordinary, group and other) is presented as a percent of the total amount in force.

Total Reinsurance Ceded:

Total face amount of insurance ceded to reinsurers.

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% of In Force Ceded:

Each category (ordinary, group and other) is presented as a percent of the total face amount of insurance in force in that category.

Average Policy Size:

The number of ordinary life policies and the average policy size for total in force and new policies issued.

Analysis by Line of Business

Net Premiums Written:

The total premium written, direct and reinsurance assumed, less reinsurance ceded.

Distribution:

Each category is presented as a percent of the net premium income.

Net Earnings from Operations:

Net earnings after dividends and taxes.

Distribution:

Each category is presented as a percent of the net gain from operations.