

Indexed Universal Life Insurance Continues Growth Streak

IUL's market share is two-and-a-half-times larger than it was at the beginning of the decade InvestmentNews.com December 2018

Indexed universal life insurance sales are up double digits as market conditions drive the product line to its eighth consecutive quarter of growth in premiums, according to insurance industry group Limra.

IUL sales rose 10% in the third quarter compared with the prior quarter and 12% year to date, Limra said, buoying otherwise lackluster life insurance sales. Overall life insurance sales were up 3% compared with last quarter.

The group declined to provide dollar figures for sales, represented by aggregate new insurance premiums. **Wink** Inc., a market research firm, pegged Q3 IUL sales at \$529 million.

The products are similar in nature to indexed annuities. Growth in a policy's cash value is linked to a stock market index and capped to the upside; interest credited to a policy over a given period can't be less than 0%.

Rock-bottom interest rates in the wake of the 2008 financial crisis have crimped demand for other universal life insurance products such as fixed UL, the returns of which are more directly tied to the interest-rate environment. Strong stock market growth through the third quarter helped IUL products in terms of their policy illustrations, the primary sales tool for life insurance products that shows anticipated policy performance to consumers.

Sales of fixed universal life insurance, for example, at \$325 million in the third quarter, were down 39% compared with the same period last year, according to Wink Inc.

IUL has steadily increased its share of overall sales of universal life insurance products such as fixed and variable UL. Year to date through the third quarter, IUL's share was 55%, up roughly two and a half times what it was at the beginning of the decade.

"Indexed UL is a little bit easier to sell in the market that we've seen," said Elaine Tumicki, corporate vice president of insurance product research at Limra.

A regulation called Actuarial Guideline 49, which **changed how IUL policies could be illustrated**, flattened growth around the time the rule was issued in 2016, Ms. Tumicki said. Otherwise, the products have largely experienced double-digit sales growth over the past decade, she said.