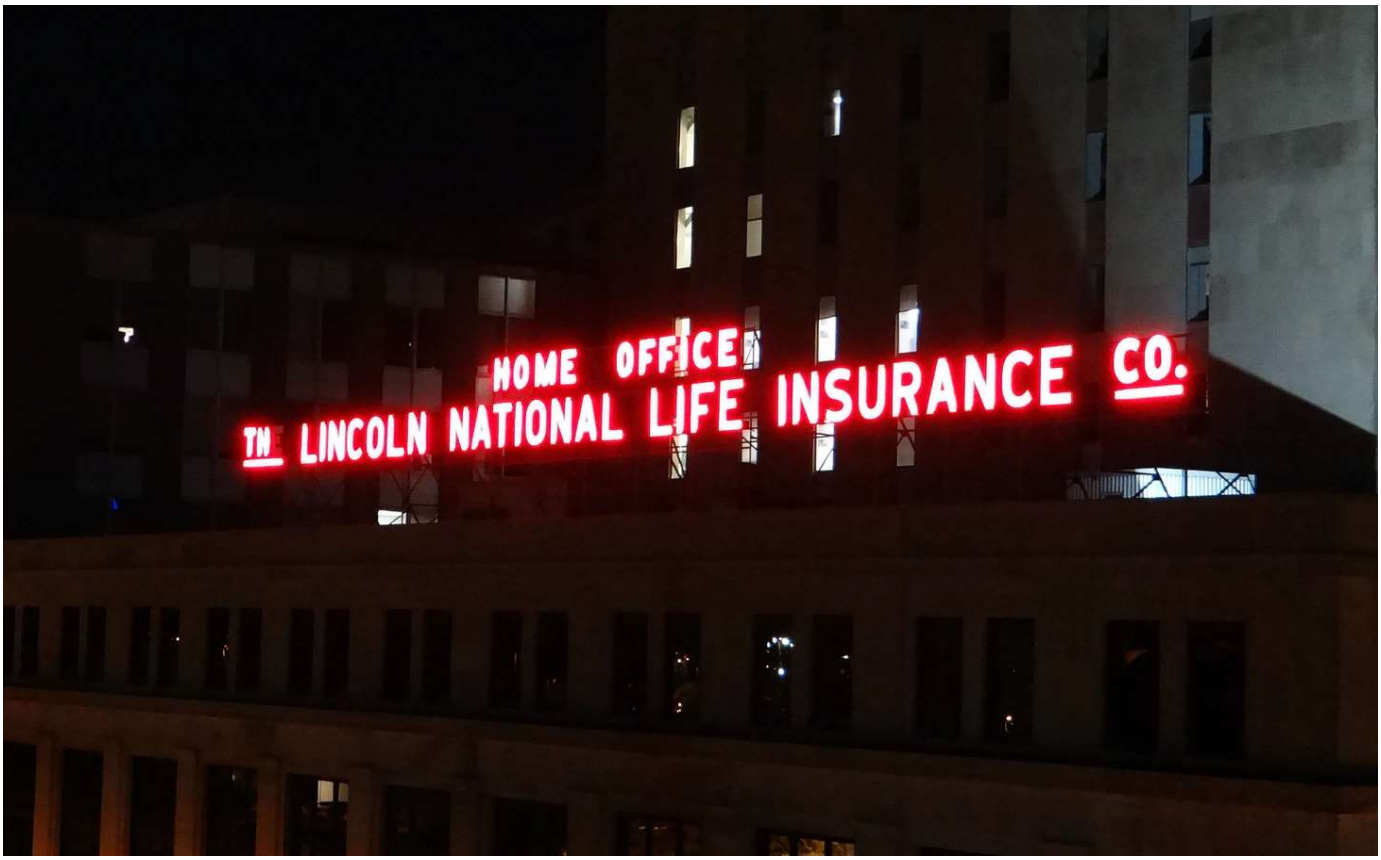
BREAKING: Fifth largest life insurance company in the US paid out 163% more for deaths of working people ages 18-64 in 2021 - Total claims/benefits up $6 BILLION

Company cites "non-pandemic-related morbidity" and "unusual claims adjustments" in explanation of losses from group life insurance business: Stock falling, replaces CEO

Margaret Menge
Jun 15



Five months after breaking the story of the CEO of One America insurance company saying deaths among working people ages 18-64 were up 40% in the third quarter of 2021, I can report that a much larger life insurance company, Lincoln National, reported a 163% increase in death benefits paid out under its group life insurance policies in 2021.

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The reports show a more extreme situation than the 40% increase in deaths in the third quarter of 2021 that was cited in late December by One America CEO Scott Davison — an increase that he said was industry-wide and that he described at the time as “unheard of” and “huge, huge numbers” and the highest death rates that have *ever been seen in the history of the life insurance business.*

The annual statements for Lincoln National Life Insurance Company show that the company paid out in death benefits under group life insurance polices a little over **$500 million** in 2019, about **$548 millio**n in 2020, and a stunning **$1.4 billion** in 2021.

From 2019, the last normal year before the pandemic, to 2020, the year of the Covid-19 virus, there was an increase in group death benefits paid out of only **9 percent**. But group death benefits in 2021, the year the vaccine was introduced, increased almost **164 percent** over 2020.

Here are the precise numbers for Group Death Benefits taken from Lincoln National’s annual statements for the three years:

2019: $500,888,808

2020: $547,940,260

2021: $1,445,350,949

Here are the key numbers for 2021, below, shown on the company’s annual statement that was filed with the Michigan Department of Insurance and Financial Services. These are national numbers, not state-specific:

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ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Lincoln National Life Insurance Company

DIRECT BUSINESS IN THE STATE OF Grand Total — DURING THE YEAR 2021

NAIC Group Code 0020 — **LIFE INSURANCE** — NAIC Company Code 65676

DIRECT PREMIUMS AND ANNUITY CONSIDERATIONS	1 Ordinary	2 Credit Life (Group and Individual)	3 Group	4 Industrial	5 Total
1. Life insurance	6,495,478,590		1,409,482,771	(19)	7,904,961,342
2. Annuity considerations	11,854,304,428		4,211,970,642		16,066,275,070
3. Deposit-type contract funds		XXX		XXX	
4. Other considerations					
5. Totals (Sum of Lines 1 to 4)	18,349,783,018		5,621,453,413	(19)	23,971,236,412
DIRECT DIVIDENDS TO POLICYHOLDERS/REFUNDS TO MEMBERS					
Life insurance:					
6.1 Paid in cash or left on deposit	5,949,064				5,949,064
6.2 Applied to pay renewal premiums	3,767,427				3,767,427
6.3 Applied to provide paid-up additions or shorten the endowment or premium-paying period	20,538,234				20,538,234
6.4 Other	156,993				156,993
6.5 Totals (Sum of Lines 6.1 to 6.4)	30,411,718				30,411,718
Annuities:					
7.1 Paid in cash or left on deposit	433				433
7.2 Applied to provide paid-up annuities	7,265				7,265
7.3 Other					
7.4 Totals (Sum of Lines 7.1 to 7.3)	7,698				7,698
8. Grand Totals (Lines 6.5 plus 7.4)	30,419,416				30,419,416
DIRECT CLAIMS AND BENEFITS PAID					
9. Death benefits	5,313,624,488		1,445,350,949	85,401	6,759,060,838
10. Matured endowments	1,482,160			308,075	1,790,235
11. Annuity benefits	702,543,265		178,026,351		880,569,616
12. Surrender values and withdrawals for life contracts	16,577,451,249		4,065,922,948	66,901	20,643,441,098
13. Aggregate write-ins for miscellaneous direct claims and benefits paid					
14. All other benefits, except accident and health	8,917,248				8,917,248
15. Totals	22,604,018,410		5,689,300,248	460,377	28,293,779,035
DETAILS OF WRITE-INS					
1301.					
1302.					
1303.					
1398. Summary of Line 13 from overflow page					
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)					

Lincoln National is the fifth-largest life insurance company in the United States, according to BankRate, after New York Life, Northwestern Mutual, MetLife and Prudential.

The company was founded in Fort Wayne, Indiana in 1905, getting the OK from Abraham Lincoln's son, Robert Todd Lincoln, to use his father's name and likeness in its advertising.

It's now based in Radnor, Pennsylvania.

The annual statements filed with the states do not show the number of claims — only the total dollar amount of claims paid.

Group life insurance policies, in most cases, cover working-age adults ages 18-64 whose employer includes life insurance as an employee benefit.

How many deaths are represented by the 163% increase? It is not possible to determine by the dollar figures on the statements.

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If the average annual salary of people covered by group life insurance policies in the United States is $70,000, this may represent **20,647 deaths** of working adults, covered by just this one insurance company. This would represent at least 10,000 more deaths than in a normal year for just this one company.

The statements for the three years also show a sizable increase in ordinary death benefits — those not paid out under group policies, but under individual life insurance policies.

In 2019, the baseline year, that number was **$3.7 billion**. In 2020, the year of the Covid-19 pandemic, it went up to **$4 billion**, but in 2021, the year in which the vaccine was administered to almost 260 million Americans, it went up to **$5.3 billion**.

The statements show that the **total** amount that Lincoln National paid out for all direct claims and benefits in 2021 was more than **$28 billion**, $6 billion more than in 2020, when it paid out a total of $22 billion, which was less than the $23 billion it paid out in 2019, the baseline year.

Annual Statement for the year 2020 of the **The Lincoln National Life Insurance Company**

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DIRECT BUSINESS IN GRAND TOTAL DURING THE YEAR

NAIC Group Code.....0020 NAIC Company Code.....65676

LIFE INSURANCE

		1 Ordinary	2 Credit Life (Group and Individual)	3 Group	4 Industrial	5 Total
	DIRECT PREMIUMS AND ANNUITY CONSIDERATIONS					
1.	Life insurance	6,296,064,270		665,777,823	(3)	6,961,842,090
2.	Annuity considerations	11,349,705,233		5,024,125,239		16,373,830,472
3.	Deposit-type contract funds		XXX		XXX	0
4.	Other considerations					0
5.	Totals (Sum of Lines 1 to 4)	17,645,769,503	0	5,689,903,062	(3)	23,335,672,562
	DIRECT DIVIDENDS TO POLICYHOLDERS/REFUNDS TO MEMBERS					
	Life insurance:					
6.1	Paid in cash or left on deposit	5,670,120				5,670,120
6.2	Applied to pay renewal premiums	3,103,900				3,103,900
6.3	Applied to provide paid-up additions or shorten the endowment or premium-paying period	17,240,463				17,240,463
6.4	Other	147,337				147,337
6.5	Totals (Sum of Lines 6.1 to 6.4)	26,161,820	0	0	0	26,161,820
	Annuities:					
7.1	Paid in cash or left on deposit	541				541
7.2	Applied to provide paid-up annuities	7,660				7,660
7.3	Other					0
7.4	Totals (Sum of Lines 7.1 to 7.3)	8,201	0	0	0	8,201
8.	Grand Totals (Lines 6.5 + 7.4)	26,170,021	0	0	0	26,170,021
	DIRECT CLAIMS AND BENEFITS PAID					
9.	Death benefits	4,065,480,621		547,940,260	144,104	4,613,564,985
10.	Matured endowments	2,264,576			265,020	2,529,596
11.	Annuity benefits	459,978,094		130,647,096		590,625,190
12.	Surrender values and withdrawals for life contracts	13,414,719,697		3,458,885,931	94,426	16,873,700,054
13.	Aggregate write-ins for miscellaneous direct claims and benefits paid	0	0	0	0	0
14.	All other benefits, except accident and health	8,677,837				8,677,837
15.	Totals	17,951,120,825	0	4,137,473,287	503,550	22,089,097,662
	DETAILS OF WRITE-INS					
1301.						0

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ANNUAL STATEMENT FOR THE YEAR 2021 OF THE Lincoln National Life Insurance Company

DIRECT BUSINESS IN THE STATE OF Grand Total — DURING THE YEAR 2021

NAIC Group Code 0020 — LIFE INSURANCE — NAIC Company Code 65676

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A **$6 billion increase in expenses** is something few companies could absorb, but Lincoln National has been working to do just that — by increasing sales of new insurance polices.

In the press release accompanying its annual report, and in its press release announcing the first quarter 2022 results — in which the company announces a $41 million loss in its Group Protection business — it trumpets an increase in sales. For first quarter 2022 that increase was 42 percent. The company also mentions that premiums have gone up 4 percent.

Interestingly, in the press release accompanying the first-quarter 2022 results, Lincoln National attributes the $41 operating million loss to “non-pandemic-related morbidity” and “unusual claims adjustments.”

“This change was driven by **non-pandemic-related morbidity** [emphasis added], including **unusual claims adjustments** [emphasis added], and less favorable returns within the company’s alternative investment portfolio.”

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Group Protection

Group Protection reported a loss from operations of $41 million in the quarter compared to a loss from operations of $26 million in the prior-year quarter. This change was driven by non-pandemic-related morbidity, including unusual claims adjustments, and less favorable returns within the company's alternative investment portfolio.

The total loss ratio was 88% in the current quarter compared to 87% in the prior-year quarter, with the increase driven by unfavorable non-pandemic-related morbidity and unusual claims adjustments.

Group Protection sales increased 42% to $105 million in the quarter compared to the prior-year quarter. Employee-paid sales represented 57% of total sales. Insurance premiums of $1.2 billion in the quarter were up 4% compared to the prior-year quarter.

Morbidity, of course, means disease. A lot of people are sick.

This matches what I was told by OneAmerica in January in emails following the publication of my story in The Center Square — that it was not only deaths of working-age people that shot up to unheard-of levels in 2021, but also short- and long-term disability claims.

Annual statements for other insurance companies are still being compiled and reviewed. So far, Lincoln National shows the sharpest increases in death benefits paid out in 2021, though Prudential and Northwestern Mutual also show significant increases — increases much larger in 2021 than in 2020, indicating that the cure was worse than the disease — much worse.

Lincoln National's stock price fell from about $70 a share on January 3 to $50 a share this week, and last month, a new CEO was installed. It doesn't appear to be a sudden change, but could have been timed to assuage major shareholders who have no idea what's really happening and may think that a fresh face and fresh ideas can turn this around. Could I suggest instead an honest and thorough assessment of what's really driving these stunning numbers?

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G Fox 8 hr ago

It was interesting to note from the 2020 and 2021 statements that group premiums jumped from $665,777,823 to $1,409,482,771 just like the increase in benefits. I wondered how this could have happened.

The answer was easily found on page 1 of the company's 2021 annual report. "In 2021, we added over 12,000 producers who had never previously sold a Lincoln life insurance policy".

Conclusion: The large increase in benefits paid equated to the large increase in premiums received which flowed from the significant increase in group policies taken over by the company. More people insured leads to more deaths covered.

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1 reply by Margaret Menge



Charles Mund 15 hr ago

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