

The Best Life Insurance Companies 2020



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Editor

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Finding the best life insurance company can be difficult for any consumer, who has to navigate a huge range of products and pricing variables.

A life insurance purchase is usually a long-term commitment, especially if you're buying [cash value life insurance](#). Cash value policies are good for buyers who need life insurance for estate planning purposes, to fund a trust that will support a lifelong dependent such as a special needs child, to accumulate cash value for investment purposes, or to simply provide a legacy for heirs.

Permanent life insurance policies with cash value include [whole life insurance](#) and [universal life insurance](#).

Cash value life insurance can require significant investment over time, and is intended for long-range financial goals.

For these reasons, we focused on the quality of companies' cash value life insurance offerings for our ratings.

We used data provided to Forbes by Veralytic, a leading publisher of pricing and performance research and competitiveness ratings for cash value life insurance products. Veralytic maintains a database of thousands of life insurance products and measures the competitiveness of each product against industry benchmarks to score each policy.

In This Post

The Best Life Insurance Companies

Pacific Life Insurance Co.

Pacific Life Insurance Co.
4.9 ★★★★★ (0)
Percent Of 5-Star Policies: 25%

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Penn Mutual Life Insurance Co.

Penn Mutual Life Insurance Co.
4.9 ★★★★★ (0)
Percent Of 5-Star Policies: 29%

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Northwestern Mutual

Northwestern Mutual
4.9 ★★★★★ (0)
Percent Of 5-Star Policies: 16%

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Life Insurance Company Ratings

Company	Forbes Advisor rating
Pacific Life Insurance Co.	★★★★★
Penn Mutual Life Insurance Co.	★★★★★
Northwestern Mutual	★★★★★
AIA Equitable Life Insurance Co.	★★★★★
Lincoln National Life Insurance Co.	★★★★★
Prud Life Insurance Co.	★★★★★
United of Omaha Life Insurance Co.	★★★★★
Protective	★★★★★
Transamerica Life Insurance Co.	★★★★★
John Hancock Life Insurance Co. USA	★★★★★
Ohio National	★★★★★
Guaranty Life Insurance Co. of America	★★★★★
Millard National Life Insurance Co.	★★★★★
State Farm	★★★★★
American General Life Insurance Co.	★★★★★
Massachusetts Mutual Life Insurance	★★★★★
Principal National Life Insurance Co.	★★★★★
Beverly Hills Life Insurance Co.	★★★★★
Windsor Life Insurance Co.	★★★★★
Nationwide	★★★★★
New York Life Insurance Co.	★★★★★
Greenwich Life	★★★★★
National Life	★★★★★
Alliant Life	★★★★★
Ameritas	★★★★★

Forbes Advisor life insurance company ratings are based on permanent life insurance product data from Veralytic.

Full Table

How to Evaluate Term Life Insurance

Products represented in these ratings are cash value life insurance products. While term life insurance is an important and useful product for many buyers, it doesn't require the same investment and buying analysis that permanent life insurance products often do, and term life isn't scored in our ratings.

If you're shopping for term life insurance, you'll generally want to focus on comparing premium quotes among several companies for the amount and length of term policy you want, and make sure the company earns a financial strength rating in the A range from Standard & Poor's and/or A.M. Best. Life insurers generally have their ratings on their websites, or ask your insurance agent or financial advisor.

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[Compare Policies With 8 Leading Insurers](#)

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Tips for Buying Cash Value Life Insurance

Buyers of cash value life insurance policies have many considerations that may not be obvious at first. But the policy's coverage amount and the quoted premiums aren't necessarily the right focus (unless you're buying term life insurance). Factors such as internal policy costs and a company's investment performance can greatly affect the financial benefits of the policy in the future.

Here are some tips for buying cash value insurance, based on the factors we used for scoring the companies.

Insist that cost disclosures be included in any proposals for universal life insurance. A life insurance quote reflects what you'll be billed for, but doesn't tell you anything about a policy's internal costs, such as expenses and fees, and the cost of insurance within the policy. Be sure to insist that any universal life insurance illustration include the detailed expense pages or policy accounting pages. It's important to look at the year-by-year policy charges instead of just comparing premiums.

Products with a low premium quote but higher costs have a greater risk that higher premium payments will be required in the future or that the actual growth of cash value will be low.

Look at financial strength ratings. A strong financial strength rating is more than just assurance that the company won't go out of business decades from now. Insurers with better claims-paying ability today are more likely to perform better between now and the time of a life insurance claim. Insurers with greater financial strength can be less likely to need to increase internal policy costs and premiums in response to challenging financial times.

Ratings are available from agencies such as S&P and A.M. Best, and are usually found on insurers' websites.

Don't assume insurers offer competitive pricing for everyone. Yes, insurers want your business. But potential prices can vary wildly, and a company that offers a competitive price for one customer may not have a good deal for someone else.

Each life insurance product can have more than 10,000 different prices when you consider that:

- Each product has different pricing at every age
- Males vs. females get different pricing
- Pricing varies for up to five different health classes
- There can be two or three price variations for smoking status (smoker/non-smoker/never-smoked)
- There could be four to six rate bands depending on how much coverage you buy
- Rates can vary if you want a product that accumulates cash value faster
- And other pricing variations

"Look under the hood," advises Barry Flagg, founder of Veralytic. That means asking for proposals that show year-by-year disclosure of policy charges (for universal life insurance) or the dividend interest crediting rate (for whole life insurance).

Methodology

We rated the largest 25 companies, according to market share for cash value life insurance issued, although not all large companies are represented. Companies that sell all or mostly term life insurance products were not included, nor were some companies that are direct writers, meaning they sell policies either directly to consumers or only through their own exclusive agents.

Life insurance companies' products were scored by Veralytic based on these five measurements:

1. **Cost competitiveness of internal policy charges** for the company's cash value policies
2. **Pricing stability** of the internal costs and illustrated expectations relative to the company's historical experience.
3. **Availability of policy account values** for the company's permanent life insurance products
4. **Historical performance of invested assets** underlying policy cash values for the company's products
5. **Financial strength** of the company

The life insurance companies offering the largest proportion of products with the highest Veralytic ratings in these five measurements received the best scores.

How We Developed the Forbes Life Insurance Company Ratings

The Veralytic data scores permanent life insurance products from each company on a five-star scale. To calculate our scores, we determined which companies have the largest proportion of high-scoring products, making the companies worth serious consideration for a buyer of permanent life insurance:

- **50% of score:** Percentage of 5-star policies among the company's life insurance products
- **40% of score:** Percentage of 4-star and higher products among the company's offerings
- **10% of score:** No low-scoring life insurance products or a very low percentage

How Veralytic Scores Life Insurance Products

Buyers looking for cash value life insurance policies need confidence that their money will be at work for them over many years, often decades. Choosing the right permanent life policy requires more than just a comparison of premium quotes, particularly since current regulations permit insurers to "quote" a lower premium than other products even when internal policy costs are higher than other products.

You don't want to have to pay more premiums than expected or have your cash value eaten away by high fees and charges, or lower-than-expected performing investments.

Veralytic's benchmarking system incorporates these elements:

- **Cost competitiveness:** This indicator evaluates a product's internal charges, encompassing cost of insurance, fixed administration expenses, cash-value-based wrap-fees and premium loads.
- **Pricing stability:** This measure looks at whether a product's pricing (cost of insurance, policy expenses, and the expected/illustrated earnings rate on cash value) appear to be adequate and reasonable, based on the insurer's historical experience with these values.
- **Relative policy value:** This evaluates relative access to or restrictions on the policy account. Generally speaking, the higher the liquidity, particularly in early policy years, the better, but some insurers charge more for greater liquidity, so consider if there's a tradeoff.
- **Historical performance:** This indicator measures whether the historical performance of the company's investments that underlie policy account values are superior to similar products.
- **Financial strength and claims paying ability:** This incorporates the insurer's financial strength ratings from four major ratings agencies.

Veralytic Star Ratings are determined based on these five major considerations in any decision to buy or keep a life insurance product.

All five factors are assigned an equal weight in the Veralytic Star Rating, so a product with a lower Star Rating can still be appropriate for a particular buyer when one or more of these five major considerations are of lesser importance in their situation. Likewise, term life insurance may be the best product for a particular buyer, and term life insurance is not reflected in these ratings.

See Veralytic for more information.

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Frequently Asked Questions

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- ▼ [What is the best type of life insurance to buy?](#)
- ▼ [What kinds of death are not covered by life insurance?](#)
- ▼ [Can I buy life insurance on someone else?](#)

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I'm the Insurance Analyst for Forbes Advisor. I've been writing about insurance for consumers for more than 20 years. Insurance intersects with many parts of our lives, yet it's tough to untangle, and wrong choices can make a financial mess. I'm here to help you make sense of it. I'm especially interested in how data is affecting the price you pay for all insurance types.

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