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Ohio National announces increased earnings and strong 2017 financials

Cincinnati -- Ohio National Financial Services today announced a 2.7 percent increase in 2017 core earnings and released positive 2017 financial results. Maintaining its highest levels of GAAP equity (including and excluding mark-to-market) and assets under management, Ohio National finished the year with growth in distribution channels, product offerings and sales.

"Ohio National experienced another positive financial year in 2017," reported Gary T. "Doc" Huffman, chairman, president and chief executive officer, at today's board of directors meeting. "We continue to face significant headwinds from low interest rates and changing regulations. In spite of the challenging external environment, we've remained focused on our mission to help our customers achieve financial security and independence today, and for generations to come. We do this by taking a long-term perspective, building trusted relationships with our network of financial professionals and offering the products and features that meet the changing needs of our customers."

"As a mutual company, we serve our policyholders. Our financial results continue to reflect our long-standing strength and stability. Our balance sheet and capital position remain strong," Huffman noted. "I'm particularly proud that we maintained our statutory surplus while continuing to invest in our company's growth. Our team works hard every day to provide the highest quality products with the benefits and protection our customers need."



The company highlighted the following from its 2017 results:

- **Enterprise life insurance sales remained strong, with traditional sales channel* growth of 2.6 percent to \$139.1 million.** Whole life insurance sales reached a record level at \$110 million. The indexed universal life product launched in October built momentum with better than expected 2017 sales.
- **Disability income insurance line broke sales record, more than doubling 2016 sales.** Driven by the competitive ContinuON II product, DI sales grew 118.6 percent to \$6.0 million and multi-life sales exceeded plan at \$1.2 million.
- **New fixed indexed annuity sales exceeded goal by 9.4 percent.** Total annuity sales were \$1.3 billion, down from 2016 and reflecting a decline in variable annuity sales across the industry. Sales of the ONdex fixed indexed annuity (launched September 2016) exceeded expectations in its first full year in the marketplace.
- **Fourth quarter retirement plans sales reached highest level for the year.** Driven by strong equity market appreciation, separate account assets in the retirement plans business grew 13 percent.
- **Ohio National's Latin America life business exceeded goal with \$36.9 million (U.S. dollars), 19.7 percent ahead of 2016.**
- **Our network of financial professionals grew in strong numbers, significantly increasing the company's distribution footprint across the country.** The career agency distribution channel achieved records for sales, number of agencies and number of career agents. In addition, more than 1,200 new personal producing general agents contracted with the company.
- **Total GAAP revenue (excluding realized gains and losses) increased 10.4 percent to \$2.2 billion.**
- **GAAP equity grew at record levels.** Equity (excluding mark-to-market) grew to \$2.3 billion, an increase of 0.1 percent. Equity (including mark-to-market) grew to \$2.6 billion, a 2.3 percent increase.
- **Core earnings increased 2.7 percent to \$181.5 million.** The increase relates to higher than planned fee-related income, offset by higher than planned claims and mortality and less than planned investment income and margins.
- **For the 94th consecutive year, Ohio National paid dividends to participating whole life policyholders.** A total of \$92.0 million was paid or credited to participating policyholders.
- **The O.N. Equity Sales Co., the company's retail broker/dealer subsidiary, saw gross broker/dealer concessions at \$51.9 million, up 26.2 percent over 2016.**

2017 Rating Highlights

Ohio National maintained high marks for financial security and claims-paying ability from independent rating analysts:

- **A.M. Best:** "A+ (Superior)," its second-highest rating of 16 categories, based on the company's balance sheet strength, operating performance and business profile.
- **Moody's:** "A1," its fifth-highest financial strength rating on a 21-part scale, based on the ability to pay policyholder benefits and repay debt obligations.

- **Standard & Poor's:** "A+," its fifth-highest ranking on a 21-part scale, noting both very strong capital and earnings and a very strong competitive position.

2017 Company Recognition

Ohio National was recognized as a Top Workplace in Cincinnati by Enquirer Media for the eighth year in a row. The Top Workplace honor was based on confidential associate surveys related to leadership, direction, environment, communications, trust, work/life flexibility, appreciation and benefits.

2017 Community Impact

Ohio National's 17th and 18th homes were constructed for Habitat for Humanity in Cincinnati in 2017. Ohio National also pledged \$520,000 to build an additional eight homes, bringing the company's overall commitment to the local Habitat for Humanity group to \$1.8 million since 2009. Additionally, The Ohio National Foundation donated more than \$2 million during 2017 to nonprofit organizations in the Greater Cincinnati area. As part of a community service day benefit, 740 associates logged more than 4,900 volunteer hours in service to local organizations.

**Ohio National's traditional sales channel includes both personal producing general agents and career agency organizations.*

OHIO NATIONAL MUTUAL HOLDINGS, INC.
Affiliated companies:
Ohio National Financial Services, Inc.
The Ohio National Life Insurance Company
Ohio National Life Assurance Corporation
(Consolidated)
Summary Results as of December 31, 2017

	12/17	12/16	% change
Total GAAP Equity* (billions)			
(excluding mark-to-market)	\$2.3	\$2.3	0.1%
Total GAAP Equity* (billions)			
(including mark-to-market)	\$2.6	\$2.5	2.3%
Total Revenue (billions)			
(excluding realized gains and losses)	\$2.2	\$2.0	10.4%
Total Assets Under Management (billions)	\$42.0	\$41.8	0.5%
Core Earnings (millions)	\$181.5	\$176.7	2.7%
Total Life Insurance New Premium (millions)	\$180.6	\$187.7	(3.8%)
Total Annuity Sales (billions)	\$1.3	\$1.5	(13.3%)
Retirement Plan Sales (millions)	\$88.7	\$165.9	(46.5%)
Disability Income Insurance New Premium (millions)	\$6.0	\$2.7	118.6%
International (millions) – Life Sales	\$36.9	\$30.8	19.7%

The financial data presented above is derived from results on the basis of Generally Accepted Accounting Principles (GAAP), except life insurance new premium, variable annuity sales, retirement plan sales and disability income insurance premium. All financial information in this news release is considered unaudited because the final audit process is not yet complete.

**Total equity remains at its highest levels in company history since reporting on a GAAP basis in 1997.*

Ohio National has received high marks for financial strength and claims paying ability from major rating agencies; however, such ratings do not refer to the performance of our variable accounts nor imply approval of our variable contracts or their portfolios. All ratings information is according to reports published on: www.standardandpoors.com, www.ambest.com/ratings and www.moodys.com/insurance. Ratings are accurate as of 12/31/17. For the most current ratings, see www.ohionational.com. Dividend scales are subject to change at the discretion of the Board of Directors.

2/20/2018

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Tracing its corporate origins to 1909, Ohio National markets a variety of insurance and financial products through more than 50,000 representatives in 49 states (all except New York), the District of Columbia, Puerto Rico and through affiliated operations in South America. An additional subsidiary operates in New York. As of December 31, 2017, its affiliated companies have \$42.0 billion total assets under management. Products are issued by The Ohio National Life Insurance Company and Ohio National Life Assurance Corporation. Ohio National is proud to be named a "Top Workplace" in Cincinnati for eight consecutive years by Enquirer Media (June 2010-2017) and employs nearly 1,300 associates. Visit www.ohionational.com for more information.

Contacts

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