

Supplemental Health, DI & LTC Conference

**Uncovering the Latest
Critical Illness and Accident
Insurance Findings**



ENGAGE

EVOLVE

ELEVATE

2023



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Proprietary Notice

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Agenda



Background

Market Overview

Product Data

Case Studies

Accident Results



Background

2023 CI and Accident Market Survey Overview



Carriers Included

- Companies **currently offering CI** products
- Those with an **in-force block**

Products Covered

- **Traditional Individual CI**
- **G/W Attained Age CI**
- **G/W Issue Age CI**
- **Accident Insurance**

Timeline

- Questionnaire sent to participants in **April**
- Comprehensive report to be sent to participants in **September**
- Includes **verification process**

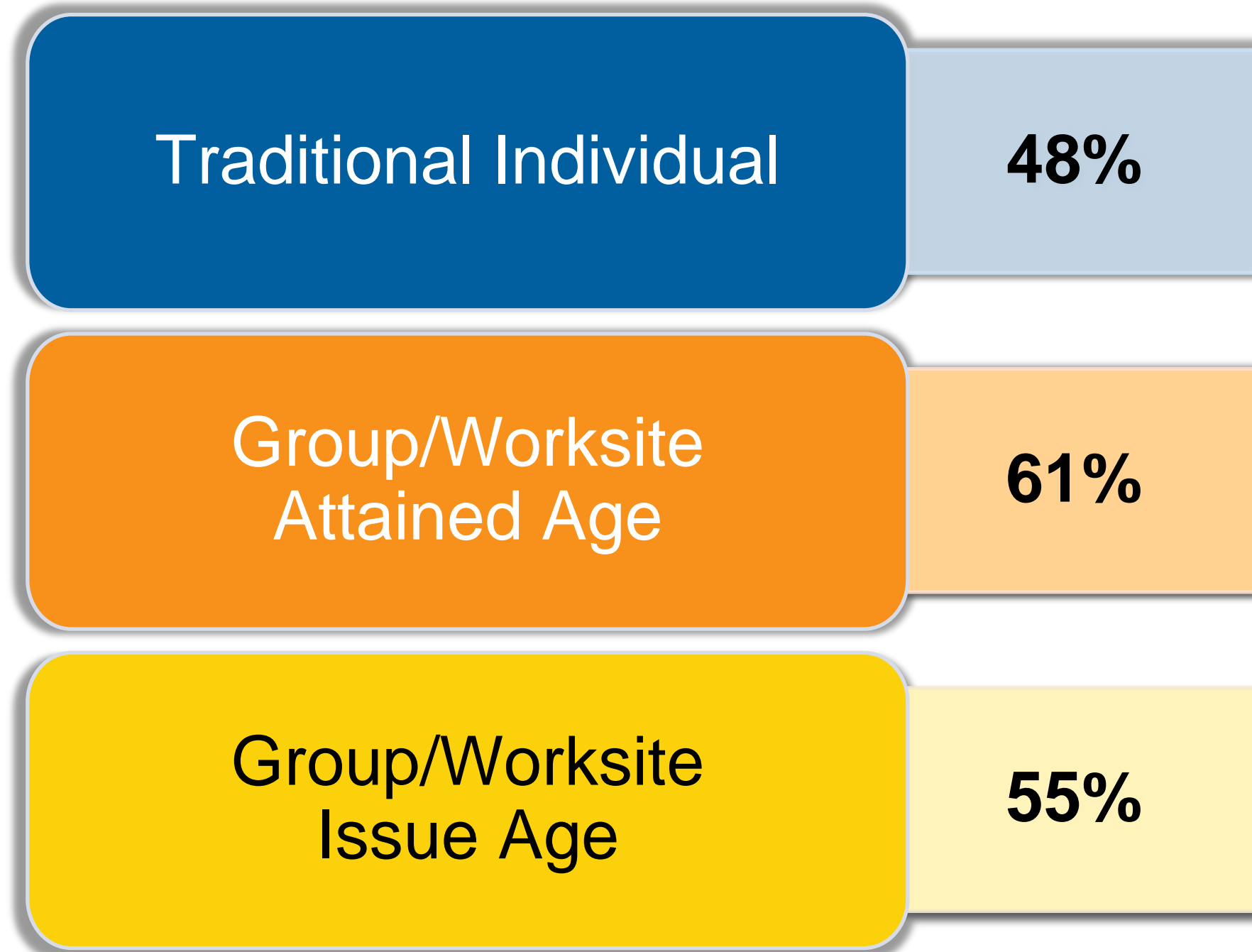
Important Note: Results provided in this presentation are preliminary and data may be revised in the final reporting process.

Participating Companies

- 5Star Life
- Allstate Benefits
- Assurity Life
- AXIS Insurance
- Banker's Fidelity
- Chesapeake Life
- Colonial Life
- Combined Insurance of America
- Dearborn Life
- Golden Rule
- Guarantee Trust Life
- Guardian Life
- Hartford
- Illinois Mutual
- Liberty Bankers
- Lincoln Financial Group
- MetLife
- Mutual of Omaha
- Principal
- Prudential
- Securian Financial
- Standard Life and Accident
- State Mutual
- Transamerica
- Trustmark
- UnitedHealthcare
- US Alliance Life & Security
- USAble Life
- Voya Financial
- Washington National
- Western & Southern Financial Group



Percentage of Companies Offering CI by Product





Market Overview

2022 Industry Highlights



31 carriers participated, reporting **\$1.9 billion** in **combined** CI in-force premium.



CI Sales premium **increased 21%** among survey participants providing data for 2021 and 2022.



New CI policies/certificates increased **5%** year-over-year.



Reported in-force premium for Accident reached **\$1.6 billion** in 2022, an increase of **7%** over 2021.

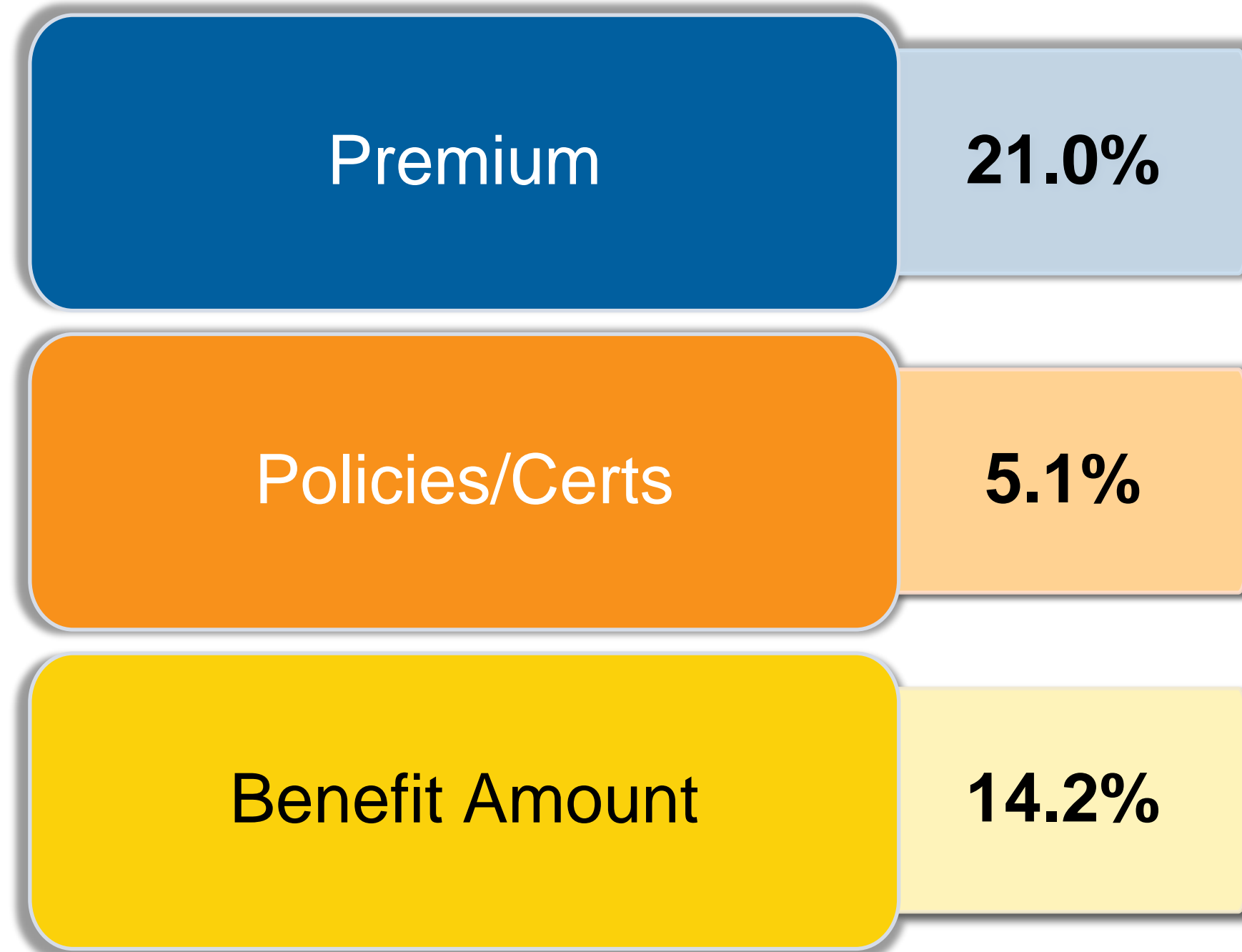




Product Data

Same Company New Business Growth

All CI products combined, 2021 to 2022

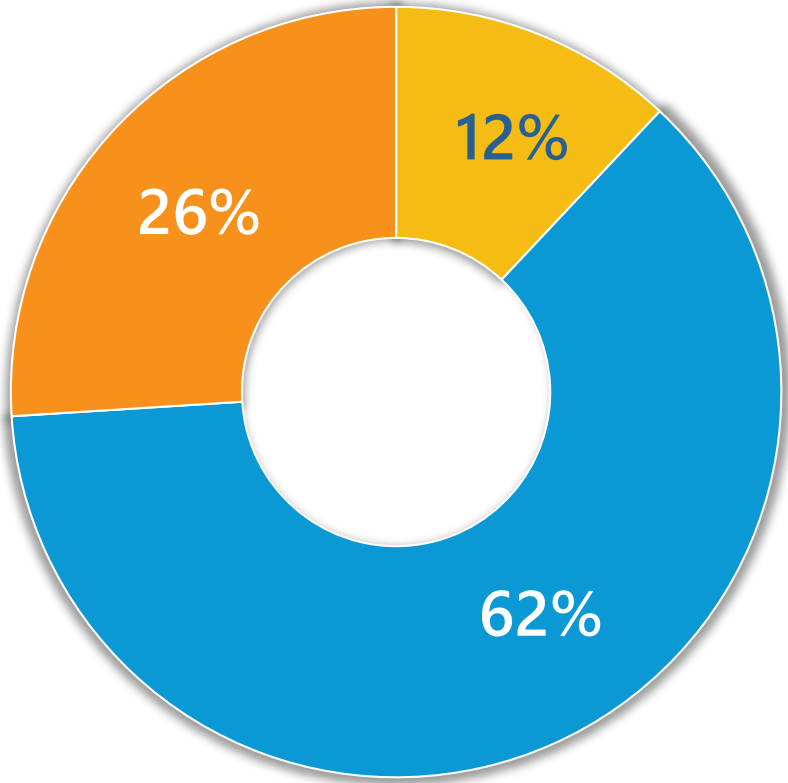


2022 New Business Stats



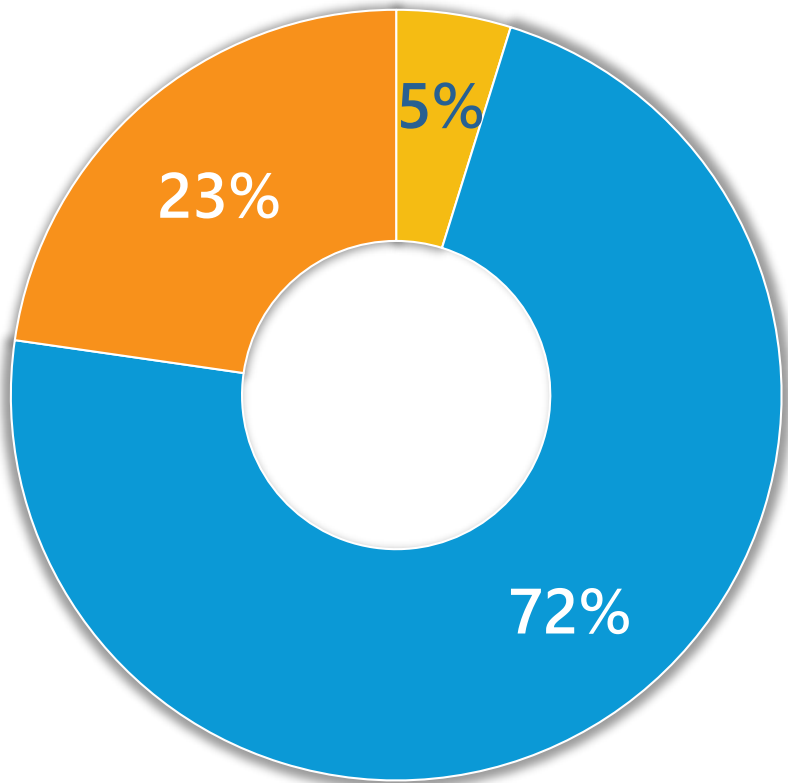
■ Traditional Individual ■ G/W Attained Age ■ G/W Issue Age

Premium



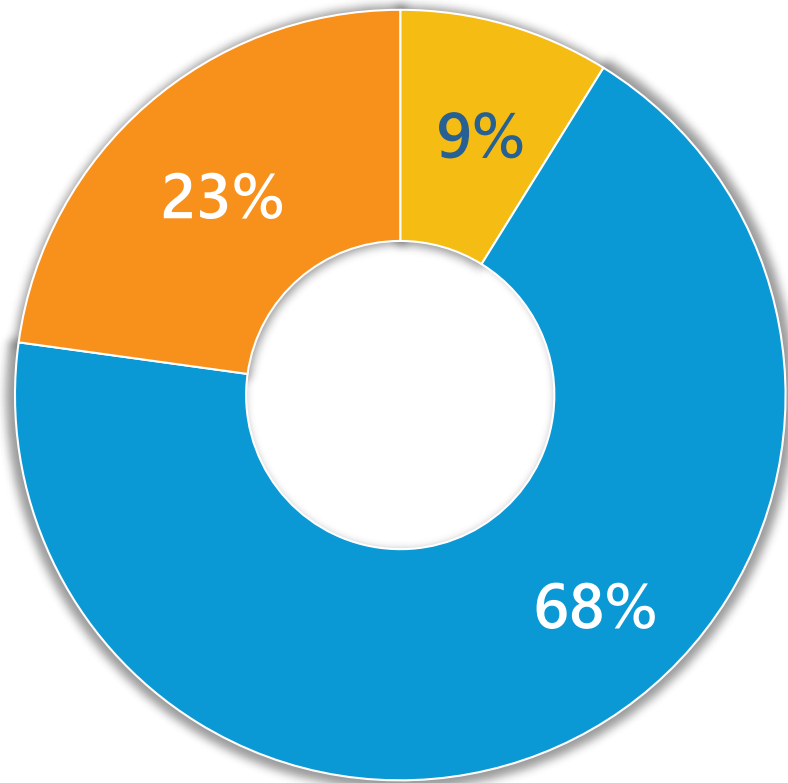
\$684.5 million

Policies/Certificates



2.7 million

Insured Benefit Amounts



\$42.9 billion

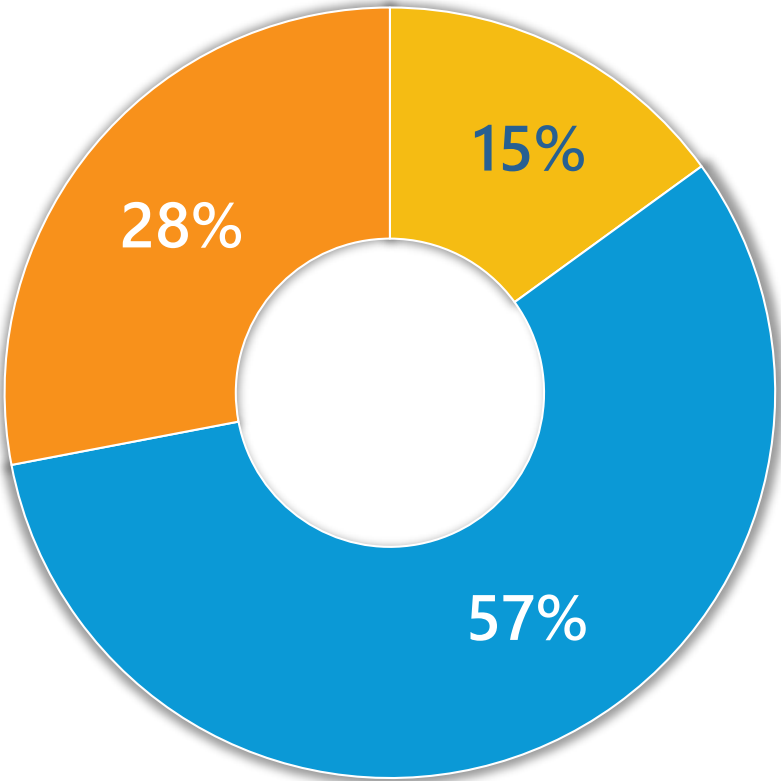


2022 In-force Stats



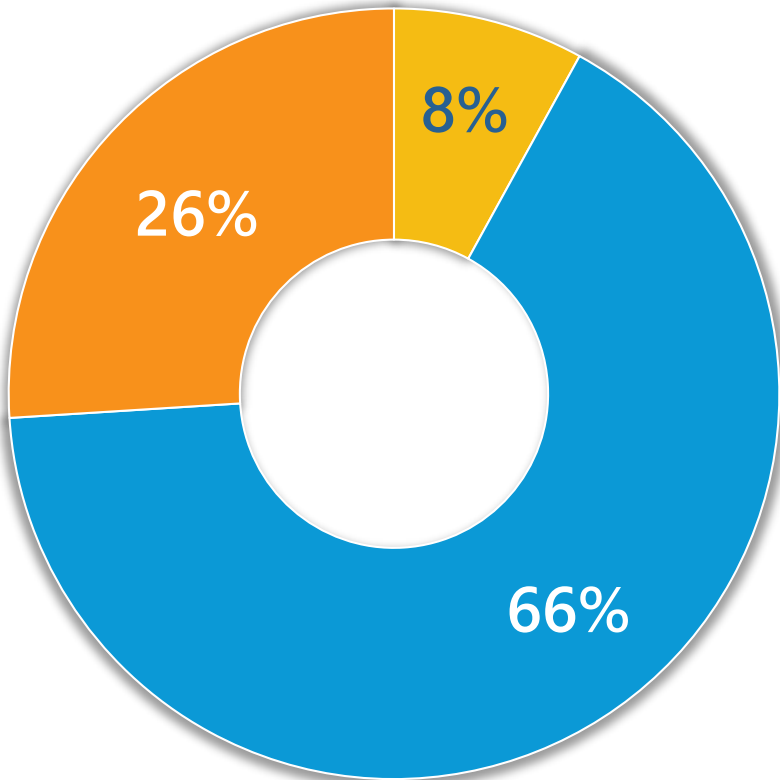
■ Traditional Individual ■ G/W Attained Age ■ G/W Issue Age

Premium



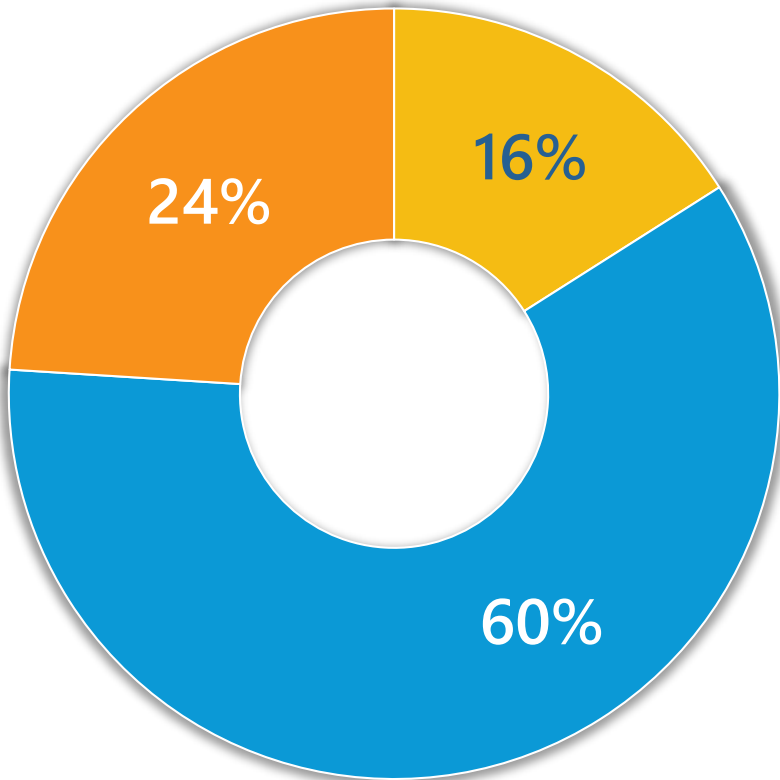
\$1.9 billion

Policies/Certificates



6.3 million

Insured Benefit Amounts

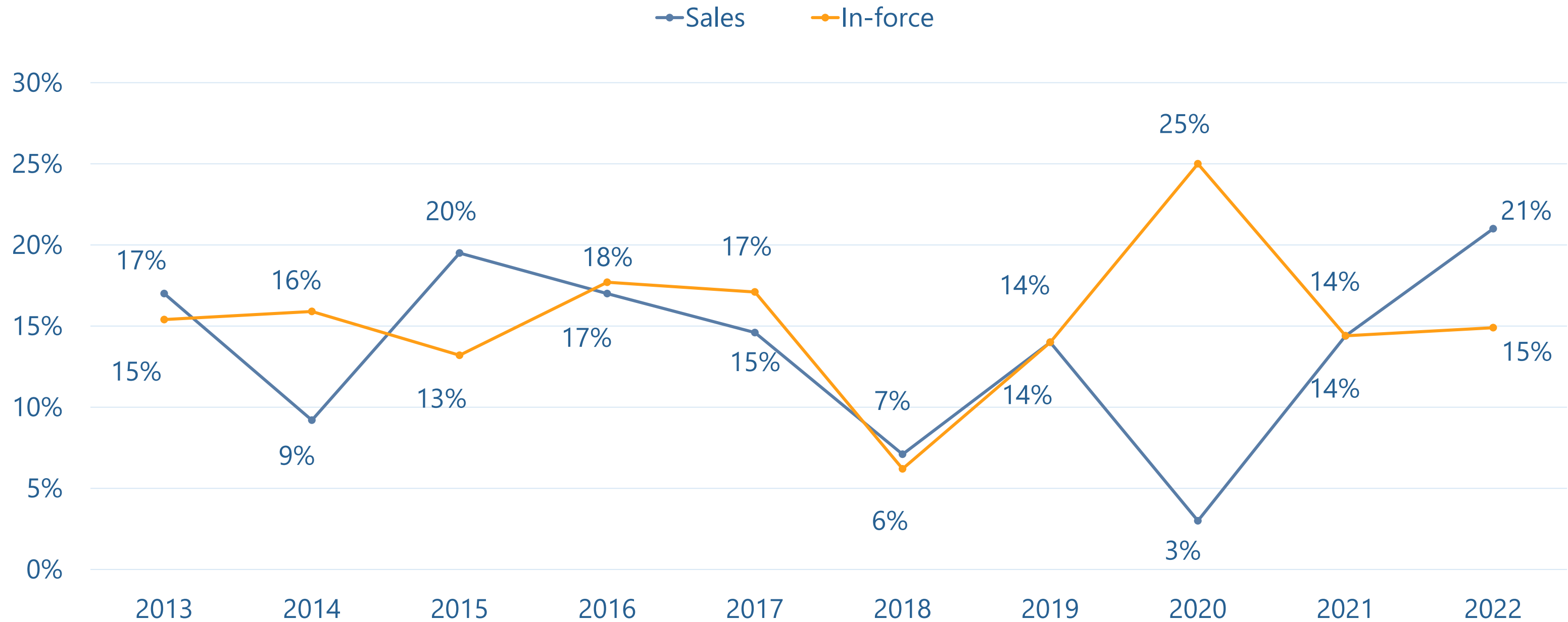


\$71.5 billion

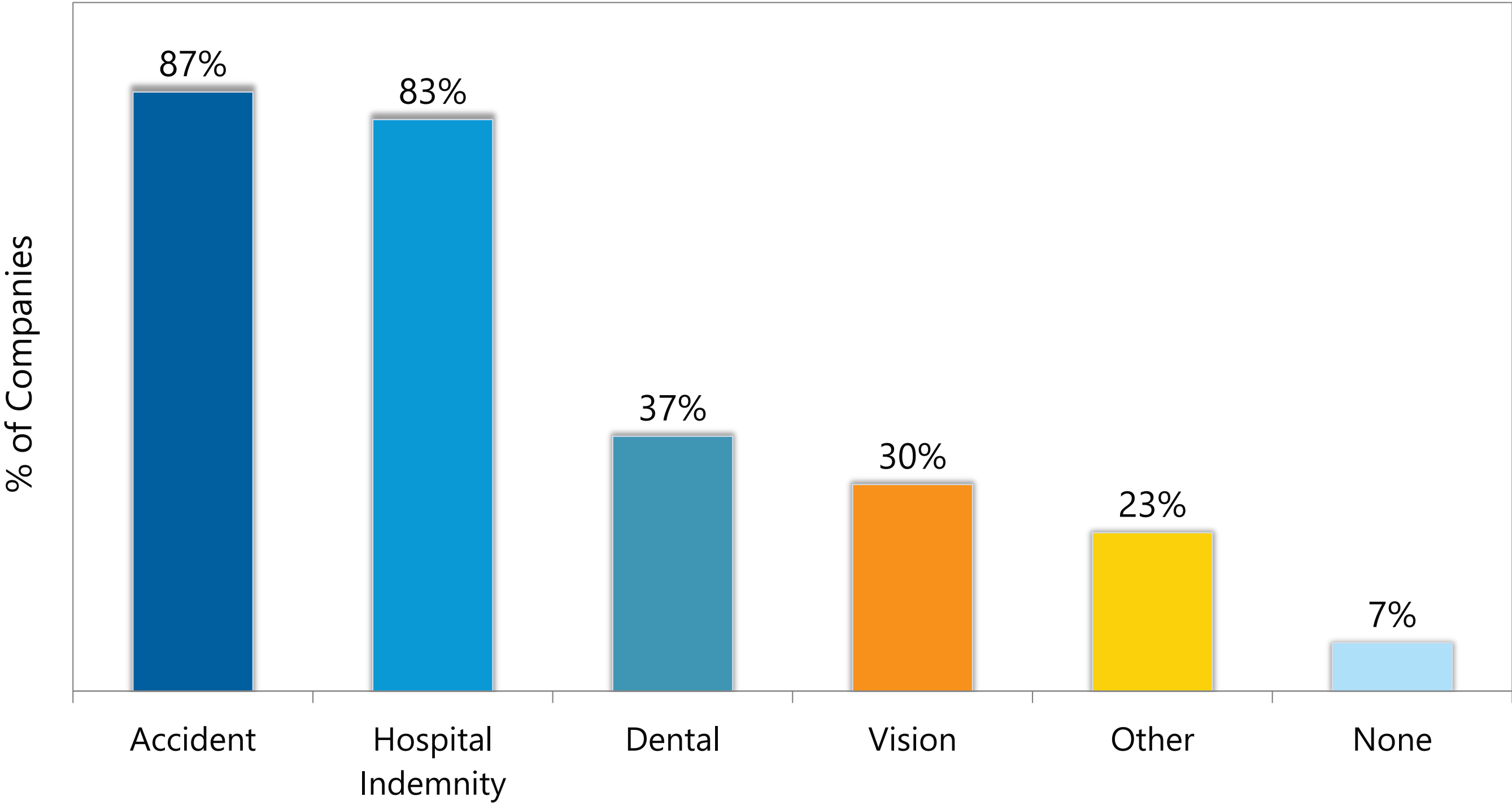


Trend in Reported Growth Rates for CI Combined

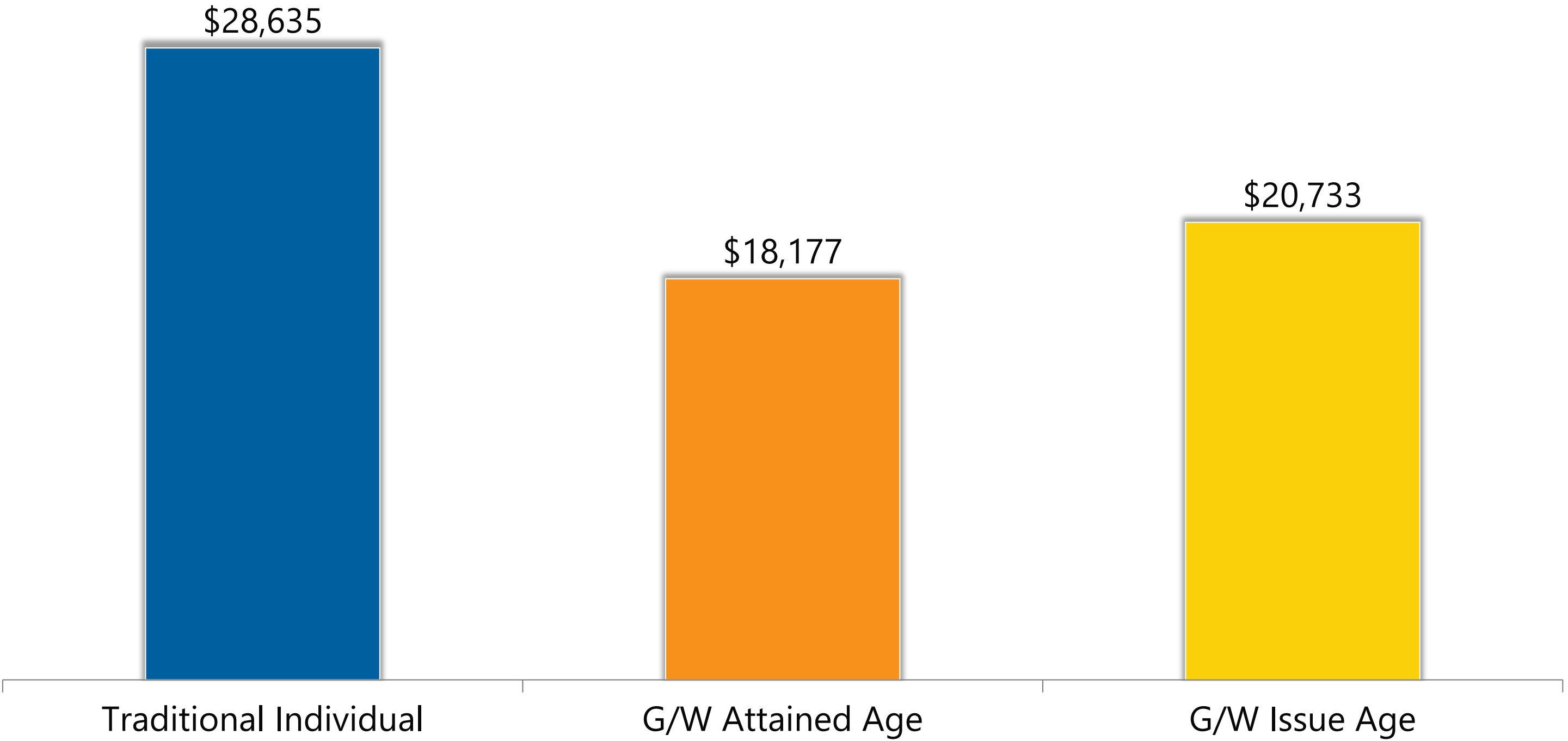
Based on Reported Same Company Growth



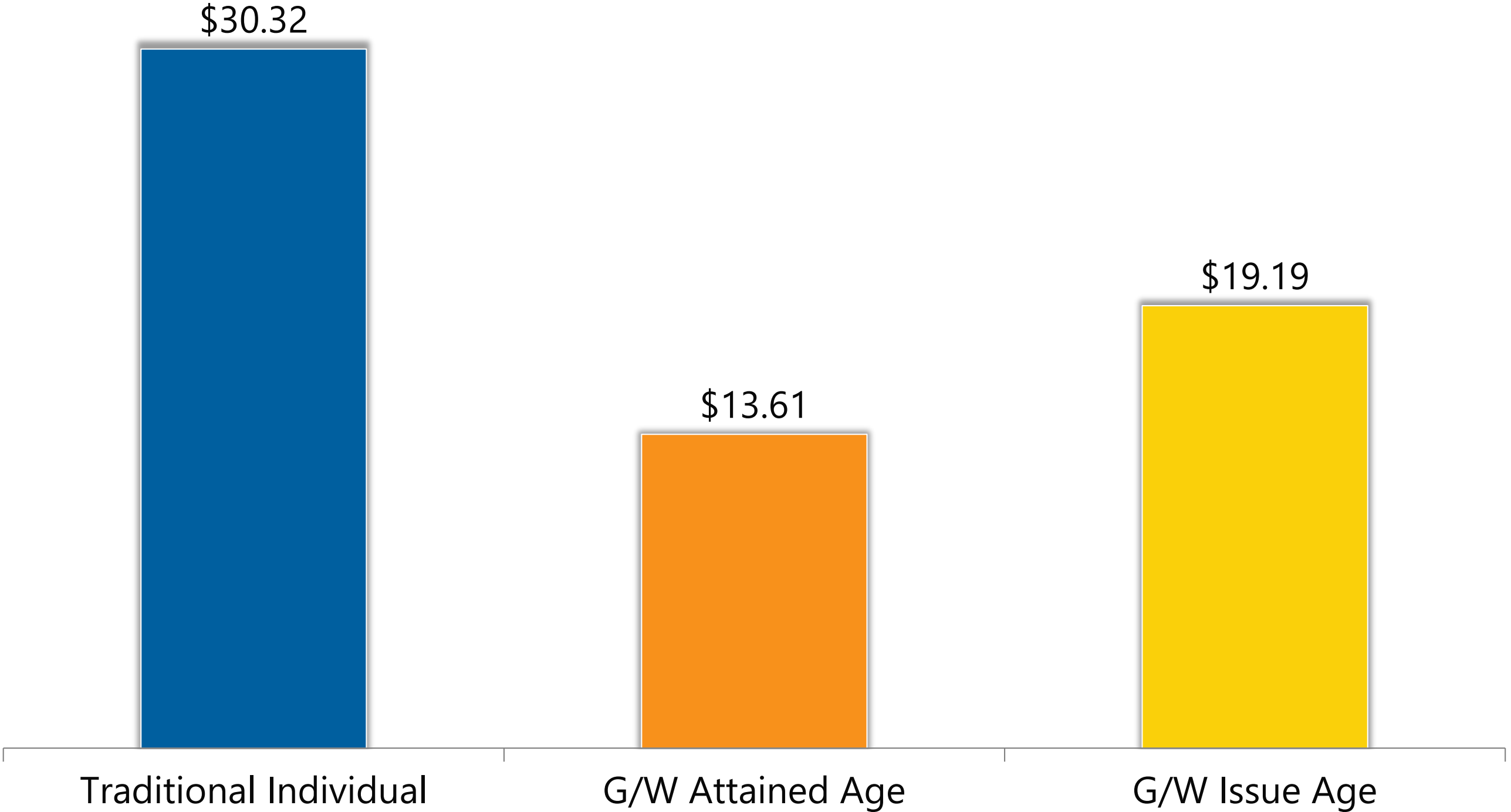
Supplemental Benefits Typically Marketed With CI



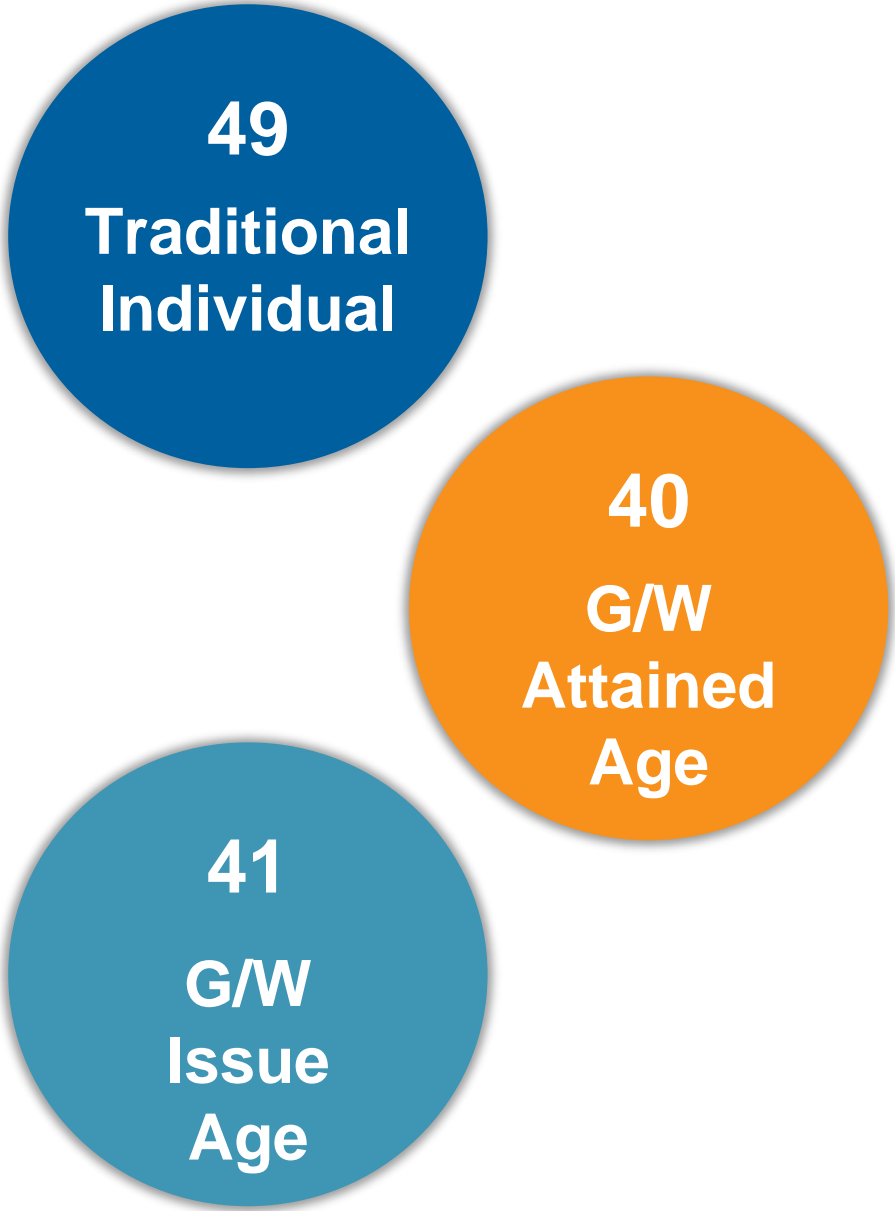
Average New Business Benefit Amount per Policy Issued



Average Yearly Sales Premium Per \$1,000 Benefit Amount



Average Issue Age for New Sales, 2022



Trend in Reported Growth Rates for CI Combined



Takeover Percentage

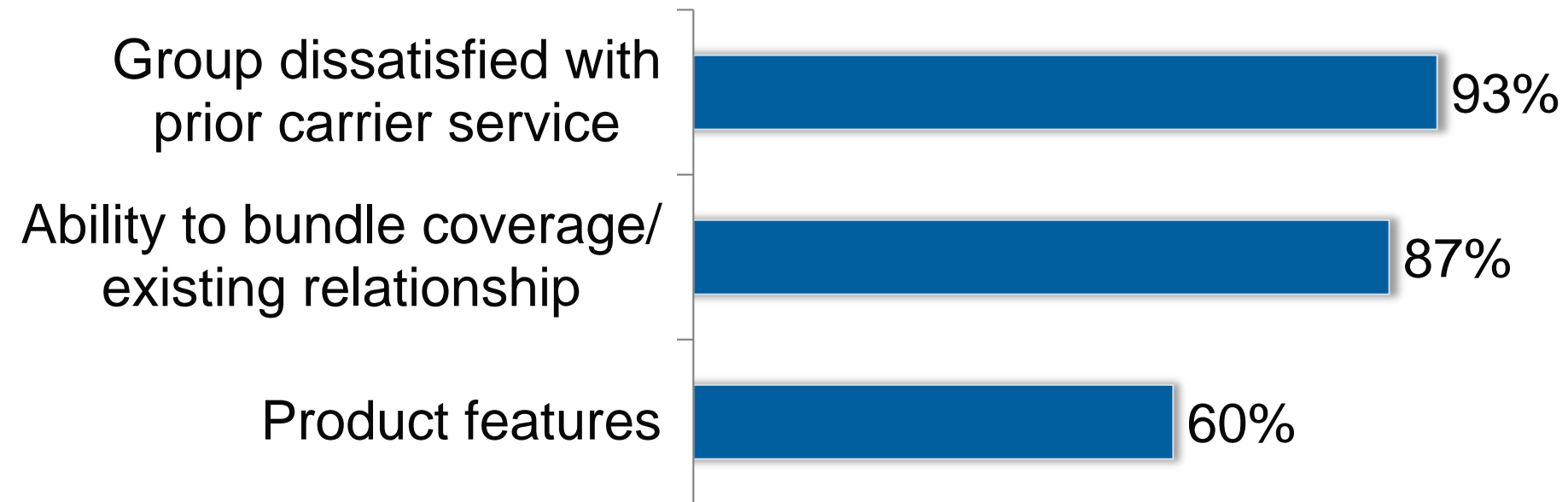
	Average	Median
G/W Attained Age	36%	43%
G/W Issue Age	39%	46%



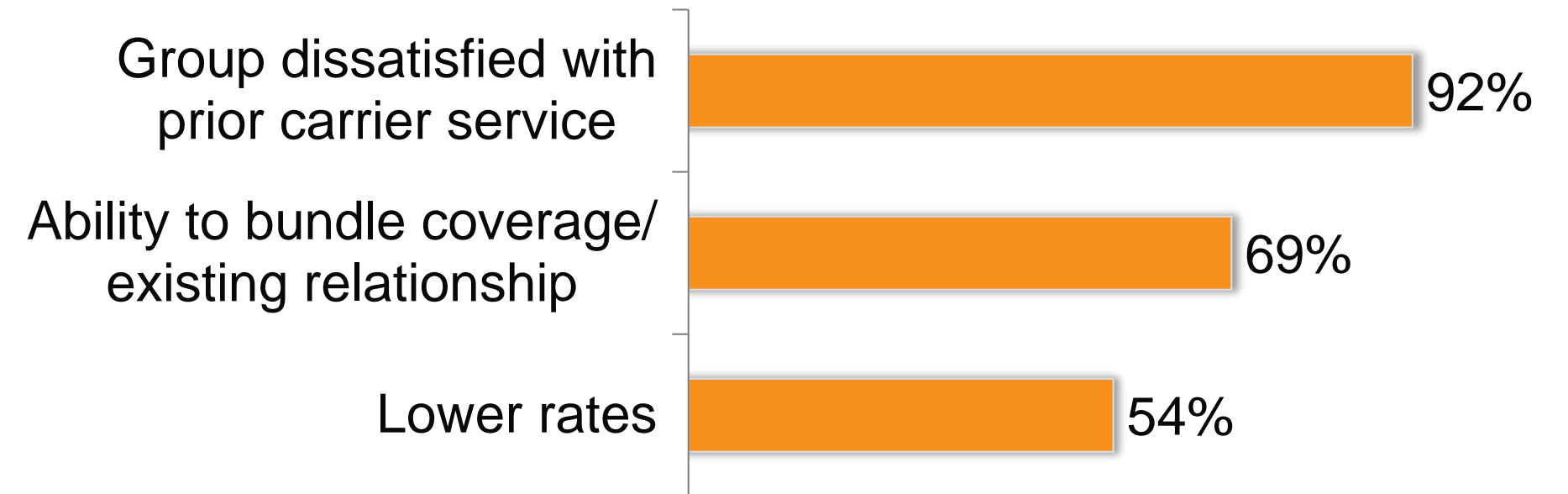
Top Three Reasons for Takeover



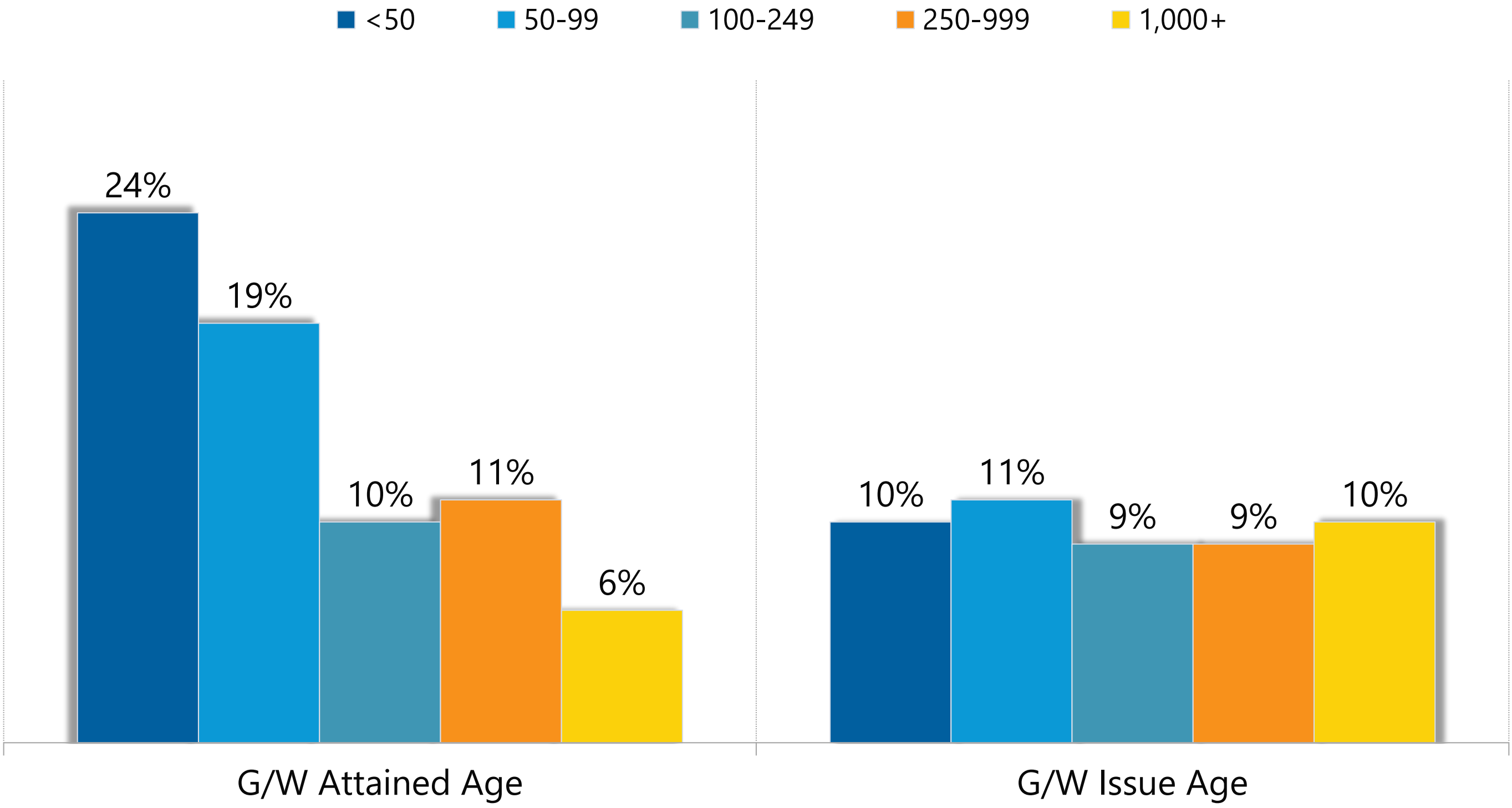
G/W Attained Age



G/W Issue Age



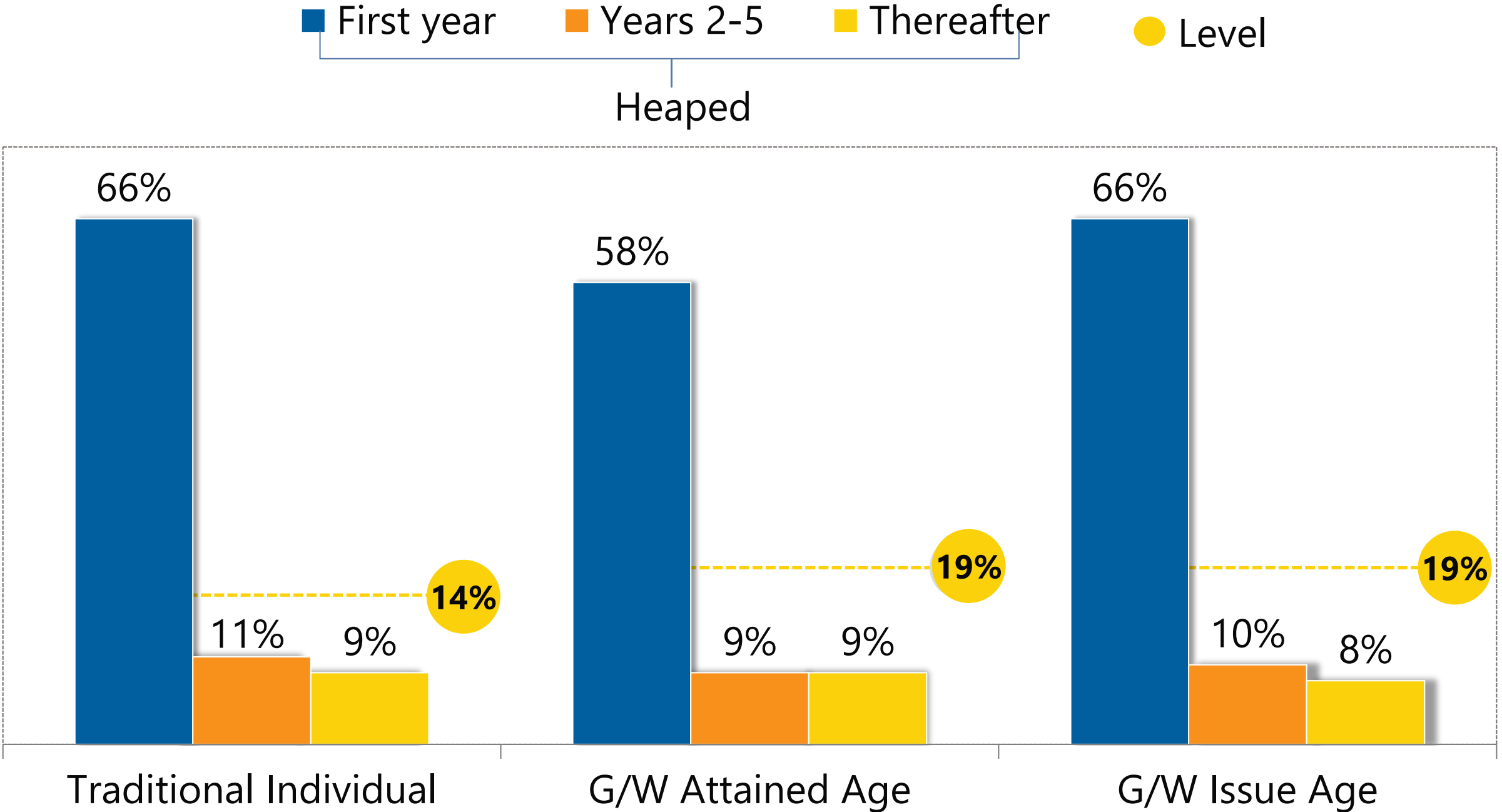
Average Closing Ratio (New Sales)



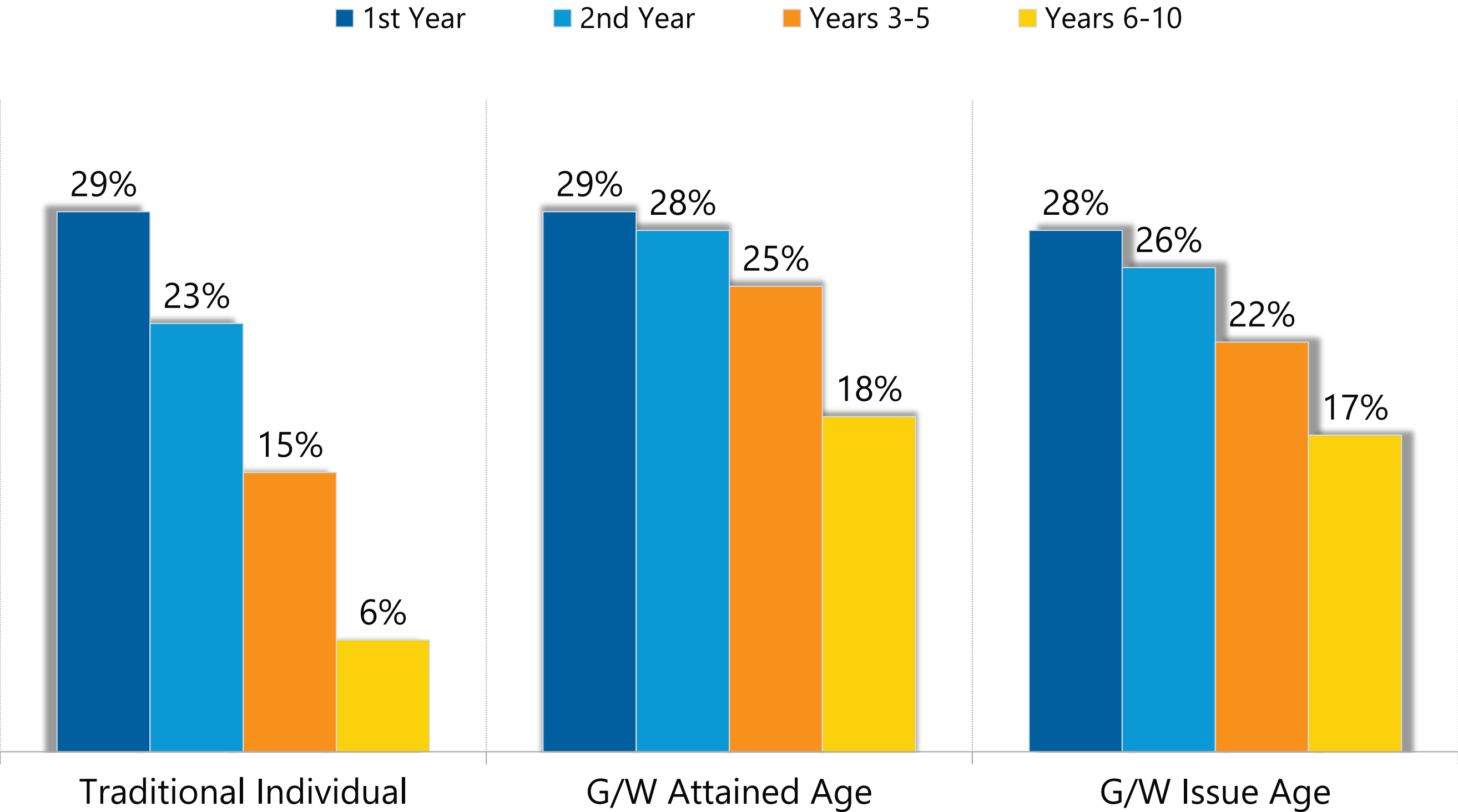
Companies' Top Concerns Specific to Product Filing

- 1 Time lag from submission date to approval
- 2 Keeping up with regulatory changes
- 3 Accommodating multiple state variations
- 4 Administering state variations
- 5 Lack of filing flexibility/variability
- 6 Achieving target margins in high loss ratio states
- 7 Requirement of filing previous experience

Average Agent Commissions Paid



Average Actual Lapse Rates



One Most Significant Impact on 2022 Sales Results



- Broker relationships able to address limitations on current stand-alone offering
- More face-to-face meetings
- Competitiveness of other product offerings
- Benefits of selling with medical distribution partners
- Product flexibility and handling of treatment free from cancer language
- Launching of a complimentary supplemental health product
- Medical claims integration abilities
- Expanded enrollment periods

- Increased consumer recognition of product value
- Growing trend in takeover sales
- Need for improved agent and customer awareness/education
- Pricing/rate adjustments
- Impact of inflation on enrollment persistency due to financial strain of hourly employees
- Employer desire for broader range of employee benefits to assist with retention and obtaining new talent
- Lower agent count and retention due to difficult hiring environment
- Product enhancement delays



Claims and Underwriting Data

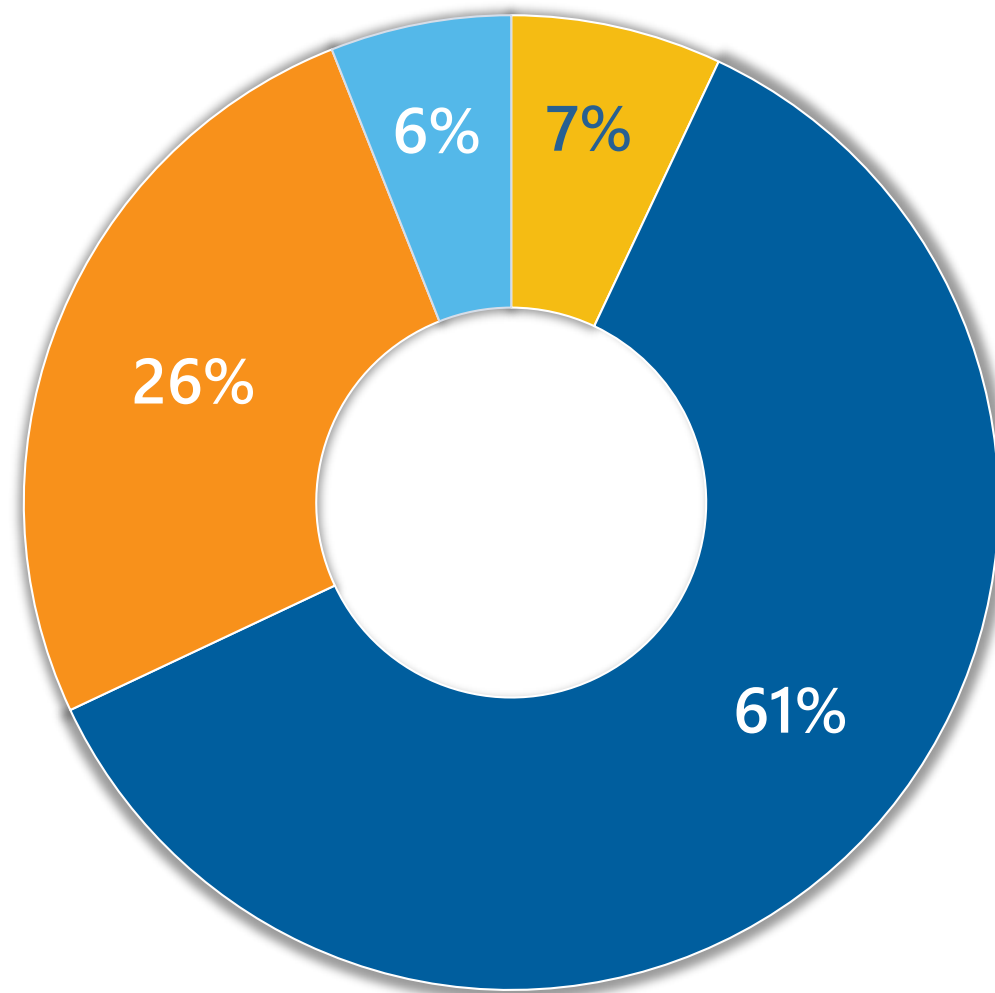
CI Underwriting Highlights

- Of the total CI applications that went through the underwriting process in 2022 (non-GI), 68% were Traditional Individual compared to 6% and 26% for G/W Attained Age and G/W Issue Age, respectively
- Approximately 89% of total CI applications processed in 2022 were approved
- Nearly 35% of carriers require a pharmacy history report, while 13% complete pharmacy history scoring
- The top challenge specific to CI medical underwriting is technology deficiencies

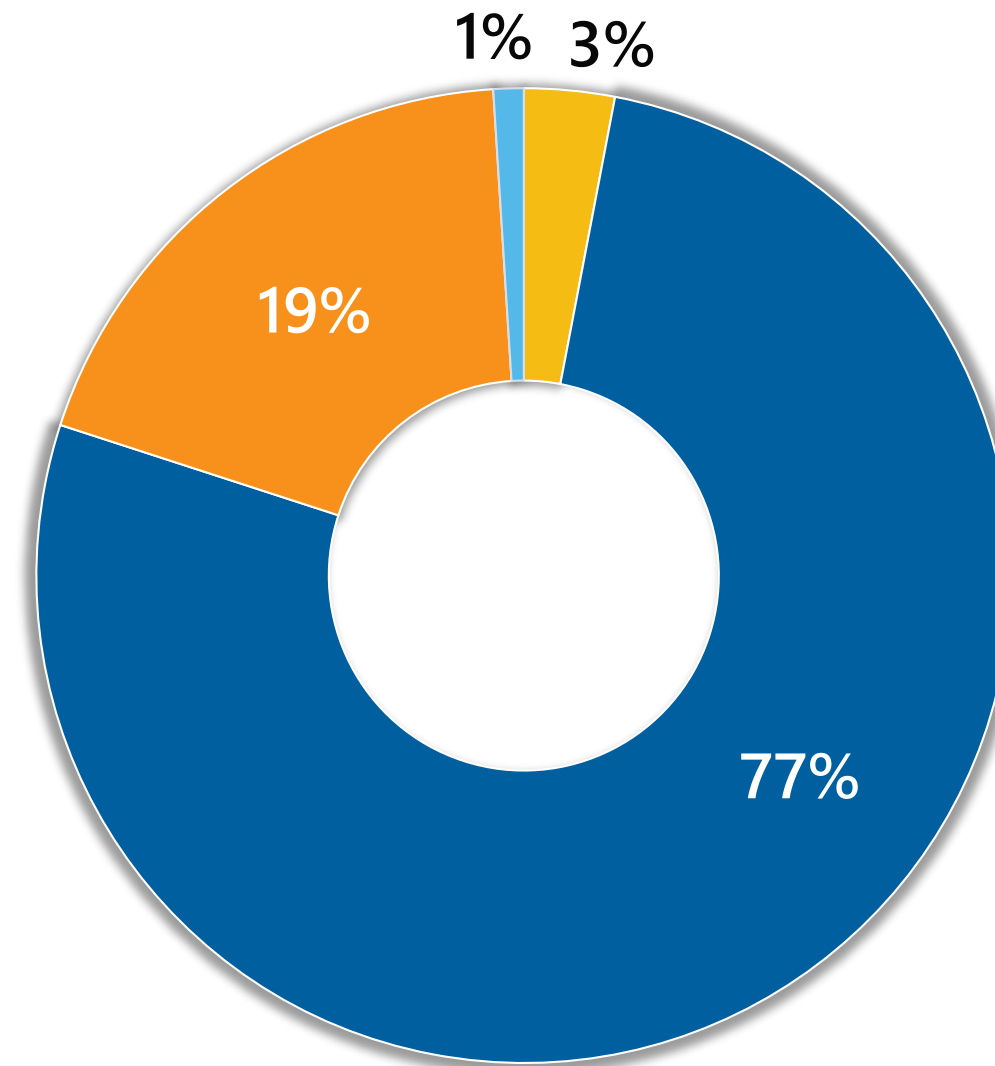
Percentage of Companies Considering a COVID-19 Trigger and/or Rider

■ Not Considering ■ Considering ■ Plan to Add ■ Already Added

COVID-19 Trigger



COVID-19 Rider

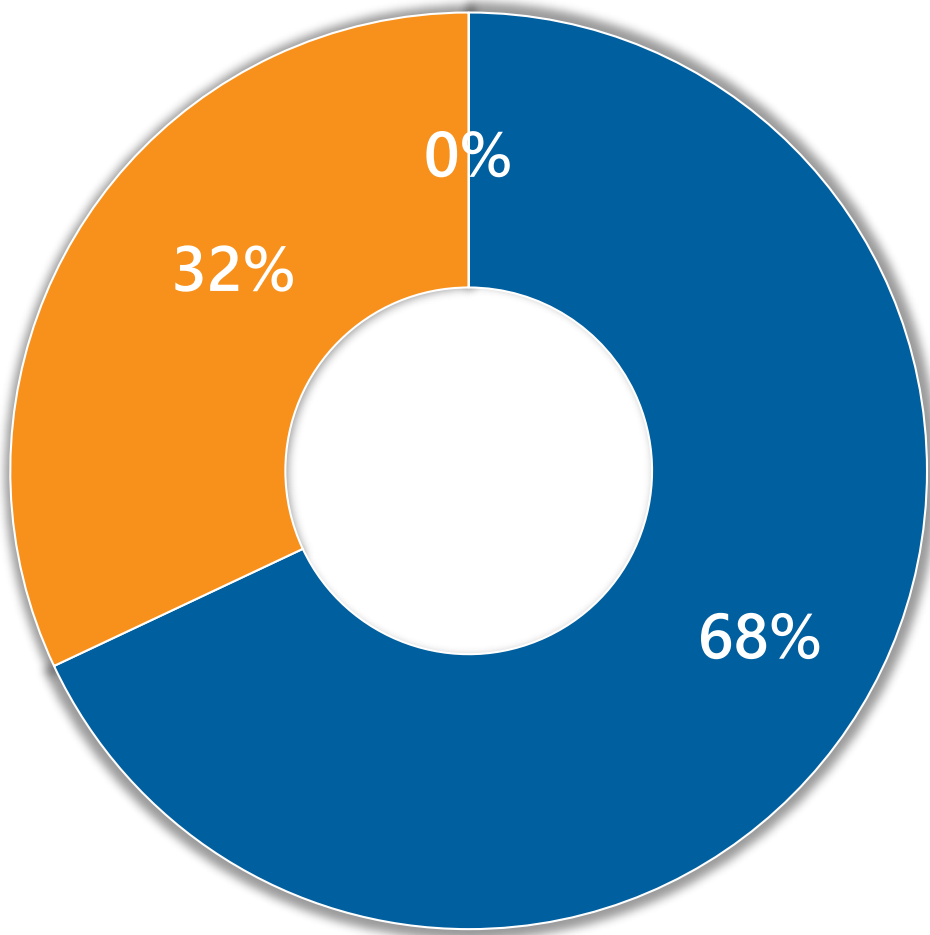


Actual to Expected Claims Incidence

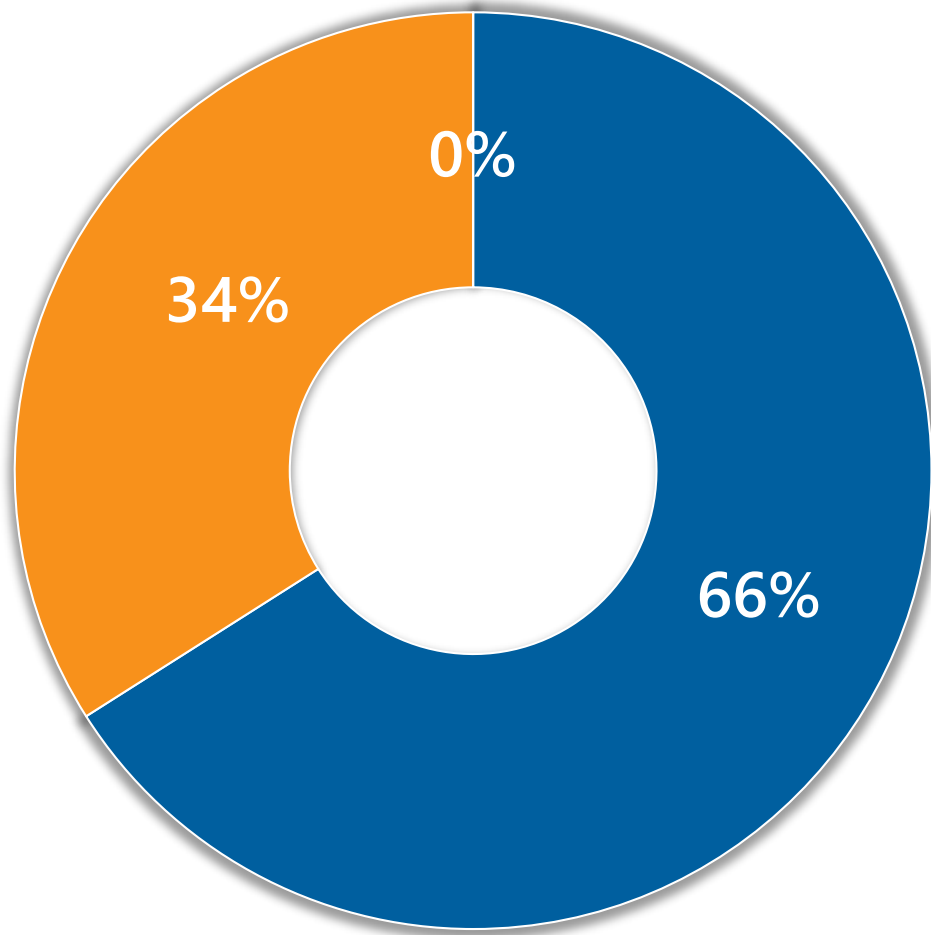


■ Less than expected ■ Matched expectations ■ Greater than expected

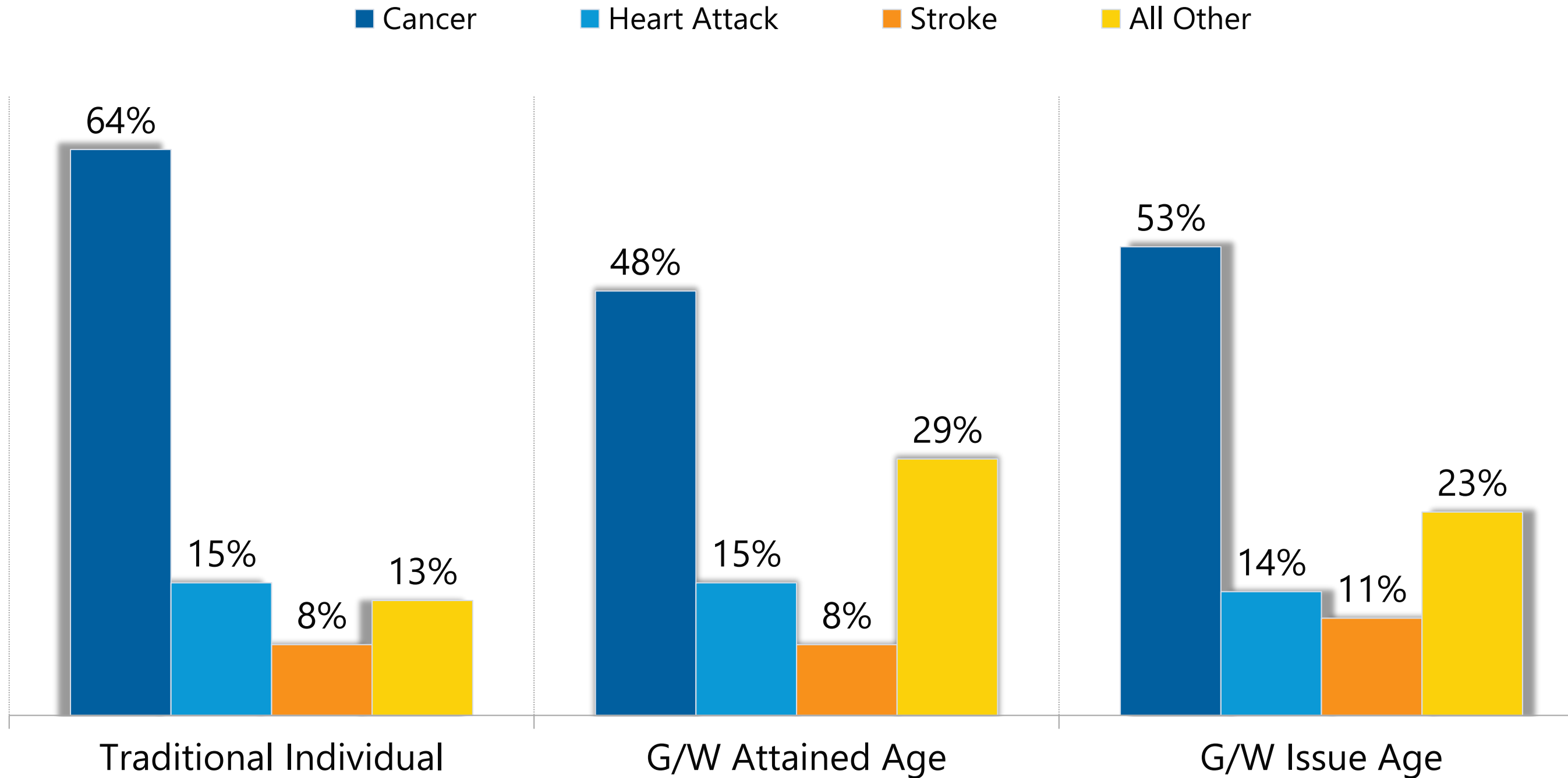
2022



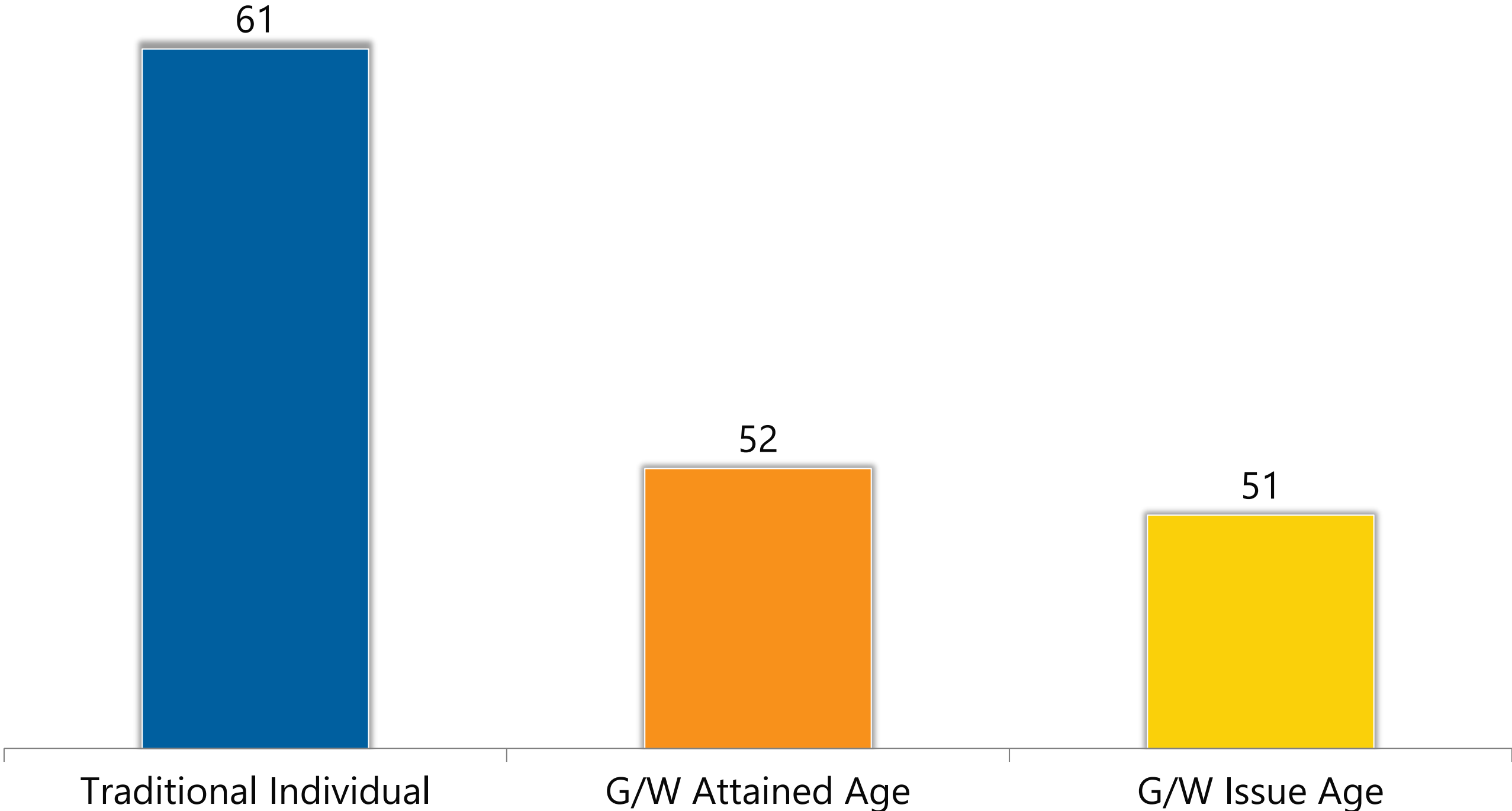
Since Inception



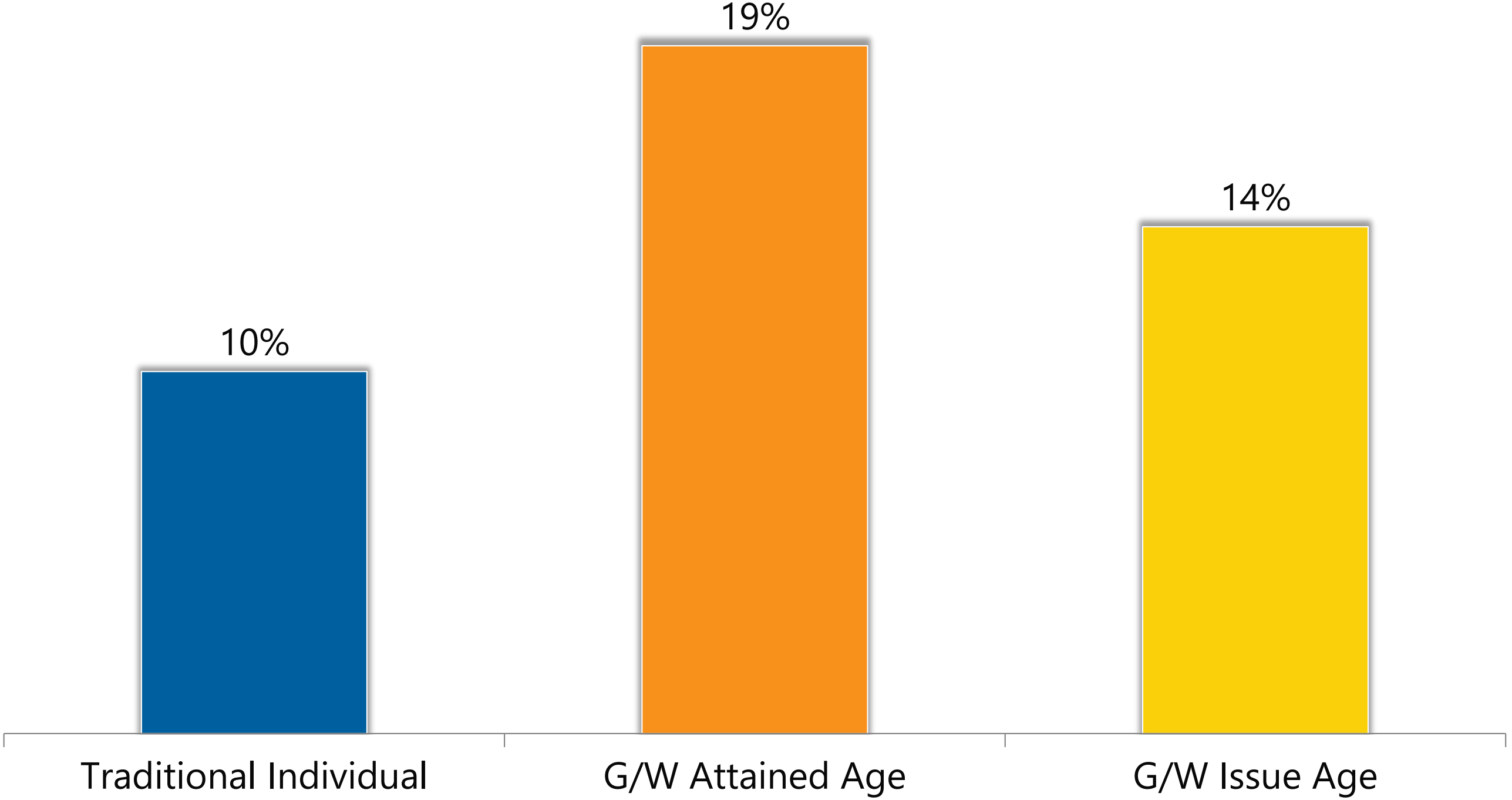
Claims by Diagnosis



Average Age at Time of Claim



Average Percentage of Claims Denied



Claim Denial Reasons

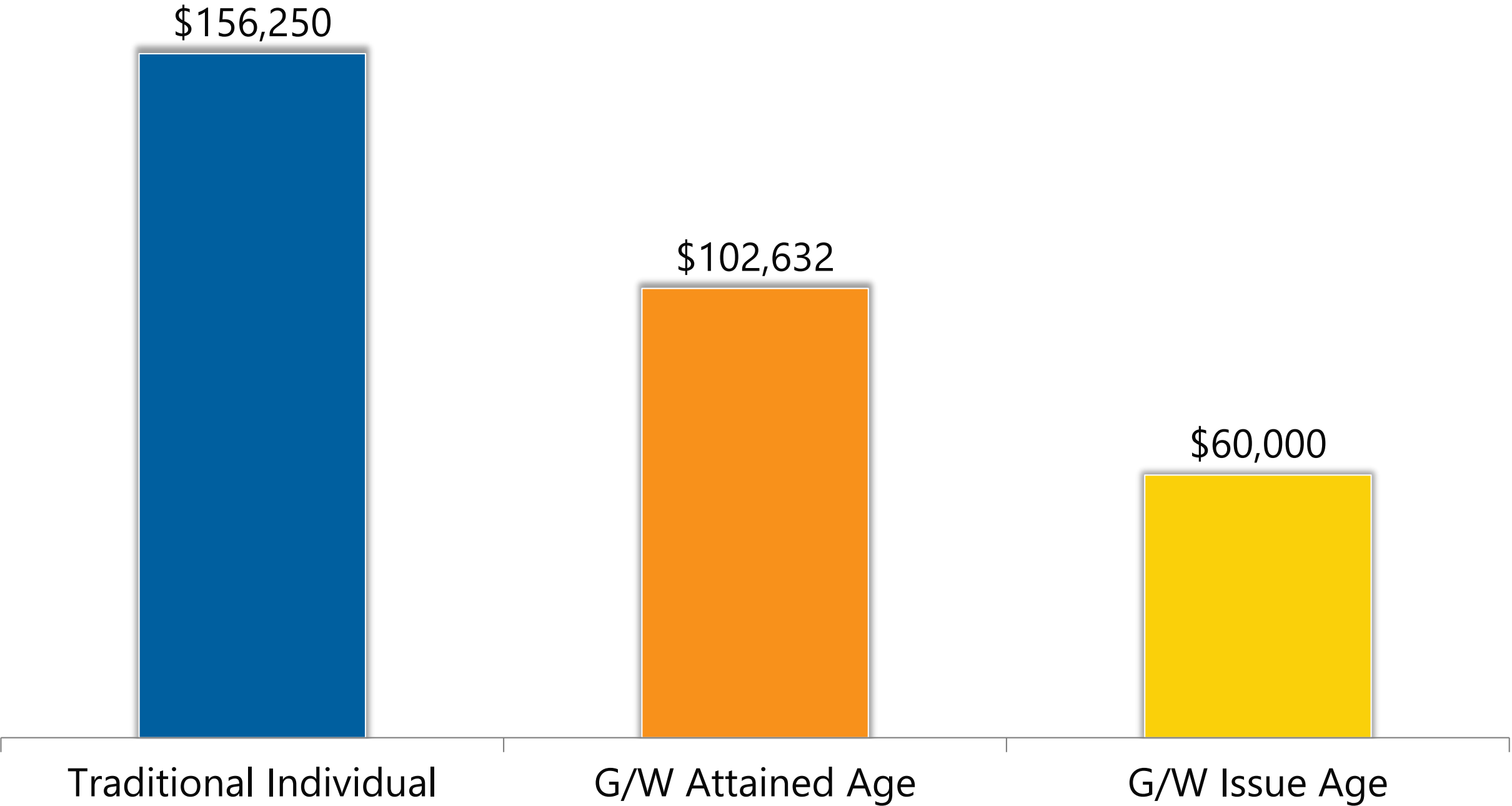
- Condition not covered
- Did not meet definition
- Inactive policy
- Non-disclosure
- Pre-ex
- Rescinded
- Submitted during waiting period





Case Study Data

Average Maximum Benefit Amounts



Number of Benefit Eligibility Triggers



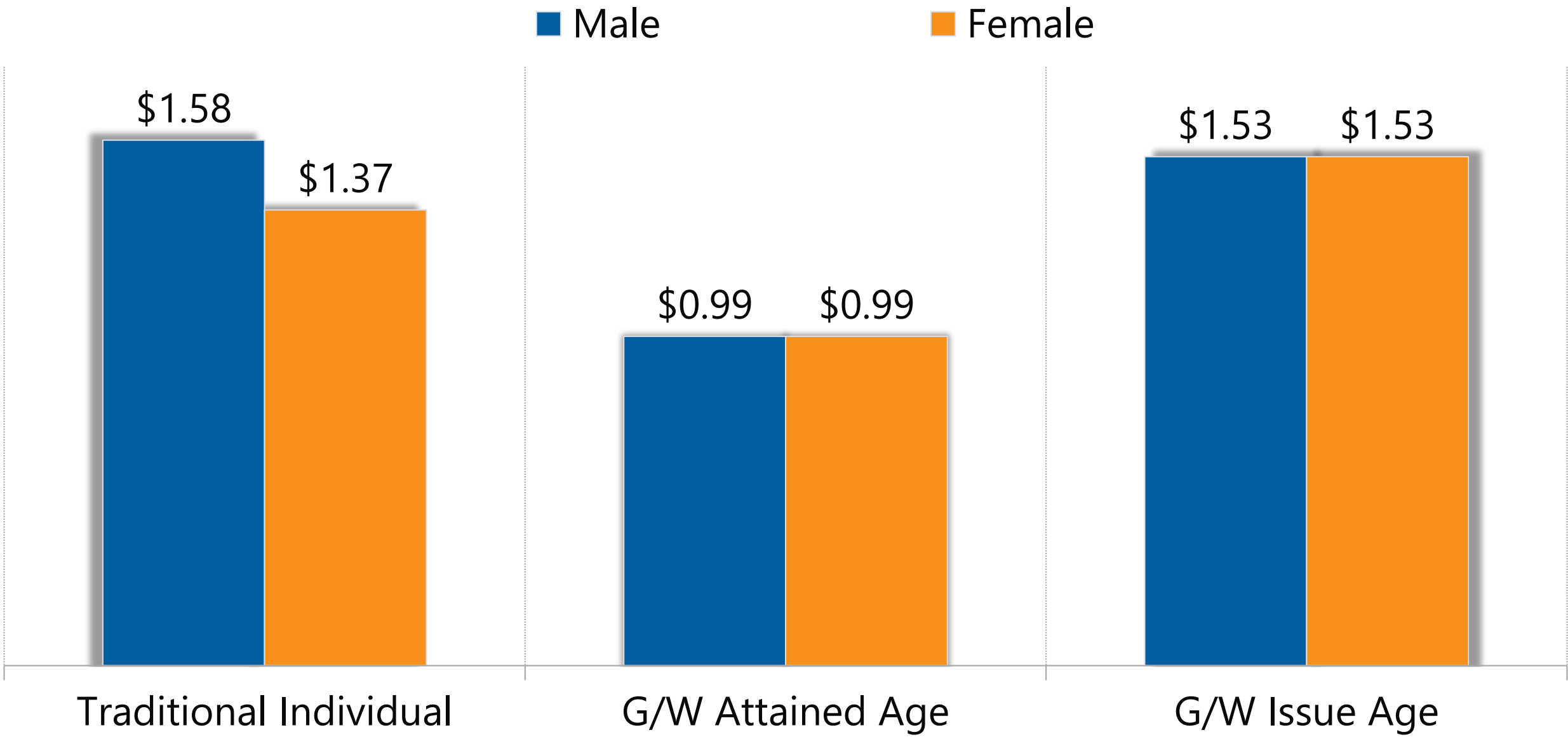
Eligibility Triggers

	Average	Median
Traditional Individual	12	12
G/W Attained Age	35	26
G/W Issue Age	32	26

Average Monthly Rates

Most Commonly Sold Plans – Per \$1,000 of Benefit Amount

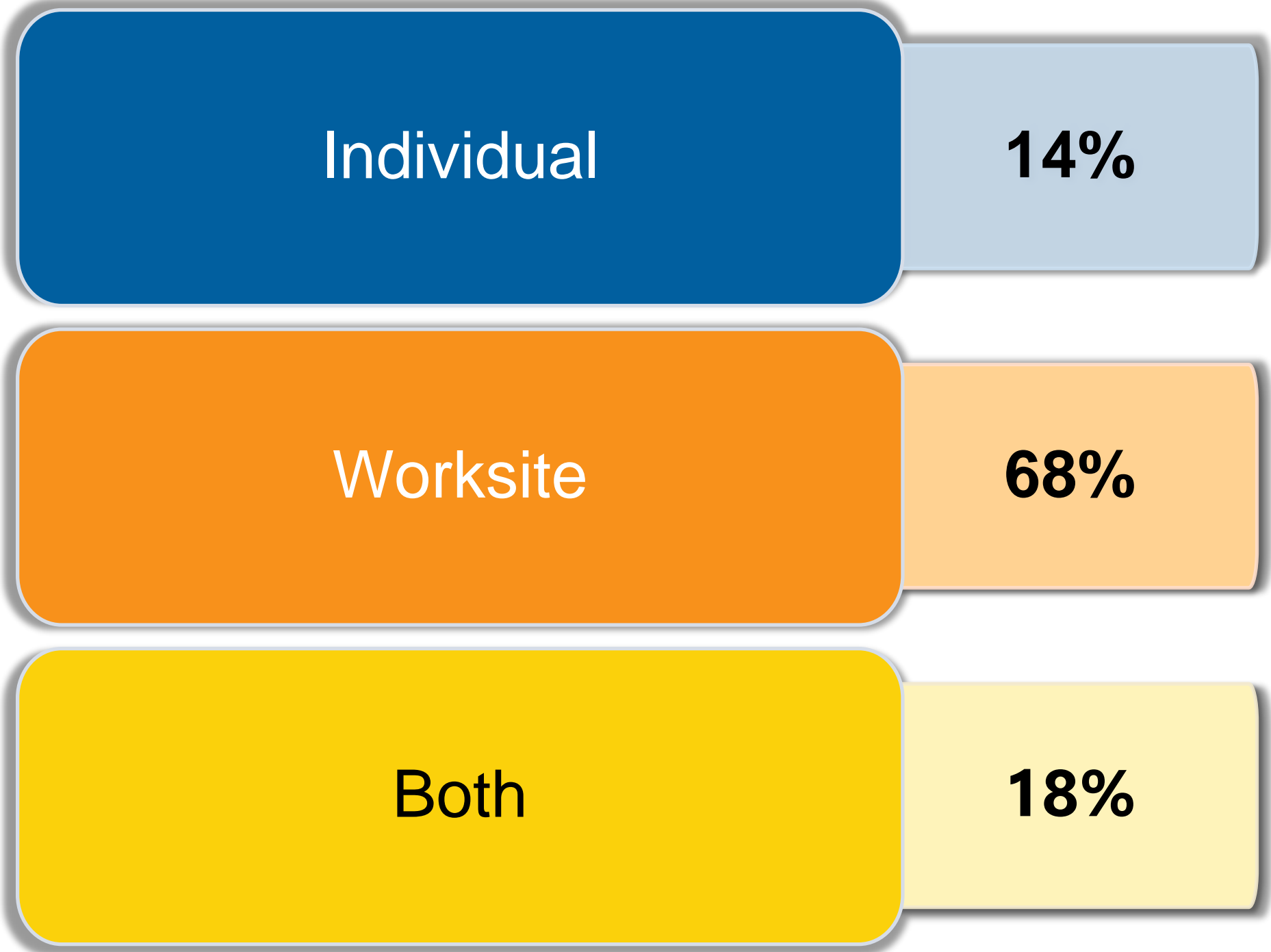
Rates based on: Age 45, Non-Smoker





Focus On: Accident Insurance

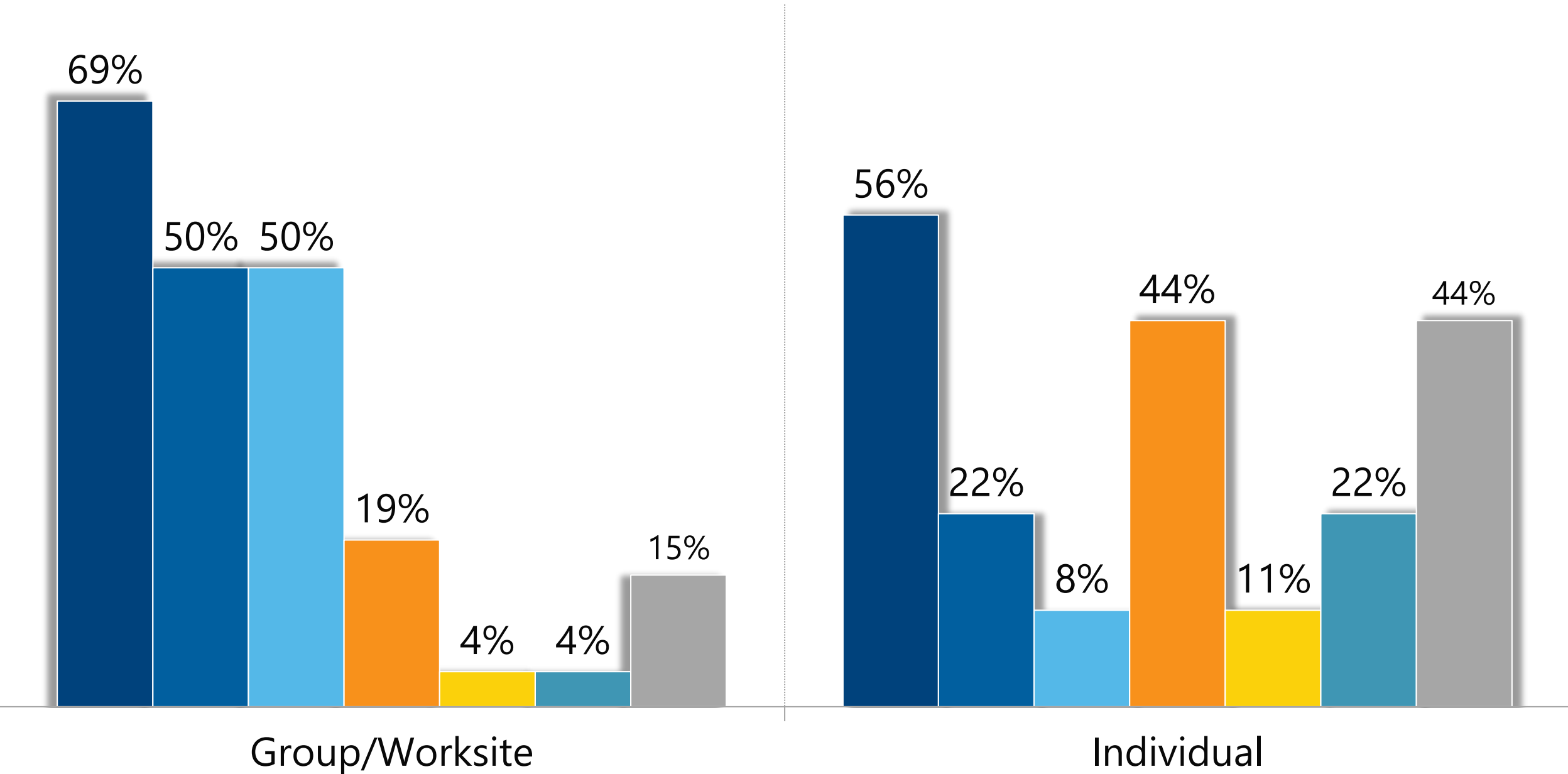
Percentage of Companies Offering Accident by Product



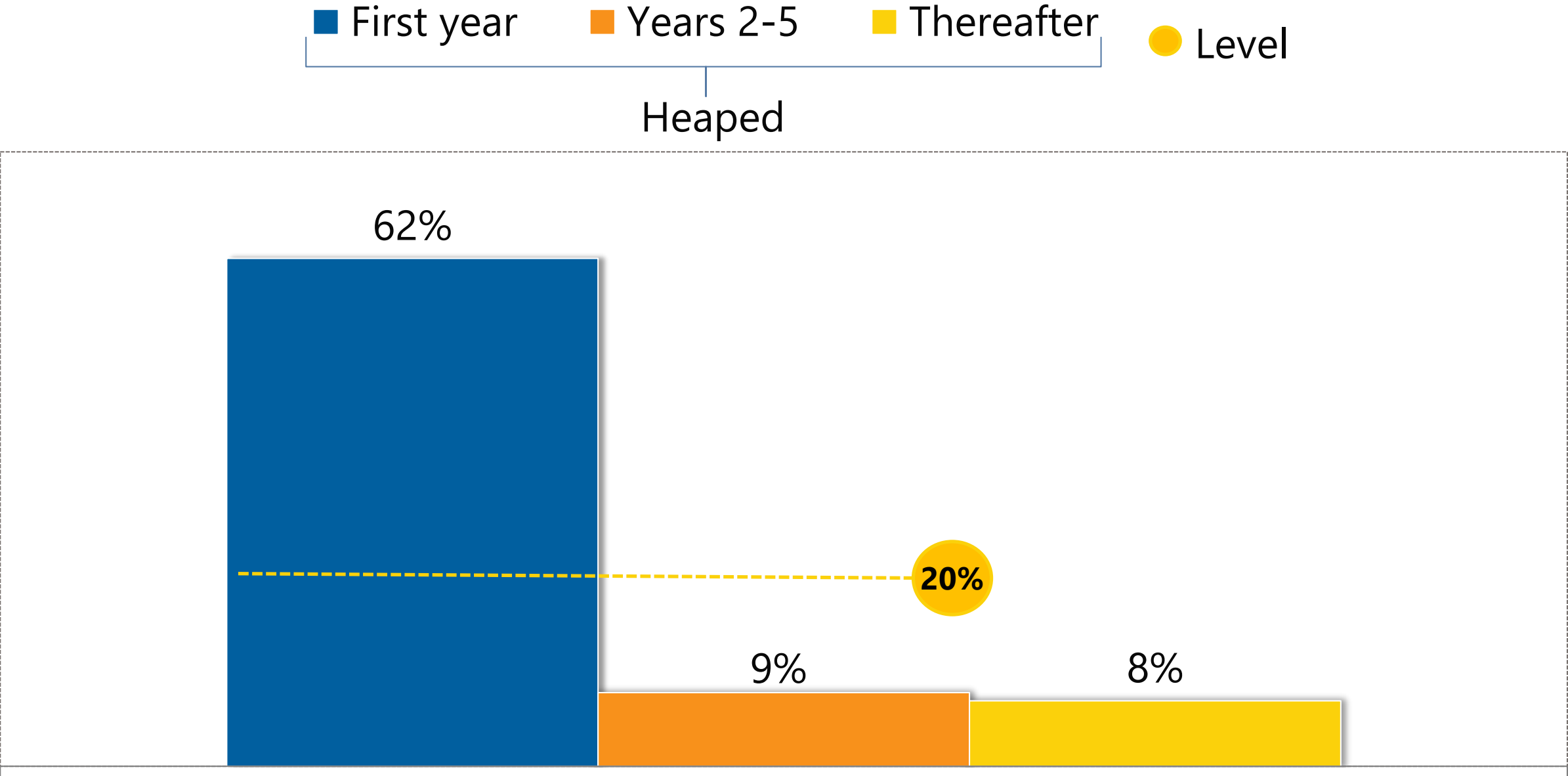
Accident Underwriting Requirements



- Actively at work
- Min # of lives
- Min % of participation
- Occupation
- Avocations/Hobbies
- Medical questions
- Other



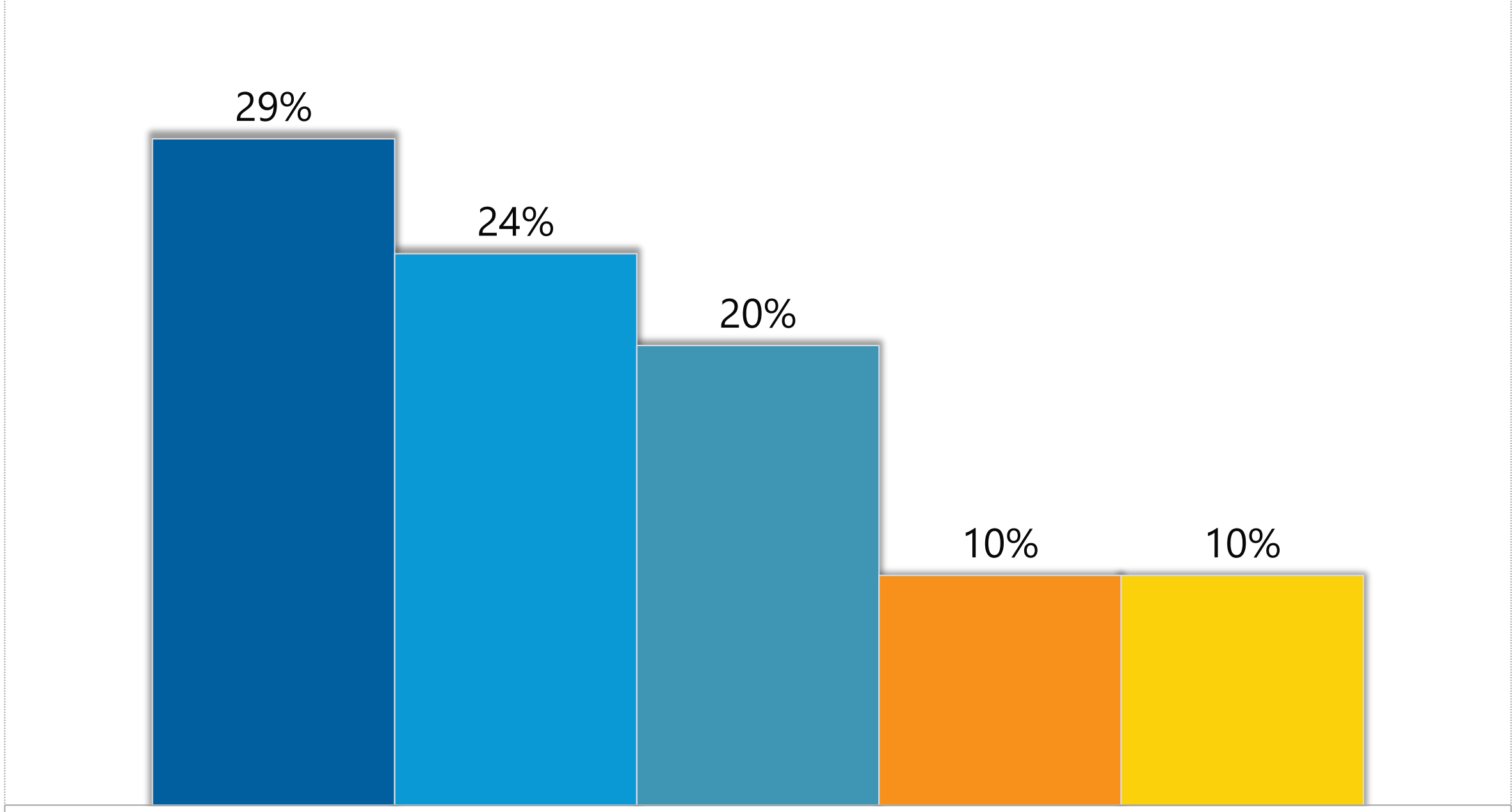
Average Agent Commissions Paid



Average Lapse Rates



■ 1st Year ■ 2nd Year ■ Years 3-5 ■ Years 6-10 ■ Average thereafter

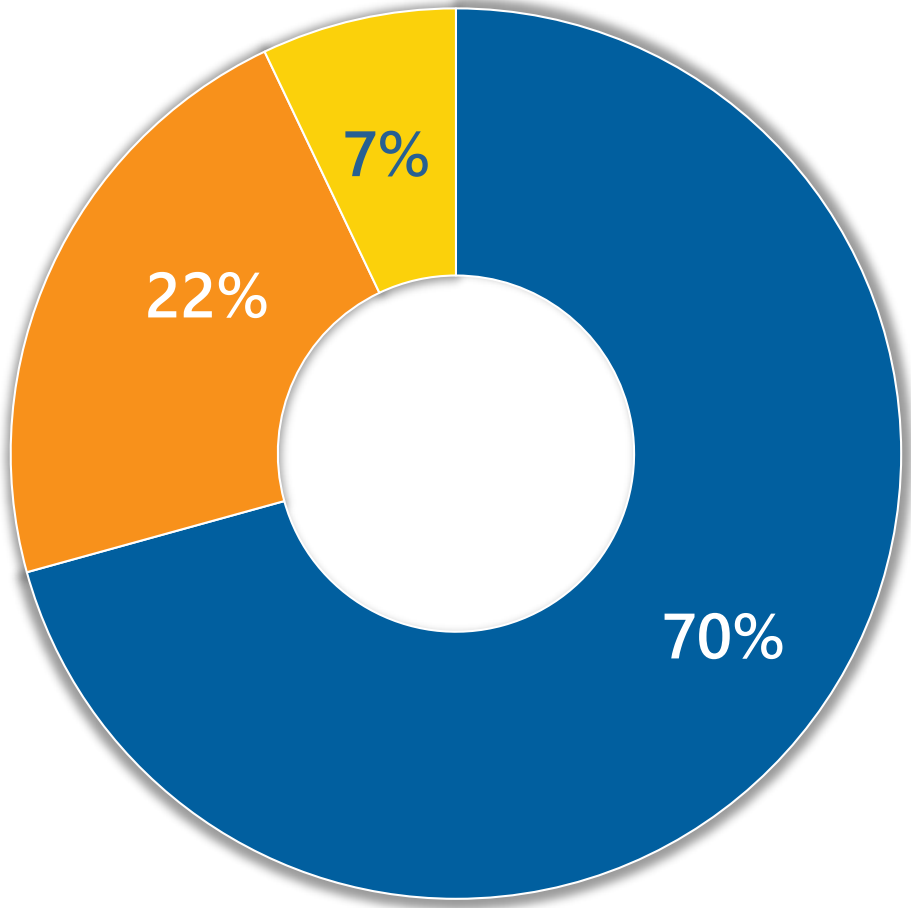


Accident - Actual to Expected Claims Incidence

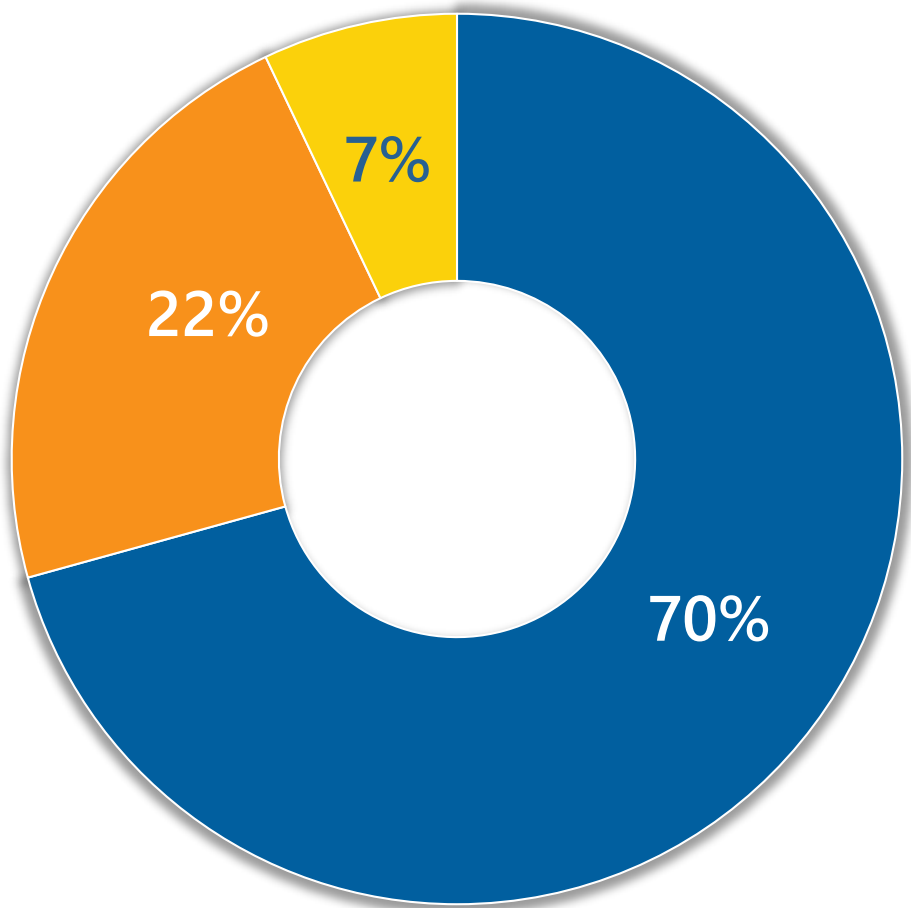


■ Less than expected ■ Matched expectations ■ Greater than expected

2022



Since Inception

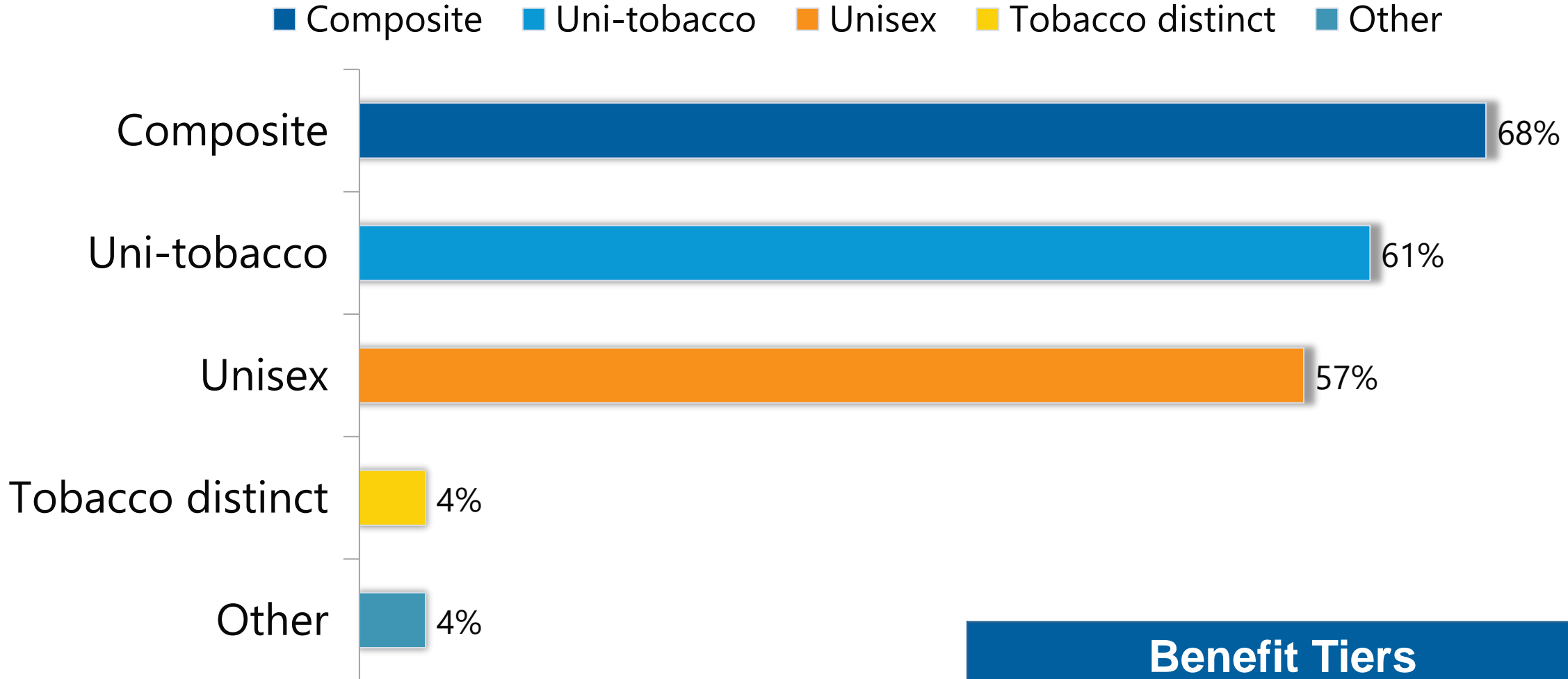


Claim Denial Reasons

- Accident occurred before coverage was in effect
- Claims received without required supporting documentation
- Duplication of charges previously submitted
- Exceeded max benefit amount
- Inactive policy
- Late filing
- Location of service ineligible



Accident Premium Rates



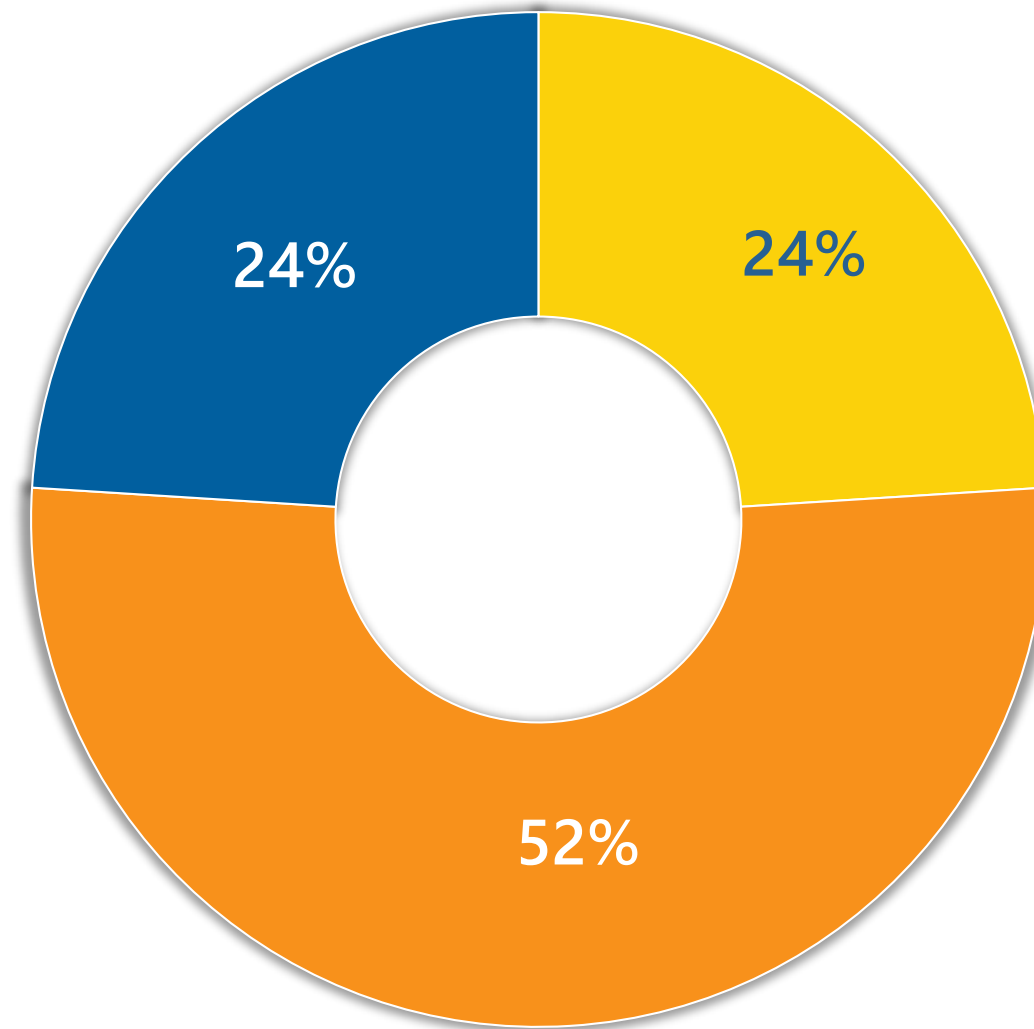
Benefit Tiers	Average Annual Premium
Tier 1	\$186.21
Tier 2	\$185.71
Tier 3	\$245.96
Tier 4	\$300.75



Sales Results Compared to Sales Goals in 2022



■ Less than expected ■ Matched expectations ■ Greater than expected



One Most Significant Impact on 2022 Sales Results

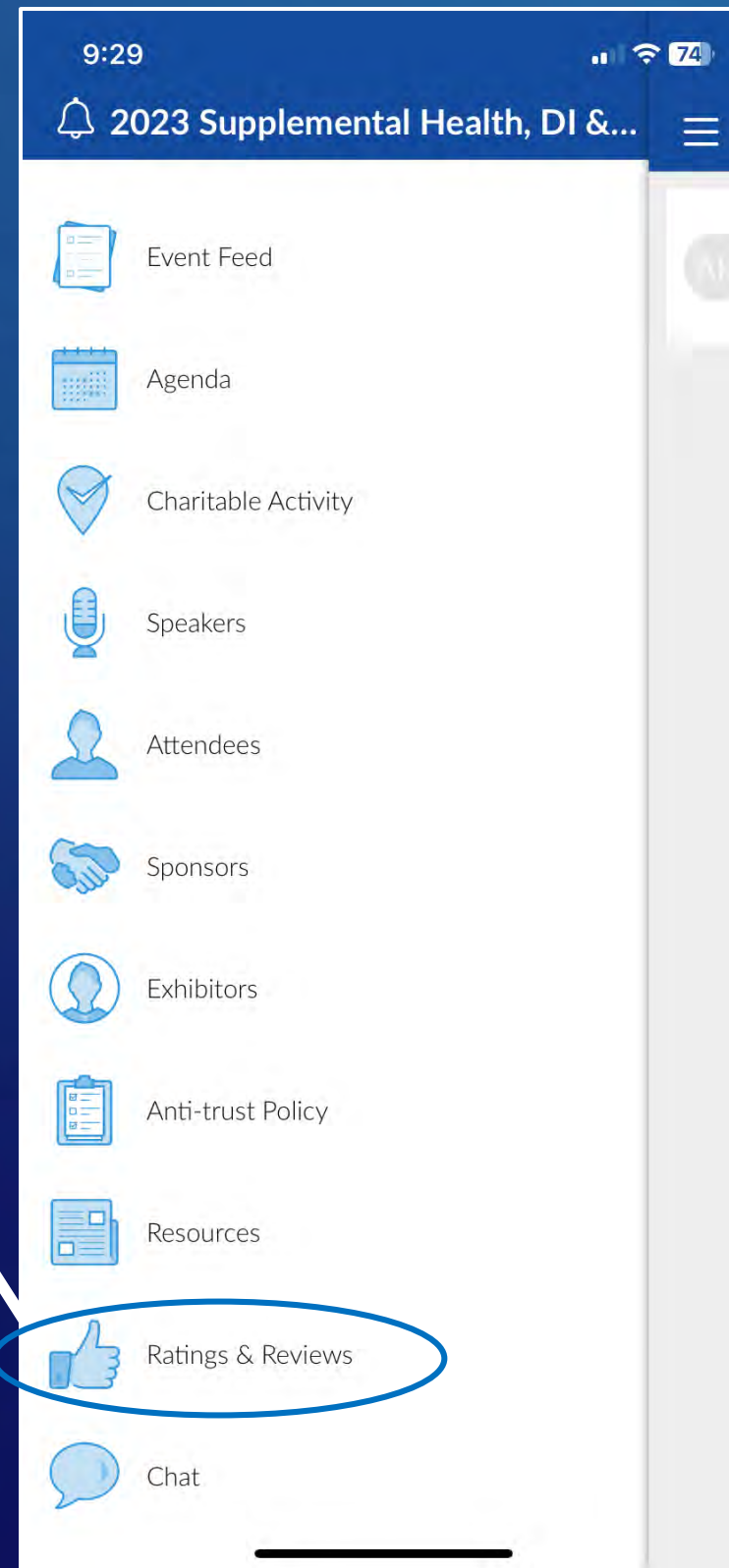


- More reliable distribution
- Increased consumer interest in voluntary plans
- Growing takeover volume
- More face-to-face meetings
- Package pricing lift from medical distribution partners
- Competitiveness of life and disability products
- Wellness rider benefit up to \$200
- Launch of complimentary supplemental health product

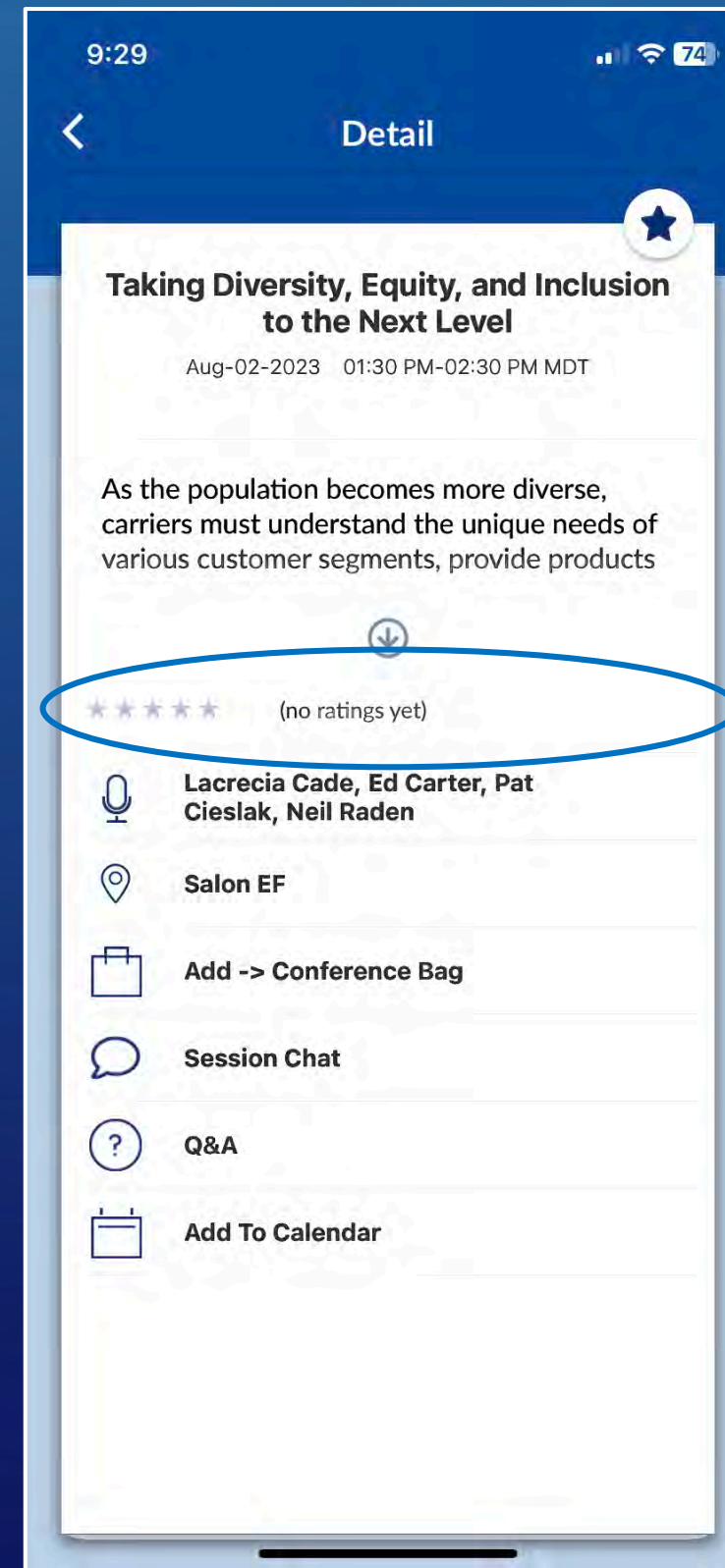
- Shift back to pre-pandemic living
- Pricing/rate adjustments
- Increased presence in tele-sales
- Medical claims integration abilities
- Market competition
- Need for newly priced and configurable product
- Inflation

Please Provide Your Feedback on the Conference App

OPTION 1




OPTION 2



 Ratings & Reviews

 Ratings & Reviews

 (no ratings yet)

Thank You



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