



## U.S. Critical Illness Insurance Market Survey Summary

*Highlights of 2018/2019 Results*

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## PARTICIPATING COMPANIES

- 5Star Life Insurance Company
- Aetna
- Allstate Benefits
- Amalgamated Life Insurance Company
- American Fidelity Assurance
- Assurity Life
- AXIS Capital
- Bankers Fidelity Life Insurance Company
- BCS Financial
- Boston Mutual Life Insurance Company
- Chesapeake Life
- Cigna
- Colonial Life
- Combined Insurance Company of America
- CUNA Mutual Group
- Dearborn National
- Guarantee Trust Life Insurance Company
- Guardian Life Insurance
- The Hartford
- Illinois Mutual
- Independence American Insurance Company
- John Hancock
- Kansas City Life Insurance Company
- Knights of Columbus
- Legal & General
- LifeSecure Insurance Company
- Lincoln Financial Group
- Modern Woodmen of America
- Mutual of America Life Insurance Company
- Northwestern Mutual
- Ohio National Financial Services
- Pan American Life Insurance Company
- Pekin Life Insurance Company
- Principal
- Prudential Insurance Company of America
- Standard Insurance
- Standard Life and Accident Insurance Company
- Standard Security Life Insurance Company of NY
- State Mutual Insurance Company
- State Farm Mutual Automobile Insurance Company
- Sun Life Financial
- Symetra Financial
- Transamerica
- Trustmark Insurance Company
- Union Labor Life Insurance Company
- UnitedHealthcare
- UnitedHealthOne
- Unum
- US Alliance Life & Security Company
- USABLE Life
- Voya Financial
- Washington National Insurance Company
- Zurich

## BACKGROUND

Gen Re is pleased to share this summary of key highlights from our 2018/2019 U.S. *Critical Illness Insurance Market Survey*. The full report provides insight into the state of the market as of December 2018 and represents companies that are actively marketing a Critical Illness (CI) product, as well as those who are exploring it as a new product offering. The comprehensive report is made available only to participating companies.

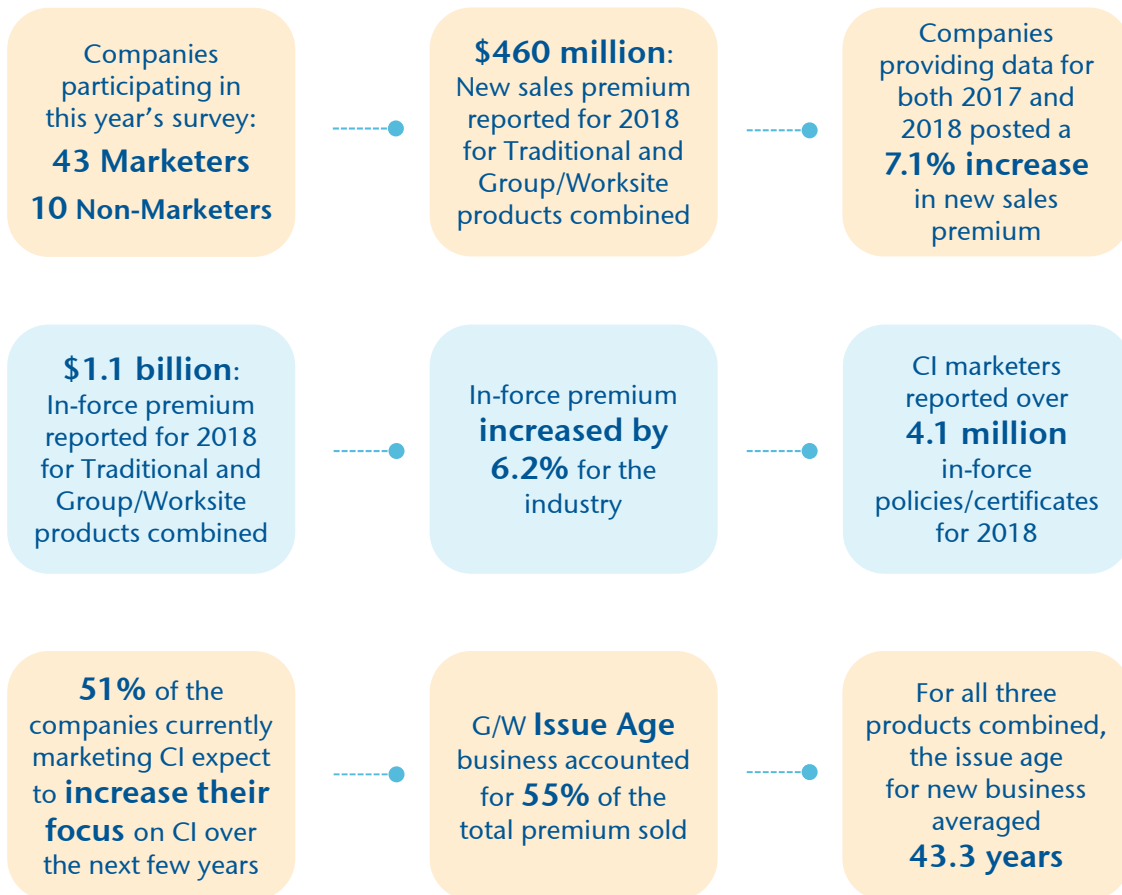
Fifty-three companies responded to this survey and 43 are currently marketing a CI product. Of the 10 companies not actively marketing CI, three are considering or developing a product.

Thirty-four companies completed a separate section on Accident Insurance.

Throughout the following summary report, some comparisons have been made to prior years' results. Caution should be used in interpreting these comparisons, as the companies participating vary from year to year. In addition, as awareness of and interest in this product increases in the U.S., new companies are constantly entering the market. While each report is intended to be a snapshot for that year, we understand the importance of identifying trends and to that end have provided some commentary.

For CI products, unless otherwise mentioned, results represent standalone and rider policies combined.

## SURVEY HIGHLIGHTS



## SUMMARY OF RESULTS

### MARKETERS OF CRITICAL ILLNESS INSURANCE

#### Products Marketed and Future Plans

Of the 43 participating companies currently marketing CI, 20 offer one product, 20 offer two products and the remaining companies offer three products. The majority (84%) offer a group/worksites (G/W) product, with 17 companies offering both G/W products. (Exhibit A)

#### Exhibit A. Percentage Offering CI Product

	Percentage of Companies
Traditional Individual	37.2%
Group/Worksite	83.7%
– Attained Age	65.1%
– Issue Age	58.1%

Over half (51%) of the companies currently marketing a CI product expect to increase their focus on CI over the next few years. None reported their focus would decrease.

## SUMMARY OF RESULTS

### Product Performance

Across all products, the majority of companies met or exceeded their expectations with regard to key areas of product performance in 2018. (Exhibits B, C, and D)

Exhibit B. Traditional Individual Product Performance

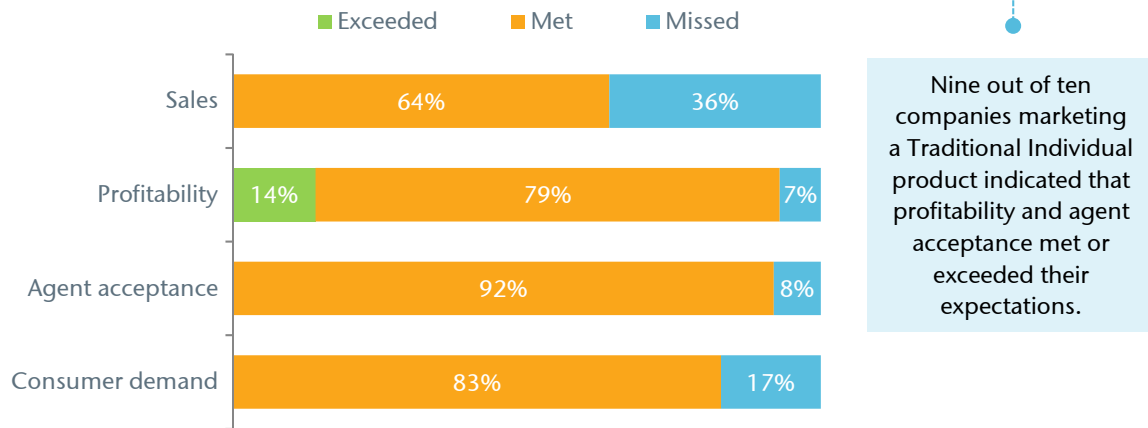


Exhibit C. Group/Worksite Attained Age Product Performance

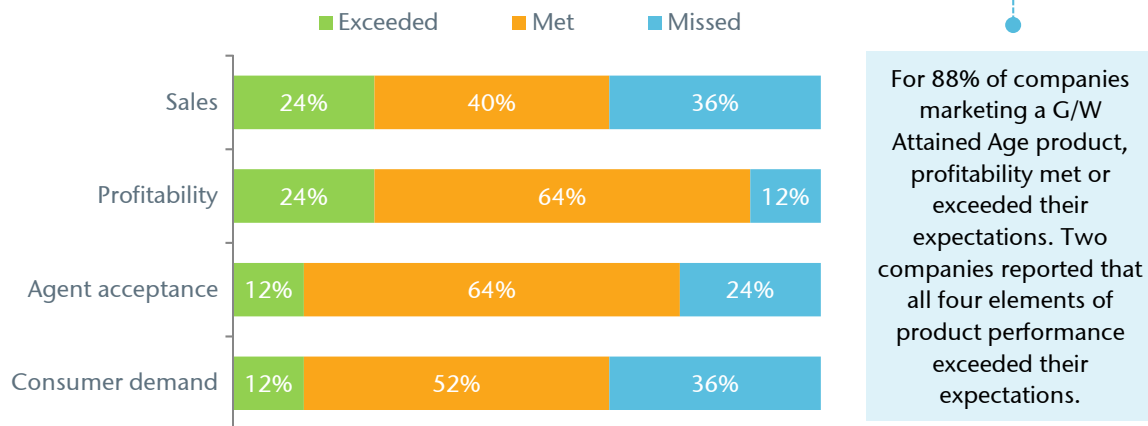
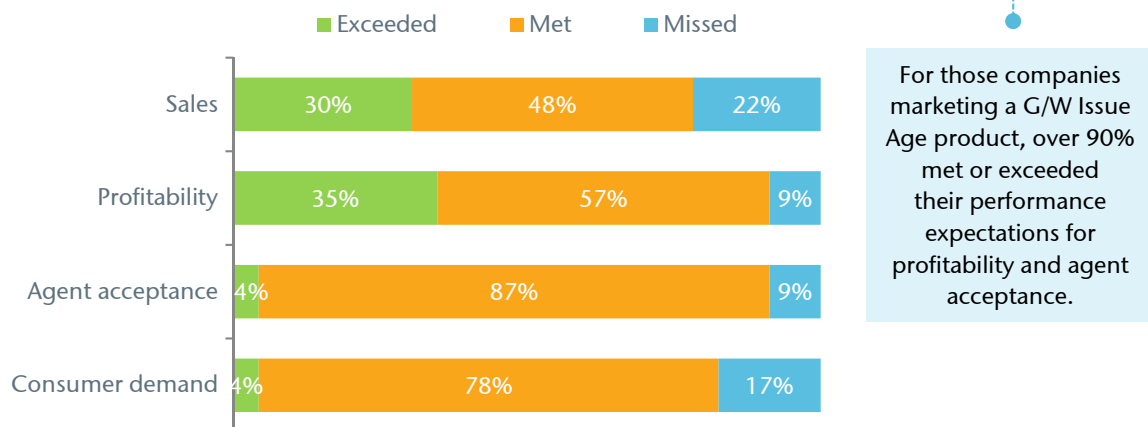


Exhibit D. Group/Worksite Issue Age Product Performance



## SUMMARY OF RESULTS

### New Business Sales

For 2018, participants reported selling 1.6 million new policies/certificates and just over \$459.8 million in new sales premium. With sales of \$254.9 million, the largest segment was attributed to G/W Issue Age business, representing 55% of total premium sold. (Exhibit E)

Exhibit E. Percentage of New Business by Product

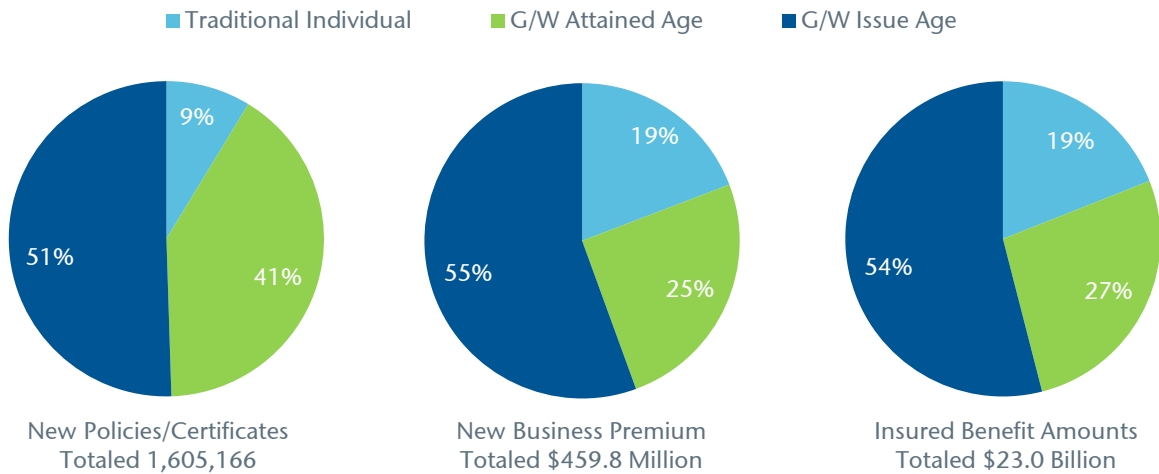


Exhibit F. 2018 New Business Benefit Amount Per Policy

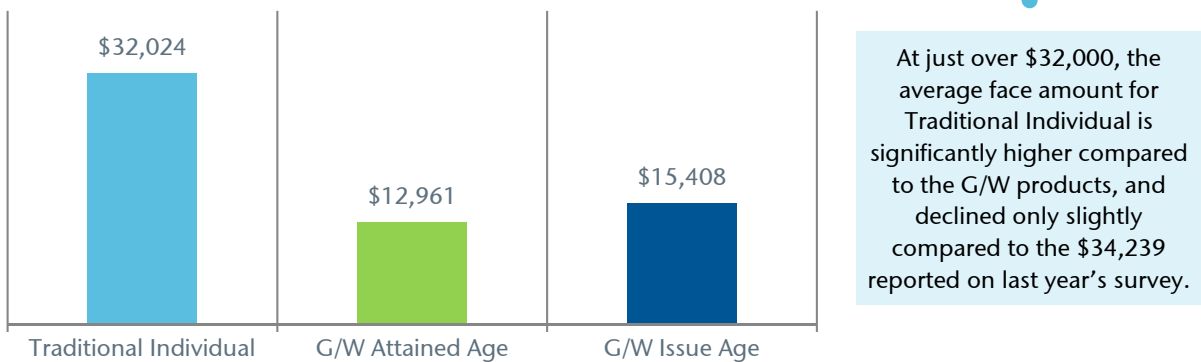
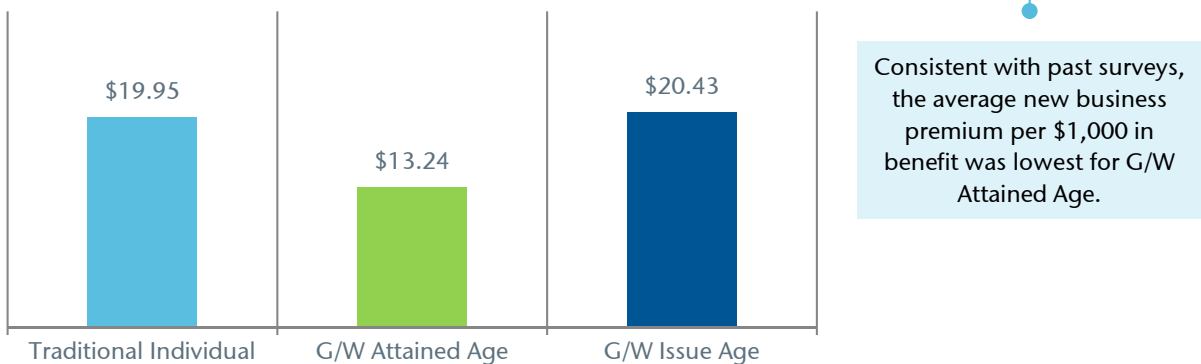


Exhibit G. 2018 New Business Premium Per \$1,000 in Benefit Amount





## SUMMARY OF RESULTS

### Same Company Growth in Sales

When comparing only those companies that provided product data for both survey years and taking into account any adjustments made to the 2017 data, the CI industry continued to exhibit positive growth in 2018. (Exhibit H)

It is difficult to determine which product had the greatest impact on the combined growth, as the number of companies participating vary from year to year. That being said, growth results continue to be positive over time.

Exhibit H. 2017 to 2018 Growth Rates

	New Sales	In-force
Premium	7.1%	6.2%
Policies/Certificates	18.6%	20.4%
Benefit Amount	12.4%	12.4%

### Average Age at Time of Sale

The issue age for new business averaged 43.3 years for all three products combined. Traditional Individual averaged the highest issue age at 46.6 years, compared to just under 42 years for both G/W Attained Age and Issue Age. (Exhibit I)

Exhibit I. Issue Age for New Business

	Average Age
Traditional Individual	46.6
G/W Attained Age	41.5
G/W Issue Age	41.9

## SUMMARY OF RESULTS

### In-force Business

For 2018, participating carriers reported a combined total of 4.1 million policies/certificates with just over \$1.1 billion of in-force premium. (Exhibit J) G/W Issue Age business accounted for 56% of total in-force, with \$629.5 million in premium.

Exhibit J. Percentage of In-force Business by Product

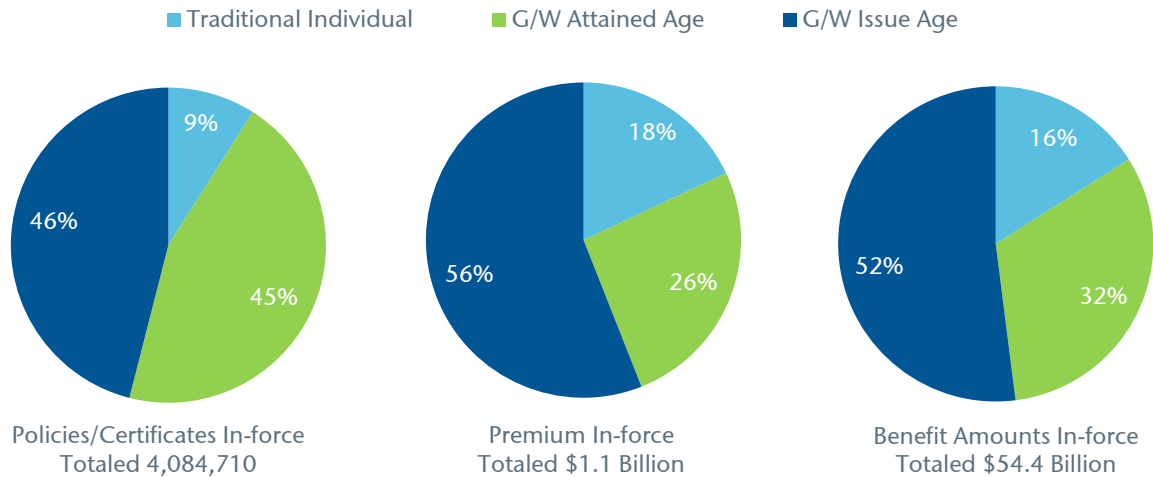


Exhibit K. 2018 In-force Benefit Amount Per Policy

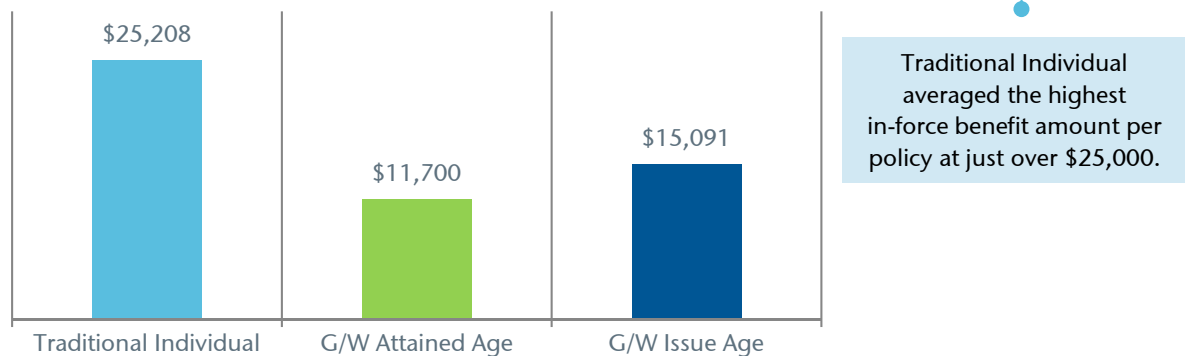
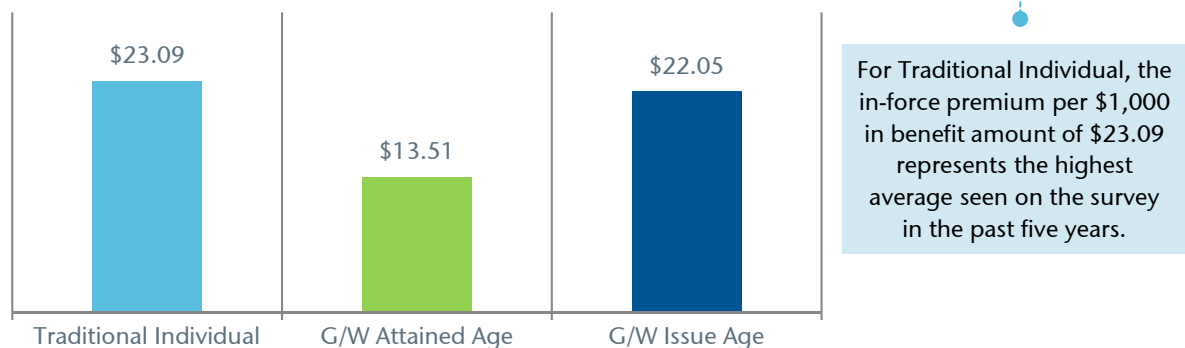


Exhibit L. 2018 In-force Premium Per \$1,000 in Benefit Amount

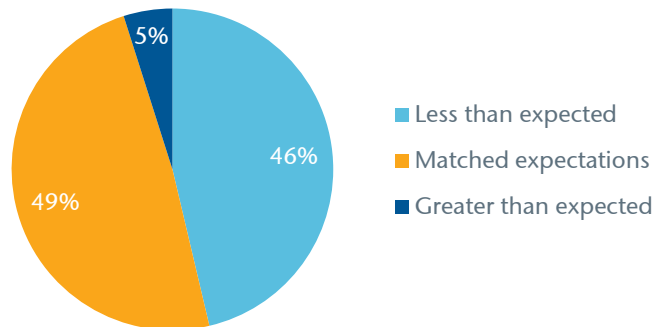


## SUMMARY OF RESULTS

### Claims Experience to Date

At the time that data was collected in June and July of 2019, just over 95% of the participants reported their claims incidence was less than or matched their expectations for the year. (Exhibit M) For two companies, incidence was greater than expected.

Exhibit M. Claims Incidence Expectations



### Claimant Age

At time of claim, the average age of a Traditional Individual claimant was 55.1 years, compared to 47.8 years for G/W Attained Age and 50.5 years for Issue Age. (Exhibit N) The lowest claimant age reported was 28 years for Traditional Individual and the highest was 73 years for the same product.

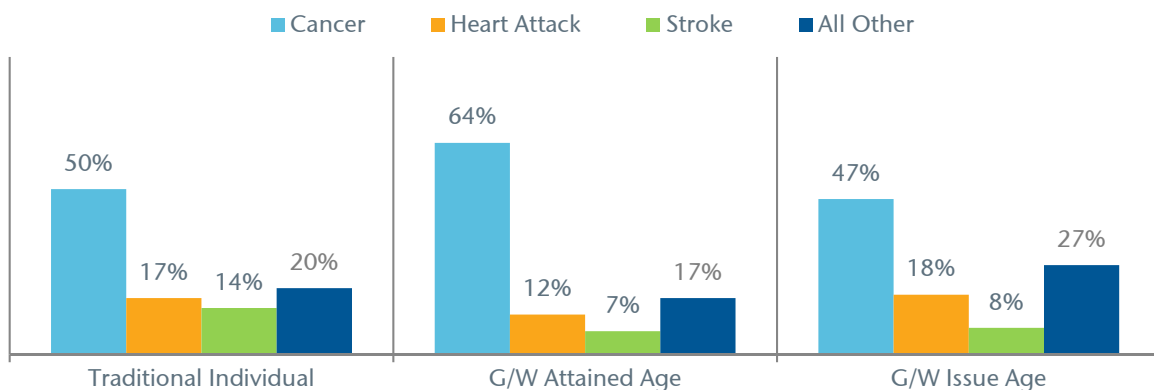
Exhibit N. Age of Claimant at Time of Claim

	Average
Traditional Individual	55.1
G/W Attained Age	47.8
G/W Issue Age	50.5

### Types of Claims

The three major triggers combined represent over 80% of the claims submitted for Traditional Individual and Attained Age, and over 70% for Issue Age. (Exhibit O)

Exhibit O. Percentage of Claims by Diagnosis



## ABOUT GEN RE

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**A++ (Superior) from A.M. Best | AA+ from Standard & Poor's**

Through our research, we offer valuable information and insights to our clients about their markets. We deliver customized reinsurance programs and risk management solutions for the following lines of business:



Critical Illness



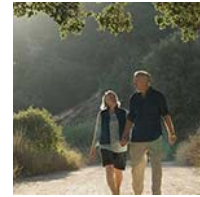
Individual  
Disability Income



Group Life  
and AD&D



Individual Life



Medicare  
Supplement

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