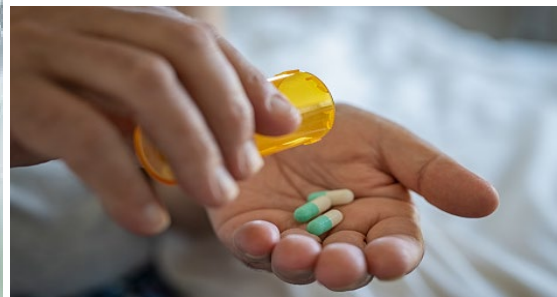


CRITICAL ILLNESS



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

*Highlights of 2020/2021 Results*

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## BACKGROUND

Gen Re is pleased to share this summary of key highlights from our latest *U.S. Critical Illness Insurance Market Survey*. The full report provides insight into the state of the market, tracking sales and in-force results for Traditional Individual, Group/Worksite Attained Age and Group/Worksite Issue Age products, as well as Accident insurance, and is made available only to participating companies.

Thirty-nine companies that are actively marketing a Critical Illness (CI) product or have in-force business responded to the survey. The scope of this year's survey does not include non-marketers.

Thirty-one companies completed the section on Accident Insurance.

Throughout the following 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 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.

## PARTICIPATING COMPANIES

- 5Star Life
- American Fidelity Assurance
- Assurity Life
- AXIS Capital
- Boston Mutual Life
- Cigna
- Colonial Life
- Combined Insurance of America / Chubb
- CUNA Mutual Group
- Dearborn Life
- Golden Rule
- Guarantee Trust Life
- Guardian Life
- The Hartford
- Illinois Mutual
- Independence American
- Liberty Bankers
- Liberty Insurance Underwriters Inc.
- Lincoln Financial Group
- MetLife
- Mutual of Omaha
- Pan American Life
- Principal
- Prudential
- Reliance Standard
- Standard Insurance
- Standard Life and Accident
- Standard Security Life of New York
- State Mutual
- Sun Life Financial
- Transamerica
- Trustmark
- UnitedHealthcare
- Unum
- US Alliance Life & Security
- USABLE Life
- Voya Financial
- Washington National
- Western & Southern Financial Group

## SURVEY HIGHLIGHTS

Participating companies reported **\$1.5 billion** in total CI in-force premium for 2020, up **25%** from 2019.

For all CI products combined, in-force policies/certificates increased **24%** in 2020, totaling **5.0 million**.

In-force benefit amounts totaled **\$79.2 billion** for participating companies.

CI sales premium increased **3%** among survey participants producing data for 2019 and 2020, reaching **\$561.6 million**.

A combined total of **2.0 million** new policies/certificates were reported, with G/W Attained Age business representing **64%** of the total.

Over half (**56%**) of companies surveyed missed their 2020 CI sales goals; COVID-19 was cited by most companies as the one most significant challenge.

Cancer, heart attack, and stroke – combined – represent about **80%** of the claims submitted for G/W Attained Age and Issue Age, and about **84%** for Traditional Individual.

Participants reported **\$1.5 billion** in total in-force Accident premium in 2020, up **5%** over 2019.

A combined total of **7.7 million** in-force Accident policies/certificates were reported in 2020, an increase of **14%** over 2019.

## Marketing Critical Illness Products

Of the 39 participating companies, 21 offer one Critical Illness product, 17 offer two products and the remaining company offers three products. The majority (32 or 82%) offer a Group/Worksite (G/W) product, with 15 companies offering both Attained Age and Issue Age CI. (Exhibit A)

In total, the results represent 77 products currently being marketed. While 7 companies plan to make changes to their current G/W offering, only one plans to modify their Traditional Individual product.

Exhibit A. Percentage Offering CI Product

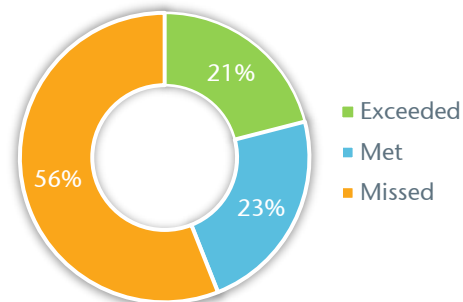
	Percentage of Companies
Traditional Individual	49%
Group/Worksite	82%
– Attained Age	64%
– Issue Age	56%

## 2020 Sales Results Compared to Goals

When asked how overall sales results compared to goals for 2020, 44% reported exceeding or meeting their sales targets. (Exhibit B)

For those companies that missed their goals, COVID-19 restrictions were sighted as having the most significant impact on results. Other negative impacts were attributed to competition, lack of flexibility in the market, and limited product flexibility.

Exhibit B. How Did Your Overall CI Sales Results Compare to Your Sales Goals?



## Average Age at Time of Sale

The issue age for new business averaged 43 years for all three products combined. Traditional Individual averaged the highest issue age at 47 years, compared to 42 years for both G/W Attained Age and Issue Age. (Exhibit C)

Exhibit C. Issue Age for New Business

	All Products Combined	Traditional Individual	G/W Attained Age	G/W Issue Age
Average Issue Age	43	47	42	42

## Same Company Growth

When comparing only those companies that provided product data for both survey years and taking into account any adjustments made to the 2019 data, the CI industry as a whole continued to exhibit positive growth in 2020, despite COVID-19 impacts. (Exhibit D)

Exhibit D. Same Company Growth

	New Sales	In-force
Premium	3%	25%
Policies/Certificates	6%	24%
Benefit Amount	6%	24%

## New Business Sales

For 2020, participants reported selling 2 million new policies/certificates and about \$561.6 million in new sales premium. In terms of new sales premium, G/W Attained Age represents the largest segment, with \$289.9 million of new sales premium or 52% of the total. (Exhibit E)

Exhibit E. Percentage of New Business by Product

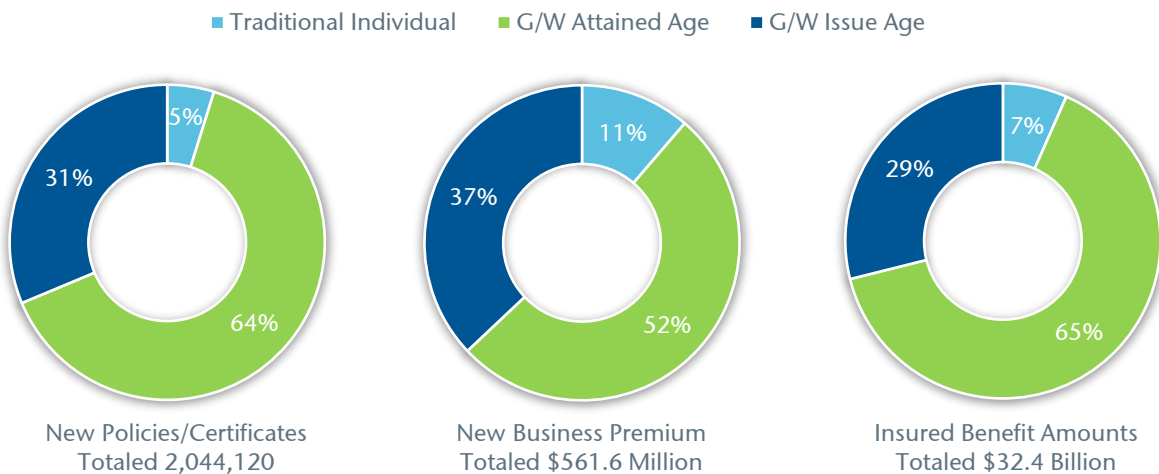


Exhibit F. 2020 Average New Business Benefit Amount Per Policy/Certificate

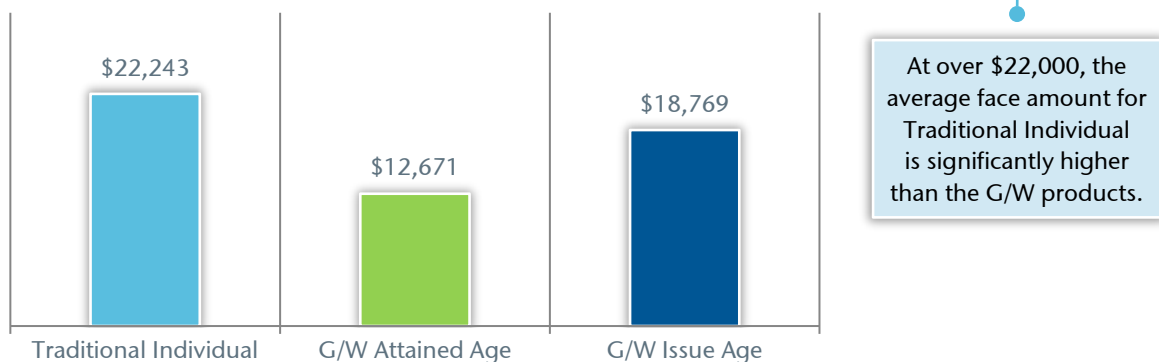
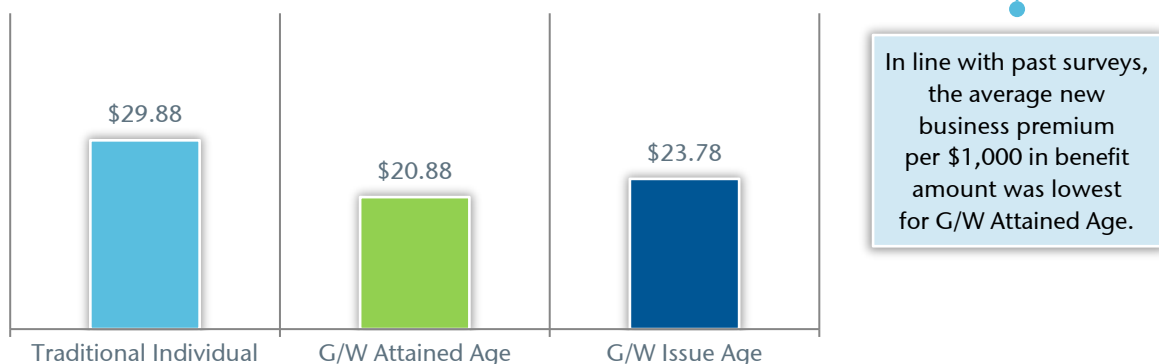


Exhibit G. 2020 Average New Business Premium Per \$1,000 in Benefit Amount



## In-force Business

Participating carriers reported a combined total of 5 million policies/certificates with \$1.5 billion of in-force premium in 2020. Based on in-force premium, G/W Attained Age business accounted for 47% of the total, with \$727.8 million in premium. (Exhibit H)

Exhibit H. Percentage of In-force Business by Product

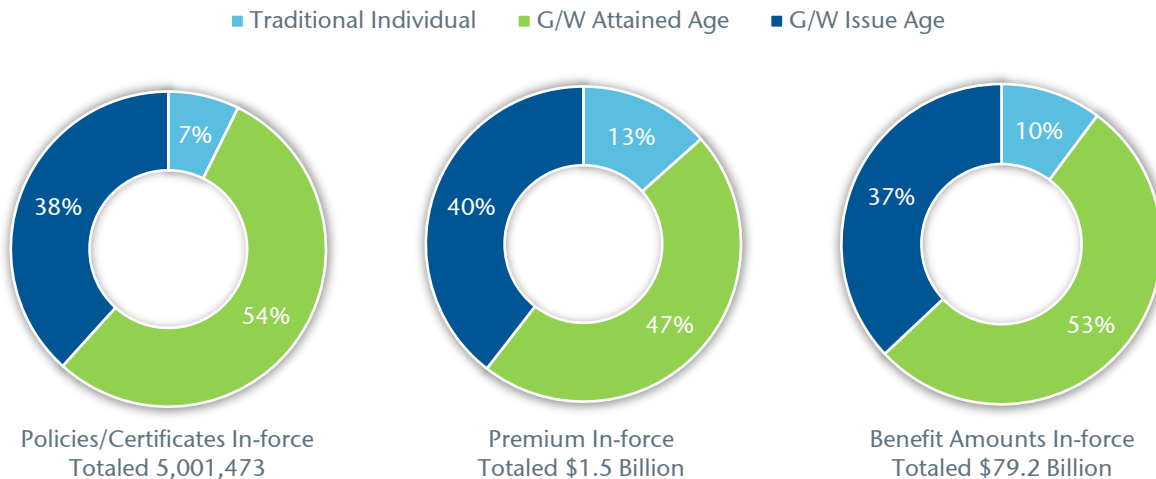


Exhibit I. 2020 Average In-force Benefit Amount Per Policy/Certificate

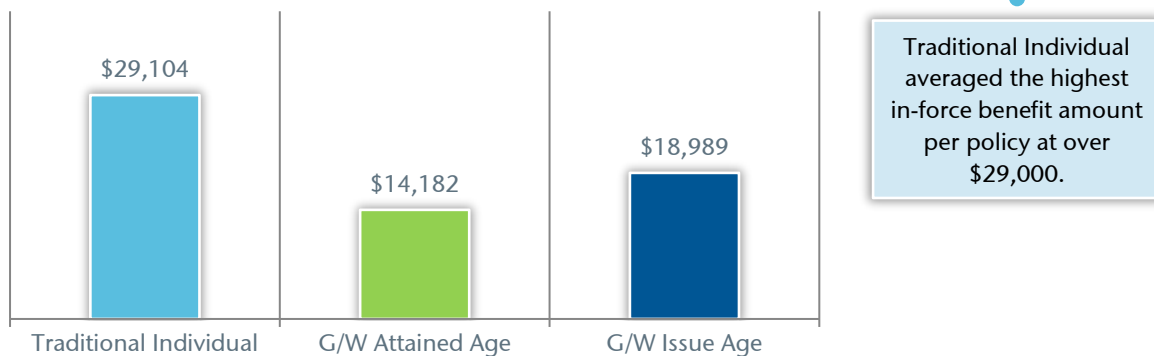
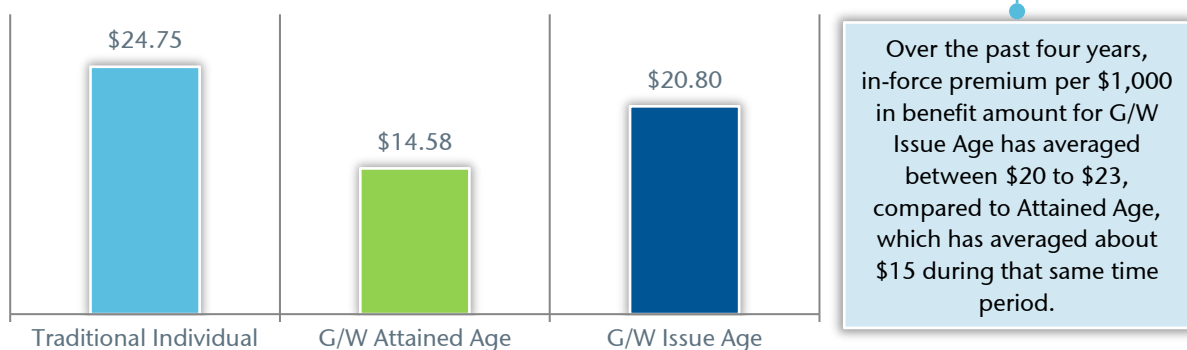


Exhibit J. 2020 Average In-force Premium Per \$1,000 in Benefit Amount

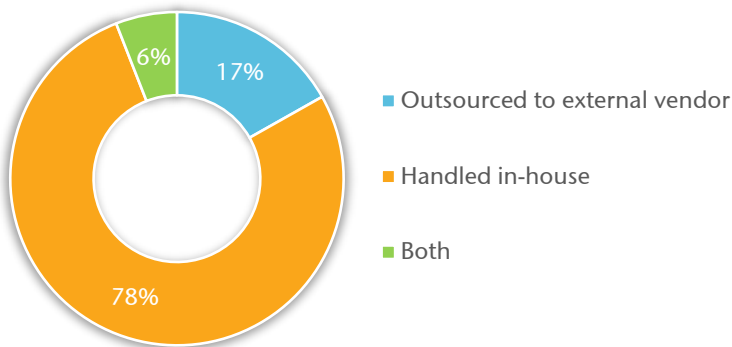




## Underwriting Administration

The majority of companies (78%) underwrite their CI products in-house exclusively, while six (17%) outsource their underwriting only. (Exhibit K)

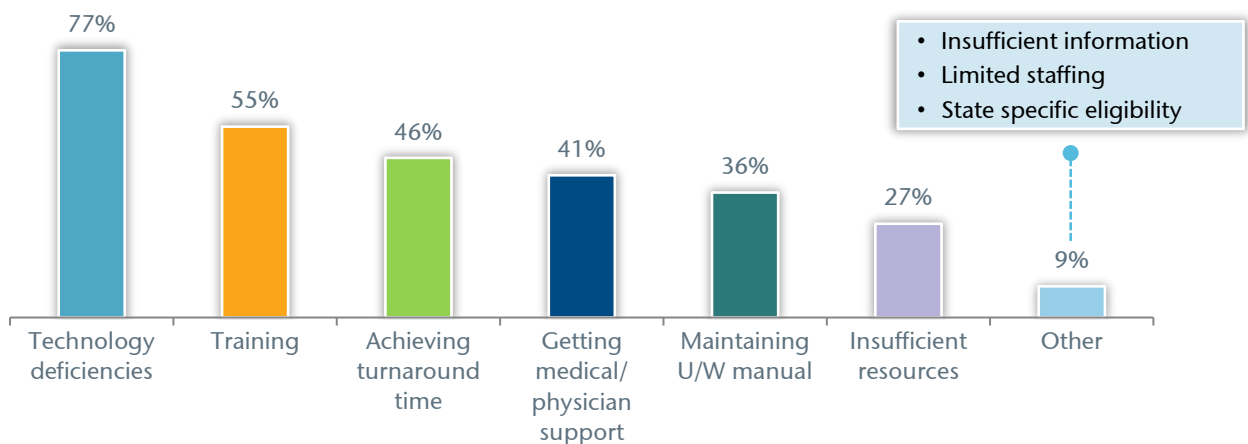
Exhibit K. Percentage of Companies by Underwriting Administration



## Top Underwriting Challenges

Seventy-seven percent of companies cite technology deficiencies as one of the top three challenges to underwriting CI products. Fewer companies mentioned training (55%), achieving turnaround time (46%), and getting necessary medical/physician support (41%). (Exhibit L)

Exhibit L. Percentage of Companies Ranking as a Top Three Challenge to CI Underwriting

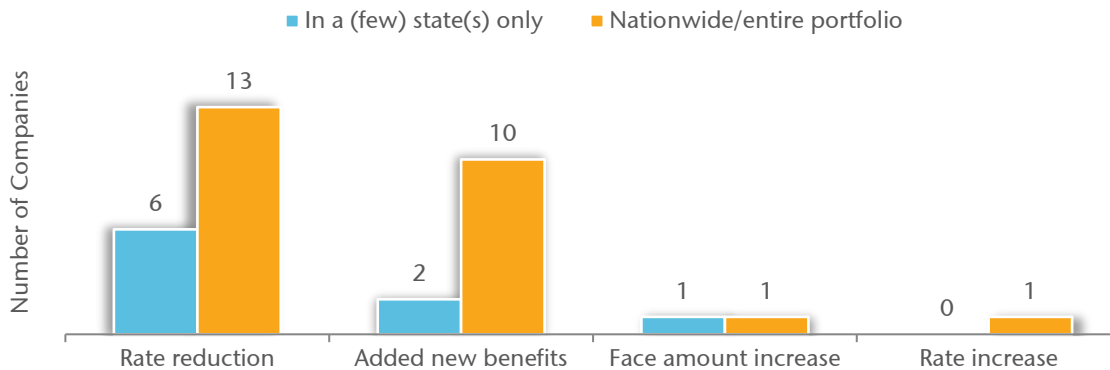


### Claim Experience to Date

At the time that data was collected in June and July of 2021, all participants reported their claims incidence was less than or matched their expectations since the inception of their program.

For those companies whose claims experience deviated from expectations, most reported that changes were implemented nationwide, versus in a (few) state(s) only. (Exhibit M)

#### Exhibit M. Changes Implemented in the Last Three Years



### Average Claimant Age

At time of claim, the average age of a Traditional Individual claimant was 56 years, compared to 51 years for both G/W Attained Age and Issue Age. The lowest claimant age reported was 40 years for Traditional Individual and G/W Issue age, and the highest was 72 years for Traditional Individual. (Exhibit N)

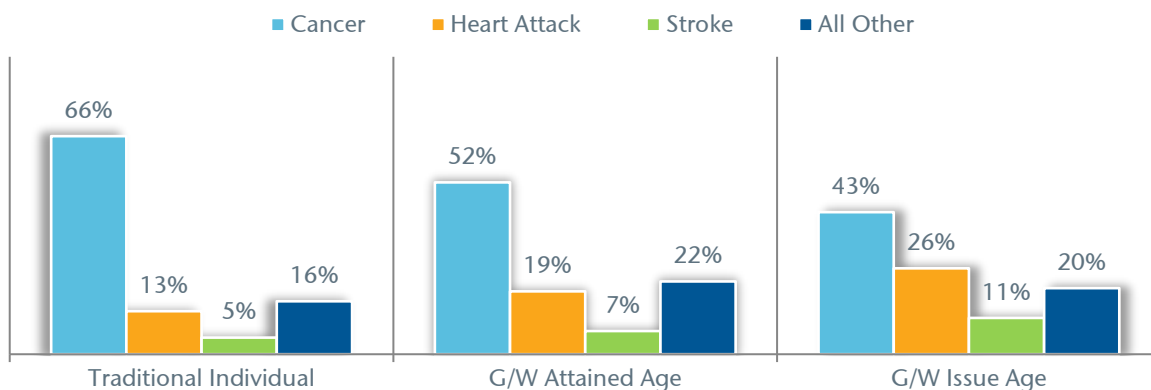
#### Exhibit N. Age of Claimant at Time of Claim

	Average
Traditional Individual	56
G/W Attained Age	51
G/W Issue Age	51

### Types of Claims

On a combined basis, the three major diagnosis categories represent 84% of the claims submitted for Traditional Individual, 78% for G/W Attained Age, and 80% for Issue Age. (Exhibit O)

#### Exhibit O. Percentage of Claims by Diagnosis



## New Sales and In-force Business for Accident Insurance

Thirty-one companies provided results for their Accident insurance product. For 2020, participating companies reported nearly 2.7 million new Accident policies and \$483.9 million in new sales premium. For in-force business, roughly 7.7 million policies and \$1.5 billion in premium was reported.

## Same Company Growth

When comparing only those companies that provided data for both survey years and taking into account any adjustments made to the 2019 data, new sales premium declined 14%, while both in-force premium and policies continued to exhibit positive growth in 2020. (Exhibit P)

Exhibit P. Same Company Growth in New Sales and In-force

	New Sales	In-force
Premium	-14%	5%
Policies	1%	14%

## Issue Age for New Business

Exhibit Q. Issue Age for New Business

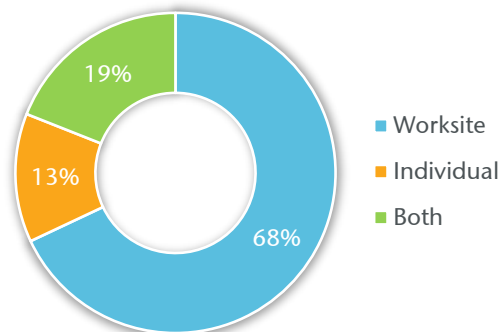
	Average	Median	Range
2019	43	42	38–57
2020	42	42	36–57

For companies that track the data, the average issue age for new business averaged 42 years for 2020 and ranged from 36 to 57 years.

## Type of Plan Offered

Nearly 70% of companies offer worksite Accident only, while 19% offer both worksite and individual plans. (Exhibit R)

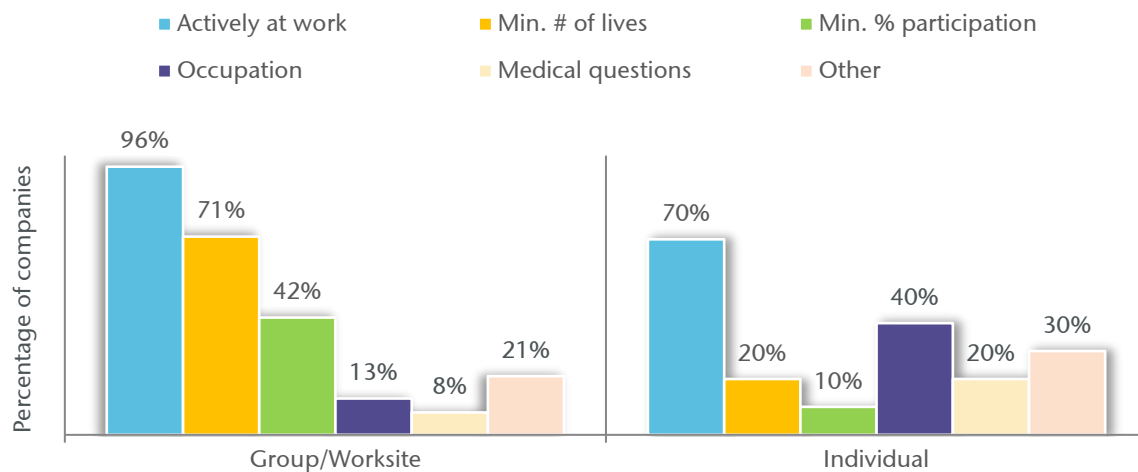
Exhibit R. Percentage of Companies by Type of Plan Offered



## Underwriting

For Group/Worksite policies, almost all companies (96%) require policy holders to be actively at work. Seventy-one percent of companies require a minimum number of lives, and 42% require a minimum percentage of participation. A higher number of companies reported occupation (40%) and medical questions (20%) as underwriting requirements for Individual policies. (Exhibit S)

Exhibit S. Typical Requirements for Underwriting



## Claims Processing

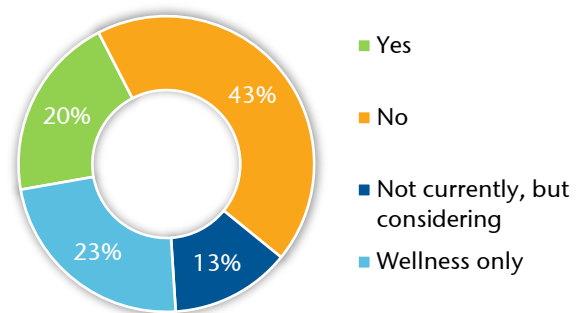
On average, it takes nine business days for companies to process an Accident claim, with the number ranging from two to 27 days.

## Claims Adjudication

Only 20% of companies auto-adjudicate claims at some level. Twenty-three percent of companies auto-adjudicate wellness only claims. (Exhibit T)

Of those companies who currently auto-adjudicate claims, noted criteria for adjudication included diagnosis/trigger (50%), claim dollar amount (17%), and policy is incontestable (17%).

Exhibit T. Percentage of Companies that Auto-Adjudicate Claims at Some Level



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A.M. Best

**AA+**

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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:



**Accident**



**Critical  
Illness**



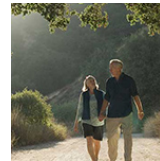
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**Group Life  
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Life**



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