

CRITICAL ILLNESS & ACCIDENT



U.S. Critical Illness and Accident Insurance Market Survey
Highlights of 2022/2023 Results

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BACKGROUND

Gen Re is pleased to share this summary of key highlights from our latest *U.S. Critical Illness and Accident Insurance Market Survey*. This annual survey covers the Critical Illness (CI) industry, 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 to participating companies.

Providing insight into the state of the market, this survey represents 31 companies that are actively marketing a CI product or have in-force business. The scope of this year's survey does not include non-marketers.

Twenty-eight 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.

PARTICIPATING COMPANIES

- 5Star Life
- Allstate Benefits
- Assurity Life
- Atlantic American
- AXIS Insurance
- 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

CALCULATIONS

Growth Rates – The “same company” growth calculations for 2021–2022 are based upon companies reporting comparable survey data for both years and include any adjustments made to the 2021 data.

Some calculations may not total 100% due to rounding.

PRODUCT DEFINITIONS

Traditional Individual CI – These products are marketed directly to individual consumers in a one-on-one (a.k.a. “kitchen table”) environment. They are normally fully underwritten but can be issued on a “simplified” basis as well. Insureds receive an individual, fully portable policy. Products included are individual CI health policies and CI riders (for which there is a specific charge) to an individual life or non-life policy (e.g., Medical, Disability, Annuity, etc.).

True Group & Worksite (G/W) CI: Attained Age Premiums – These products are distributed/marketed at the worksite and may be purchased with or without an employer-purchased component. These can be issued as individual policies or made available to employees using a master group contract where employees receive certificates. Coverage may be employer-paid, include employee buy-up amounts, or may be solely employee-purchased amounts. Pricing is attained age, age banded, or can be a composite rate. Products included are group CI health policies and CI riders (for which there is a specific charge) to a group life or non-life policy (e.g., Medical, Disability, Annuity, etc.).

True Group & Worksite (G/W) CI: Issue Age Level Premiums – These products are distributed/marketed at the worksite and may be purchased with or without an employer-purchased component. These can be issued as individual policies or made available to employees using a master group contract where employees receive certificates. Coverage may be employer-paid, include employee buy-up amounts, or may be solely employee-purchased amounts. Premiums are based on issue age and are usually payroll-deducted. Products included are group CI health policies and CI riders (for which there is a specific charge) to a group life or non-life policy (e.g., Medical, Disability, Annuity, etc.).

Accident Insurance – Standalone, often voluntary, indemnity-based coverage that provides the insured with scheduled payments if they are injured and need treatment for such things as fractures, burns, dislocations, emergency room treatment, etc. Accident coverage is not the same as Accidental Death & Dismemberment (AD&D), which is generally offered as part of an employer’s Group Life coverage.

SURVEY HIGHLIGHTS



Participating companies reported **\$1.8 billion** in total CI in-force premium for 2022, up **15%** from 2021.



For all CI products combined, in-force policies/certificates increased **16%** in 2022, totaling **6.3 million**.



In-force benefit amounts totaled **\$71.5 billion** for participating companies.



CI sales premium increased **21%** among survey participants producing data for 2021 and 2022, reaching **\$684.5 million**.



A combined total of **2.7 million** new policies/certificates were reported, with G/W Attained Age business representing **62%** of the total.



The majority (**74%**) of companies surveyed met or exceeded their 2022 CI sales goals; for companies that did not meet their goals, the ability to attract agents interested in selling CI was cited as having the greatest impact on results.



Cancer, heart attack, and stroke – combined – represent over **70%** of the claims submitted for G/W Attained Age and Issue Age, and **87%** for Traditional Individual.



Participants reported **\$1.7 billion** in total in-force Accident premium in 2022, up 7% over 2021.



A combined total of **8.2 million** in-force Accident policies/certificates were reported in 2022, an increase of **11%** over 2021.

Marketing Critical Illness Products

Of the 31 participating companies, 15 offer one CI product, 14 offer two products and the remaining offer three products. The majority (24, or 77%) offer a Group/Worksite (G/W) product, with 12 companies offering both Attained Age and Issue Age CI.

In total, the results represent 60 products currently being marketed. While nine companies plan to make changes to their current G/W offering, only one plans to modify its Traditional Individual product. Four companies offer Traditional Individual products on both a standalone and a rider basis. For G/W Attained Age, two of the companies offer both and for Issue Age, three companies offer both.

Percentage Offering CI Product

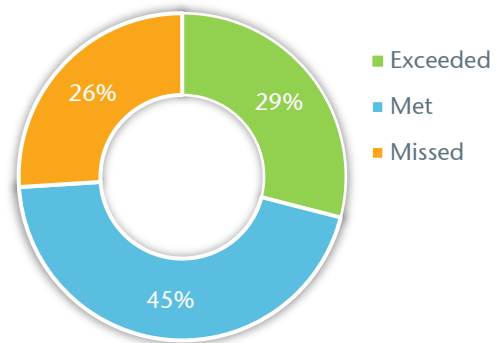
	Percentage of Companies
Traditional Individual	48%
Group/Worksite	77%
– Attained Age	61%
– Issue Age	55%

2022 Sales Results Compared to Goals

When asked how overall sales results compared to goals for 2022, 74% reported exceeding or meeting their sales targets.

For those companies that missed their goals, the ability to attract agents interested in selling CI was cited as having the greatest impact on results. Other negative impacts were attributed to inflation and product delays. Increased awareness and interest in CI due to the COVID-19 pandemic contributed to more positive results for those companies that exceeded their targets.

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 49 years, compared to 40 years for G/W Attained Age and 41 years for Issue Age.

Issue Age for New Business

	All Products Combined	Traditional Individual	G/W Attained Age	G/W Issue Age
Average Issue Age	43	49	40	41

Same Company Growth in New Sales

When comparing only those companies that provided product data for both survey years and taking into account any adjustments made to the 2021 data, the CI industry as a whole continued to exhibit positive growth in 2022.

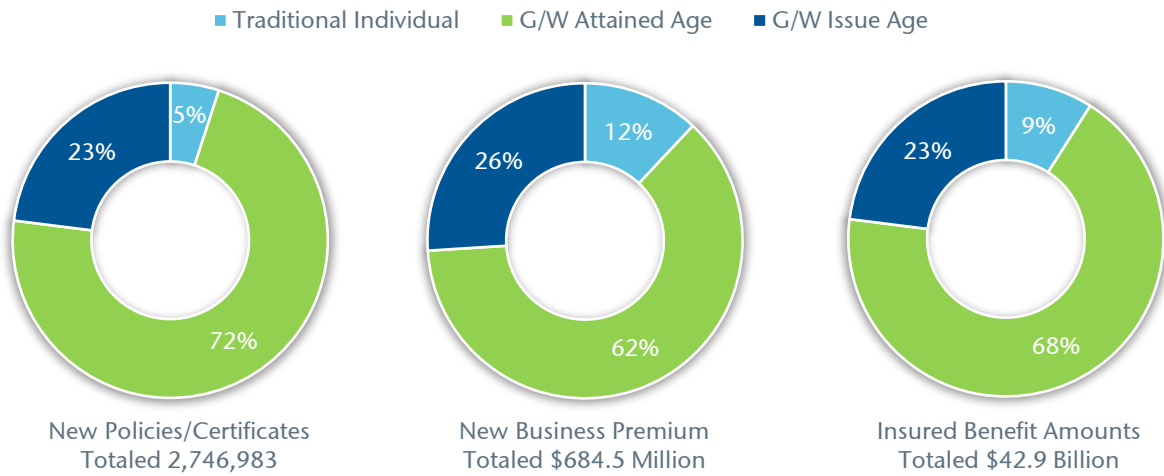
Same Company Growth

	New Sales	In-force
Premium	21%	15%
Policies/Certificates	5%	16%
Benefit Amount	14%	16%

New Business Sales

For 2022, participants reported selling 2.7 million new policies/certificates and roughly \$684.5 million in new sales premium. In terms of new sales premium, G/W Attained Age represents the largest segment, with \$421 million of new sales premium, or 62% of the total.

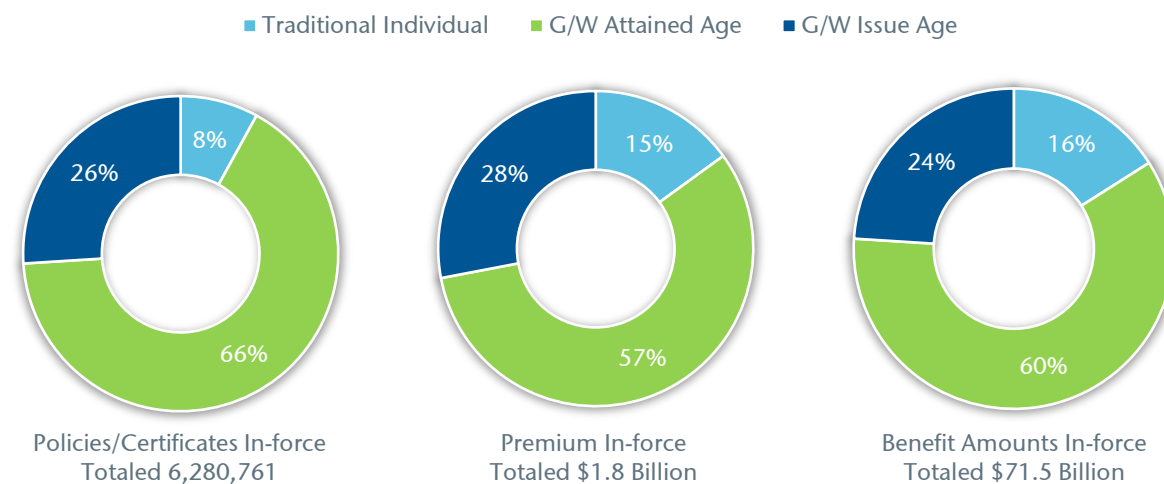
Percentage of New Business by Product



In-force Business

Participating carriers reported a combined total of 6.3 million policies/certificates with \$1.8 billion of in-force premium in 2022. Based on in-force premium, G/W Attained Age business accounted for 57% of the total, with \$1 billion in premium.

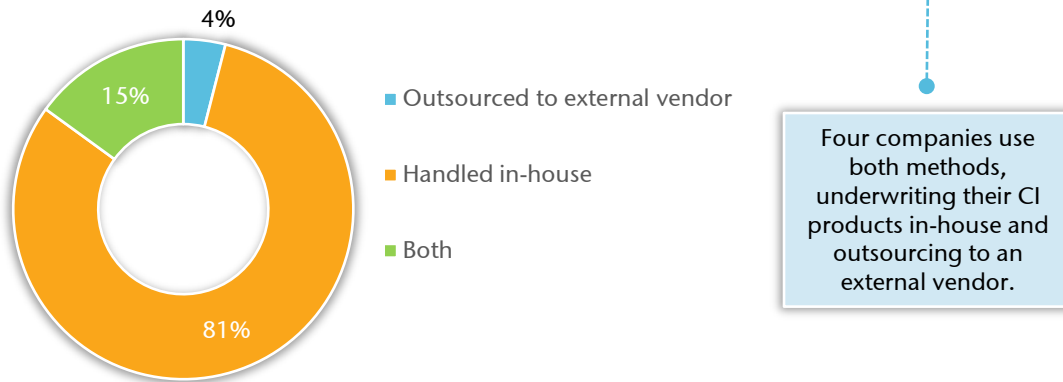
Percentage of In-force Business by Product



Underwriting

Eighty-one percent of companies underwrite their CI products in-house exclusively. One company outsources its underwriting to an external vendor.

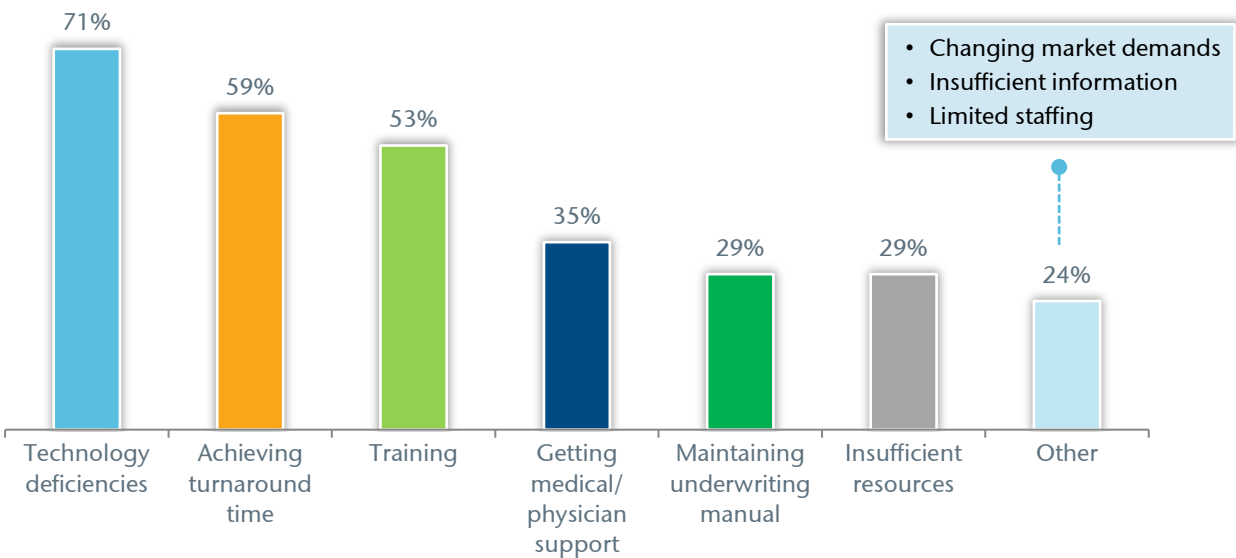
Percentage of Companies by Underwriting Administration



Top Underwriting Challenges

Seventy-one percent of companies indicate technology deficiencies are one of their top three challenges to underwriting (U/W) CI products. About one-third of companies mentioned getting necessary medical/physician support (35%), maintaining underwriting manual (29%), and insufficient resources (29%).

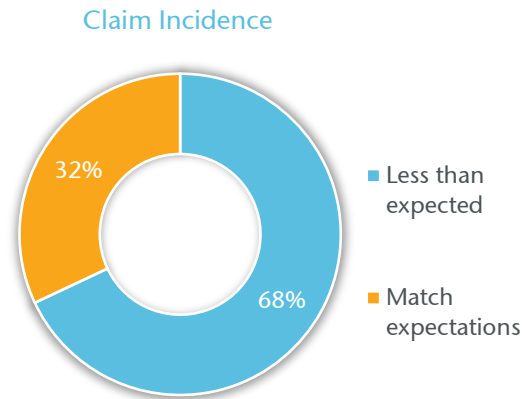
Percentage of Companies Ranking as a Top Three Challenge to CI Underwriting



Claim Experience to Date

Companies were asked to describe their claim incidence for 2022 and since inception. Regardless of timing, nearly 70% said the number of claims was less than expected, while none said the number was greater than expected.

For those companies whose claims experience deviated from expectations, the most common changes implemented were reducing the rates and adding new benefits.



Average Claimant Age

The average age of a claimant at time of claim was 62 years for Traditional Individual, compared to 52 years for G/W Attained Age, and 51 years for G/W Issue Age.

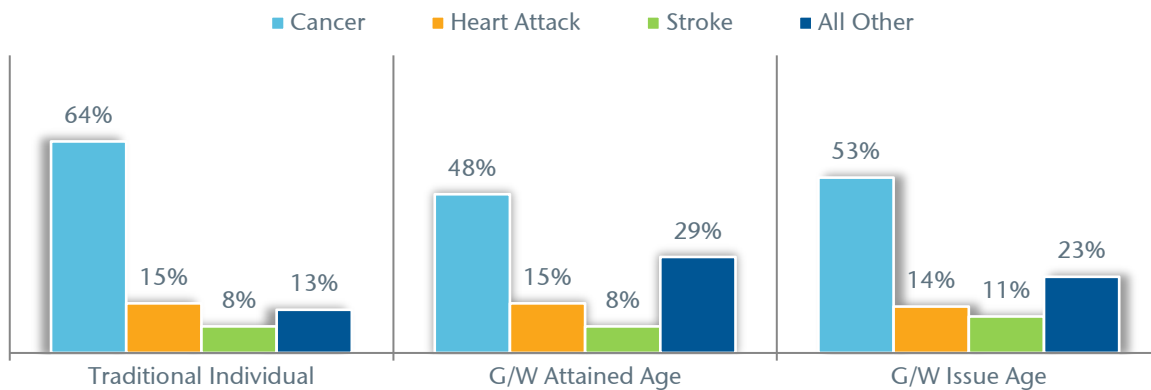
Age of Claimant at Time of Claim

	Average
Traditional Individual	62
G/W Attained Age	52
G/W Issue Age	51

Types of Claims

On a combined basis, the three major diagnosis categories represent 87% of the claims submitted for Traditional Individual, 71% for G/W Attained Age, and 78% for G/W Issue Age.

Percentage of Claims by Diagnosis



New Sales and In-force Business for Accident Insurance

Twenty-eight companies provided results for their Accident insurance product. For 2022, participating companies reported over 2.9 million new Accident policies and \$500 million in new sales premium. For in-force business, roughly 8.2 million policies and \$1.7 billion in premium were reported.

Same Company Growth

Taking into account any adjustments made to 2021 data, new sales premium and policies increased by 11% and 16% respectively, for those companies providing data for both survey years. In-force premium and policies both continued to exhibit positive growth in 2022.

Same Company Growth in New Sales and In-force

	New Sales	In-force
Premium	11%	7%
Policies	16%	11%

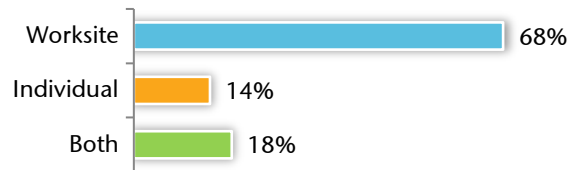
Issue Age for New Business

For companies tracking this data, issue age for new business averaged 42 years for 2022 and ranged from 33 to 55 years.

Type of Plan Offered

Sixty-eight percent of companies offer worksite Accident only, while 18% offer both worksite and individual plans.

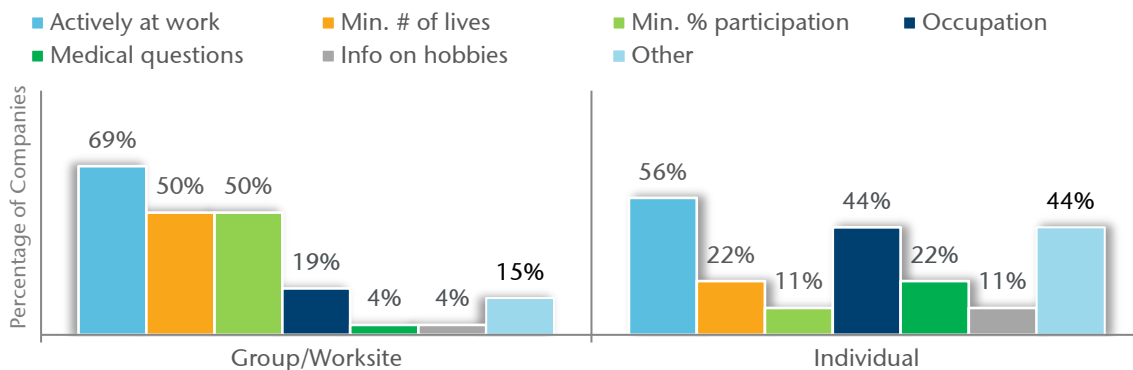
Percentage of Companies by Type of Plan Offered



Underwriting

Over two-thirds of companies (69%) require Group/Worksite Accident insurance policyholders to be actively at work. Fifty percent of companies require a minimum number of lives and require a minimum percentage of participation. A higher percentage of companies reported occupation (44%) and medical questions (22%) as underwriting requirements for Individual policies. Other requirements noted included census data, type of industry for Group/Worksite products, and employer name for Individual products.

Typical Requirements for Underwriting



Claim Processing

On average, it takes 12 business days for companies to process an Accident claim, with the time ranging from two to 62 days. Sixty-four percent of companies take 10 or fewer business days to process a claim.

ABOUT GEN RE

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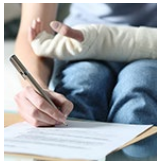
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Aa1

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**Critical
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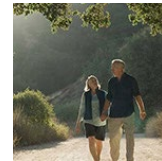
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**Individual
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