

CRITICAL ILLNESS



U.S. Critical Illness Insurance Market Survey Summary
Highlights of 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-five 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.

Twenty-nine 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
- Allstate
- Assurity Life
- AXIS Insurance
- Boston Mutual Life
- Chesapeake Life
- Colonial Life
- Combined Insurance of America
- Dearborn Life
- Golden Rule
- Guarantee Trust Life
- Guardian Life
- Illinois Mutual
- John Hancock
- Liberty Bankers
- Lincoln Financial Group
- ManhattanLife
- MetLife
- Mutual of Omaha
- Principal
- Reliance Standard
- Securian Financial
- Standard Insurance
- Standard Life and Accident
- State Mutual
- Sun Life Financial
- Symetra
- 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 2020–2021 are based upon companies reporting comparable survey data for both years and include any adjustments made to the 2020 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 **\$1.7 billion** in total CI in-force premium for 2021, up **14%** from 2020.



For all CI products combined, in-force policies/certificates increased **27%** in 2021, totaling **5.6 million**.



In-force benefit amounts totaled **\$65.4 billion** for participating companies.



CI sales premium increased **14%** among survey participants producing data for 2020 and 2021, reaching **\$584.2 million**.



A combined total of **2.6 million** new policies/certificates were reported, with G/W Attained Age business representing **72%** of the total.



Over half (**57%**) of companies surveyed missed their 2021 CI sales goals; COVID-19 was cited by most companies as the one most significant challenge.



Cancer, heart attack, and stroke – combined – represent over **70%** of the claims submitted for G/W Attained Age and Issue Age, and about **80%** for Traditional Individual.



Participants reported **\$1.6 billion** in total in-force Accident premium in 2021, up **8%** over 2020.



A combined total of **7.4 million** in-force Accident policies/certificates were reported in 2021, an increase of **12%** over 2020.

Marketing Critical Illness Products

Of the 35 participating companies, 15 offer one CI product, 17 offer two products and the remaining offer three products. The majority (28 or 80%) offer a Group/Worksite (G/W) product, with 15 companies offering both Attained Age and Issue Age CI.

In total, the results represent 68 products currently being marketed. While 10 companies plan to make changes to their current G/W offering, only one plans to modify their Traditional Individual product.

Close to two-thirds (66%) of companies expect to increase their focus on CI over the next few years. None said their focus would decrease.

2021 Sales Results Compared to Goals

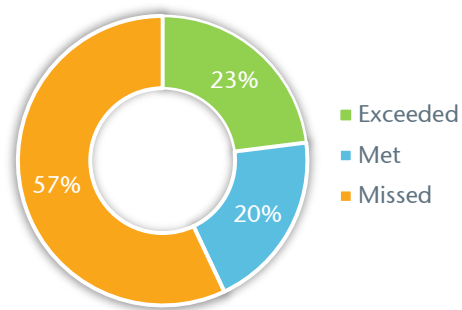
When asked how overall sales results compared to goals for 2021, 43% reported exceeding or meeting their sales targets.

For those companies that missed their goals, COVID-19 restrictions were cited as having the greatest impact on results. Other negative impacts were attributed to lower than anticipated prospect activity, pricing changes, filing limitations, and ability to attract agents interested in selling CI. Increased awareness and interest in CI due to the pandemic contributed to more positive results for those companies that exceeded their targets.

Percentage Offering CI Product

	Percentage of Companies
Traditional Individual	49%
Group/Worksite	80%
– Attained Age	63%
– Issue Age	60%

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 48 years, compared to 41 years for both G/W Attained Age and Issue Age.

Issue Age for New Business

	All Products Combined	Traditional Individual	G/W Attained Age	G/W Issue Age
Average Issue Age	43	48	41	41

Same Company Growth

Same Company Growth

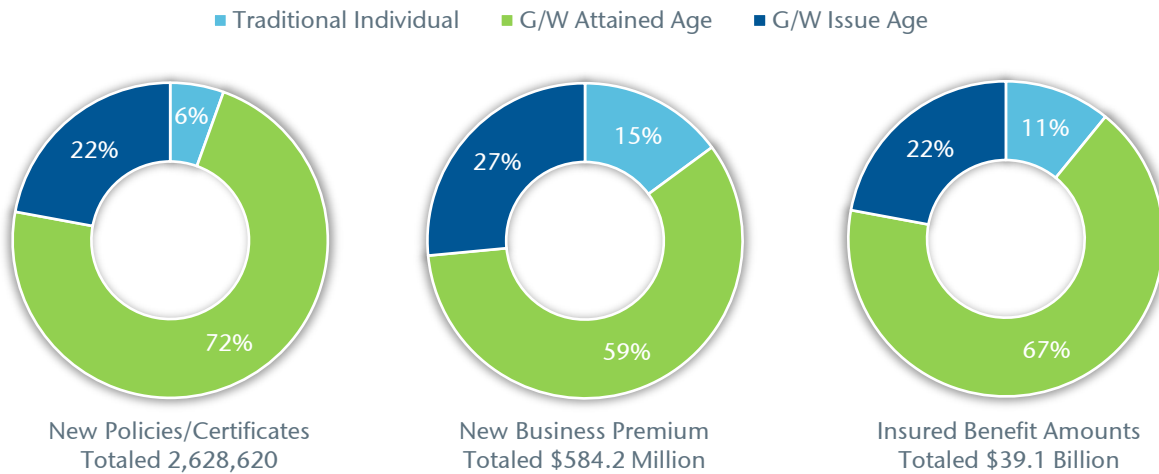
When comparing only those companies that provided product data for both survey years and taking into account any adjustments made to the 2020 data, the CI industry as a whole continued to exhibit positive growth in 2021, despite COVID-19 impacts.

	New Sales	In-force
Premium	14%	14%
Policies/Certificates	38%	27%
Benefit Amount	39%	31%

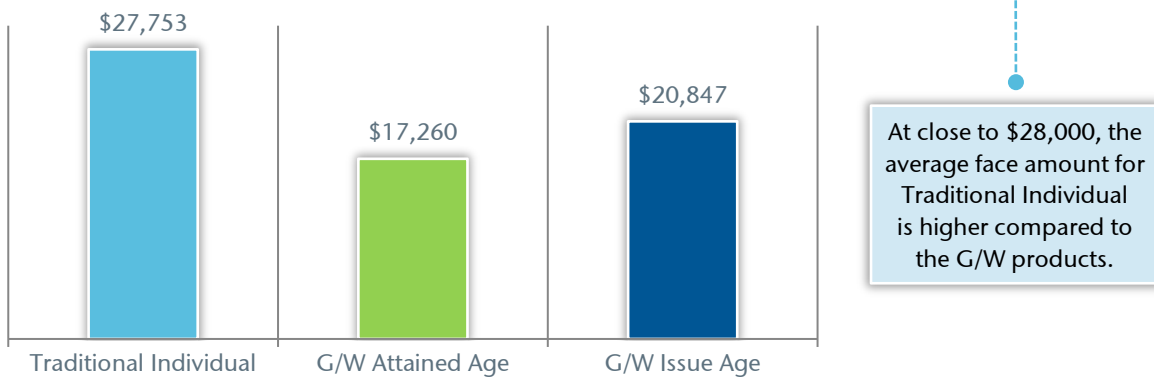
New Business Sales

For 2021, participants reported selling 2.6 million new policies/certificates and roughly \$584.2 million in new sales premium. In terms of new sales premium, G/W Attained Age represents the largest segment, with \$342.1 million of new sales premium, or 59% of the total.

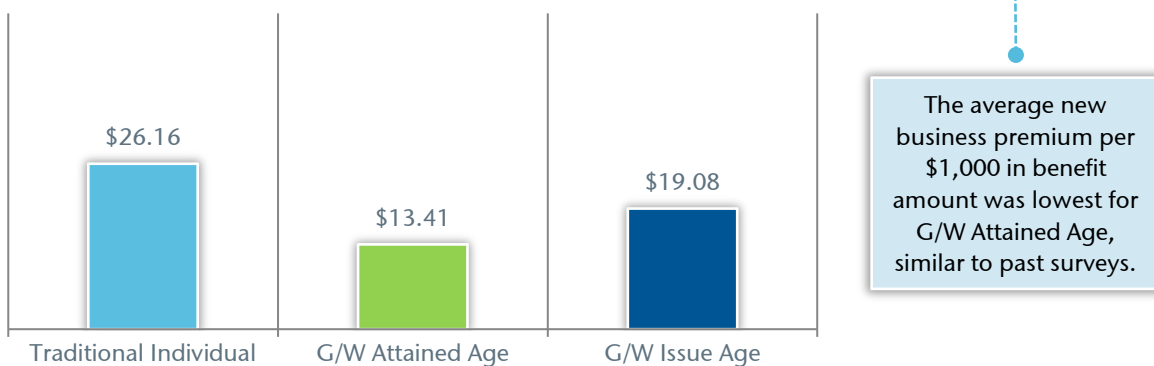
Percentage of New Business by Product



2021 Average New Business Benefit Amount Per Policy/Certificate



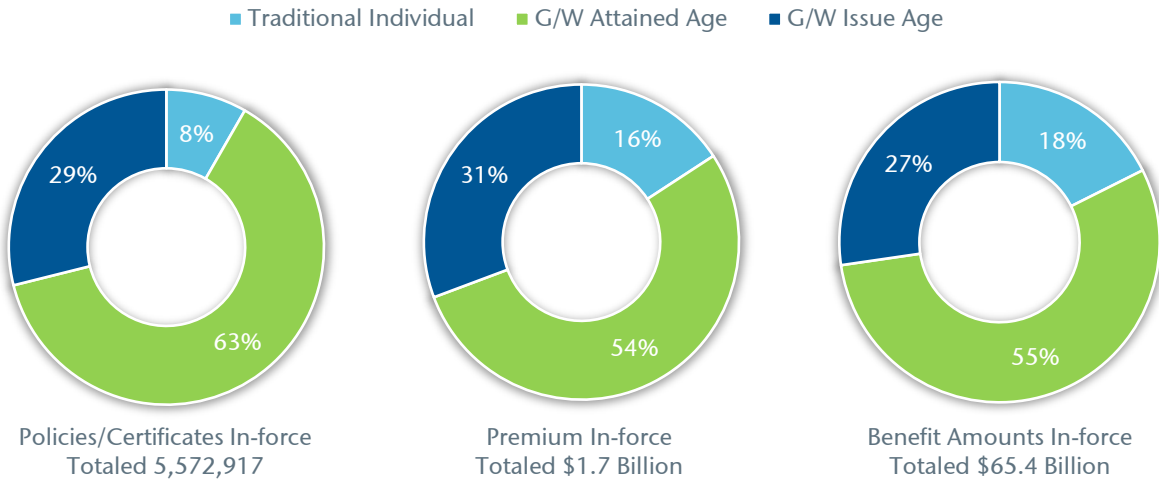
2021 Average New Business Premium Per \$1,000 in Benefit Amount



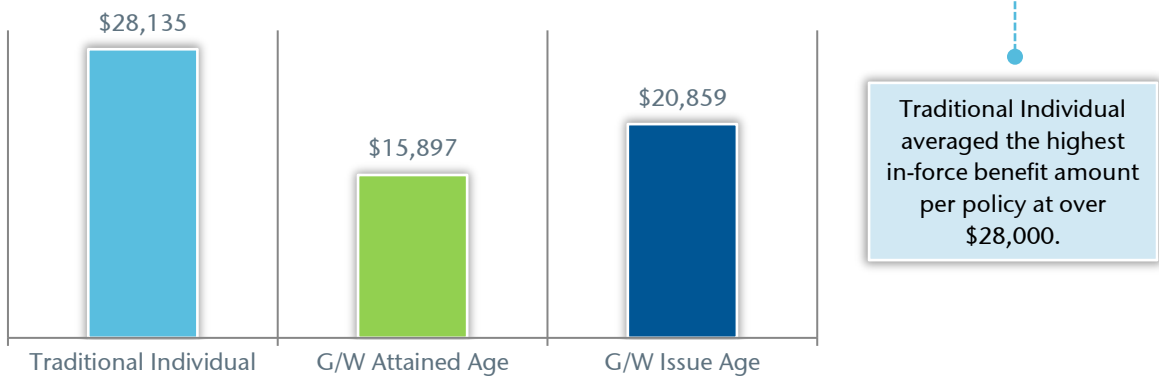
In-force Business

Participating carriers reported a combined total of 5.6 million policies/certificates with \$1.7 billion of in-force premium in 2021. Based on in-force premium, G/W Attained Age business accounted for 54% of the total, with \$913.5 million in premium.

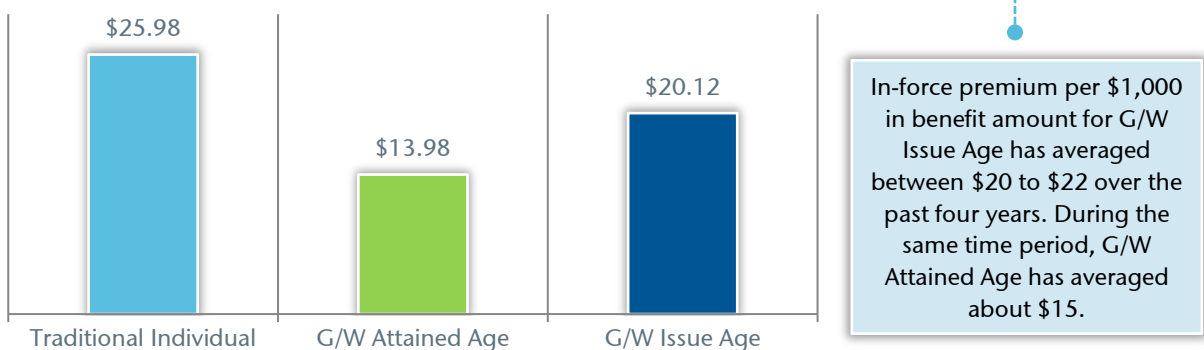
Percentage of In-force Business by Product



2021 Average In-force Benefit Amount Per Policy/Certificate



2021 Average In-force Premium Per \$1,000 in Benefit Amount



COVID-19 Triggers/Riders

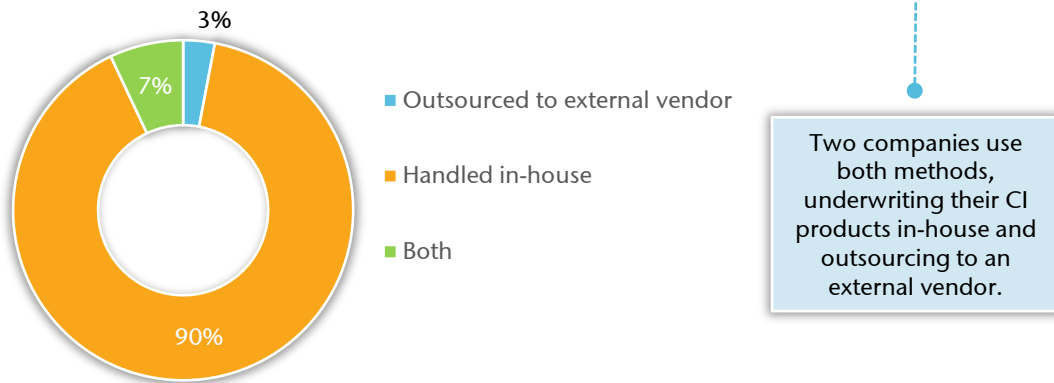
At the time the survey was conducted, 66% of participating companies were not considering adding a COVID-specific trigger. Thirty-four percent had already added, were considering adding, or planned to add a COVID-specific trigger to their CI plan.

Similarly, 37% of companies (13 out of 35) had already added or were considering/planning to add a COVID-specific rider to their CI plan. Sixty-three percent of respondents were not considering adding a rider at the time of the survey.

Underwriting

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

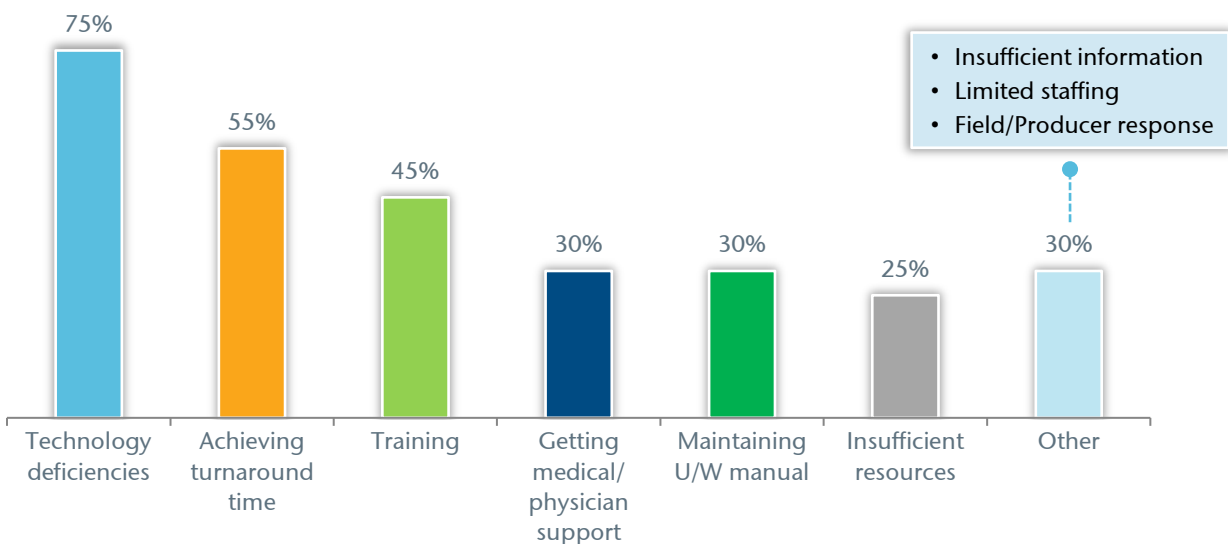
Percentage of Companies by Underwriting Administration



Top Underwriting Challenges

Seventy-five percent of companies indicate technology deficiencies are one of their top three challenges to underwriting (U/W) CI products. Less than a third of companies mentioned getting necessary medical/physician support (30%), maintaining U/W manual (30%), and insufficient resources (25%).

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

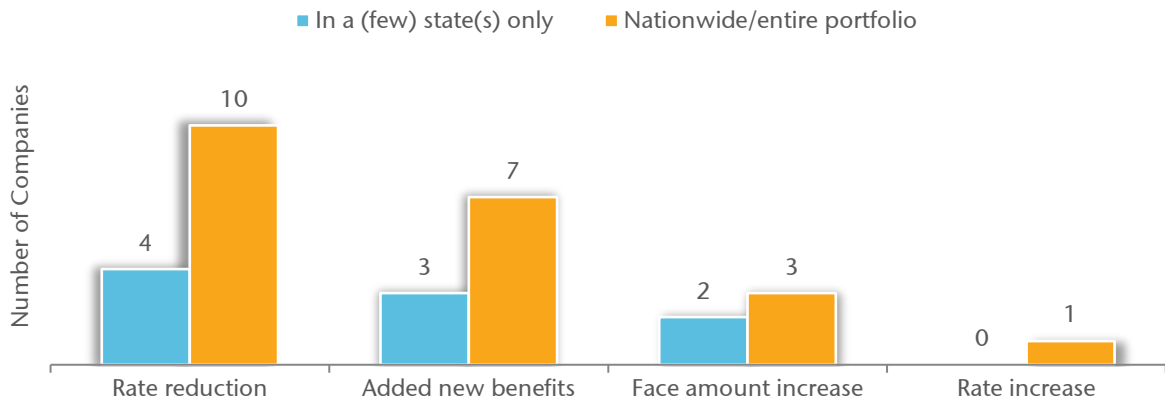


Claim Experience to Date

At the time that data was collected in April and May of 2022, 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, close to twice as many companies reported that changes were implemented nationwide, versus in a (few) state(s) only.

Changes Implemented in the Last Three Years



Average Claimant Age

The average age of a claimant at time of claim was 61 years for Traditional Individual, compared to 51 years for both G/W Attained Age and G/W Issue Age.

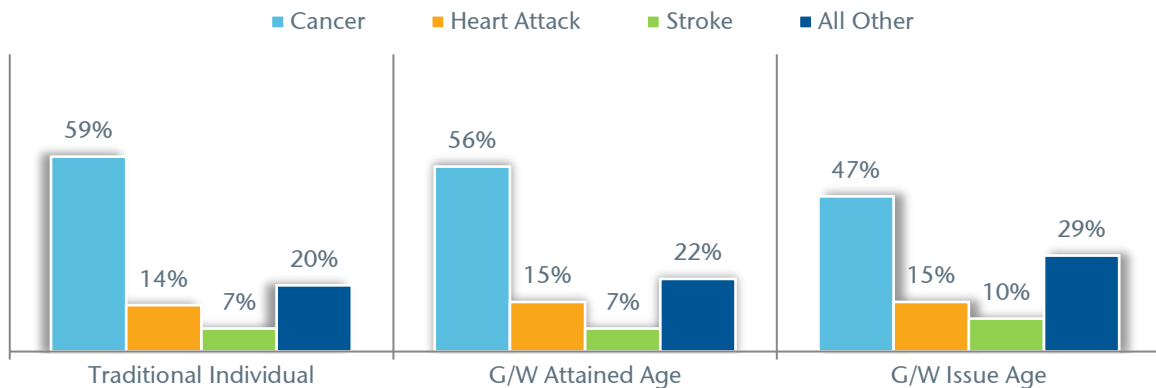
Age of Claimant at Time of Claim

	Average
Traditional Individual	61
G/W Attained Age	51
G/W Issue Age	51

Types of Claims

On a combined basis, the three major diagnosis categories represent 80% of the claims submitted for Traditional Individual, 78% for G/W Attained Age, and 71% for G/W Issue Age.

Percentage of Claims by Diagnosis



New Sales and In-force Business for Accident Insurance

Twenty-nine companies provided results for their Accident insurance product. For 2021, participating companies reported over 2.5 million new Accident policies and \$454 million in new sales premium. For in-force business, roughly 7.4 million policies and \$1.6 billion in premium was reported.

Same Company Growth

Taking into account any adjustments made to 2020 data, new sales premium and policies increased by 1% and 6%, respectively for those companies providing data for both survey years. Both in-force premium and policies continued to exhibit positive growth in 2021.

Same Company Growth in New Sales and In-force

	New Sales	In-force
Premium	1%	8%
Policies	6%	12%

Issue Age for New Business

Issue Age for New Business

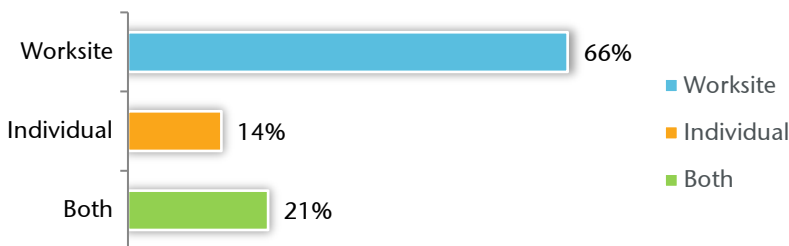
	Average	Median	Range
2020	42	42	36–57
2021	42	42	39–58

For companies tracking this data, issue age for new business averaged 42 years for 2021 and ranged from 39 to 58 years.

Type of Plan Offered

Sixty-six percent of companies offer worksite Accident only, while 21% offer both worksite and individual plans.

Percentage of Companies by Type of Plan Offered



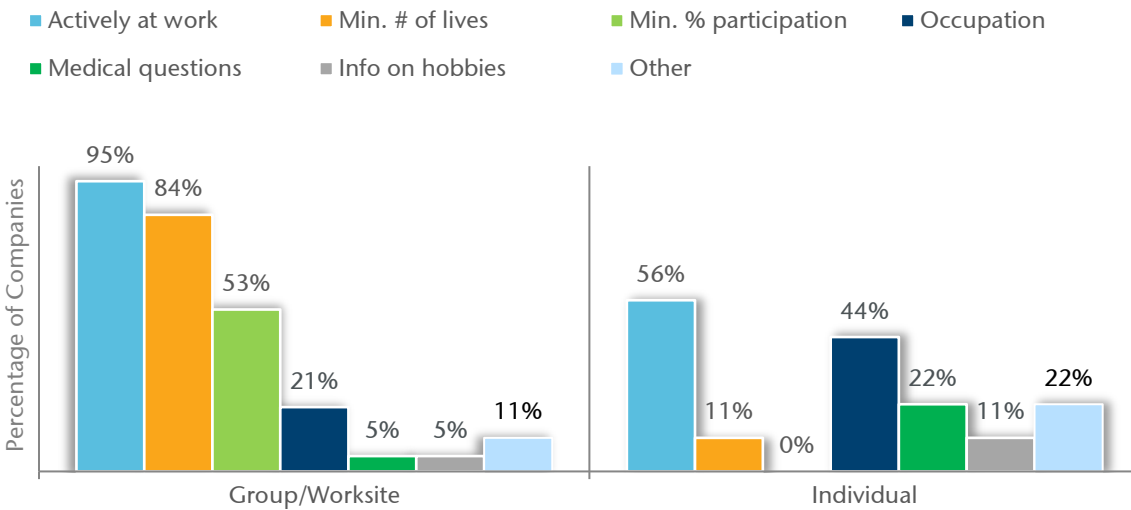
Average Issue Age

Issue age for new business averaged 42 years for 2021 and ranged from 39 to 58 years.

Underwriting

For Group/Worksite policies, almost all companies (95%) require policy holders to be actively at work. Eighty-four percent of companies require a minimum number of lives, and 53% require a minimum percentage of participation. A higher number of companies reported occupation (44%) and medical questions (22%) as underwriting requirements for Individual policies.

Typical Requirements for Underwriting



Claim Processing

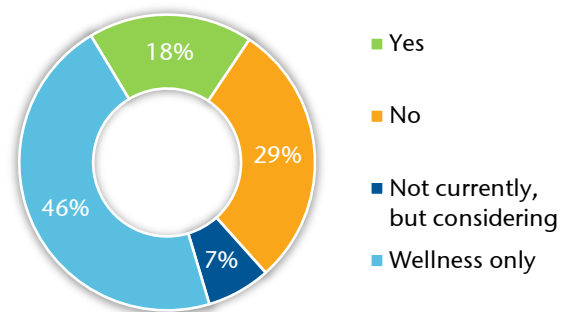
On average, it takes 10 business days for companies to process an Accident claim, with the number ranging from two to 69 days.

Claims Adjudication

Only 18% of companies auto-adjudicate claims at some level. Forty-six percent of companies auto-adjudicate wellness only claims.

Of those companies who currently auto-adjudicate claims, noted criteria for adjudication included diagnosis/trigger (73%), claim dollar amount (18%), and policy is incontestable (9%).

Percentage of Companies that Auto-Adjudicate Claims at Some Level



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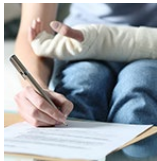
AA+

Standard & Poor's

Aa1

Moody'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:



Accident



**Critical
Illness**



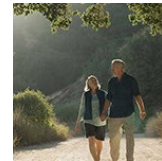
**Individual
Disability Income**



**Group Life
and AD&D**



**Individual
Life**



**Medicare
Supplement**

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