

MEDICARE SUPPLEMENT



U.S. Medicare Supplement Market Survey Summary

Highlights of 2021 Results

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PARTICIPATING COMPANIES

- Aetna¹
- Aflac
- American Enterprise Group²
- American National Life of Texas
- Arkansas Blue Cross Blue Shield
- Bankers Fidelity Life³
- Bankers Life & Casualty (CNO Financial Services)
- Blue Cross Blue Shield of Alabama
- Blue Cross Blue Shield of Michigan
- Blue Cross Blue Shield of North Carolina
- Blue Cross of Idaho⁴
- Capitol Life (Liberty Bankers Insurance Group)
- CareFirst BlueCross BlueShield⁵
- Central States Health & Life of Omaha
- Central States Indemnity⁶
- Cigna⁷
- Colonial Penn (CNO Financial Services)
- Erie Family Life
- Everence
- Garden State Life (American National)
- Gen Re⁸
- Globe Life⁹
- Guarantee Trust Life
- Humana¹⁰
- ManhattanLife¹¹
- Mutual of Omaha¹²
- National Health Insurance Company
- Oxford Life¹³
- Pekin Life
- Physicians Mutual¹⁴
- Standard Life and Accident (American National)
- State Farm Mutual Automobile
- State Mutual
- Transamerica Life
- Unified Life
- United Commercial Travelers of America
- United States Fire Insurance Company
- USAA Life
- Washington National (CNO Financial Services)
- Wellmark Blue Cross Blue Shield

1. Includes Accendo Insurance Co., Aetna Life Insurance Co., Aetna Health Insurance Co., Aetna Health and Life Insurance Co., American Continental Insurance Co., Continental Life Insurance Co., First Health Life and Health Insurance Co., Coventry Health and Life Insurance Co., Genworth Life Insurance Co., and Genworth Life and Annuity Insurance Co.

2. Includes American Republic, American Republic Corp., Medico, Medico Corp., and Medico Life and Health

3. Includes Bankers Fidelity Assurance Co. and Bankers Fidelity Life Insurance Co.

4. Includes Blue Cross of Idaho Care Plus and Blue Cross of Idaho Health Service Inc.

5. Includes CareFirst of Maryland Inc. (CFMI), FirstCare Inc. (FCI), and Group Hospitalization and Medical Services Inc. (GHMSI)

6. Includes Central States Indemnity Co. of Omaha and CSI Life Insurance Co.

7. Includes American Retirement Life Insurance Co., Cigna Health & Life Insurance Co., Loyal American Life Insurance Co., Cigna National Health Insurance Co., Provident American Life & Health Insurance Co., Sterling Life Insurance Co., and United Benefit Life Insurance Co.

8. Includes closed blocks of business reinsured by Gen Re (Six companies listed under Gen Re, but counted separately in the total)

9. Includes Globe Life and Accident Insurance Co., Globe Life Insurance Co. of New York, Liberty National Life Insurance Co., and United American Insurance Co.

10. Includes Humana Insurance Co., Humana Insurance Co. of NY, Humana Insurance Co. of KY, Humana Dental Insurance Co., Humana Health Benefit Plan of LA Inc., Humana Benefit Plan of IL Inc., Humana Insurance of PR Inc., Humana Health Plan Inc., Emphesys Insurance Co., CompBenefits Insurance Co., and Humana Health Insurance Co. of FL Inc.

11. Includes Family Life Insurance Co., ManhattanLife Assurance Co. of America, The Manhattan Life Insurance Co., and Western United Life Assurance Co.

12. Includes Mutual of Omaha Insurance Co., Omaha Insurance Co., Omaha Supplemental Insurance Co., United of Omaha Life Insurance Co., and United World Life Insurance Co.

13. Includes Christian Fidelity Life Insurance Co., North American Insurance Co., and Oxford Life Insurance Co.

14. Includes Physicians Life Insurance Co. and Physicians Mutual Insurance Co.

BACKGROUND

Gen Re is pleased to present this summary of key highlights from our 2021/2022 *Medicare Supplement Market Survey*. The full report covers Medicare Supplement (Med Supp) results and market trends for 2021, capturing sales and in-force data, business performance, rate increase activity, underwriting tools and practices, claim metrics, and compensation and distribution details. The comprehensive report is available to participating companies only.

Forty-five questionnaires were completed, representing 92 companies with Med Supp business. Throughout this summary report, the percentage (or number) of companies refers to the 45 completed surveys. Depending on the type of question, not all companies were eligible provide a response. To aid in your review, the number of respondents is displayed as “R=.” When reviewing the results please note that participants may vary from year to year.

Participating companies were segmented by whether they reported open and/or closed blocks of Med Supp business. “Open blocks” refers to blocks of business that accepted new applications in 2021. Most companies (53%) manage both open and closed blocks.

Participating Company Status	Percentage of Companies
Open blocks only (actively selling)	16%
Closed blocks only (no longer selling)	31%
Both open and closed blocks	53%

Total Annualized In-force Premium and Lives for 2021

Participating companies reported \$13.0 billion of Medicare Supplement in-force premium for 2021, an increase of 3% over 2020. In-force premium increased for both open and closed blocks of business by 3% and 1%, respectively. Participants also reported 5.4 million covered lives, up by about 1% overall. Open blocks account for 61% of the total premium or \$8 billion.

In-force Premium and Lives Growth Rates, 2021 vs. 2020

	Premium	% Change	Lives	% Change
Open blocks	\$7,979,127,981	3%	3,790,384	2%
Closed blocks	\$5,065,585,287	1%	1,648,754	-1%
Total in-force	\$13,044,713,268	3%	5,439,138	1%

R=31, 38, 45

Total Annualized Sales Premium and Lives for 2021

Companies reported \$1.3 billion of Med Supp sales premium for 2021, declining by about \$60 million or -4% compared to 2020.

The number of new lives covered also declined 4%, from just over 896,000 to about 857,000.

Sales Premium and Lives Growth Rates

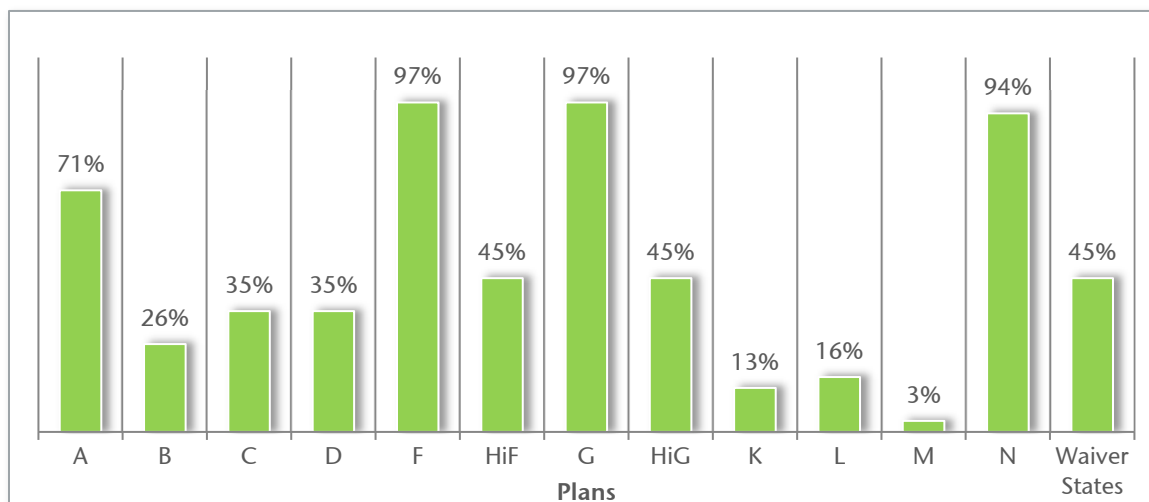
	2021	% Change
Premium	\$1,337,790,366	-4%
Lives	856,968	-4%

R=31

Source of Sales Premium and Lives

In 2021, over 90% of the participating companies sold Plans F, G and N. Plan A was also widely sold, with 22 companies (71%) selling that plan.

Percentage of Companies Selling by Plan Type

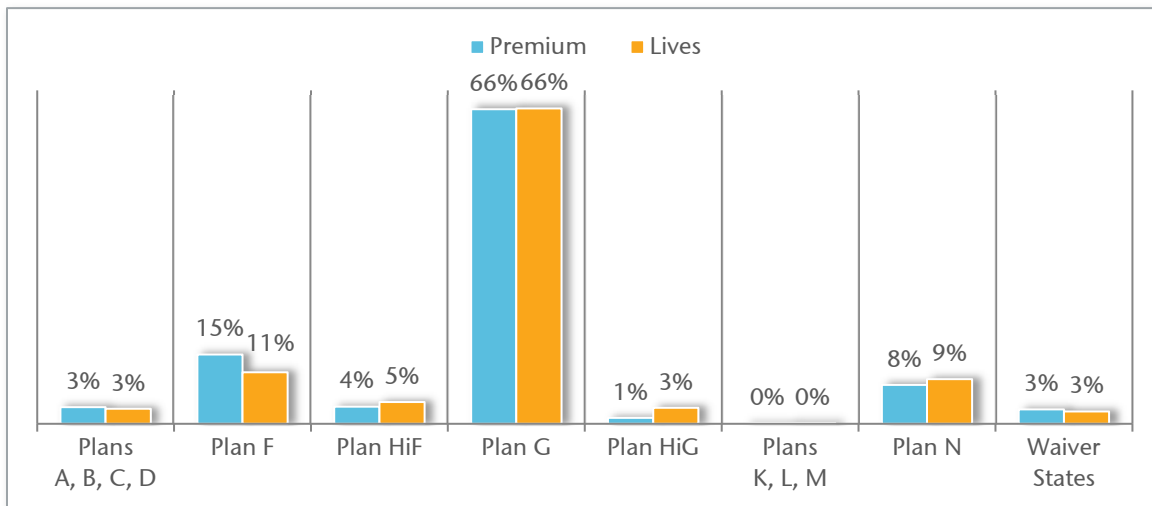


R=31

Source of Sales Premium and Lives, continued

Plan G accounts for 66% of the total new sales premium and lives for 2021. Although most companies (97%) sold Plan F in 2021, it represents only 15% of the sales premium.

Percentage of 2021 Sales Premium and Lives by Plan Type



R=31

Overall, open enrollment applications accounted for 45% of 2021 new sales premium, underwritten apps accounted for 36%, while Guaranteed Issue apps made up less than 20%.

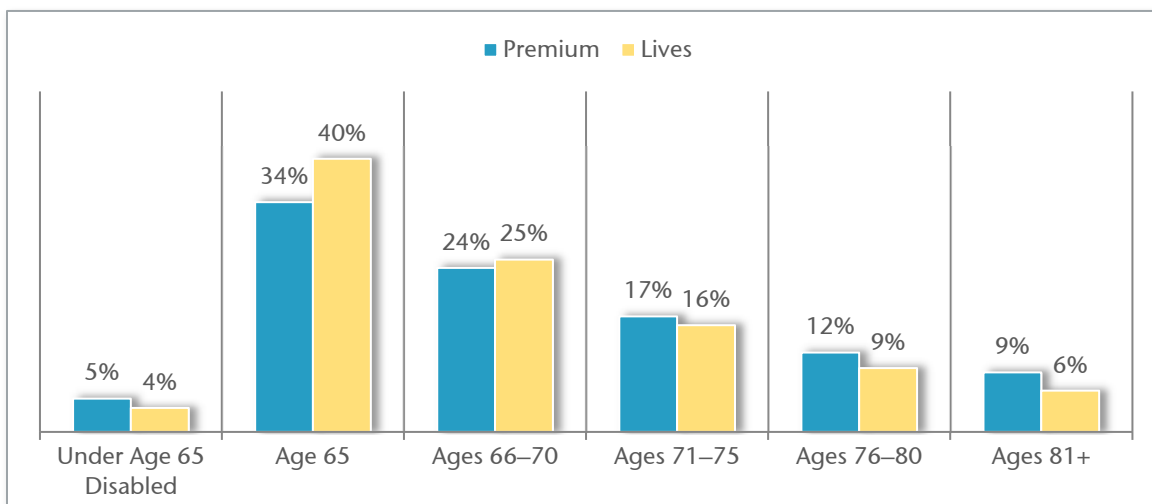
Percentage of 2021 Premium by Application Type

Open Enrollment	Guaranteed Issue		Underwritten
	Not due to State regs	Due to State regs	
45%	11%	8%	36%

Policyholders aged 65 through 70 represented 58% of new sales premium and 65% of the new lives covered in 2021.

R=29

Percentage of 2021 Sales Premium and Lives by Age



R=30 (Premium); 31 (Lives)

2021 Observed Claims Trend

About half of the companies with open and/or closed blocks of business observed a claims trend of 6% to 10% for 2021. Compared to last year’s results when the majority of companies reported a negative claims trend, only two companies saw a negative claims trend for 2021.

2021 Observed Claims Trend by Plan Type

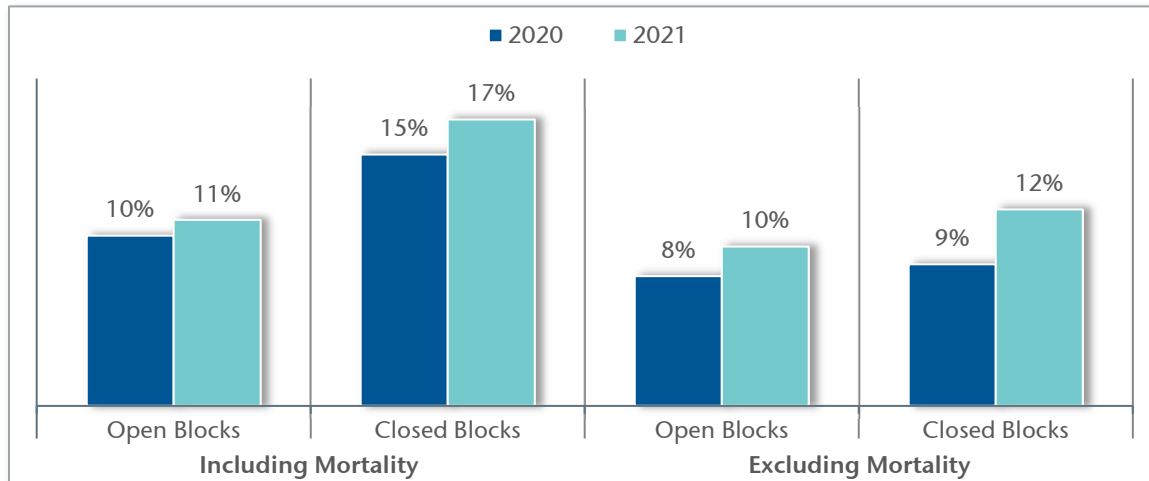
	1992 Standardized Plans			2010 Standardized Plans		
	Average	Median	Range	Average	Median	Range
Open blocks	—	—	—	11%	9%	-1% to 32%
Closed blocks	10%	9%	-25% to 42%	10%	10%	-25% to 21%

R=31 (Open blocks); 35, 22 (Closed blocks)

Lapse Rates

Overall, lapse rates were lower in 2020 than 2021. In 2021, lapse rates including mortality averaged 11% for open blocks and 17% for closed blocks, compared to 10% and 15%, respectively, in 2020. Excluding mortality, 2021 lapse rates averaged 10% for open blocks and 12% for closed blocks.

Average Lapse Rates Including and Excluding Mortality

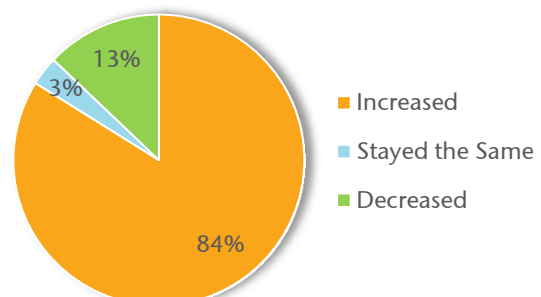


R=31, 38 (2021 Including Mortality); R=18, 17 (2021 Excluding Mortality)

Loss Ratios

Whether companies reported on open blocks or closed blocks, 84% reported that incurred loss ratios increased in 2021 compared to 2020, while 16% reported loss ratios were the same or lower.

2021 Loss Ratios Compared to 2020

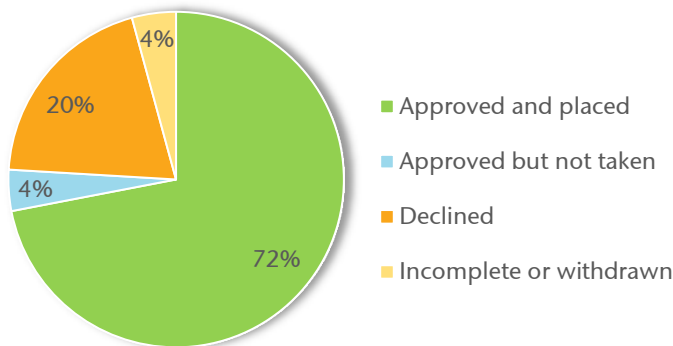


R=31 (Open blocks); 38 (Closed blocks)

Underwritten Applications

On average, 72% of underwritten applications were approved and placed, and 20% were declined. Of the 27 participating companies, 14 reported a decline rate greater than 20%.

Outcomes of Underwritten Applications



R=27

Processing Time for Underwritten Applications

In 2021, the average turnaround time for underwritten applications was 4 business days, ranging from one to nine days. Seventeen of the 27 participating companies (63%) processed their underwritten applications in four days or less.

On average, companies keep an application open 45 days to obtain a requirement before closing it due to incomplete information. Of the 26 responding companies, half will keep an application open for up to 30 days before closing it due to incomplete information.

Number of Days to Process Underwritten Applications

	Business Days		
	Average	Median	Range
Turnaround time	4	3	1 – 9
How long app kept open	45	38	10 – 180

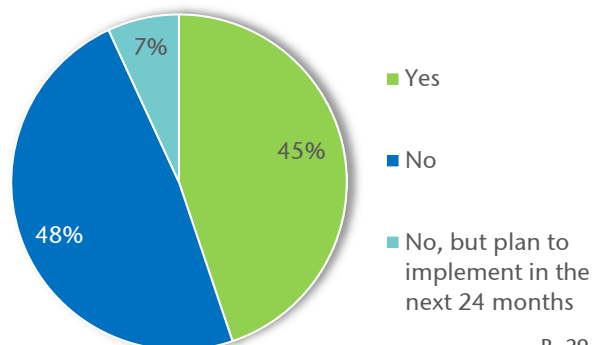
R=27, 26

Automated Underwriting Systems

For the purpose of this survey, an automated underwriting (AU) system was defined as a system used to make decisions on underwritten, web-based applications without human involvement.

Of the 29 companies, 13 (45%) use an AU system and two plan to implement a system within the next 24 months.

Utilization of Automated Underwriting Systems



R=29

Claims Metrics

In 2021, participating companies received more than 171 million Medicare Supplement claims. Companies with open blocks account for 97% of the total claims received, while companies with only closed blocks account for the remaining 3%.

On average it takes about one week from the day a claim is received to the day a decision is made. The length of time to make a claim determination ranged from one to 45 days. Companies with closed blocks only averaged the longest, taking 11 days.

Auto-Adjudication

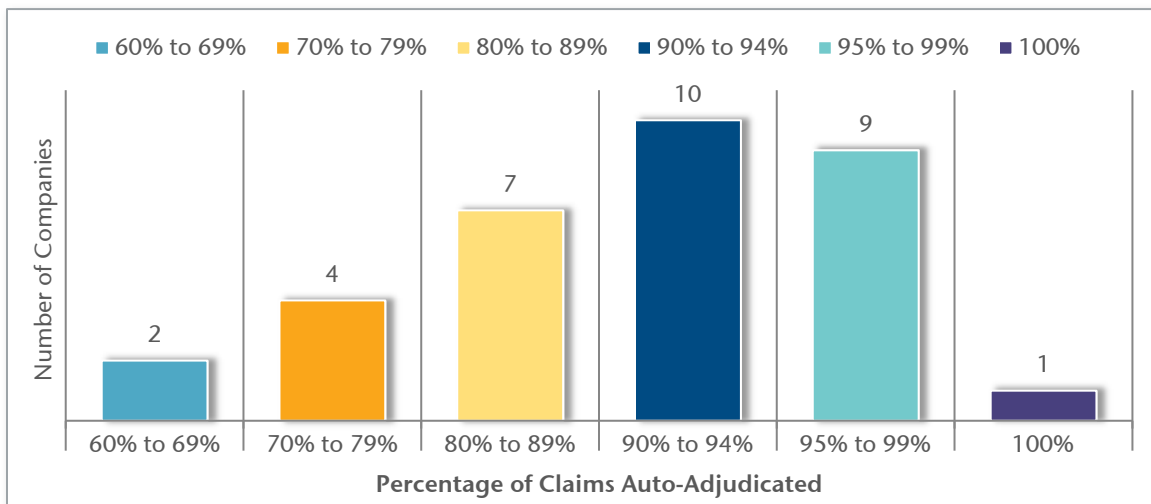
On average, 88% of claims are auto-adjudicated, ranging from 63% for a company with only a closed block of business to 100%. Of the 33 respondents, 20 (61%) auto-adjudicate 90% or more of their claims.

Percentage of Claims Auto-Adjudicated

Average	Median	Range
88%	90%	63% – 100%

R=33

Distribution of Percentage of Auto-Adjudicated Claims



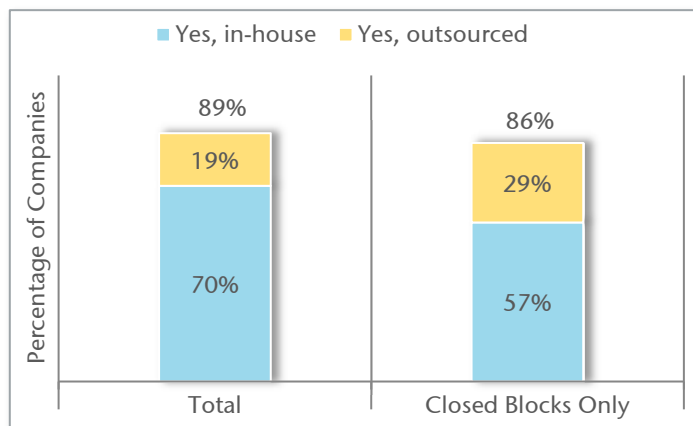
R=33

Quality Assurance Programs

Of the 37 respondents, 33 or 89%, have a Quality Assurance (QA) program, with most occurring in-house.

Currently, four companies don't have a QA program, but one plans to put a system in place within the next year.

Companies With a Quality Assurance Program

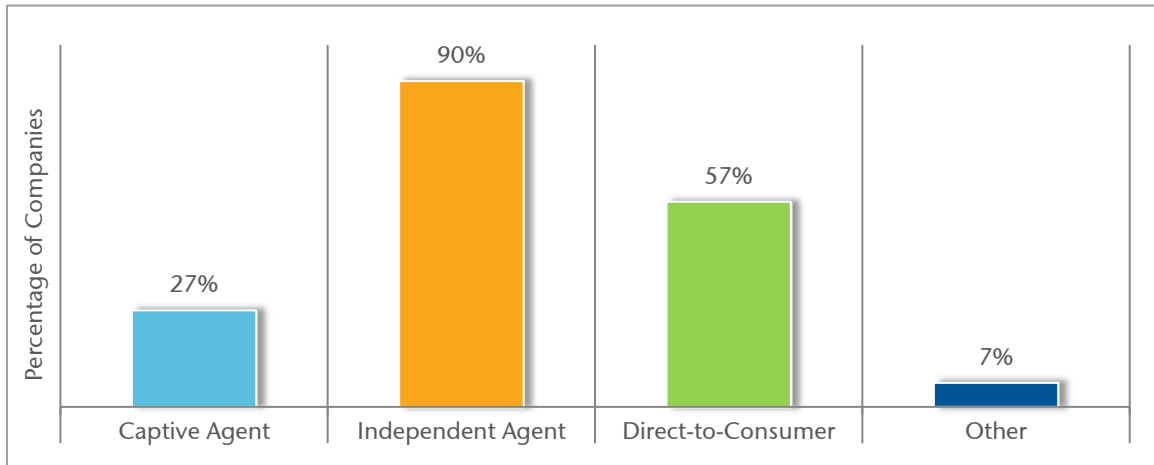


R=37, 7

Distribution Channels

Of the 30 respondents, 27 (90%) sell Med Supp through independent agents and more than half (57%) sell direct-to-consumer (D2C). Two companies sell Med Supp through captive agents exclusively, while 11 companies sell through independent agents, exclusively.

Percentage of Companies Using Distribution Channels



R=30

On average, independent agents account for 83% of Med Supp sales premium sold in 2021 for those companies using that distribution method.

Fewer companies use captive agents than sell D2C. However, captive agents accounted for more sales premium (35%) than D2C sales (29%).

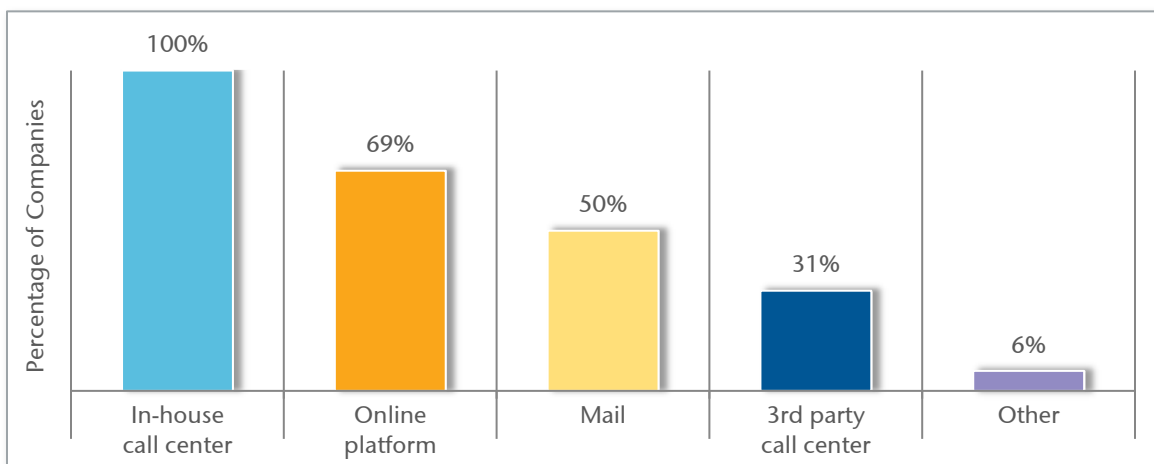
All 16 companies that reported selling D2C use an in-house call center, and 11 of those companies (69%) also rely on an online platform. One company also uses social media to sell D2C.

Percentage of 2021 Sales Premium by Distribution Channel

Distribution Channel	Average
Captive agents	35%
Independent agents	83%
Direct-to-consumer	29%
Other	17%

R=29

Methods of Selling Med Supp Direct-to-Consumer



R=16

ABOUT GEN RE

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A.M. Best

AA+

Standard & Poor's

Aa1

Moody's

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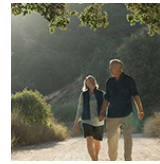
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Disability Income**



**Group Life
and AD&D**



**Individual
Life**



**Medicare
Supplement**

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