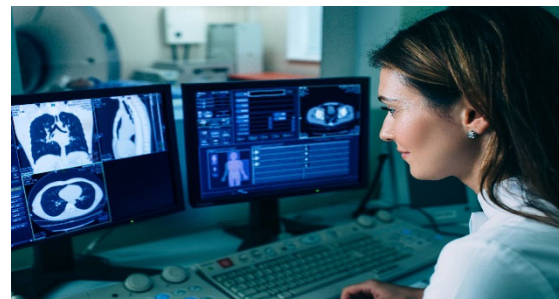
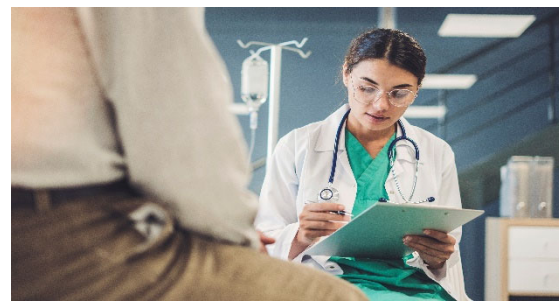


CRITICAL ILLNESS



U.S. Critical Illness Insurance Market Survey Summary  
*Highlights of 2019/2020 Results*

# CONTENTS

Background	2
Participating Companies	3
Survey Highlights	4
Summary of Results	
Marketing Critical Illness Products	5
2019 Sales Results Compared to Goals	5
Average Age at Time of Sale	5
Same Company Growth	5
New Business Sales	6
In-force Business	7
Underwriting Administration	8
Underwriting Challenges	8
Claims Experience to Date	9
Average Claimant Age	9
Types of Claims	9
New Sales & In-force Business for Accident Insurance	10
Same Company Growth	10
Issue Age for New Business	10
Type of Plan Offered	10

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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.

Forty-six companies responded to this survey, with 37 also providing data for their Accident Insurance product.

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 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.

## PARTICIPATING COMPANIES

- 5Star Life
- Aflac
- Allstate Benefits
- American Fidelity Assurance
- Assurity Life
- AXIS Capital
- Boston Mutual Life
- Chesapeake Life
- Cigna
- Colonial Life
- Combined Insurance of America
- CUNA Mutual Group
- Dearborn Life
- Golden Rule
- Guarantee Trust Life
- Guardian Life
- The Hartford
- Illinois Mutual
- Independence American
- John Hancock
- Kansas City Life
- Liberty Bankers
- Liberty Insurance Underwriters Inc.
- Lincoln Financial Group
- MassMutual
- MetLife
- Mutual of Omaha
- Pan American Life
- Principal
- Prosperity Life Group
- 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

**46 companies** participated in this year's survey with the results representing **81 products** currently being marketed

New sales premium totaled **\$801 million** for Traditional Individual and Group/Worksite Critical Illness products combined

For companies providing data for both 2018 and 2019, new sales premium increased **14%** and policies/certificates increased **16%**

More than half (**61%**) of participating companies reported **exceeding or meeting their sales targets**

**51%** of participating companies expect to **increase their focus** on Critical Illness over the next few years

**Group/Worksite Issue Age** business accounted for **47%** of the total premium sold in 2019

**In-force premium** totaled nearly **\$2 billion** for Traditional Individual and Group/Worksite Critical Illness products combined

Overall, **in-force premium increased 14%** and **policies/certificates increased 15%** for the industry

Participating companies reported almost **6 million in-force policies/certificates** for 2019

For all Critical Illness products combined, the **issue age** for new business averaged **43 years**

**87%** of participating companies **underwrite** their Critical Illness product(s) **in-house**

During 2019, participating companies reported close to **\$708 million in paid claims**

### Marketing Critical Illness Products

Of the 46 participating companies, 26 offer one Critical Illness product, 19 offer two products and the remaining company offers three products. The majority (38 or 83%) offer a Group/Worksite (G/W) product, with 13 companies offering both Attained Age and Issue Age CI. (Exhibit A)

In total, the results represent 81 products currently being marketed. While 11 companies plan to make changes to their current G/W offering, none plan to modify their Traditional Individual product. 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.

Exhibit A. Percentage Offering CI Product

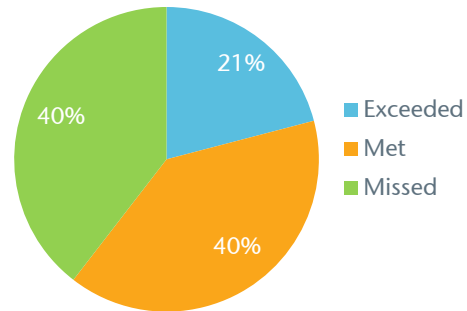
	Percentage of Companies
Traditional Individual	35%
Group/Worksite	83%
– Attained Age	59%
– Issue Age	52%

### 2019 Sales Results Compared to Goals

When asked how overall sales results compared to goals for 2019, more than half (61%) reported exceeding or meeting their sales targets. (Exhibit B)

For those companies that missed their goals, some mentioned competitive pressures; others commented on challenges with agent recruitment and distribution effectiveness.

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 48 years, compared to 41 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	48	41	41

### 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 2018 data, the CI industry as a whole continued to exhibit positive growth in 2019. (Exhibit D)

Exhibit D. Same Company Growth

	New Sales	In-force
Premium	14%	14%
Policies/Certificates	16%	15%
Benefit Amount	18%	17%

New Business Sales

For 2019, participants reported selling 2.7 million new policies/certificates and just over \$800.5 million in new sales premium. In terms of new sales premium, G/W Issue Age represents the largest segment, with \$379.7 million of new sales premium or 47% of the total. (Exhibit E)

Exhibit E. Percentage of New Business by Product

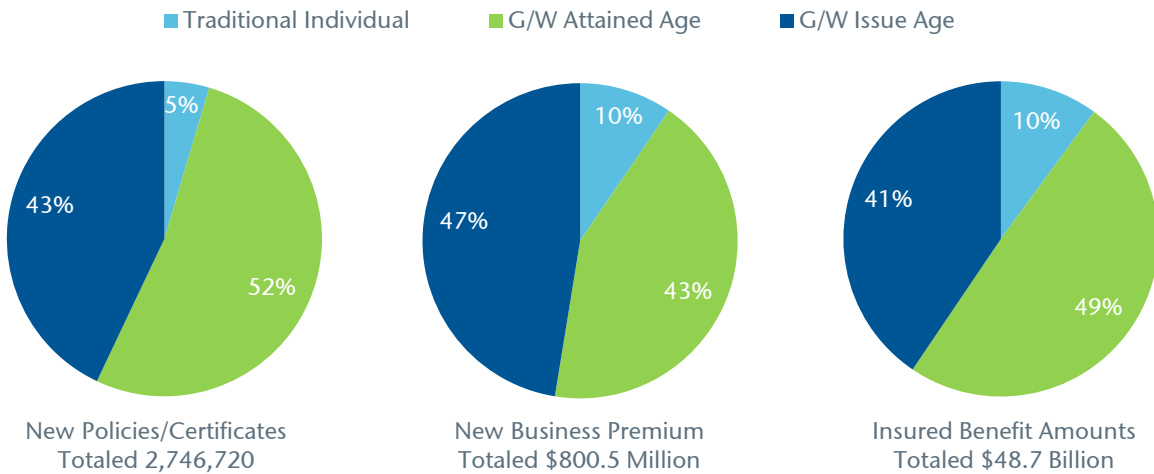


Exhibit F. 2019 Average New Business Benefit Amount Per Policy/Certificate

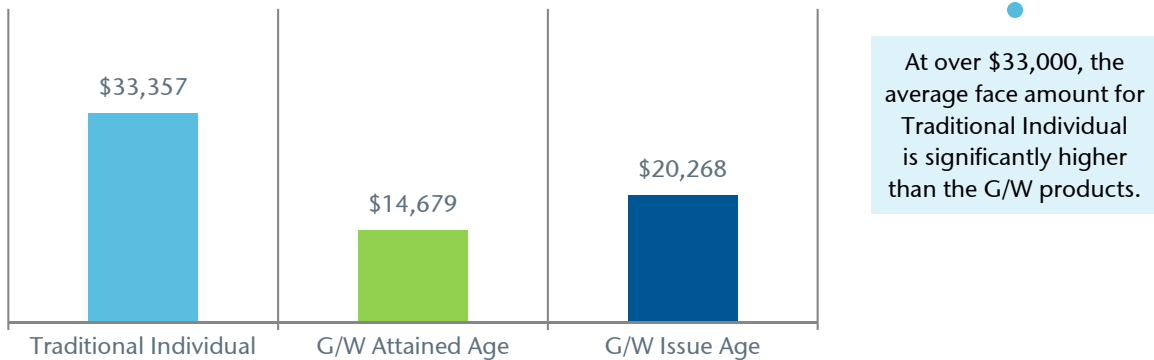
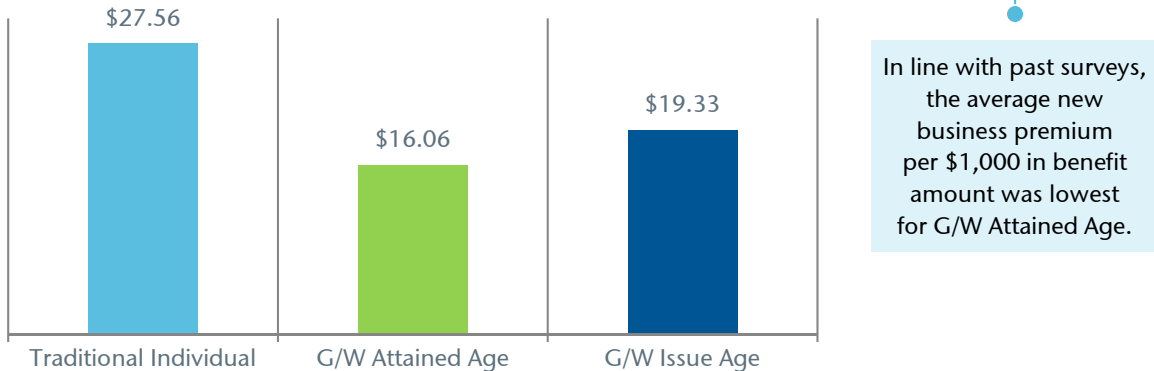


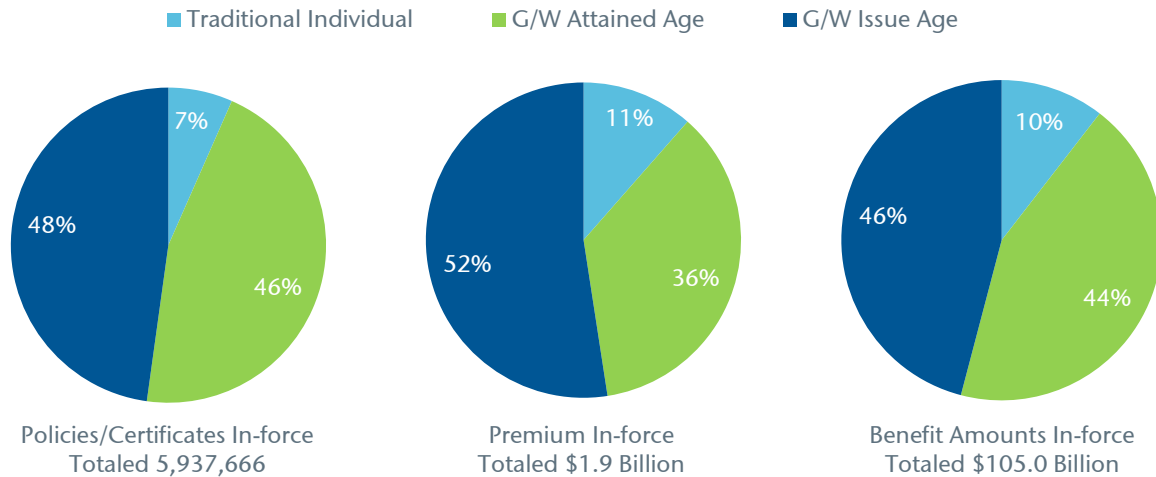
Exhibit G. 2019 Average New Business Premium Per \$1,000 in Benefit Amount



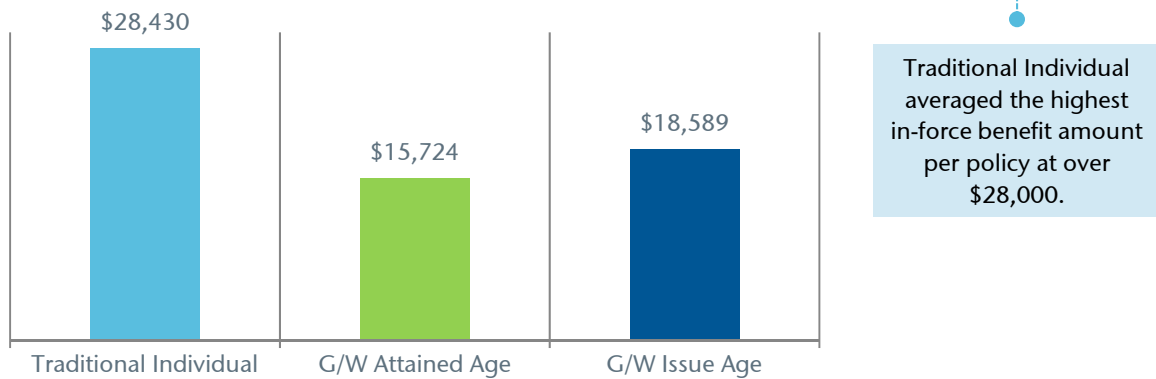
**In-force Business**

Participating carriers reported a combined total of 5.9 million policies/certificates with just over \$1.9 billion of in-force premium in 2019. (Exhibit H) Based on in-force premium, G/W Issue Age business accounted for 52% of the total, with \$984.1 million in premium.

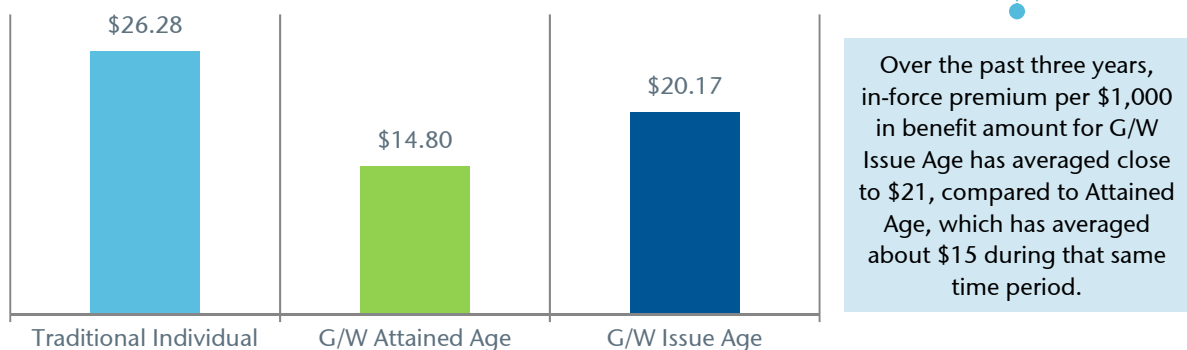
**Exhibit H. Percentage of In-force Business by Product**



**Exhibit I. 2019 Average In-force Benefit Amount Per Policy/Certificate**



**Exhibit J. 2019 Average In-force Premium Per \$1,000 in Benefit Amount**

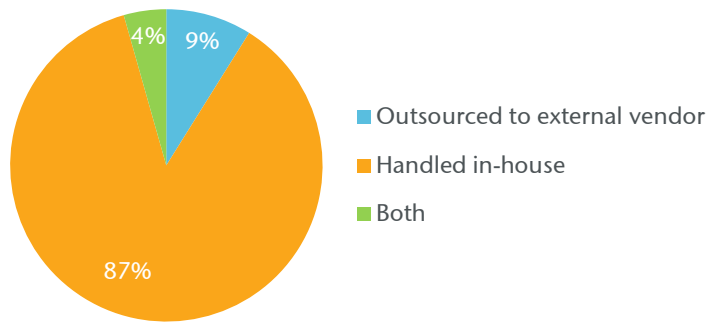




### Underwriting Administration

The majority of companies (87%) underwrite their CI products in-house. Four (9%) outsource their underwriting. (Exhibit K)

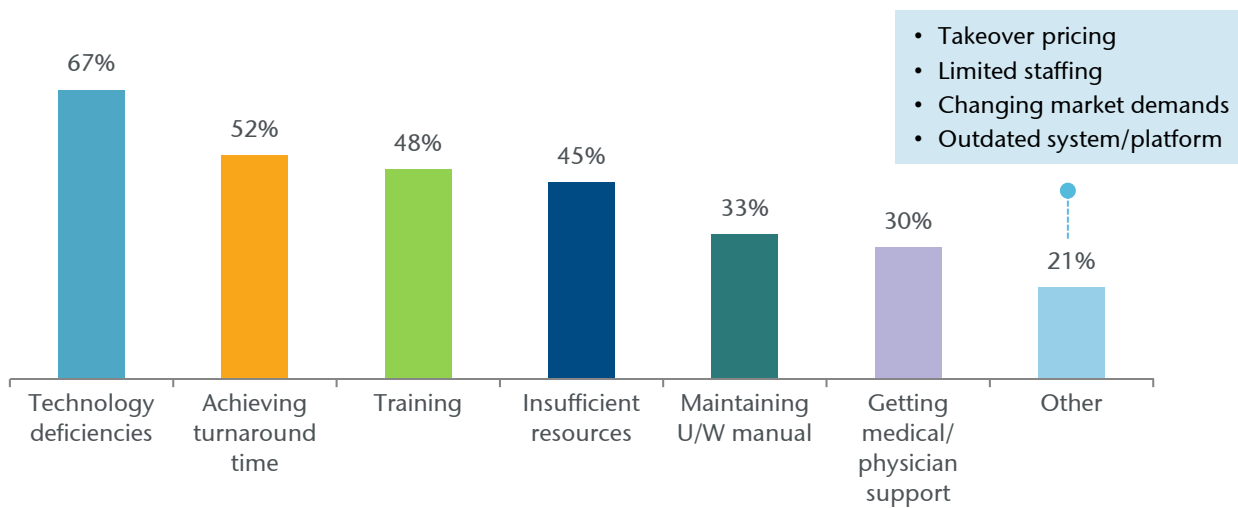
Exhibit K. Percentage of Companies by Underwriting Administration



### Underwriting Challenges

Two-thirds (67%) of companies cite technology deficiencies as one of the top three challenges to underwriting CI products. Fewer companies mentioned getting necessary medical/physician support (30%). (Exhibit L)

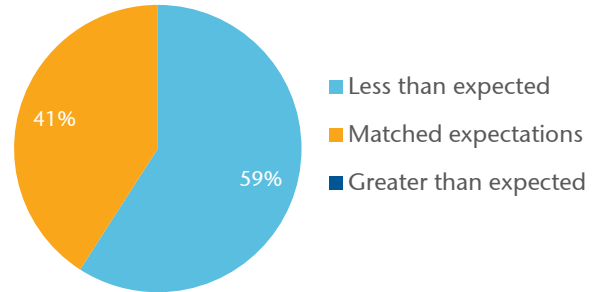
Exhibit L. Percentage of Companies Ranking as a Top Three Challenge to CI Underwriting



### Claim Experience to Date

At the time that data was collected in June and July of 2020, all participants reported their claims incidence was less than or matched their expectations for the year. (Exhibit M)

Exhibit M. Claim Incidence Expectations



### Average Claimant Age

At time of claim, the average age of a Traditional Individual claimant was 56 years, compared to 51 years for G/W Attained Age and 52 years for Issue Age. (Exhibit N) The lowest claimant age reported was 42 years for Traditional Individual and the highest was 72 years for the same product.

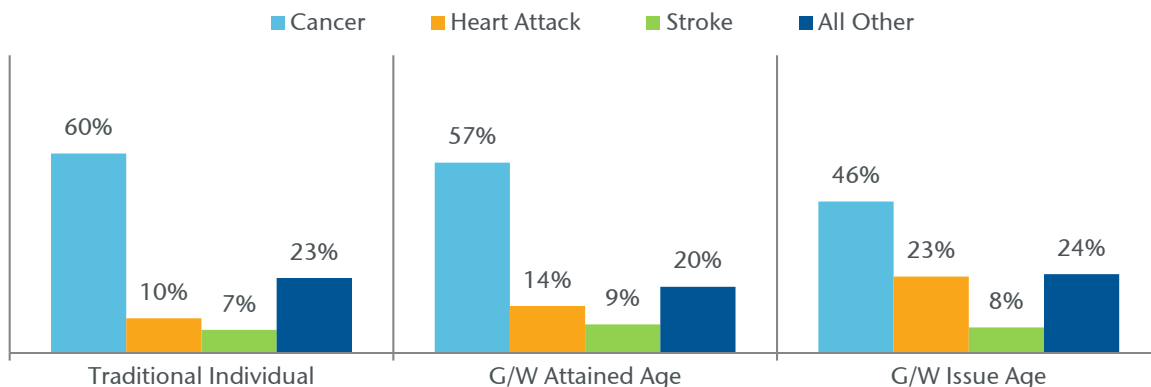
Exhibit N. Age of Claimant at Time of Claim

Product Type	Average
Traditional Individual	56
G/W Attained Age	51
G/W Issue Age	52

### Types of Claims

On a combined basis, the three major diagnosis categories represent over 77% of the claims submitted for Traditional Individual, 80% for G/W Attained Age, and over 76% for Issue Age. (Exhibit O)

Exhibit O. Percentage of Claims by Diagnosis



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

Thirty-seven companies provided results for their Accident insurance product. For 2019, participating companies reported nearly 3.5 million new Accident policies and \$773.6 million in new sales premium. For in-force business, roughly 8.4 million policies and \$1.9 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 2018 data, the Accident industry as a whole continued to exhibit positive growth in 2019. (Exhibit P)

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

	New Sales	In-force
Premium	11%	10%
Policies	16%	11%

### Issue Age for New Business

For companies that track the data, the average issue age for new business averaged 43 years for 2019 and ranged from 37 to 57 years. (Exhibit Q)

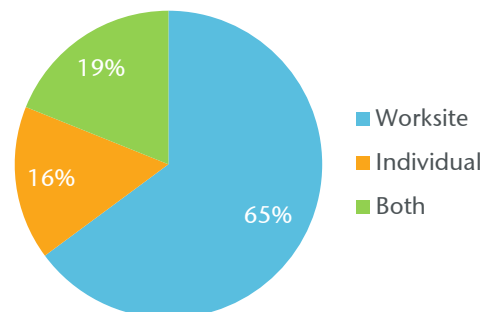
Exhibit Q. Issue Age for New Business

	Average	Median	Range
Issue Age for New Business	43	42	37–57

### Type of Plan Offered

More than half of the companies (65%) offer worksite Accident only, while 19% offer both worksite and individual plans. (Exhibit R)

Exhibit R. Percentage of Companies by Type of Plan Offered



## ABOUT GEN RE

Gen Re, a Berkshire Hathaway Company, is one of the leading Life/Health and Property/Casualty reinsurers in the world. Our North American Life and Health reinsurance company, General Re Life Corporation, has superior financial strength ratings among Life and Health reinsurers.

**A++ (Superior)**

A.M. Best

**AA+**

Standard & Poor's

**Aa1**

Moody's

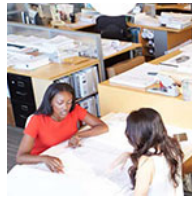
Through our research, we offer valuable information and insights to our clients about their markets. We deliver customized reinsurance programs and risk management solutions for the following lines of business:



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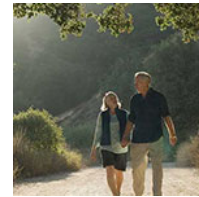
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**Group Life  
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**Individual Life**



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