



A MILLIMAN SUPPLEMENTAL & SPECIALTY RESEARCH SURVEY

# Hospital Indemnity Insurance 2022 Premium Report Outline

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# About the Premium Report

The primary source of information for this report comes from the Milliman 2022 Hospital Indemnity (HI) product survey which focuses on the hospital indemnity insurance market only. Survey responses were collected from 35 carriers through August 2022. We have also provided information from the Milliman 2022 State of the Market Survey within this report.

Aggregate and detailed data was collected, and, in some instances, carriers were unable to provide results at a granular level. As a result, sometimes the detailed distribution of data represents a subset of the surveyed companies and does not reconcile aggregate survey results. Additionally, in some instances, carriers could not provide data or chose not to provide certain information for confidentiality purposes. In these situations, we did not populate certain figures in the report. We have aggregated some of the data in this report at the total market level.

Please note that unless otherwise indicated, survey results are shown using a simple average of responses for each survey question, not weighted by respondent sales or inforce premium. Therefore, unless noted, each carrier response is weighted equally to create the averages presented in this report.

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New to the Premium Report this year is commentary from brokers and carriers on important topics collected from several focus groups, in addition to our consultant commentary. The icons shown on the right notate places in the Premium Report where broker, carrier, or consultant commentary is included. We go beyond reporting participant responses, providing valuable market insights based on our research and experience.



**BROKER COMMENTARY**



**CARRIER COMMENTARY**



**CONSULTANT COMMENTARY**

*Please note that the contents of the Premium Report described in this outline are subject to change.*

# Our Milliman Consultants



**Ashlee Borcan FSA, MAAA**  
**Principal and Consulting Actuary**

Ashlee's primary area of concentration is in the supplemental health insurance market. She has been responsible for the product development, pricing, valuation, and maintenance of an assortment of individual and group products, such as critical illness, accident, cancer, hospital indemnity, and Medicare Supplement. Ashlee is recognized as a leader of industry research in the cancer arena, having worked closely to develop new cancer industry experience.



**Jennifer Howard FSA, MAAA**  
**Consulting Actuary**

Jennifer's primary area of concentration is in the supplemental health insurance market, specifically critical illness and hospital indemnity products. She has extensive experience with these product lines, and has assisted clients with product development, contract and application development, underwriting design, competitive analysis, market review, rate filings, and in-force maintenance. She also assists carriers with case-specific underwriting of these products.



**Christin Kuretich**  
**Strategy Consultant**

Christin works with carriers to design relevant and meaningful insurance products for today's climate. She helps support the product launch cycle at any stage – consumer research, ideation, and design; throughout the development, creation and launch phases; and even post-launch, focusing on sales effectiveness and messaging based on field and consumer feedback. She has extensive experience working with Brokers, Communications/Enrollment Firms, Employers, and Employees.

# Outline

## EXECUTIVE SUMMARY

### MARKET OVERVIEW

- Anonymous Ranking of Carriers by 2021 Inforce and Sales

### SALES AND INFORCE

- Target Annualized Premium per Payor
- Annual Sales
  - By Year 2019-2021
- Percent Breakdown of Sales
  - By Market Type by Year 2019-2021
  - By Employer Group Size by Year 2019-2021
  - By Distribution Channel
  - By Distribution Channel by Year 2019-2021
  - By Enrollment Method by Year 2020-2021
  - By Rate Guarantee Period by Year 2019-2021
  - By Offering Type by Year 2020-2021
  - By Funding Method by Year 2020-2021
- Annual Inforce Premium
  - By Year 2019-2021

### PRODUCT PROFILE

- Experience Rating
  - By Year 2019-2021
- Pre-Existing Condition Waiver
  - Group Sales by New Business Type by Year 2019-2021
  - Worksite Individual Sales by New Business Type by Year 2019-2021
- Product Development Plans
  - By Year 2021-2022
- Lapse Rates
  - Durational Lapse Rates by Year 2019-2021
  - Lapse Rates by Market
  - Group Lapse Rates by Year 2019-2021
  - Worksite Individual Lapse Rates by Year 2019-2021
  - Non-worksite Individual Lapse Rates by Year 2019-2021

### OFFERINGS

- Pressure to Include Factors in Quotes (Offerings)
- Custom Business
  - By Market
  - By Year 2019-2021

## TARGET METRICS

- Profitability
  - Targeted Profitability by Market by Year 2019-2021
  - Target vs. Actual Profitability by Market
  - Better than Target Profitability by Year 2019-2021
- Participation
  - Target Participation Rate by Year 2019-2021
  - Target Participation Rate by Distribution Channel by Year 2019-2021
  - Target vs. Actual Participation Rate by Year 2019-2021
  - Target vs. Actual Participation Rate by Distribution Channel
- Loss Ratio
  - Average Target Loss Ratio by Market by Year 2019-2021
  - Target vs. Actual Loss Ratio by Year 2019-2021
  - Target vs. Actual Loss Ratio by Market
  - Lower than Target Loss Ratio by Year 2019-2021
- Target Markets
  - By Employer Group Size by Market Type

## COMMISSIONS AND TECH FEES

- Commission Breakdown
  - Commission Structure by Year 2019-2021
  - Commission Structures by Market
- Commission Rates
  - Usual Commission Rates by Year 2019-2021
  - Usual Commission Rates by Market
- Sales with Technology Fees by Year 2019-2021
- Technology Fees Structure by Year 2019-2021

## ENROLLMENT

- Preferred Partners for Third-Party Enrollment Platforms/Benefit Administration Systems

## OPERATIONS

- Claims
  - Average Claim Turnaround Time by Year 2019-2021
- Claims Payment Features
  - Pressure to Implement Features
  - Group Market Pressure to Implement Features
  - Worksite Individual Market Pressure to Implement Features
  - Claim Payment Feature Challenges
- Additional Considerations
  - Offering Payment Features for Wellness Benefits by Year 2020-2021
  - Premium Rate Adjustment for Payment Features by Year 2020-2021

## **PERCEIVED RISKS AND COMPETITORS**

- Perceived Risks
  - By Year 2020-2022
- Top Competitors
  - By Year 2021-2022

## **PREGNANCY**

- Pregnancy Coverage
  - Percent of Sales by Year 2019-2021
- Pregnancy and Well Baby

## **OBSERVATION BENEFITS**

- Observation Benefits
  - By Year 2021-2022
- Time Period Requirements
  - By Year 2021-2022
- HSA Compliant
  - By Year 2021-2022

## **MARKET TOPICS**

- COVID-19 Pandemic
  - Impact on Product Development and Offerings
  - Impact on Loss Ratio
    - Next 12 Months
  - Market Pressures

# Participating Carriers

We would like to thank the following carriers for their participation in this survey.

**ALLSTATE BENEFITS**

**AMERICAN ENTERPRISE GROUP**

**AMERICAN FIDELITY**

**AMERICAN PUBLIC LIFE INSURANCE  
COMPANY**

**ANTHEM**

**ASSURITY LIFE**

**ATLANTIC AMERICAN**

**AXIS GROUP BENEFITS**

**BCS INSURANCE COMPANY**

**CHUBB/COMBINED INSURANCE COMPANY**

**CIGNA**

**CIGNA SUPPLEMENTAL BENEFITS**

**COMPANION LIFE INSURANCE COMPANY**

**GOLDEN RULE INSURANCE COMPANY**

**GUARDIAN LIFE INSURANCE**

**LIFE INSURANCE COMPANY OF ALABAMA**

**LINCOLN**

**METLIFE**

**NATIONAL GENERAL**

**NATIONAL TEACHERS ASSOCIATES LIFE  
INSURANCE COMPANY**

**PAN-AMERICAN LIFE GROUP**

**PRUDENTIAL**

**RELIANCE STANDARD**

**SECURIAN FINANCIAL**

**STANDARD INSURANCE COMPANY**

**STATE FARM**

**SUN LIFE**

**SYMETRA FINANCIAL CORPORATION**

**THE CHESAPEAKE LIFE INSURANCE  
COMPANY**

**TRUSTMARK**

**UNITED HEALTHCARE**

**UNUM**

**USABLE LIFE**

**VOYA FINANCIAL**

**WASHINGTON NATIONAL INSURANCE  
COMPANY**



Milliman's research projects provide insight into the state of the supplemental insurance market. Each market report explores both sales and actuarial components of their respective markets, presenting data on sales & inforce, buyer profile, product features, underwriting, pricing & profitability, risks, and administrative systems & technology. We examine this data, where appropriate, via segmentations (e.g., group, worksite individual, and non-worksite individual). Additionally, we synthesize this data to provide a high-level analysis of key market trends coupled with commentary from experienced Milliman consultants.

If you are interested in learning more detailed information about the supplemental product market, please contact us about our flexible engagement options.

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Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in life insurance and financial services, property & casualty insurance, healthcare, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe.

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