

Fixed-payment benefit plans annual report

June 1, 2019

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www.insurance.wa.gov

Table of contents

Executive summary	3
Annual report	4
Data requested	4
Data summary	4
Complaints.....	4
Group market: 2018.....	4
Individual market: 2018.....	6
Conclusions	7
Results comparison	7
New enrollees and policies: Individual and group policies	9
Appendix A	10
Sales of new group policies and group enrollees by company	10
Sales of new individual policies and individual enrollees by company	11
Total policies and enrollees by company	13
Appendix B	16
Survey sent to carriers	16

Executive summary

In 2007, the Legislature modified the definition of “health plan” in RCW 48.43.00 to exclude fixed-payment insurance plans that are offered as a stand-alone benefit. Under RCW 48.43.650, the Office of the Insurance Commissioner (OIC) must collect and report information regarding fixed-payment insurance on June 1 of each year.

The law exempts these products from complying with many mandated benefit requirements that apply to comprehensive medical insurance. Because this coverage is not comprehensive health insurance and the benefit amounts may be significantly less than the cost of care, insurers must provide a disclosure form to help consumers understand that the coverage will not pay the entire cost of most medical expenses or hospital care. The companies must use a standard disclosure form, which they must file with the OIC for approval.

Fixed-payment insurance policies pay a specific amount to people who receive certain types of medical care or services. Fixed-payment policies make these payments regardless of the actual amount of charges. For example, a policy might pay \$200 a day for each day that a consumer is in the hospital. Insurers sell these policies to individual consumers and to employer groups.

Group fixed-payment policies allow employees to buy coverage through their employers. Under typical benefit design, there is a set dollar amount for a doctor visit -- such as \$25 per visit -- or a daily benefit amount for a hospital stay, such as \$200 per day. There is also a low calendar-year maximum. These payments usually cover only a fraction of the actual cost of medical services.

Proponents of the 2007 law change testified that employers wanted to provide this limited coverage to their low-wage and seasonal employees to provide an option for some coverage. Opponents expressed concern that some employers would replace comprehensive medical coverage with these very limited plans, resulting in enrollees incurring uncovered medical costs or deferring treatment.

Since 2009, the OIC has conducted an annual survey of the companies that offer fixed-payment insurance policies and has reported its findings to the Legislature. The enclosed report contains information the OIC collected in its January 2019 survey.. The companies reported data for the 2018 calendar year. In this report, we compare the 2018 data with the data we collected in 2017 and 2016.

Annual report

Data requested

Each January, the OIC requires companies to complete a survey and submit data about their fixed-payment insurance policies. The survey asks for the following information:

- Did you write fixed-payment policies in Washington state in 2018?
- Number of new fixed-payment policies issued in 2018-group
- Number of new fixed-payment policies issued in 2018-individual
- Number of new fixed-payment policy group enrollees in 2018
- Number of new individual fixed-payment policy enrollees in 2018
- Total number of enrollees on all fixed-payment policies as of Dec. 31, 2018
- Total number of existing fixed-payment policies in force as of Dec. 31, 2018
- Number of complaints from consumers that the Washington Office of the Insurance Commissioner forwarded to the company regarding fixed-payment policies in 2018

Data summary

RCW 48.43.005 defines fixed-payment policies as specified disease or illness-triggered fixed-payment insurance, hospital confinement fixed-payment insurance, or other fixed-payment insurance offered as an independent, nocoordinated benefit. The policies pay a fixed dollar amount to the insured person regardless of the actual medical costs. Group market costs.

Complaints

Companies reported the following number of complaints:

- 2018: 43
- 2017: 28
- 2016: 42
- 2015: 21

Group market: 2018

- 226 companies responded to the survey.
- 45 companies reported writing fixed-payment policies in Washington state.
- 25 companies reported zero new group enrollees.
- 22 companies wrote at least one new group policy.

- These 23 companies reported 3,944 fewer enrollees compared to 2017, an 11.1% decrease.

This table shows new group market sales:

Company	New Individual Enrollees
American Family Life Assur Co of Col	43558
Colonial Life & Accident Ins Co	13429
Chesapeake Life Ins Co	3417
Time Insurance Company	2020
Family Heritage Life Ins Co Of Amer	1588
American Fidelity Assur Co	1141
American Income Life Ins Co	1042
Combined Ins Co Of Amer	920
State Farm Mut Auto Ins Co	805
Physicians Mut Ins Co	790
Mutual Of Omaha Ins Co	568
Bankers Life & Cas Co	471
Trustmark Ins Co	408
Globe Life & Accident Ins Co	339
Transamerica Life Ins Co	336
Federal Ins Co	238
Medico Ins Co	233
Guarantee Trust Life Ins Co	224
Washington Natl Ins Co	172
Loyal Amer Life Ins Co	114
United Transportation Union Ins Assn	72
Standard Life & Accident Ins Co	45
Securian Life Ins Co	39

The companies that have less than 220 enrollees:

Company	New Group Enrollees
US Br Sun Life Assur Co of Canada	172
Aetna Life Ins Co	138
Combined Ins Co Of Amer	122
Assurity Life Ins Co	100
Symetra Life Ins Co	85
Prudential Ins Co Of Amer	79
American Fidelity Assur Co	61
Beazley Ins Co Inc	24
Trustmark Ins Co	18
Transamerica Premier Life Ins Co	1

Individual market: 2018

- 32 companies sold individual policies and reported 4,567 fewer enrollees compared to 2017, a 5.96% decrease.
- The top six companies issued 90.37% of the new individual policies sold in Washington state, covering 65,153 individuals.
- One company, American Family Life Assurance Company of Colorado (AFLAC), continues to dominate the market with 43,558 new enrollees, 60.42% of the newly enrolled market.

This table shows new individual market sales:

Company	New Individual Enrollees
American Family Life Assur Co of Col	43558
Colonial Life & Accident Ins Co	13429
Chesapeake Life Ins Co	3417
Time Insurance Company	2020
Family Heritage Life Ins Co Of Amer	1588
American Fidelity Assur Co	1141
American Income Life Ins Co	1042
Combined Ins Co Of Amer	920
State Farm Mut Auto Ins Co	805
Physicians Mut Ins Co	790
Mutual Of Omaha Ins Co	568
Bankers Life & Cas Co	471
Trustmark Ins Co	408
Globe Life & Accident Ins Co	339
Transamerica Life Ins Co	336
Federal Ins Co	238
Guarantee Trust Life Ins Co	224
Washington Natl Ins Co	172
Loyal Amer Life Ins Co	114
United Transportation Union Ins Assn	72
Standard Life & Accident Ins Co	45
Securian Life Ins Co	39
United Amer Ins Co	33
American Gen Life Ins Co	29
LifeSecure Ins Co	28
Great Northern Ins Co	12
Guardian Life Ins Co Of Amer	11
Assurity Life Ins Co	5
Bankers Fidelity Life Ins Co	5

The companies that have less than 220 enrollees:

Company	New Individual Enrollees
American Gen Life Ins Co	29
Assurity Life Ins Co	5
Bankers Fidelity Life Ins Co	5
Great Northern Ins Co	12
Guardian Life Ins Co Of Amer	11
Illinois Mut Life Ins Co	1
LifeSecure Ins Co	28
Loyal Amer Life Ins Co	114
Reliastar Life Ins Co	1
Securian Life Ins Co	39
Standard Life & Accident Ins Co	45
United Amer Ins Co	33
United Transportation Union Ins Assn	72
Washington Natl Ins Co	172

Conclusions

Of the 47 companies that wrote policies in Washington in 2018:

- 32 reported selling at least one new individual policy in 2018, up from 30 in 2017.
- 20 companies reported decreases in new individual enrollees.
- 14 companies have fewer than 200 new individual enrollees.

Companies reported a total of 301,793 policies in force and 517,323 total enrolled members.

- Compared to 2017, enrollment is 1.99% lower, with 10,516 fewer enrollees.

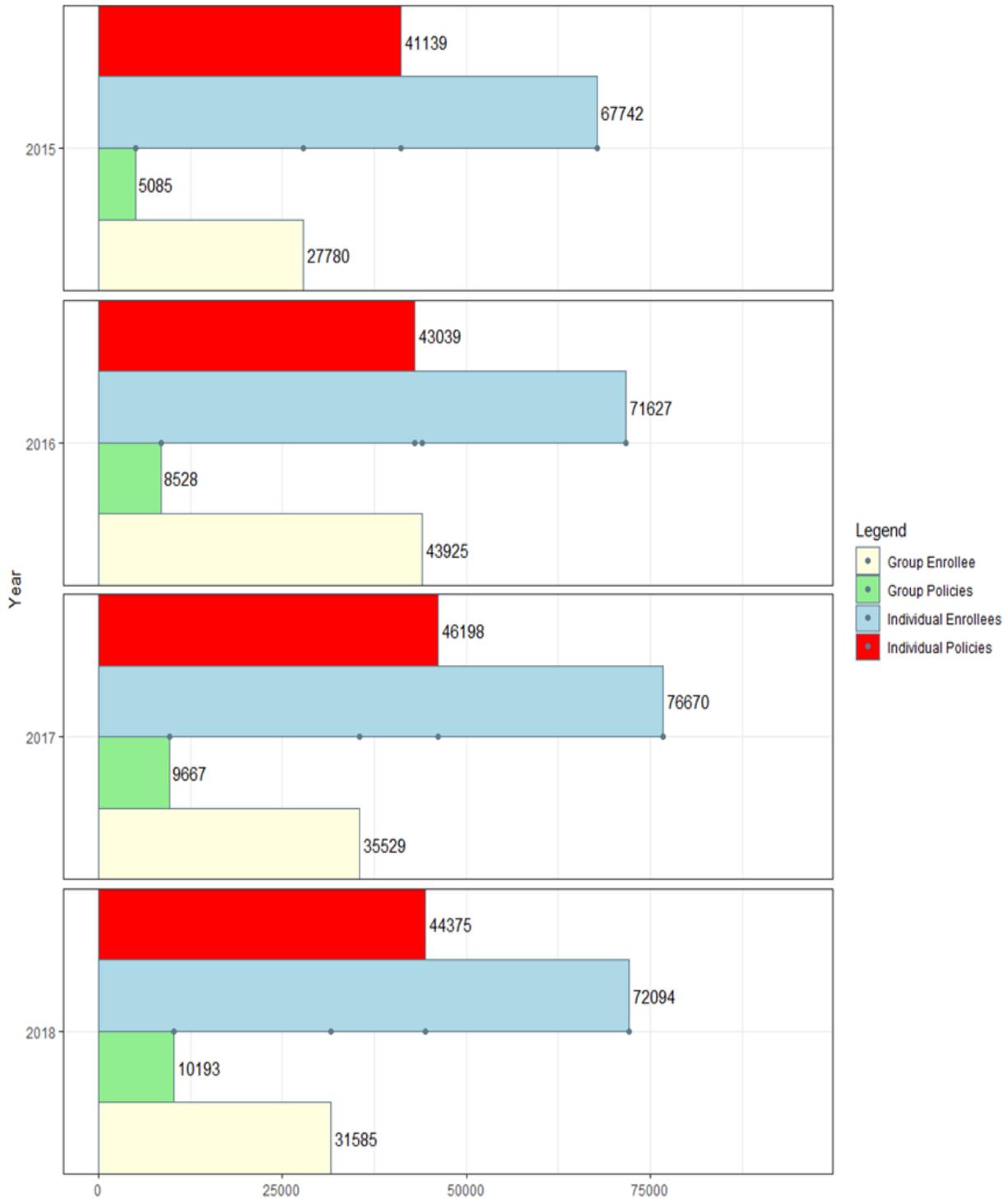
Results comparison

In 2018, the companies issued 44,375 policies to 72,094 new individual enrollees (spouses and dependents may be covered under individual policies).

Compared to 2017, the number of new individual enrollees decreased by 5.7% and the number of policies decreased by 3.95%.

Figure 1: The graph below shows a summation and trend of the individual and group markets for 2015 through 2018. Individual and group enrollments decreased in 2018 after an increase in 2017.

Count of New Enrollment and Policies of both Individual and Group

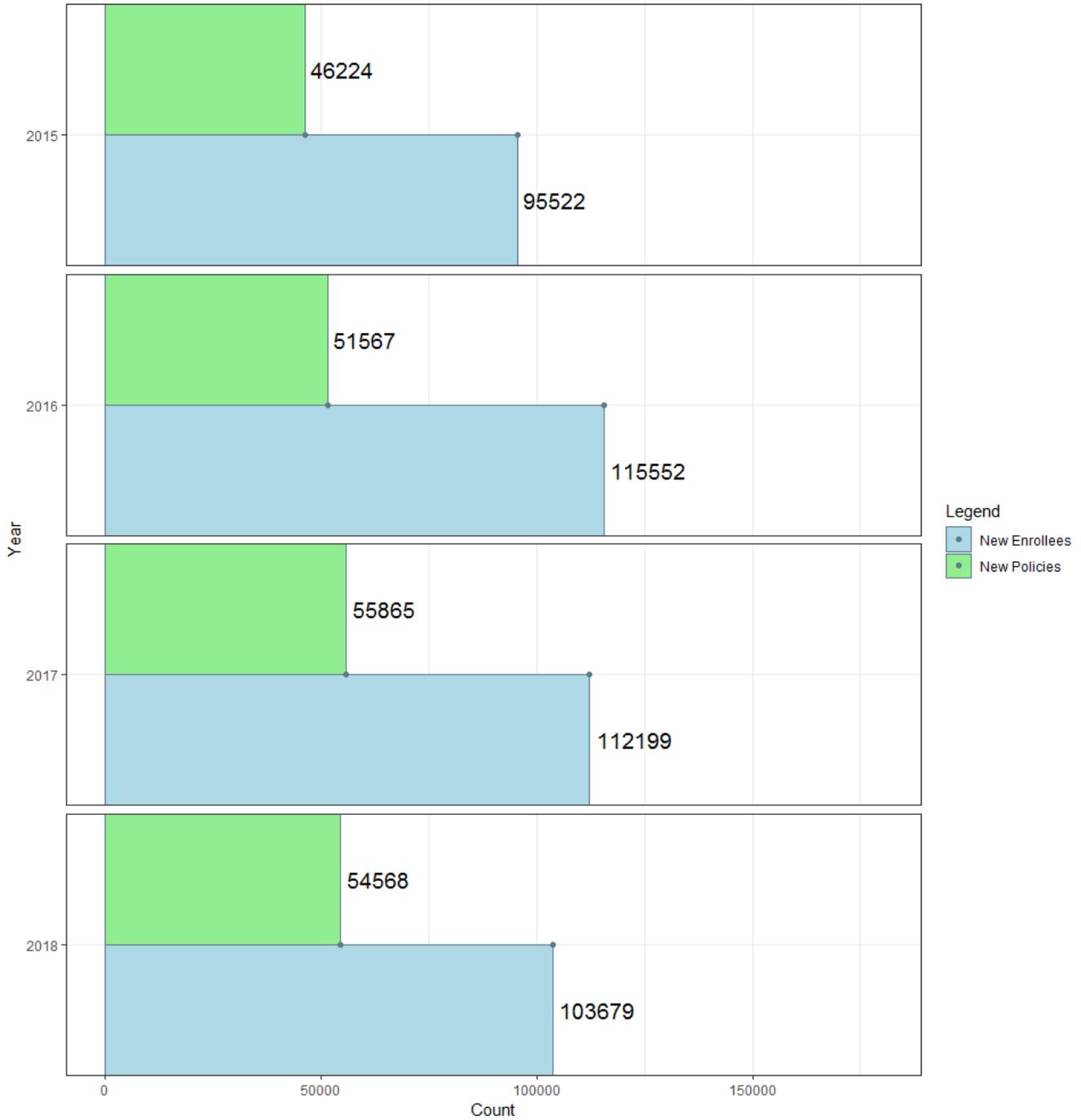


Source: Company responses to the OIC survey for 2018, 2017, 2016 and 2015 benefit years. Data is reported based on benefit year, not survey year.

New enrollees and policies: Individual and group policies

Figure 2: New enrollees and policies for individual and group policy markets. Enrollment decreased 8.22% in 2018 compared to 2017, and the number of policies sold decreased 2.4%.

New Enrollees and Policies - Individual and Group Policies



Source: Company responses to the OIC survey for 2017, 2016, and 2015 benefit years. Data is reported based on benefit year, not survey year.

Appendix A

Sales of new group policies and group enrollees by company

Company	Group Policies 2016	Group Enrollee 2016	Group Policies 2017	Group Enrollee 2017	Group Policies 2018	Group Enrollee 2018
American Heritage Life Ins Co	722	1106	1164	1878	1619	2119
Principal Life Ins Co	5	188	1	12	39	592
Reliastar Life Ins Co Of NY	0	0	0	0	0	0
Trustmark Ins Co	47	68	9	15	11	18
Colonial Life & Accident Ins Co	3158	3706	2832	3566	3965	4464
Lincoln Life & Ann Co of NY	2	114	4	605	0	0
Combined Ins Co Of Amer	1	1	6	6	122	122
Unum Life Ins Co Of Amer	4084	15663	5125	13879	3570	15131
Guardian Life Ins Co Of Amer	3	32	29	478	28	779
Lincoln Natl Life Ins Co	9	4455	14	852	233	337
Transamerica Premier Life Ins Co	0	0	4	4	1	1
Transamerica Premier Life Ins Co	0	0	4	4	1	1
Transamerica Premier Life Ins Co	2	2	4	4	1	1
Transamerica Premier Life Ins Co	2	2	4	4	1	1
Reliastar Life Ins Co	1	121	2	12	8	312
Prudential Ins Co Of Amer	0	0	2	72	2	79
Symetra Life Ins Co	3	788	1	102	2	85
United Of Omaha Life Ins Co	2	121	11	735	8	353
Assurity Life Ins Co	30	66	95	147	72	100

Continental Amer Ins Co	8	7863	13	8330	13	2328
AAA Life Insurance Company	0	4241	0	3477	0	2750
Companion Life Ins Co	8	285	0	338	0	0
US Br Sun Life Assur Co of Canada	9	0	1	153	3	172
US Br Sun Life Assur Co of Canada	9	0	1	153	3	172
US Br Sun Life Assur Co of Canada	0	0	1	153	3	172
US Br Sun Life Assur Co of Canada	0	0	1	153	3	172
Transamerica Life Ins Co	431	2161	311	654	471	687
Standard Life & Accident Ins Co	0	0	0	0	0	0
TOTAL	8536	40983	9639	35786	10179	30948

Sales of new individual policies and individual enrollees by company

Company	Ind. Policies 2016	Ind. Enrollee 2016	Ind. Policies 2017	Ind. Enrollee 2017	Ind. Policies 2018	Ind. Enrollee 2018
Federal Insurance Company	96	96	190	190	238	238
Great Northern Insurance	0	0	16	16	12	12
State Farm Mutual Automobile Insurance Company	1398	1438	983	1048	757	805
Medico Insurance Company	222	222	155	155	233	233
United Transportation Union Insurance Association	30	62	45	80	30	72
American Family Life Assurance Company Of Columbus	22667	44073	24268	45884	23054	43558
American Fidelity Assurance Company	833	1148	717	960	893	1141

American General Life Insurance Company	267	267	216	216	29	29
American Heritage Life Insurance Company	44	203	40	251	0	0
American Income Life Insurance Company	976	1869	643	970	651	1042
Bankers Fidelity Life Insurance Company	18	18	3	3	5	5
Bankers Life & Casualty Company	434	435	392	394	470	471
Trustmark Insurance Company	654	941	594	845	305	408
Chesapeake Life Insurance Company The	2416	3166	2510	3379	2540	3417
Colonial Life & Accident Insurance Company	9141	11116	10133	13015	10745	13429
Combined Insurance Company Of America	870	1396	400	613	515	920
Trustmark Life Insurance Company	0	0	0	0	0	0
Guarantee Trust Life Insurance Company	84	84	88	91	221	224
Illinois Mutual Life Insurance Company	6	6	3	3	1	1
Kanawha Insurance Company	153	153	128	128	0	0
Loyal American Life Insurance Company	43	63	115	185	72	114
Monumental Life Insurance Company	0	0	36	36	0	0
Monumental Life Insurance Company	0	0	36	36	0	0
Transamerica Premier Life Insurance Company	0	0	36	36	0	0
Transamerica Premier Life Insurance Company	0	0	36	36	0	0

Provident Life And Accident Insurance Company The	1064	1662	881	2637	0	0
Washington National Insurance	47	49	46	47	167	172
Transamerica Financial Life Insurance Company	0	0	5	6	0	0
Mutual Of Omaha Insurance Company	134	183	185	249	471	568
Family Heritage Life Insurance Company Of America	683	1750	690	1648	696	1588
Standard Life And Accident Insurance Company	16	23	12	21	25	45
Globe Life And Accident Insurance Company	383	383	484	484	339	339
United American Insurance Company	26	42	30	49	33	33
Total	42705	70848	44116	73711	42502	68864

Total policies and enrollees by company

Company	Did you write fixed payment policies in WA in 2018	Total Enrollees 2018	Total Existing Policies 2018
AAA Life Insurance Company	Yes	17802	1
Aetna Life Ins Co	Yes	334	4
American Family Life Assur Co of Col	Yes	297993	145161
American Fidelity Assur Co	Yes	12394	5987
American Gen Life Ins Co	Yes	1610	1610
American Health and Life	No	93	75
American Heritage Life Ins Co	Yes	3779	2324
American Income Life Ins Co	Yes	12204	9289
American Natl Ins Co	No	8	5
Assurity Life Ins Co	Yes	237	152
Bankers Fidelity Life Ins Co	Yes	563	563
Bankers Life & Cas Co	Yes	10757	9332

BCS Insurance Company	Yes	750	31
Beazley Ins Co Inc	Yes	24	1
Brighthouse Life Insurance Company	No	2	2
Chesapeake Life Ins Co	YES	6320	4609
Colonial Life & Accident Ins Co	Yes	17893	37002
Combined Ins Co Of Amer	Yes	23933	18710
Companion Life Ins Co	No	413	12
Continental Amer Ins Co	Yes	24942	32
Equitable Life & Cas Ins Co	No	22	22
Family Heritage Life Ins Co Of Amer	Yes	10558	4288
Federal Ins Co	Yes	3734	3734
Globe Life & Accident Ins Co	Yes	4042	4042
Great Northern Ins Co	Yes	398	398
Guarantee Trust Life Ins Co	Yes	184	183
Guardian Life Ins Co Of Amer	Yes	1384	63
Illinois Mut Life Ins Co	Yes	22	19
Kansas City Life Ins Co	No	3	3
Life Ins Co Of N Amer	Yes	187	1
LifeSecure Ins Co	Yes	28	28
Lincoln Natl Life Ins Co	Yes	1070	631
Loyal Amer Life Ins Co	YES	114	162
Medico Ins Co	Yes	676	676
Metropolitan Life Ins Co	No	47	47
Mid-West National Life Insurance Company of Tennessee	No	139	89
Mutual Of Omaha Ins Co	Yes	1406	1183
Old Amer Ins Co	No	113	113
Pan Amer Life Ins Co	No	294	0
Pennsylvania Life Ins Co	No	3	3
Physicians Mut Ins Co	No	635	1
Principal Life Ins Co	Yes	724	47
Professional Ins Co	No	2	1
Prudential Ins Co Of Amer	Yes	83	40
Reliastar Life Ins Co	Yes	6376	95
RiverSource Life Ins Co	No	2	2
Securian Life Ins Co	Yes	39	26
Sentinel Security Life Insurance Company	No	10	8
Standard Ins Co	Yes	848	31
Standard Life & Accident Ins Co	Yes	83	65
State Farm Mut Auto Ins Co	Yes	8574	7267
Sunset Life Ins Co Of Amer	No	1	1

Symetra Life Ins Co	Yes	744	8
Time Insurance Company	Yes	2743	2014
Transamerica Cas Ins Co	No	1	1
Transamerica Financial Life Ins Co	No	27	14
Transamerica Life Ins Co	Yes	3063	1298
Transamerica Premier Life Ins Co	Yes	1972	1270
Trustmark Ins Co	Yes	1076	790
Unified Life Ins Co	No	9	9
Union Labor Life Ins Co	No	91	60
United Amer Ins Co	Yes	308	567
United Of Omaha Life Ins Co	Yes	1197	26
United States Life Ins Co in the Cit	No	9037	9037
United Transportation Union Ins Assn	Yes	343	191
Unum Life Ins Co Of Amer	Yes	15131	22391
US Br Sun Life Assur Co of Canada	Yes	487	12
USAA Life Ins Co	No	94	94
USABLE Life	No	2	2
Washington Natl Ins Co	Yes	6991	5306
Western & Southern Life Ins Co	No	16	14
Wilcac Life Ins Co	No	2	2
Wilco Life Ins Co	No	80	80
Wilton Reassur Life Co of NY	No	2	2
Woodmen World Life Ins Soc	No	55	55
Total		517323	301414

Appendix B

Survey sent to carriers

Washington State Authorized Disability Carrier:

RCW 48.43.650 requires the Office of Insurance Commissioner (OIC) to file a report with the Legislature annually showing specific aggregate information about fixed-payment policies, as defined in RCWs 48.20.555 and 48.21.375. The next report is due June 1, 2019.

In order to meet this deadline, you must file a report with us by February 28, 2019, giving us the aggregate information we need to report to the Legislature. The data required is to be sent to us electronically as an EXCEL spreadsheet utilizing the template provided by our agency.

For purposes of this report, fixed-payment policies are defined as illness-triggered fixed-payment insurance, hospital confinement fixed-payment insurance, or other fixed-payment insurance policies where the benefit provided is a fixed dollar amount that is paid regardless of the amount charged. Fixed-payment riders attached to any policy type are not included, nor are policies typically defined as disability income policies.

To file this report, we need the following information sent to us by February 28, 2019.

Field #	Question	Field Type
1	Did you write fixed-payment policies in WA in 2018?	Y or N
2	Number of new fixed-payment policies issued in 2018 – group	Numeric
3	Number of new fixed-payment policies issued in 2018 – individual	Numeric
4	The number of new fixed-payment policy group enrollees in 2018	Numeric
5	The number of new individual fixed-payment policy enrollees in 2018	Numeric
6	Total number of enrollees on all fixed-payment policies on 12/31/2018	Numeric
7	Total number of existing fixed-payment policies in force on 12/31/2018	Numeric
8	The number of WA insurance department complaints for fixed-payment policies received in 2018	Numeric

This information should be emailed to MarketConductOversight@oic.wa.gov. Include the name, email address, and phone number of the designated company contact person for this report. Future requests will be sent to this contact person. If this information changes, please notify us at the email address listed above.

You are receiving this request as our records indicate that you have either previously sold this type of product, were planning to sell this type of product or have this type of product filed in Washington state.

If you have any questions, you can email them to the email address previously listed or you may call John Haworth at 360.725.7223. Thank you for your time and cooperation.

Sincerely,

A handwritten signature in black ink, appearing to read "John Haworth", enclosed within a large, loopy oval flourish.

John Haworth, CIE, CPCU, FLMI, MCM

Market Conduct Oversight Manager

State of Washington, Office of the Insurance Commissioner

Phone: (360)725-7223 | Email: JohnHaw@oic.wa.gov