

INTRODUCTION

Included in this report are the 2008 loss ratios on Medicare supplement business as reported to the National Association of Insurance Commissioners (NAIC).

Reporting of these loss ratios, on forms conforming to those developed by the NAIC, is required by the Medicare Catastrophic Coverage Act of 1988, Public Law 100-360. Although major provisions of the Catastrophic Coverage Act were repealed one year later, this reporting requirement was left intact. The data reported are utilized by state insurance departments to help evaluate insurers' compliance with loss ratio standards for Medicare supplement policies. A copy of the experience exhibit, which is used to collect the data, is included. The filing deadline for the 2008 exhibit was March 1, 2009.

This report shows direct premiums earned, market share, direct claims incurred and loss ratios on a countrywide basis for 3,890 filings by 298 insurers filing Medicare Supplement Insurance Experience Exhibits with the NAIC. The report lists companies in descending order of direct premiums earned and in alphabetical order by name. The report also shows insurers' experience separately for: 1) individual policies issued through 2005; 2) individual policies issued in 2006, 2007 and 2008; 3) total individual policies; 4) group policies issued through 2005; 5) group policies issued in 2006, 2007 and 2008; 6) total group policies; and 7) total individual and group policies.

Also included at the beginning of the report is a table presenting aggregated data for all companies reporting. Insurers reported total direct premiums earned in 2008 of \$19 billion, with direct claims incurred of \$15.2 billion for all Medicare supplement policies. This resulted in a 79.9% loss ratio. A second table presents a 10-year summary of totals for the years 1999 through 2008.

The majority of the Medicare supplement insurance market is written through individual policies. Total direct premiums earned for individual policies were \$14.8 billion with direct claims incurred of \$11.8 billion in 2008. This resulted in a 79.4% loss ratio. The loss ratio for individual policies issued through 2005 was significantly lower at 77.6%. The loss ratio for individual policies issued in 2005, 2006 and 2007 was significantly higher at 84.1%.

Total direct premiums earned for all group policies in 2008 were \$4.2 billion, with total direct claims incurred of \$3.4 billion, resulting in an 81.4% loss ratio. The loss ratio for group policies issued through 2005 was slightly higher at 82.3%, whereas the loss ratio for group policies issued in 2005, 2006 and 2007 was lower at 78.6%.

Beginning with the 1994 filings, companies are to report the number of covered lives for each policy form. Total covered lives reported in 2008 for both individual and group policies was 9.5 million, down slightly from last year. In the event that a company has exited this business or was unable to provide the number of covered lives, zeros appear.

A Market Share Report containing the Top Ten Companies by Direct Premiums Earned doing business in each state is included in the report. A map and report with Number of Covered Lives by State is included in the report Summary section. A Company Index has been added which includes all 298 insurers, summary totals for each company's premiums and number of covered lives for those years prior to 2005, and a summary total for premiums and number of covered lives for the years 2006, 2007 and 2008.

Qualifications

The accuracy of the reports included in this publication is dependent on the accuracy of the information contained in the exhibits filed by insurers. Even though the data elements used to prepare the reports are extracted from exhibits filed with the NAIC, the NAIC cannot verify or guarantee their accuracy.

While the NAIC exercises a great deal of care in capturing data from these exhibits and producing these reports, as with any statistical project of a significant magnitude, errors can occur. Consequently, the NAIC makes no representations or warranties with respect to the accuracy of the data and statistics in this report.

If you have any questions regarding the actual report, please contact Sara Robben at the NAIC at (816) 783-8230. If you have questions regarding reporting issues, please contact Kristi Montanelli at (816) 783-8408. Additional copies of this report can be obtained from:

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