

PREMIUM REPORT



A MILLIMAN SUPPLEMENTAL & SPECIALTY RESEARCH SURVEY

Worksite Life Insurance 2024 Research Report

November 2024

David Bahlinger, Research Director

Ashlee Borcan, FSA, MAAA

Robert Eaton, FSA, MAAA

Bill Mehilos, FSA, MAAA

Darrell Spell, FSA, MAAA

Michael Weilant, FSA, MAAA

About the Premium Report

The primary source of information for this report comes from the Milliman 2024 Worksite Life product survey which focuses on the worksite life insurance market only. Survey responses were collected from 19 carriers through August 2024. We have also provided information from the Milliman 2024 State of the Market Survey within this report.

Aggregate and detailed data were 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 to the aggregate survey results. To maintain confidentiality, respondents may not have provided certain information for some questions. 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.

The product scope of this survey is life insurance products sold at the worksite that are entirely paid for by the employee. These products have both group and individual characteristics. The intention is to exclude products that have any portion of the policy paid for by the employer, such as policies that are "pure" group insurance (e.g., annually renewable term insurance). The products in this survey are more individual in nature (though some are filed as group) and tend to be fully portable.

This Premium Report includes 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 will 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**

Our Milliman Consultants

Robert Eaton, FSA, MAAA
Principal and Consulting Actuary

Robert focuses on life insurance and long-term care (LTC). He assists companies with product development and pricing of hybrid life and LTC (or chronic illness) products, and with mergers and acquisitions for block of LTC, life insurance, and worksite A&H products.



Bill Mehilos, FSA, MAAA
Principal and Consulting Actuary

Bill works with term life, universal life, whole life, and life-LTC hybrid products, and his primary area of expertise is simplified issue/guaranteed issue worksite life insurance in the worksite market. He consults on strategy, product development and pricing, modeling, and system implementation.



Outline

EXECUTIVE SUMMARY

MARKET OVERVIEW

- Anonymous Ranking of Carriers by 2023 Inforce and Sales

SALES AND INFORCE

- Sales
 - By Year 2021-2023
 - By Product Type
 - By Distribution Channel by Year 2021-2023
 - By Enrollment Method by Year 2021-2023
 - By Offering Type by Year 2021-2023
 - By Employer Group Size
 - Simple Average by Year 2021-2023
 - Average Weighted by Sales by Year 2021-2023
- Average Annual Premium and Face Amounts
 - Average Annual Premium per Policy by Product by Year 2020-2024
 - Average Face Amount per Policy by Product by Year 2020-2024
 - Maximum Face Amount Allowed by Product by Year 2020-2024
- Inforce
 - By Year 2021-2023

LONG-TERM CARE/CHRONIC ILLNESS RIDERS

- Hybrid Riders
 - Percent of 2023 Sales by Product
 - Selling and Filing Riders by Rider Type
 - 2023 Sales with Riders by Rider Combination Type

SAMPLE PREMIUM AMOUNTS

- Annual Sample Premium Averages for 35-year-olds and 45-year-olds
 - Base Product only
 - Minimum, Maximum, Average, Count
 - AOB
 - Minimum, Maximum, Average, Count
 - AOB + ROB
 - Minimum, Maximum, Average, Count
 - AOB + EOB
 - Minimum, Maximum, Average, Count
- Product Rated: Issue or Attained Age
- New LTC Regulations
 - Plans to Develop Solutions for New LTC Regulations

UNDERWRITING

- Underwriting Methods
 - Underwriting Methods by Year 2020-2023
 - GI distribution (Employees, Spouses, Children/Grandchildren) by Year 2020- 2023
 - Underwriting Methods (Employees, Spouses, Children/Grandchildren)
 - Offering GI (Employees, Spouses, Children/Grandchildren)
- GI Face Amount Limits
 - Employee GI Face Amount Limits by Employer Group Size
 - Employee GI Face Amount Limits by Employer Group Size by Year 2022-2024
 - GI Face Amount Limits by Employer Group Size (Employees, Spouses, Children/Grandchildren)
- Re-Enrollment Guaranteed Issue Offerings
 - GI at Re-enrollment and Evergreen GI Offering

PARTICIPATION

- Target Participation
 - By Year 2019-2023
 - Target Participation by Employer Group Size by Year 2021-2023
- Target vs. Actual Participation
 - Target vs. Actual Participation by Year 2020-2023
 - Target vs. Actual Participation by Employer Group Size
 - Actual Participation Better than Target by Year 2021-2023
- Tracking Participation
 - By Year 2021-2024

THIRD-PARTY DATA

- Third-Party Data and Vendors
 - Percentage of Carriers Using Third-Party Data
 - How Third-Party Data is Used by Year 2022-2024

LAPSE RATES

- Lapse Rate Assumptions
 - Durational Lapse Rates by Year 2021-2023
 - Durational Lapse Rates by Product Line

COMMISSIONS

- Commission Structures
 - Commission Structure
 - Commission Structure by Year 2022-2024
 - Average Heaped Commissions by Year 2020-2021

INTEREST RATES

- Interest Rates
 - Current Earned, Credited, and Guaranteed by Year 2020-2024
- Reinsurance Relationships

PROFITS

- Primary Profit Metric and Measurement
 - Primary Profit Metrics
 - Profit Measure: Pre/Post-Tax
 - Profit Measure: Pre/Post-Capital
 - Tax and Capital Treatment for Profit Metrics
- Target vs. Actual Profitability
 - Average Pricing Target by Product
 - Average Pricing Target by Year 2021-2023
 - Target vs. Actual Profitability by Year 2019-2023
 - Profit Margin Actual Profitability by Product
 - IRR Actual Profitability by Product
- Claims Levels
 - Average Claim Level Change from 2019 by Year 2020-2023

PERCEIVED RISKS AND COMPETITORS

- Risks
 - Perceived Risks by Year 2022-2024
- Overall Competitors
 - Top Tier
 - Other Players

MARKET TOPICS

- Biggest Opportunities
- Biggest Threats
- InsureTech and AI Preparedness
 - Preparedness by Year 2023-2024
- Top Complaints from Sales Team/Brokers

Participating Carriers

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

5 STAR LIFE INSURANCE CO.

AFLAC GROUP

ALLSTATE BENEFITS

AMERICAN FIDELITY

ASSURITY LIFE

CHUBB/ COMBINED

ILLINOIS MUTUAL LIFE INSURANCE COMPANY

LIFE INSURANCE COMPANY OF ALABAMA

MASSMUTUAL

METLIFE

NEW YORK LIFE INSURANCE COMPANY

SUN LIFE

TEXAS LIFE

THE CINCINNATI LIFE INSURANCE COMPANY

TRANSAMERICA

TRUSTMARK INSURANCE COMPANY

UNUM

VOYA FINANCIAL

WASHINGTON NATIONAL LIFE INSURANCE COMPANY



Milliman's Supplemental & Specialty 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. 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.

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.

milliman.com

CONTACT

David Bahlinger
david.bahlinger@milliman.com

Ashlee Borcan
ashlee.borcan@milliman.com

Robert Eaton
robert.eaton@milliman.com

Bill Mehilos
bill.mehilos@milliman.com

Darrell Spell
darrell.spell@milliman.com

Michael Weiland
michael.weiland@milliman.com

The authors would like to acknowledge the exceptional work of Casey Stringer, Research Analyst, in the creation of this report.

The data in this report has been summarized for distribution. Some of the data presented in this report has been aggregated at the total market level. In addition, not all data points collected from the surveys may be shown in this summary report. It is possible that different reviewers of the data could produce different conclusions, particularly for certain market segments, than those that may be drawn from this summary report. As such, readers of this report should be cautious when interpreting the data and making decisions regarding specific market segments.

In preparing this report, we relied upon data and other information provided by survey participants in the marketplace. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our report may likewise be inaccurate or incomplete. We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of this report.

The authors of this report are Consultants for Milliman and include members of the American Academy of Actuaries who meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

© 2024 Milliman, Inc. All Rights Reserved.