

# U.S. Individual Life COVID-19 Reported Claims Analysis – 3Q 2022 Update

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# U.S. Individual Life COVID-19 Reported Claims Analysis – 3Q 2022 Update

## Section 1: Introduction

LIMRA, Reinsurance Group of America (RGA), the Society of Actuaries Research Institute (SOA), and TAI have collaborated on an ongoing effort to analyze the impact of COVID-19 on the individual life insurance industry's mortality experience and share the emerging results with the insurance industry and the public. The Individual Life COVID-19 Project Work Group (Work Group) was formed as a collaboration of LIMRA, RGA, the SOA Research Institute, and TAI to design, implement, and create the study and to produce and distribute a variety of analyses.

This report documents a high-level analysis of the claims that have been reported through September 30, 2022. This report is different from the excess mortality reports as there is significant lag between the time data is collected for a given period and the time we are able to release the final results for that period.

This report focuses instead on a comparison of the claims that have been reported through specific quarter-end dates during the pandemic as compared to claims reported through those same periods in years prior to the pandemic. This approach allows for a comparison of all data that we have available through the end of September 2022. While this report does not offer a look at mortality rates themselves, it could provide a leading indicator of the mortality results to come in the next six months based on the change in pattern of claims reported.

The results presented here are based on data from 28 companies representing approximately 69% of the individual life insurance in force for the experience period of the study. Not all companies were able to provide claim reported date.

As a basis of additional comparison, results from the most recent SOA Research Institute Group Life Insurance COVID-19 Mortality Survey research are referenced. Unless otherwise noted, all references to data, claims, and any analysis results in this report refer to the individual life mortality experience.

## Section 2: Executive Summary

The following are some of the more notable observations from the analyses detailed in this report:

- Ratios of claims reported by quarter during the pandemic as compared to the average for the same quarters from the three years prior to the pandemic (2017-2019) ranged from 98%-122% for individual life on a count basis for fully underwritten business.
- By amount, the ratios for individual life fully underwritten business needed to be adjusted for the natural upward trend that results from a combination of the aging of business and inflation in the size of death benefits purchased over time. This is a material factor for individual life business averaging between 5%-7% per year at an industry level and, for that reason, figures in this report are shown both with and without the adjustment for this trend. Ratios of individual life reported claims by quarter on an amount basis during the pandemic versus prior years ranged from 112%-152% before the adjustment for trend and 96%-132% after adjustment for trend.
- Due to the Delta variant, in the third quarter of 2021, the ratios of reported claims to historical average began to increase more at the younger ages, most notably at attained ages under 60 on both a count and amount basis. This continued through the first quarter of 2022.
- Claim reported ratios in the second quarter of 2022 appeared to be reverting towards historical norms. However, ratios in the most recent quarter increased relative to the lows seen last quarter.

## Section 3: Methodology

LIMRA, RGA, TAI and the SOA Research Institute jointly collected the data supporting the results of this report. Both claims and inforce/termination data were collected from a group of 28 individual life insurance companies. The data used in this report focuses only on fully underwritten business and covers calendar years 2016 through the third quarter of 2022, representing approximately 1.9 million claims.

This report focuses on report dates only as this allows for including data through the end of the reporting period. Claim counts and amounts reported are examined by calendar quarter starting in the first quarter of 2016. For each quarter during the pandemic, reported claims by quarter are compared to the average for the same quarter over the period 2017-2019. Only fully underwritten business is included for this analysis.

In addition, for individual life business, results by amount needed to be adjusted for the natural upward trend that occurs due to a combination of the aging of business and inflation in the size of death benefits purchased over time. This is a material factor for individual life business and, for that reason, figures in this report are shown both with and without the adjustment for this trend. Based on the data received from participants in the analysis, the trend varies by quarter and by company but, on average, it is in the range of 5%-7% per year.

Please note that not all companies in the study provided claim reported date and that historical claim data can change due to corrections, additions, or other normal process changes. These changes may have a more material effect on the Reported Claims study than the Excess Mortality study due to the lower number of claims with a claim reported date. As additional quarters are added, the reports will be updated with the new information provided for both current and earlier quarters.

## Section 4: Results

Table 1 below shows the ratios of individual life insurance claims for each quarter since the start of the pandemic as compared to the average for the same quarter in 2017-2019. Note that results from the most recent group life COVID-19 survey are also included in order to allow for a comparison to individual life insurance.

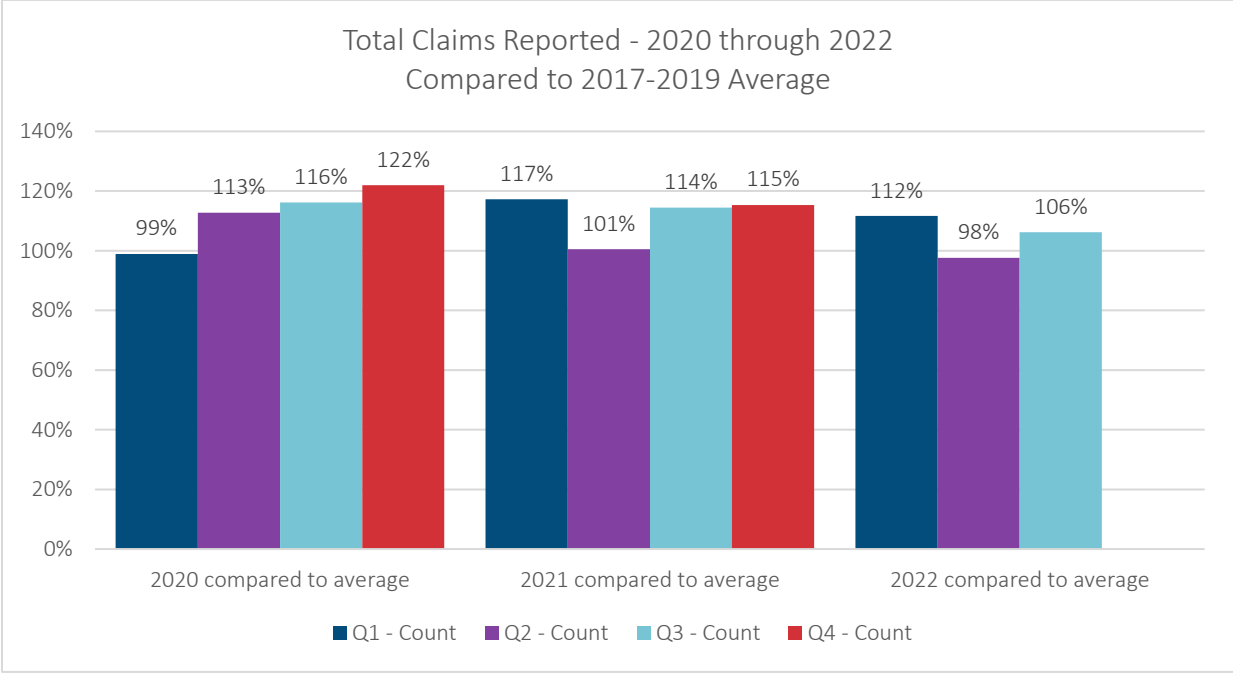
**Table 1**  
**REPORTED CLAIMS – RATIO OF REPORTED CLAIMS BY QUARTER TO HISTORICAL AVERAGE (2017-2019)**  
**BY CLAIM COUNT AND CLAIM AMOUNT, INDIVIDUAL LIFE FULLY UNDERWRITTEN ONLY**

Quarter Reported	Group Life*	Individual Life	Individual Life (adjusted for trend)
<b>CLAIM COUNT</b>			
2020 Q1	99%	99%	n/a
2020 Q2	111%	113%	n/a
2020 Q3	114%	116%	n/a
2020 Q4	122%	122%	n/a
2021 Q1	129%	117%	n/a
2021 Q2	111%	101%	n/a
2021 Q3	124%	114%	n/a
2021 Q4	132%	115%	n/a
2022 Q1	124%	112%	n/a
2022 Q2	103%	98%	n/a
2022 Q3	104%	106%	n/a
<b>CLAIM AMOUNT</b>			
2020 Q1	100%	112%	103%
2020 Q2	115%	134%	122%
2020 Q3	126%	124%	113%
2020 Q4	132%	134%	123%
2021 Q1	138%	149%	131%
2021 Q2	123%	123%	105%
2021 Q3	148%	152%	132%
2021 Q4	154%	142%	123%
2022 Q1	138%	141%	117%
2022 Q2	111%	120%	96%
2022 Q3	117%	129%	105%

\*The results for group life insurance were obtained from the SOA Research Institute Group Life Insurance COVID-19 Mortality Survey monthly report (September 2022, available upon request).

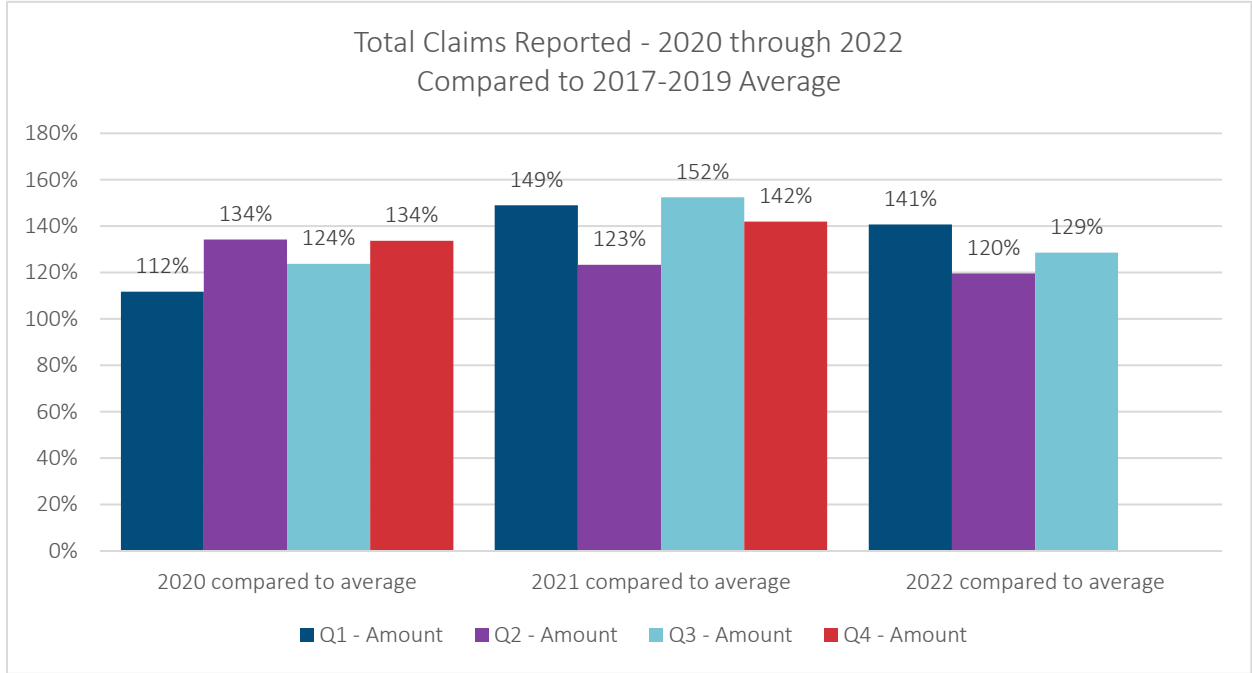
The charts below show a summary of the ratios of reported claims to the average prior to the pandemic by quarter since the start of the pandemic. Note that Figure 1 shows results on a count basis and Figure 2 examines results on an amount basis (unadjusted for normal trend of claim amounts over time). Figure 3 provides results by amount that were adjusted for trends in amount of claims reported over time.

**Figure 1**  
**RATIOS OF INDIVIDUAL LIFE INSURANCE TOTAL CLAIM COUNTS REPORTED COMPARED TO 2017-2019 AVERAGE**

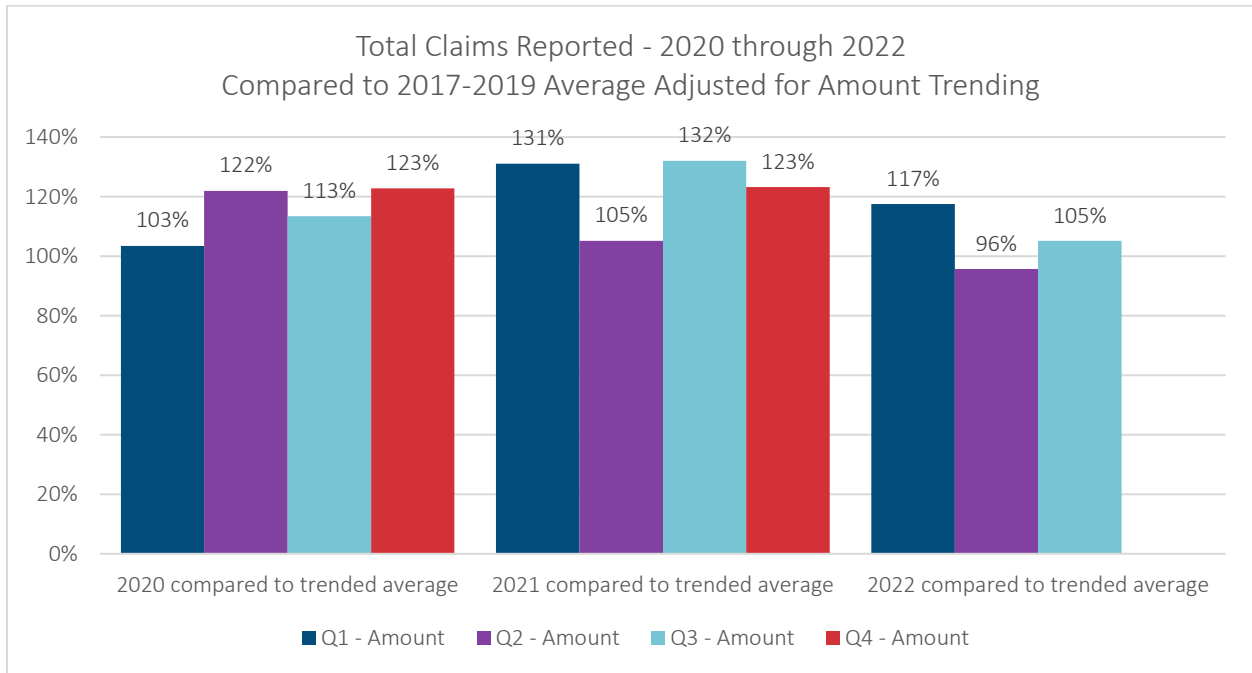




**Figure 2**  
**RATIOS OF INDIVIDUAL LIFE INSURANCE TOTAL CLAIM AMOUNTS REPORTED COMPARED TO 2017-2019 AVERAGE, UNADJUSTED FOR CLAIM AMOUNT TREND**



**Figure 3**  
**RATIOS OF INDIVIDUAL LIFE INSURANCE TOTAL CLAIM AMOUNTS REPORTED COMPARED TO 2017-2019 AVERAGE, ADJUSTED FOR TREND IN CLAIM AMOUNTS REPORTED**



#### 4.1 BY ATTAINED AGE

The impact of the numerous COVID waves and variants can be seen more clearly when the results are shown by attained age. Early in the pandemic, the ratio of reported claims to the historical average increased more at the older attained ages. However, starting with the Delta variant in the third quarter of 2021, the ratios of reported claims to the historical average increased at the younger ages, most notably at ages under 60. This can be seen by both count and amount adjusted for trend in Tables 2 and 3, respectively.

Starting in the second quarter of 2022, the ratios appeared to be moving back toward historical averages. However, claim ratios did increase slightly across all ages in the most recent quarter.

**Table 2**

#### REPORTED CLAIMS – RATIO OF CLAIMS BY QUARTER AND ATTAINED AGE TO HISTORICAL AVERAGE (2017-2019) FOR INDIVIDUAL LIFE FULLY UNDERWRITTEN POLICIES BY CLAIM COUNT

Quarter Reported	Under 50	50-59	60-69	70-79	80-89	90+	All Ages
2020 Q1	103%	98%	106%	104%	95%	97%	99%
2020 Q2	110%	110%	115%	117%	109%	115%	113%
2020 Q3	116%	110%	115%	120%	112%	121%	116%
2020 Q4	117%	116%	123%	127%	120%	122%	122%
2021 Q1	115%	119%	125%	131%	112%	110%	117%
2021 Q2	113%	108%	107%	109%	94%	96%	101%
2021 Q3	137%	129%	122%	120%	107%	108%	114%
2021 Q4	131%	129%	127%	123%	110%	105%	115%
2022 Q1	127%	116%	121%	122%	106%	104%	112%
2022 Q2	107%	93%	100%	105%	94%	95%	98%
2022 Q3	110%	93%	104%	114%	104%	107%	106%

**Table 3**

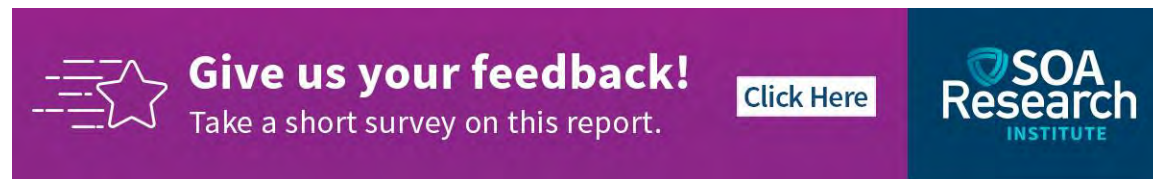
#### REPORTED CLAIMS – RATIO OF CLAIMS BY QUARTER AND ATTAINED AGE TO HISTORICAL AVERAGE (2017-2019) FOR INDIVIDUAL LIFE FULLY UNDERWRITTEN POLICIES BY AMOUNT, ADJUSTED FOR CLAIM AMOUNT TREND

Quarter Reported	Under 50	50-59	60-69	70-79	80-89	90+	All Ages
2020 Q1	106%	116%	114%	100%	92%	101%	103%
2020 Q2	102%	134%	112%	122%	116%	136%	122%
2020 Q3	106%	113%	108%	123%	106%	119%	113%
2020 Q4	118%	132%	118%	139%	126%	102%	123%
2021 Q1	117%	166%	149%	131%	110%	121%	131%
2021 Q2	104%	130%	103%	111%	94%	97%	105%
2021 Q3	158%	158%	126%	121%	126%	124%	132%
2021 Q4	133%	145%	131%	127%	113%	104%	123%
2022 Q1	129%	166%	132%	120%	99%	91%	117%
2022 Q2	100%	117%	88%	104%	89%	84%	96%
2022 Q3	115%	110%	103%	106%	112%	87%	105%

## Section 5: Reliance and Limitations

The Individual Life COVID-19 Project Work Group would like to stress that, due to delays in the reporting and recording of claim information in the insured data, the more recent data submitted for this research is considered preliminary and will change with subsequent data submissions. Also, historical claim data can change due to other corrections, additions, or normal process changes.

The analyses in this report are based on data submissions from 28 individual life insurance companies with data reported as of September 30, 2022. Not all companies were able to provide claim reported date.



A horizontal banner with a purple background on the left and a dark blue background on the right. On the left, there is a white star icon with horizontal lines extending from its left side. To the right of the star, the text "Give us your feedback!" is written in white, bold font, followed by "Take a short survey on this report." in a smaller white font. To the right of this text is a white rectangular button with the text "Click Here" in dark blue. On the right side of the banner, the SOA Research Institute logo is displayed in white, featuring a shield icon above the text "SOA Research INSTITUTE".

## Section 6: Acknowledgments

LIMRA, RGA, the SOA Research Institute, and TAI would like to acknowledge the Individual Life COVID-19 Project Work Group. Without their efforts, this project could not have come to fruition.

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## Section 7: List of Participating Companies

AIG Life  
Allstate  
Ameritas Life Insurance Corp.  
Amica Life  
CNO Financial Group  
Equitable  
Global Atlantic Financial Group  
Government Personnel Mutual Life  
Kansas City Life  
Lincoln Financial  
MetLife  
Mutual of Omaha  
Mutual Trust  
Nationwide  
New York Life Insurance Company  
Northwestern Mutual  
OneAmerica  
Pacific Life  
Pan-American Life  
Pavonia Life Insurance Co of MI (Global Bankers)  
Principal Financial Group  
Protective Life  
Prudential Financial  
Sammons Financial  
SBLI  
Securian Financial  
State Farm Life  
Symetra  
The Independent Order of Foresters  
Western & Southern  
Woodmen Life

## About Reinsurance Group of America

Reinsurance Group of America, Incorporated (RGA), a Fortune 500 company, is among the leading global providers of life reinsurance and financial solutions, with approximately \$3.5 trillion of life reinsurance in force and assets of \$84.7 billion as of December 31, 2020. Founded in 1973, RGA today is recognized for its deep technical expertise in risk and capital management, innovative solutions, and commitment to serving its clients. With headquarters in St. Louis, Missouri, and operations around the world, RGA delivers expert solutions in individual life reinsurance, individual living benefits reinsurance, group reinsurance, health reinsurance, facultative underwriting, product development, and financial solutions. To learn more about RGA and its businesses, visit the Company's website at [www.rgare.com](http://www.rgare.com).

## About TAI

Improving Administrative Efficiency While Reducing Operational and Financial Risk

Over 115 clients worldwide and over 90% of the top 50 insurers in North America trust TAI software for their life reinsurance administration.

A dedicated team of reinsurance experts who have performed over 100 engagements to support insurers and reinsurers in full-time administration, identifying treaty data discrepancies, system projects, and analyzing operational processes and compliance.

## About LIMRA

Established in 1916, LIMRA is a research and professional development not-for-profit trade association for the financial services industry. More than 600 insurance and financial services organizations around the world rely on LIMRA's research and educational solutions to help them make bottom-line decisions with greater confidence. Companies look to LIMRA for its unique ability to help them understand their customers, markets, distribution channels and competitors and leverage that knowledge to develop realistic business solutions.

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## About The Society of Actuaries Research Institute

Serving as the research arm of the Society of Actuaries (SOA), the SOA Research Institute provides objective, data-driven research bringing together tried and true practices and future-focused approaches to address societal challenges and your business needs. The Institute provides trusted knowledge, extensive experience and new technologies to help effectively identify, predict and manage risks.

Representing the thousands of actuaries who help conduct critical research, the SOA Research Institute provides clarity and solutions on risks and societal challenges. The Institute connects actuaries, academics, employers, the insurance industry, regulators, research partners, foundations and research institutions, sponsors and non-governmental organizations, building an effective network which provides support, knowledge and expertise regarding the management of risk to benefit the industry and the public.

Managed by experienced actuaries and research experts from a broad range of industries, the SOA Research Institute creates, funds, develops and distributes research to elevate actuaries as leaders in measuring and managing risk. These efforts include studies, essay collections, webcasts, research papers, survey reports, and original research on topics impacting society.

Harnessing its peer-reviewed research, leading-edge technologies, new data tools and innovative practices, the Institute seeks to understand the underlying causes of risk and the possible outcomes. The Institute develops objective research spanning a variety of topics with its [strategic research programs](#): aging and retirement; actuarial innovation and technology; mortality and longevity; diversity, equity and inclusion; health care cost trends; and catastrophe and climate risk. The Institute has a large volume of [topical research available](#), including an expanding collection of international and market-specific research, experience studies, models and timely research.

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