

GAO

Report to the Chairman, Subcommittee
on Health, Committee on Ways and
Means, House of Representatives

February 1994

**MEDIGAP
INSURANCE**

**Insurers' Compliance
With Federal Minimum
Loss Ratio Standards,
1988-91**





United States
General Accounting Office
Washington, D.C. 20548

Health, Education, and
Human Services Division

B-252803

February 7, 1994

The Honorable Fortney H. (Pete) Stark
Chairman, Subcommittee on Health
Committee on Ways and Means
House of Representatives

Dear Mr. Chairman:

This is our third report in response to your December 1988 request that we monitor the value of Medicare supplemental insurance—commonly called Medigap—to policyholders through 1994.¹ Also, this report is our first under the requirement contained in the Omnibus Budget Reconciliation Act of 1990² (OBRA 1990) that we audit compliance of Medigap policies with federal loss ratio standards every 3 years.

From 1980 through the enactment of OBRA 1990, the Congress has periodically passed legislation and conducted oversight hearings to improve the value of Medigap insurance to the elderly. One measure of the value of this insurance is the percentage of premiums returned to policyholders as benefits, which is called the loss ratio. For each year from 1988 through 1991, the federal minimum loss ratio standard for Medigap insurance was 75 percent for policies sold to groups and 60 percent for policies sold to individuals.³ These loss ratio standards are the subject of this report.

Results in Brief

From 1988 through 1991, the overall Medigap market grew by more than 50 percent; premiums rose from about \$7 billion to \$11 billion. In the first half of the 1988-91 period, Medigap insurers' loss ratios declined for both individual and group policies. Beginning in 1990, loss ratios increased, and the 1991 aggregate loss ratios were approximately at their 1988 levels—80 percent for policies sold to individuals and 90 percent for group policies. The loss ratios for individual policies represent a sharp

¹Medigap insurance is designed specifically to pay deductibles or coinsurance for Medicare beneficiaries. Our previous reports were Medigap Insurance: Better Consumer Protection Should Result From 1990 Changes to Baucus Amendment (GAO/HRD-91-49, Mar. 5, 1991) and Medigap Insurance: Insurers Whose Loss Ratios Did Not Meet Federal Minimum Standards in 1988-89 (GAO/HRD-92-54, Feb. 28, 1992).

²Public Law 101-508, section 4355(a)(5)(A), Nov. 5, 1990.

³As discussed in this report, section 4355(a) in OBRA 1990 set the minimum loss ratio standard for individual policies at 65 percent for policies sold or issued after November 5, 1991.

improvement from the early 1980s when the federal minimum standards became effective and aggregate loss ratios were around 60 percent.

The premiums associated with companies whose aggregate loss ratios did not meet the federal minimum standards declined from \$388 million in 1988 to \$206 million in 1991. While this decline indicates that insurers' compliance with the loss ratio standards improved during the 4-year period, some companies did not meet the minimum loss ratio standards in every state in which they did business. The premiums collected by these companies steadily declined during the period, from \$126 million in 1988 to \$35 million in 1991.

Background

In 1980, the Congress enacted the Social Security Disability Amendments of 1980,⁴ which added section 1882 to the Social Security Act. This section, called the Baucus amendment,⁵ established federal minimum standards for marketing and selling Medigap insurance. The amendment essentially adopted as federal requirements the standards in a model regulation approved by the National Association of Insurance Commissioners (NAIC).⁶ The amendment also required that Medigap policies be expected to have loss ratios of at least 75 percent for group policies and at least 60 percent for individual policies. If an insurer demonstrated that a policy could be expected to meet the standard, the insurer had complied with the requirement regardless of whether its actual loss ratio ever met the standard.

Since 1980, two relevant legislative changes have directly affected the sale and regulation of Medigap insurance. The Medicare Catastrophic Coverage Act of 1988⁷ required states to collect actual Medigap loss ratio data from insurers as a condition for approval of state regulatory programs. Although the Congress repealed the Medicare Catastrophic Coverage Act in 1989, it did not repeal the requirement that states collect actual loss ratio data. OBRA 1990 (1) raised the minimum loss ratio standard for individual policies to 65 percent for policies sold or issued after November 5, 1991; (2) required companies to report loss ratio data by policy form, beginning

⁴Public Law 96-265, section 507(a), June 9, 1980.

⁵Senator Max Baucus of Montana was the amendment's chief sponsor in the Senate.

⁶NAIC consists of the heads of the insurance departments of the 50 states, the District of Columbia, and four U.S. territories. NAIC encourages uniformity and cooperation in insurance regulation among the states and territories. Among its activities to promote these goals, NAIC promulgates model insurance laws and regulations for state consideration and adoption.

⁷Public Law 100-360, section 221(b), July 1, 1988.

with reports covering 1991 experience; (3) required insurers whose policy loss ratios do not meet the applicable standard to give policyholders, beginning in 1994, a refund or credit toward future premiums so that the policy's recomputed loss ratio, including the refund or credit, would meet the minimum standards; and (4) provided for NAIC to develop standards for simplifying and standardizing Medigap policies.

In July 1991, NAIC revised its standard model act and regulation, which included the requirements in OBRA 1990. The new model regulation described 10 standardized Medigap policies, which are the only ones that can be sold in most states.⁸ These changes should enhance compliance with loss ratio standards, facilitate consumer understanding of policies, make comparison shopping easier, and eliminate misleading or confusing provisions. Under OBRA 1990, the states were effectively given until July 1992 to adopt NAIC's revised model act and regulation or face the prospect of federal regulation of Medigap insurance in their jurisdiction. All states except American Samoa and Guam have approved laws and regulations covering standardized Medigap plans.⁹

When interpreting loss ratios, two important factors to consider are policy maturity and credibility. Policy maturity refers to the length of time a policy has been in force. Relatively low loss ratios may result during the first few years that policies are in force because (1) claims related to preexisting conditions might not be covered during the first 6 months and (2) new policyholders may be fairly healthy and file relatively few claims. As a policy matures, its loss ratio should present a better indication of long-term policy performance. Before OBRA 1990, the NAIC loss ratio regulation applied the minimum standards to policies that had been in force for 3 years or more.¹⁰ OBRA 1990 provided for policies sold or issued after November 5, 1991, to meet the standards after they have been in force for 2 years.

Credibility is also an important consideration when interpreting loss ratios. The standard we used, on the basis of the opinion of a state actuary who studied this issue for NAIC, is that a loss ratio is credible if it is based

⁸"States" in this report includes the 50 states, the District of Columbia, and the four U.S. territories.

⁹Forty-four states, the District of Columbia, Puerto Rico, and the Virgin Islands approved the 10 standardized plans. Pennsylvania and Vermont approved 7; Delaware approved 6; and Minnesota, Massachusetts, and Wisconsin had alternative simplification programs in effect when OBRA 1990 was enacted and have waivers from this requirement.

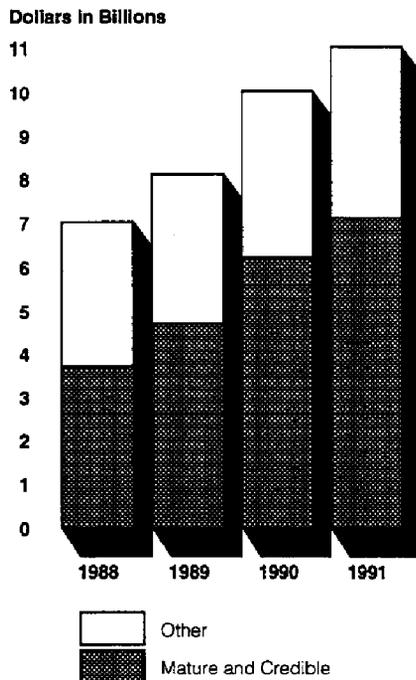
¹⁰For policies that had been in force less than 3 years, the company had to demonstrate that the policy's expected loss ratio in the third and later policy years would meet the applicable standard.

on a number of policyholders sufficient to generate at least \$150,000 in annual premiums in a state.

Most Medigap Business Is With Policies Whose Loss Ratios Met Minimum Standards

From 1988 through 1991, the nationwide Medigap market in terms of premiums collected grew by 50 percent, from \$7.3 billion in earned premiums to almost \$11 billion by 1991 (in this report all dollars are reported in current dollars). For mature policies with credible experience, earned premiums increased more than 90 percent, from \$3.7 billion in 1988 to \$7.1 billion in 1991 (see fig. 1).

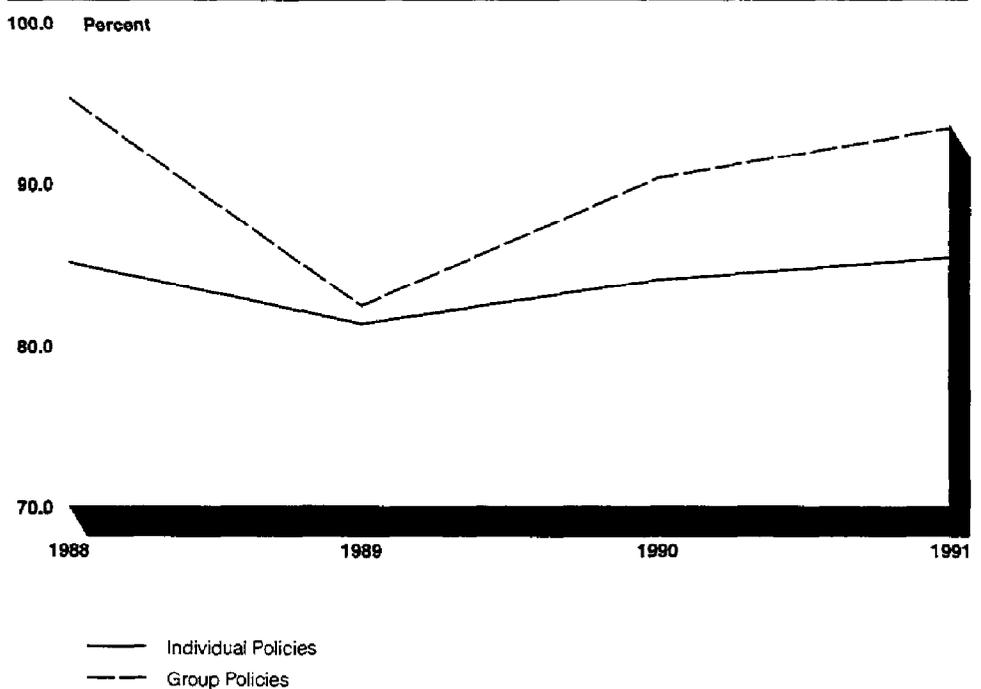
Figure 1: Overall Medigap Premiums Including Policies With Mature and Credible Experience, 1988-91



The remainder of this report discusses only those policies with mature and credible experience.

From 1988 through 1989, Medigap insurers' aggregate¹¹ loss ratios declined for both individual and group policies; that is, insurers returned a smaller percentage of premium dollars to policyholders in 1989 than in 1988. In 1990 and 1991, loss ratios gradually increased for both individual and group policies and for 1991 were approximately at their 1988 levels (see fig. 2 and app. I for details).

Figure 2: Medigap Insurers' Aggregate Loss Ratios on Mature and Credible Experience, 1988-91



During the 1988-91 period, Medigap insurers' performance generally improved. More companies met the minimum loss ratio standards in 1991 than in 1988, and an increased portion of all companies' earned premiums met the standards (see table 1).

¹¹Aggregate loss ratios are the sum of benefits paid under all outstanding policies divided by the sum of premiums. A company could have loss ratios on some policies below the standards and yet have an aggregate loss ratio above the standards.

Table 1: Percentage of Medigap Insurers Whose Aggregate Loss Ratios Met the Minimum Standards and Their Earned Premiums, 1988-91

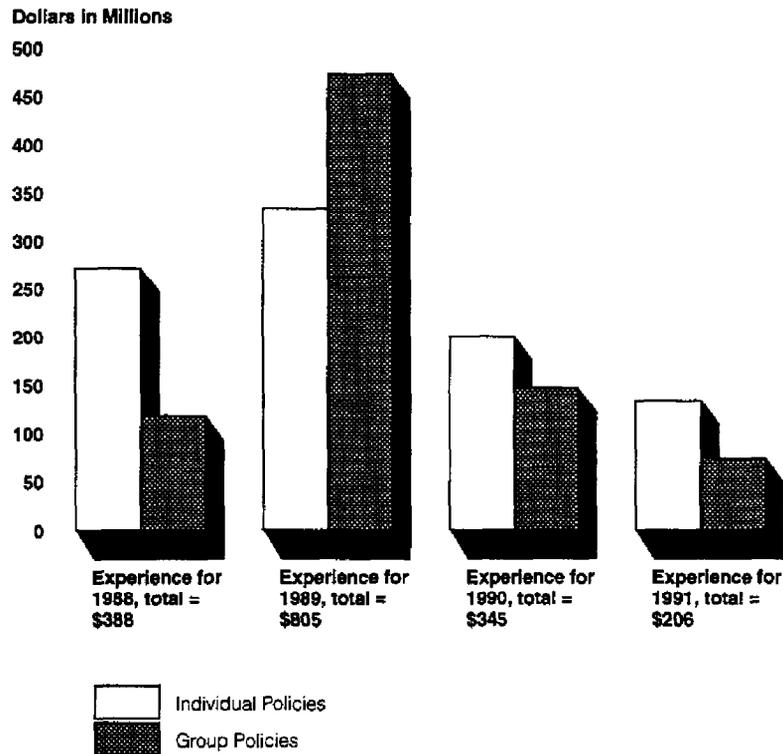
Year	Number of Medigap insurers			Earned premiums for insurers whose loss ratios met minimum standards	
	Total	Aggregate loss ratios met minimum standards	Percentage	Amount (in millions)	Percentage of total earned premiums
1988	190	84	44%	\$3,309	90%
1989	208	117	56	3,899	83
1990	217	143	66	5,902	94
1991	216	154	71	6,873	97

Medigap Insurers Whose Loss Ratios Did Not Meet Minimum Standards

While insurers' performance generally improved, several insurers' loss ratios did not meet the minimum standards. For some of these insurers, this poor performance was a long-running problem from 1988 through 1991.

Premiums collected for policies whose loss ratios did not meet the minimum standards in one or more states declined from \$388 million in 1988 to \$206 million in 1991. While there was a downward trend over the 4 years, 1989 was an unusual year, as shown in figure 3.

Figure 3: Premiums for Insurers Whose Loss Ratios on Medigap Policies With Mature and Credible Experience Were Below Federal Minimum Standards, 1988-91

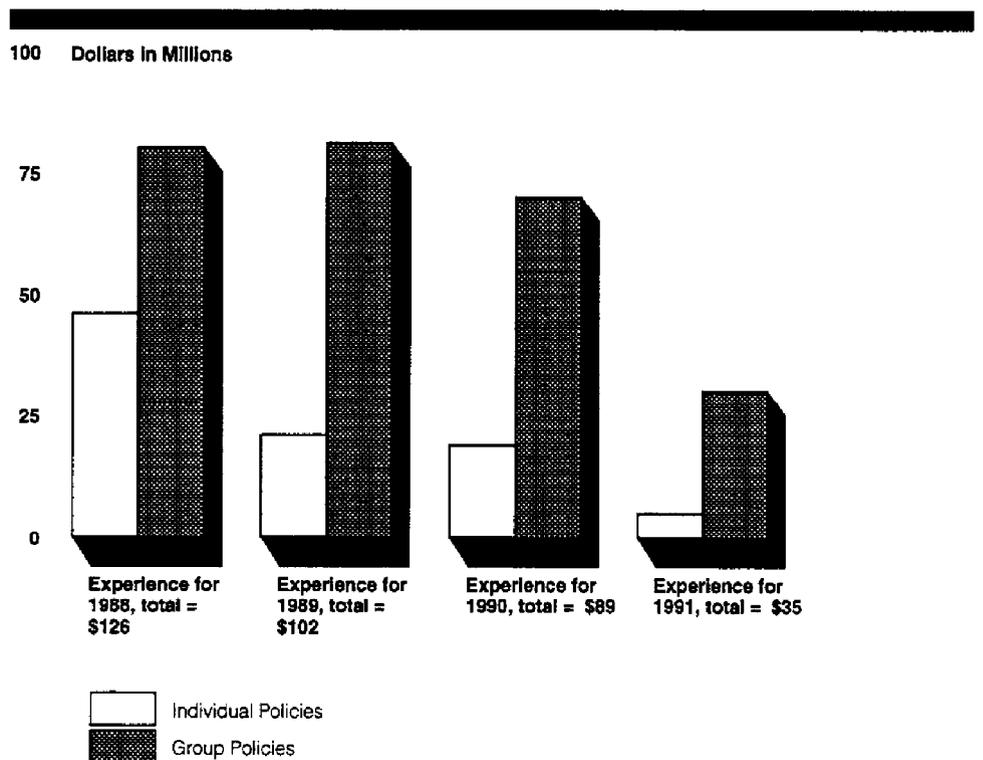


Note: Companies may sell both individual and group insurance and may have failed to meet the minimum standards in 1 or more years. The unduplicated count of companies is 106 for 1988, 91 for 1989, 74 for 1990, and 62 for 1991. For the 4 years, it is 163.

The Prudential Insurance Company of America was the largest contributor to the more than doubling of premiums for policies not meeting loss ratio standards from 1988 to 1989. Prudential's group policies failed to meet the standard in 30 states in 1989, up from 6 states in 1988. A company official attributed this to the company's overestimating claims when premium rates were set for 1989. He said that estimating claims was complicated by changes in 1989 coverage required by the Medicare Catastrophic Coverage Act and the company's decision to change from nationally uniform premiums to regional premiums for the group policy sold through the American Association of Retired Persons.

From 1988 through 1991, certain insurers' loss ratios were below the federal minimum standards in every state in which the company did business. The premiums collected by these companies declined from \$126 million in 1988 to \$35 million in 1991 (see fig. 4). (See app. II for a list of insurers who sold individual policies and app. III for a list of insurers who sold group policies.)

Figure 4: Premiums for Insurers Whose Loss Ratios on Their Entire Medigap Business With Mature and Credible Experience Were Below Minimum Standards, 1988-91



Note: Companies may sell both individual and group insurance and may have failed to meet the minimum standards in 1 or more years. The unduplicated count of companies is 59 for 1988, 46 for 1989, 31 for 1990, and 18 for 1991. For the 4 years, it is 104.

We identified three companies whose loss ratios for their entire mature and credible Medigap business were below federal minimum standards throughout 1988-91. The National Security Life and Accident Insurance Company collected about \$5 million in premiums for its individual policies for the 4-year period. The other two companies (Blue Cross and Blue

Shield of Oregon and Memphis Hospital and Surgical Association) sold group policies and collected about \$4 million.

Loss Ratio Data Will Be Reported by Policy Form for 1991 and Later Years

As required by OBRA 1990, beginning with reports for 1991, insurers began to report loss ratio information by policy form rather than by reporting aggregate experience. This type of reporting is more useful to consumers than aggregate experience reporting because it is based on the policy form, which is what consumers purchase. OBRA 1990 also required states to maintain loss ratio data covering the most recent 3 years' experience for policies sold in the state and to make such information available to interested persons.

The 1991 policy loss ratios show that 145 individual policies¹² sold in 45 states did not meet the minimum loss ratio standard, and the insurers collected about \$196 million in premiums¹³ on these policies. Also, 37 group policies sold in 36 states did not meet the minimum loss ratio standard, and these insurers collected about \$124 million in premiums. Appendixes IV and V identify the policies with mature and credible 1991 Medigap loss ratio experience that did not meet the applicable standard along with their premiums, claims, and loss ratios. Appendix IV lists individual policies, and appendix V lists group policies.

Objectives, Scope, and Methodology

Our objectives were to (1) identify Medigap insurers' loss ratio performance during 1990 and 1991 and (2) analyze and compare 1990 and 1991 loss ratio performance with previously reported 1988 and 1989 loss ratio data to identify trends in company performance. Loss ratios reflect the relationship between premiums charged and benefits paid¹⁴ under a Medigap policy. We developed the information in this report from computer databases we obtained from NAIC. NAIC created the databases

¹²The actual number of policies (both individual and group) is greater because some companies combined data for similar policies on a single experience exhibit.

¹³Premium values reported on a policy form basis (both individual and group) cannot be compared directly with the aggregate 1991 data included in earlier sections of this report. Data from 1988-90 were reported on an aggregate basis, and we aggregated the policy form data from 1991 to make it comparable to 1988-90 data. In this section, we summarize performance on a policy form basis; aggregate summaries tend to overstate the amount of compliance because policies whose loss ratios are above the standard offset policies whose loss ratios are below the standard.

¹⁴In this report, the term "premium" means earned premium, which is the amount of total premiums collected applicable to the calendar year for which a loss ratio is computed. For example, if a policyholder paid an annual premium on June 1, only 7 months of that premium would be earned premium in that calendar year's loss ratio computation. Earned premiums include premiums due but uncollected in the current period. Also, benefits are "incurred claims," which is the amount of claims actually paid plus a reserve for claims incurred but not yet reported or paid.

from insurance companies' annual Medigap insurance experience exhibits. We verified the accuracy of NAIC's databases through separate random samples of each year's loss ratio experience exhibit for individual states submitted by the insurance companies. Our verification showed that NAIC accurately transferred loss ratio data from these exhibits to its computer files.

In our data verification, we identified minor data entry errors that did not affect our analysis because the errors dealt with immature business, that is, Medigap policies with less than 3 years' experience. NAIC corrected all discrepancies.

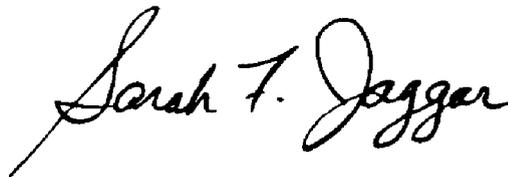
We did not check the accuracy of the individual reports submitted by approximately 350 companies reporting Medigap loss ratio information. Nor did NAIC verify the accuracy of the companies' experience exhibits.

This review was conducted from October 1992 to August 1993 and, except as noted above, in accordance with generally accepted government auditing standards.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 7 days after its issue date. At that time, we will send copies to the Secretary of Health and Human Services, the governors of the states,¹⁶ other interested parties, and make copies available to others upon request.

If you have any questions about this report, please call me at (202) 512-7119. Other major contributors to this report are listed in appendix VI.

Sincerely yours,



Sarah F. Jaggard
Director, Health Financing
and Policy Issues

¹⁶OBRA 1990 requires us to audit compliance with the Medigap loss ratio requirements at least once every 3 years and to report the results to the Secretary and the states involved.

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Abbreviations

NAIC	National Association of Insurance Commissioners
OBRA 1990	Omnibus Budget Reconciliation Act of 1990

The Medigap Market, 1988-91

Dollars in millions

Type of coverage	Calendar year							
	1988		1989		1990		1991	
	Premiums	Loss ratio						
Overall market statistics								
Individual	\$ 5,158	79.4	\$ 5,543	76.3	\$ 7,164	78.7	\$ 7,465	80.4
Group	2,118	95.2	2,581	80.0	2,847	87.6	3,518	89.8
Total	\$ 7,276		\$ 8,124		\$10,011		\$10,983	
Mature and credible policies ^a								
Individual	\$ 2,631	85.6	\$ 3,060	81.8	\$ 4,323	84.0	\$ 4,571	85.9
Group	1,066	95.7	1,644	82.4	1,924	90.8	2,508	93.4
Total	\$ 3,697		\$ 4,704		\$ 6,247		\$ 7,079	

^aA mature policy is at least 3 years old. Credible premium experience is when at least \$150,000 is collected annually on a policy within a state.

Individual Medigap Insurers With Mature and Credible Aggregate Loss Ratio Experience Below the Minimum Standard for 1 or More Years During 1988-91

Dollars in thousands

Company name	Calendar year 1988		
	Number of states where policies were sold	Loss ratio below 60 percent	
		Number of states	Premiums
All experience below standard for 4 years:			
National Security Life & Accident Ins. Co.	1	1	\$1,654
All experience below standard for 3 years:			
Old Surety Life Ins. Co.	1	1	253
Southwest Service Life Ins. Co.	1	1	1,764
Great Republic Ins. Co.	1	1	1,539
Time Ins. Co.	1	1	271
All experience below standard for 2 years:			
Cincinnati Equitable Ins. Co.	1	1	278
American Patriot Health Ins. Co. of NY	1	1	1,201
American Standard Life & Accident Ins. Co.	1	1	1,593
Golden State Mutual Life Ins. Co.	2	2	769
All experience below standard for 1 or more years:			
Anthem Life Ins. Co.			
United Farm Bureau Family Life Ins. Co.			
Aetna Life Ins & Annuity Co.			
American Life & Accident Ins. Co.			
Rural Security Life Ins. Co.			
Columbia Health Service			
Appalachian Life Ins. Co.			
Shelter Life Ins. Co.			
Security Trust Life Ins. Co.			
Atlas Life Ins. Co.			
World Life & Health (L & H) Ins. Co. of PA	2	1	378
Security General Life Ins. Co.	6	4	1,008
American Progressive L & H Ins. Co. of NY			

**Appendix II
Individual Medigap Insurers With Mature
and Credible Aggregate Loss Ratio
Experience Below the Minimum Standard
for 1 or More Years During 1988-91**

Calendar year 1989			Calendar year 1990			Calendar year 1991 ^a		
Number of states where policies were sold	Loss ratio below 60 percent		Number of states where policies were sold	Loss ratio below 60 percent		Number of states where policies were sold	Loss ratio below 60 percent	
	Number of states	Premiums		Number of states	Premiums		Number of states	Premiums
1	1	\$1,205	1	1	\$1,240	1	1	\$1,006
1	1	172	1	0	0	1	1	1,321
1	1	956	1	1	1,266	1	0	0
1	1	1,258	1	1	1,058			
1	1	306	1	1	286	1	0	0
						1	1	799
1	1	2,181	1	0	0	1	0	0
1	1	1,411	1	0	0	1	0	0
2	2	1,085	1	0	0	1	0	0
						1	1	685
			1	0	0	1	1	339
			11	4	729	1	1	176
			1	1	9,034	1	0	0
			1	1	1,505	1	0	0
			1	1	1,048	1	0	0
			1	1	527	1	0	0
			1	1	397	1	0	0
			1	1	197			
			1	1	177			
2	2	3,159	2	1	387			
5	5	941	3	2	311			
2	2	870	1	0	0	1	0	0

(continued)

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Individual Medigap Insurers With Mature
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Experience Below the Minimum Standard
for 1 or More Years During 1988-91**

Dollars in thousands

Company name	Calendar year 1988		
	Number of states where policies were sold	Loss ratio below 60 percent	
		Number of states	Premiums
Great Fidelity Life Ins. Co.	3	2	\$642
Farm & Home Life Ins. Co.	1	0	0
American Exchange Life Ins. Co.	1	0	0
Independent Life & Accident Ins. Co.			
First United American Life Ins. Co.			
American Family Mutual Ins. Co.			
Lutheran Brotherhood	1	0	0
Associated Mutual Hospital Service of MI			
Sentry Ins. A Mutual Co.	4	1	165
North American Ins. Co.			
Southland Life Ins. Co.			
Harvest Life Ins. Co.	7	7	5,611
Liberty National Life Ins. Co.	6	6	4,669
American Community Mutual Ins. Co.	1	1	4,310
Presidential Life Ins. Co.	1	1	3,084
Guarantee Trust Life Ins. Co.	6	6	2,705
American Republic Ins. Co.	5	5	2,256
General Life & Accident Ins. Co.	1	1	2,021
South Atlantic Life Ins. Co.	1	1	1,340
Pekin Life Ins. Co.	1	1	1,272
Investors Heritage Life Ins. Co.	1	1	1,067
Eastern Ins. Co.	1	1	984
United Teacher Associates Ins. Co.	1	1	929
American Travelers Life Ins. Co.	1	1	782
Pilgrim Life Ins. Co.	1	1	757
Jefferson Life Ins. Co.	1	1	737
Academy Life Ins. Co.	1	1	711

**Appendix II
Individual Medigap Insurers With Mature
and Credible Aggregate Loss Ratio
Experience Below the Minimum Standard
for 1 or More Years During 1988-91**

Calendar year 1989			Calendar year 1990			Calendar year 1991*		
Number of states where policies were sold	Loss ratio below 60 percent		Number of states where policies were sold	Loss ratio below 60 percent		Number of states where policies were sold	Loss ratio below 60 percent	
	Number of states	Premiums		Number of states	Premiums		Number of states	Premiums
2	2	\$742	3	1	\$254	3	1	\$500
2	2	703						
1	1	647	1	0	0	1	0	0
1	1	507	1	1	1,132	1	0	0
1	1	463	1	0	0	1	0	0
2	2	455	3	0	0	4	0	0
1	1	453	1	0	0	4	1	151
1	1	279	1	1	332	1	0	0
1	1	235						
1	1	165	2	1	183	1	1	245
1	1	162	1	0	0	2	1	262
3	2	566	3	1	304	3	0	0
6	0	0						
			2	0	0	2	0	0
6	6	2,031	9	5	1,186	14	0	0
8	5	2,605	11	2	632	16	1	199
1	0	0						
1	0	0	1	0	0	1	0	0
1	0	0	2	0	0	3	0	0
2	0	0	3	0	0	5	1	334
						1	0	0
1	0	0	1	0	0	1	0	0
1	0	0	1	0	0	1	0	0

(continued)

**Appendix II
Individual Medigap Insurers With Mature
and Credible Aggregate Loss Ratio
Experience Below the Minimum Standard
for 1 or More Years During 1988-91**

Dollars in thousands

Company name	Calendar year 1988		
	Number of states where policies were sold	Loss ratio below 60 percent	
		Number of states	Premiums
Benefit Trust Life Ins. Co.	2	2	\$549
American Sun Life Ins. Co.	1	1	461
Peoples Life Ins. Co. of SC	1	1	394
Combined Underwriters Life Ins. Co.	1	1	343
National Benefit Life Ins. Co.	1	1	311
United Security Assurance Co. of PA	1	1	194
CareAmerica Life Ins. Co.	1	1	187
Vulcan Life Ins. Co.	1	1	177
United Family Life Ins. Co.	1	1	175
Legal Security Life Ins. Co.	1	1	160
American Teachers Life Ins. Co.	1	1	152
First Continental Life & Accident Ins. Co.	1	1	151
National Health Ins. Co.	1	1	150
Some experience below standard in 1988-91:			
Mutual of Omaha Ins. Co.	48	14	12,442
United American Ins. Co.	20	9	30,276
Union Fidelity Life Ins. Co. of Trevese	34	13	13,835
Bankers Life & Casualty Co.	44	26	74,539
National Home Life Assurance Co.	25	4	3,081
National Financial Ins. Co.	2	1	2,604
Statesman National Life Ins. Co.			
Central States H & L Co. of Omaha	10	7	5,963
New York Life Ins. Co.			
Pyramid Life Ins. Co.	20	10	8,235
American Family Life Assurance Co. of Columbus, GA			
Union Bankers Ins. Co.	2	0	0
Bankers Fidelity Life Ins. Co.	7	2	6,278

**Appendix II
Individual Medigap Insurers With Mature
and Credible Aggregate Loss Ratio
Experience Below the Minimum Standard
for 1 or More Years During 1988-91**

Calendar year 1989			Calendar year 1990			Calendar year 1991 ^a		
Number of states where policies were sold	Loss ratio below 60 percent		Number of states where policies were sold	Loss ratio below 60 percent		Number of states where policies were sold	Loss ratio below 60 percent	
	Number of states	Premiums		Number of states	Premiums		Number of states	Premiums
3	3	\$747	3	1	\$170	3	1	\$180
1	0	0	1	0	0	1	0	0
1	0	0	1	0	0	1	0	0
1	0	0						
			1	0	0	1	0	0
1	0	0	1	1	255	1	0	0
1	1	236	1	0	0	3	1	374
48	19	26,564	47	26	60,658	46	20	30,843
41	26	70,092	41	9	24,254	41	9	20,309
35	23	22,845	35	16	15,992	35	20	17,474
44	33	102,257	45	9	8,535	46	6	11,398
28	1	544	32	7	6,443	34	9	8,436
2	0	0	15	0	0	18	6	5,189
9	4	3,401	9	3	898	9	7	5,007
12	6	2,751	14	1	155	20	6	4,570
29	13	3,187	27	5	1,506	29	12	3,808
18	12	5,786	17	6	3,408	17	6	3,047
			11	2	387	20	4	2,475
12	5	1,096	22	8	3,507	24	4	2,033
7	3	7,112	8	3	4,962	7	3	1,476

(continued)

**Appendix II
Individual Medigap Insurers With Mature
and Credible Aggregate Loss Ratio
Experience Below the Minimum Standard
for 1 or More Years During 1988-91**

Dollars in thousands

Company name	Calendar year 1988		
	Number of states where policies were sold	Loss ratio below 60 percent	
		Number of states	Premiums
World Ins. Co.	9	0	\$0
Gulf Life Ins. Co.	5	0	0
American Integrity Ins. Co.	8	4	1,571
Colonial Penn Franklin Ins. Co.	1	0	0
Combined Ins. Co. of America			
American Ins. Co. of TX	2	1	589
Associated Doctors H & L Ins. Co.	10	3	2,101
Georgia L & H Ins. Co.	4	2	1,052
Globe Life & Accident Ins. Co.	14	6	3,617
Equitable Life & Casualty Ins. Co.			
National Foundation Life Ins. Co.	13	6	1,752
Physicians Mutual Ins. Co.	16	7	4,593
Mutual Protective Ins. Co.	5	4	1,041
Continental General Ins. Co.	3	0	0
Atlantic American Life Ins. Co.	12	1	1,892
Federated Investors Life Ins. Co./American Combined Life Ins. Co. ^P			
American National Ins. Co.	3	1	195
Life Ins. Co. of GA			
Continental Casualty Co.			
American General Life & Accident Ins. Co.	18	3	1,217
Reserve National Ins. Co.	7	5	1,942
Federal Home Life Ins. Co.	13	11	25,756
National States Ins. Co.			
Principal Mutual Life Ins. Co.			
Pioneer Life Ins. Co. of IL	9	5	4,944
Life & Casualty Ins. Co. of TN	6	1	710
Guardian Life Ins. Co. of America			
Mid South Ins. Co.	2	1	169

**Appendix II
Individual Medigap Insurers With Mature
and Credible Aggregate Loss Ratio
Experience Below the Minimum Standard
for 1 or More Years During 1988-91**

Calendar year 1989			Calendar year 1990			Calendar year 1991*		
Number of states where policies were sold	Loss ratio below 60 percent		Number of states where policies were sold	Loss ratio below 60 percent		Number of states where policies were sold	Loss ratio below 60 percent	
	Number of states	Premiums		Number of states	Premiums		Number of states	Premiums
9	2	\$1,167	10	4	\$1,876	8	2	\$1,391
6	5	3,140	6	3	1,396	11	2	1,144
10	4	2,223	12	5	1,390	12	4	1,137
21	7	3,204	20	0	0	19	3	1,011
						5	3	646
2	0	0	2	0	0	2	1	576
10	8	6,250	10	3	1,744	11	1	554
3	0	0	3	0	0	5	1	445
27	9	6,489	26	7	3,478	25	2	372
			15	0	0	15	1	352
15	8	3,577	15	6	1,465	13	2	345
25	5	4,738	31	0	0	33	1	334
5	2	375	5	0	0	10	1	310
4	1	188	4	0	0	6	1	278
12	2	1,959	11	7	6,150	11	1	228
			5	3	624	2	1	224
3	1	564	3	0	0	3	1	190
			7	0	0	9	1	180
10	2	1,488	14	2	1,455	13	1	169
19	6	4,321	19	12	16,234	19	0	0
11	9	3,296	10	6	2,649	15	0	0
11	7	4,961	11	2	1,602	11	0	0
			14	4	1,384	12	0	0
			2	1	1,318			
10	7	5,552	28	2	1,106	31	0	0
6	4	1,577	6	3	1,049			
			3	1	203			
2	0	0	2	1	162			

(continued)

**Appendix II
Individual Medigap Insurers With Mature
and Credible Aggregate Loss Ratio
Experience Below the Minimum Standard
for 1 or More Years During 1988-91**

Dollars in thousands

Company name	Calendar year 1988		
	Number of states where policies were sold	Loss ratio below 60 percent	
		Number of states	Premiums
Reserve Life Ins. Co.	14	5	\$2,888
National Casualty Co.	13	7	1,748
Medico Life Ins. Co.	3	1	167
Acceleration Life Ins. Co.	2	0	0
United Founders Life Ins. Co.			
Golden Rule Ins. Co.	5	0	0
Kanawha Ins. Co.	2	0	0
Old American Ins. Co.	7	1	150
Nationwide Life Ins. Co.	5	4	1,227
Old Southern Life Ins. Co.	3	1	329
Legacy Life Ins. Co.	7	4	3,226
Mountain States Life Ins. Co. of America	3	1	1,263
Hill Country Life Ins. Co.	2	1	534
Standard Life & Accident Ins. Co.	13	1	372
Bankers Multiple Line Ins. Co.	3	2	339
State Farm Mutual Automobile Ins. Co.	32	2	326
U.S. Guardian Health Ins. Co.	2	1	174
Lincoln Life & Casualty Co.	2	1	171
Totals			\$271,462

**Appendix II
Individual Medigap Insurers With Mature
and Credible Aggregate Loss Ratio
Experience Below the Minimum Standard
for 1 or More Years During 1988-91**

Calendar year 1989			Calendar year 1990			Calendar year 1991 ^a		
Number of states where policies were sold	Loss ratio below 60 percent		Number of states where policies were sold	Loss ratio below 60 percent		Number of states where policies were sold	Loss ratio below 60 percent	
	Number of states	Premiums		Number of states	Premiums		Number of states	Premiums
16	6	\$3,310						
10	7	1,947	7	0	\$0	5	0	\$0
3	2	761	4	0	0	4	0	0
2	1	440	1	0	0	1	0	0
2	1	389						
5	2	340	12	0	0	16	0	0
2	1	286	2	0	0	2	0	0
4	1	281	3	0	0	3	0	0
3	1	217	4	0	0	5	0	0
3	1	204	4	0	0			
1	0	0						
						1	0	0
19	0	0	22	0	0	24	0	0
1	0	0	1	0	0	1	0	0
35	0	0	38	0	0	39	0	0
1	0	0						
1	0	0						
		\$333,426			\$198,596			\$132,518

^aIn calendar year 1991, companies were required to report loss ratio information by policy form. For our analyses we aggregated the 1991 premiums and claims to make the loss ratio information consistent with data reported in calendar years 1988 through 1990. As a result, the information in appendix IV, which includes loss ratios by policy form for calendar year 1991, cannot be directly compared with information in this appendix.

^bName changed in 1991.

Shading shows that the company either did not do business or had no mature and credible business.

Group Medigap Insurers With Mature and Credible Aggregate Loss Ratio Experience Below the Minimum Standard for 1 or More Years During 1988-91

Dollars in thousands

Company name	Calendar year 1988		
	Number of states where policies were sold	Loss ratio below 75 percent	
		Number of states	Premiums
All experience below standard for 4 years:			
Blue Cross & Blue Shield of OR	1	1	\$481
Memphis Hospital Service & Surgical Assn.	1	1	301
All experience below standard for 3 years:			
Life Investors Ins. Co. of America			
King County Medical Blue Shield			
Continental Casualty Co.	3	3	685
New Mexico Blue Cross & Blue Shield	1	1	1,053
Blue Cross & Blue Shield of MN	1	1	3,245
Blue Cross & Blue Shield United of WI	1	1	2,195
Ins. Co. of North America	1	1	817
American General Group Ins. Co./Anthem Life Ins. Co. ^b	1	1	2,031
National Casualty Co.	2	2	986
All experience below standard for 2 years:			
Calfarm Life Ins. Co.	1	1	3,440
Continental American Life Ins. Co.	2	2	708
Life Ins. Co. of North America	2	2	1,616
Harvest Life Ins. Co.	5	5	3,511
Blue Cross & Blue Shield of KY	1	1	13,901
All experience below standard for 1 year:			
North American Life & Casualty	5	4	5,146
Mountain State Blue Cross & Blue Shield			
Blue Cross & Blue Shield of ND			

**Appendix III
Group Medigap Insurers With Mature and
Credible Aggregate Loss Ratio Experience
Below the Minimum Standard for 1 or More
Years During 1988-91**

Calendar year 1989			Calendar year 1990			Calendar year 1991*		
Number of states where policies were sold	Loss ratio below 75 percent		Number of states where policies were sold	Loss ratio below 75 percent		Number of states where policies were sold	Loss ratio below 75 percent	
	Number of states	Premiums		Number of states	Premiums		Number of states	Premiums
1	1	\$505	1	1	\$606	1	1	\$1,124
1	1	195	1	1	220	1	1	307
5	5	961	8	8	1,950	8	8	1,983
1	1	1,885	1	1	1,415	1	1	1,637
2	2	467	2	0	0	1	1	1,043
1	1	723				1	1	623
1	1	3,156	1	1	3,363	1	0	0
1	1	1,927	1	1	1,620	1	0	0
1	1	764	3	3	1,143			
1	1	1,250	1	1	906			
3	3	1,032	1	1	186	1	0	0
1	1	3,735	1	0	0	1	0	0
3	3	981						
1	1	170						
1	1	242	1	0	0	1	0	0
1	1	15,192						
4	3	13,656	4	1	13,870	2	2	16,782
			1	0	0	1	1	2,986
			1	0	0	1	1	2,566

(continued)

**Appendix III
Group Medigap Insurers With Mature and
Credible Aggregate Loss Ratio Experience
Below the Minimum Standard for 1 or More
Years During 1988-91**

Dollars in thousands

Company name	Calendar year 1988		
	Number of states where policies were sold	Loss ratio below 75 percent	
		Number of states	Premiums
Blue Cross & Blue Shield Plan of NV			
Klamath Medical Service Bureau			
Blue Cross & Blue Shield of CT			
Guarantee Trust Life Ins. Co.			
Associated Hospital Service of ME			
Community Mutual Ins. Co.			
Preferred Life Ins. Co. of NY			
Blue Cross & Blue Shield of MT			
Blue Cross of ID Health Service			
Acceleration Life Ins. Co.			
Blue Cross & Blue Shield of AL			
Blue Cross of Western NY			
Blue Cross & Blue Shield of NH			
Blue Cross & Blue Shield of MS			
Blue Cross & Blue Shield of MD			
Blue Cross & Blue Shield of Kansas City			
Provident Life & Accident Ins. Co.	12	12	\$14,279
Blue Shield of IA	1	1	13,440
Group Health Service of OK	1	1	13,012
Corporate Life Ins. Co.	1	1	2,229
Provident Life & Casualty Ins. Co.	1	1	995
Federal Life Ins. Co.	1	1	518
Principal Mutual Life Ins. Co.	2	2	333
United Security Assurance Co. of PA	1	1	287

**Appendix III
Group Medigap Insurers With Mature and
Credible Aggregate Loss Ratio Experience
Below the Minimum Standard for 1 or More
Years During 1988-91**

Calendar year 1989			Calendar year 1990			Calendar year 1991 ^a		
Number of states where policies were sold	Loss ratio below 75 percent		Number of states where policies were sold	Loss ratio below 75 percent		Number of states where policies were sold	Loss ratio below 75 percent	
	Number of states	Premiums		Number of states	Premiums		Number of states	Premiums
						1	1	\$925
						1	1	208
			1	1	\$30,321	1	0	0
			1	1	16,894			
			1	1	6,608	1	0	0
			1	1	2,948			
			1	1	1,055	1	0	0
			1	1	511			
			1	1	308			
			1	1	169			
1	1	\$30,083	1	0	0			
1	1	10,945	1	0	0	1	0	0
1	1	4,031	1	0	0	1	0	0
1	1	1,518	1	0	0	1	0	0
1	1	869						
1	1	200						
19	0	0	28	23	10,851	20	9	3,506
1	0	0	1	0	0	1	0	0
13	12	32,369	14	13	36,137	16	14	34,022
						1	0	0

(continued)

**Appendix III
Group Medigap Insurers With Mature and
Credible Aggregate Loss Ratio Experience
Below the Minimum Standard for 1 or More
Years During 1988-91**

Dollars in thousands

Company name	Calendar year 1988		
	Number of states where policies were sold	Loss ratio below 75 percent	
		Number of states	Premiums
Providers Fidelity Life Ins. Co.	1	1	\$165
Some experience below standard, 1988-91:			
Prudential Ins. Co. of America	52	6	12,223
Monumental General Ins. Co./Toyota Motor Life Ins. Co. ^e	15	12	5,208
USAA Life Ins. Co.			
Hartford Life Ins. Co.			
Mutual Life Ins. Co. of NY	5	3	5,218
Hartford Accident & Indemnity Co.			
Colonial Penn Franklin Ins. Co.	25	16	7,544
Nationwide Life Ins. Co.	2	1	1,001
Totals			\$116,567

**Appendix III
Group Medigap Insurers With Mature and
Credible Aggregate Loss Ratio Experience
Below the Minimum Standard for 1 or More
Years During 1988-91**

Calendar year 1989			Calendar year 1990			Calendar year 1991 ^a		
Number of states where policies were sold	Loss ratio below 75 percent		Number of states where policies were sold	Loss ratio below 75 percent		Number of states where policies were sold	Loss ratio below 75 percent	
	Number of states	Premiums		Number of states	Premiums		Number of states	Premiums
53	30	\$327,867	53	2	\$2,436	53	4	\$3,760
17	12	5,326	22	14	8,319	23	4	1,154
			13	0	0	17	1	616
						39	1	165
8	4	5,156	8	3	4,587			
41	8	6,614	38	0	0			
2	0	0	2	0	0	2	0	0
		\$471,820			\$146,425			\$73,410

^aIn calendar year 1991, companies were required to report loss ratio information by policy form. For our analyses we aggregated the 1991 premiums and claims to make the loss ratio information consistent with data reported in calendar years 1988 through 1990. As a result, the information in appendix V, which includes loss ratios by policy form for calendar year 1991, cannot be directly compared with information in this appendix.

^bName changed in 1990.

^cName changed in 1991.

Shading shows that the company either did not do business or had no mature and credible business.

Medigap Insurers With Mature and Credible Loss Ratio Experience on Individual Policies Below the Minimum Standard, 1991

State	Company name	Policy number	Premiums	Claims	Loss ratio
AL	Associated Doctors Health & Life (H & L) Ins. Co.	380	\$484,065	\$273,673	56.5
	Bankers Life & Casualty Co.	GR-75R	700,779	371,626	53.0
	Mutual of Omaha Ins. Co.	M2 ^a	299,502	172,072	57.5
AR	Mutual of Omaha Ins. Co.	M6 ^a	187,873	92,795	49.4
	Pyramid Life Ins. Co.	G-10	239,305	132,488	55.4
		H-91	181,081	65,727	36.3
		H-94	223,327	105,031	47.0
	Statesman National Life Ins. Co.	MED484	185,038	98,520	53.2
	P-193, P-222 ^a	324,486	23,376	7.2	
AZ	Mutual of Omaha Ins. Co.	15/16CMO ^a	203,719	120,700	59.2
	Union Fidelity Life Ins. Co. of Trevese	1053	261,445	145,028	55.5
CA	American Integrity Ins. Co.	MS-85	294,930	171,854	58.3
	Anthem Life Ins. Co.	40071	684,891	405,202	59.2
	Blue Cross of CA	442	1,229,000	734,000	59.7
	Mutual of Omaha Ins. Co.	M1/M65 ^a	447,369	148,497	33.2
		M3/M67,H64 ^a	354,926	177,627	50.0
		2CMO ^a	1,007,225	415,897	41.3
		50VB/51VB/52VB ^a	1,503,636	806,109	53.6
	National Home Life Assurance Co.	GSH-1	1,301,958	618,135	47.5
Statesman National Life Ins. Co.	P-305	172,587	93,369	54.1	
Union Fidelity Life Ins. Co. of Trevese	8550	817,208	446,295	54.6	
CO	Mutual of Omaha Ins. Co.	C23M/C24M ^a	221,355	113,910	51.5
		M1 ^a	159,350	80,264	50.4
		M2 ^a	774,432	457,993	59.1
		15/16CMO ^a	270,555	124,674	46.1
		50VB/51VB/52VB ^a	240,633	136,832	56.9
	Union Fidelity Life Ins. Co. of Trevese	1053	174,814	88,559	50.7
United American Ins. Co.	MAXC	404,411	217,296	53.7	
DC	National Home Life Assurance Co.	NH1380	150,397	63,650	42.3
FL	American Family Life Assurance Co. of Columbus, GA	A-19800	188,028	108,198	57.5
	Central States H & L Co. of Omaha	533	236,798	129,774	54.8
	Life Ins. Co. of GA	6610	724,915	409,341	56.5
	Mutual of Omaha Ins. Co.	M1 ^a	330,365	167,792	50.8
		M3 ^a	203,958	109,913	53.9
GA	Mutual of Omaha Ins. Co.	M1/M7 ^a	234,613	116,144	49.5
		M2 ^a	585,291	333,798	57.0
	National Financial Ins. Co.	GL65	309,340	140,546	45.4

(continued)

**Appendix IV
Medigap Insurers With Mature and Credible
Loss Ratio Experience on Individual Policies
Below the Minimum Standard, 1991**

State	Company name	Policy number	Premiums	Claims	Loss ratio
	New York Life Ins. Co.	8145	267,787	130,462	48.7
	United American Ins. Co.	MVXC	187,831	107,017	57.0
HI	Bankers Life & Casualty Co.	GR-75R	327,531	136,929	41.8
IA	American Family Life Assurance Co. of Columbus, GA	A-19800	248,890	125,048	50.2
	Bankers Life & Casualty Co.	GR-75R	13,039,374	7,728,393	59.3
	Mutual of Omaha Ins. Co.	M1 ^a	325,129	159,137	48.9
		M3/M51/H64 ^a	423,879	224,596	53.0
		15/16CMO ^a	290,704	171,741	59.1
		2/3CMO,20/22 ^a	189,888	87,909	46.3
		50VB/51VB/52VB ^a	237,947	103,566	43.5
	National Foundation Life Ins. Co.	MS100	150,828	75,146	49.8
	New York Life Ins. Co.	8145	413,318	178,471	43.2
	Physicians Mutual Ins. Co.	P197	473,987	283,080	59.7
	Union Fidelity Life Ins. Co. of Trevese	1053	164,953	62,276	37.8
		8550	154,599	89,087	57.6
	United American Ins. Co.	MAXC	583,270	291,106	49.9
		MMS	973,512	527,862	54.2
	World Ins. Co.	A2485	165,413	98,120	59.3
ID	Union Bankers Ins. Co.	86M	273,864	161,659	59.0
	United American Ins. Co.	MAXC	156,882	84,412	53.8
		MAXC+	239,942	136,887	57.1
IL	Bankers Life & Casualty Co.	CR-93T	464,689	272,503	58.6
	Central States H & L Co. of Omaha	286	233,923	119,567	51.1
	Continental Casualty Co.	P1-56566	256,037	142,183	55.5
	Mutual of Omaha Ins. Co.	M1 ^a	657,342	389,005	59.2
		2/3/30/31CMO ^a	746,819	397,150	53.2
		50VB/51VB/52VB ^a	850,177	487,335	57.3
	National Casualty Co.	4006	188,271	95,769	50.9
	National Home Life Assurance Co.	GSH-1	535,567	308,727	57.6
	New York Life Ins. Co.	8145	491,238	284,456	57.9
	Union Fidelity Life Ins. Co. of Trevese	1053	520,740	307,821	59.1
		8350	568,095	318,548	56.1
		8550	315,964	184,660	58.4
	United American Ins. Co.	DMXC-U	569,189	313,209	55.0
		MAXC	4,120,392	2,456,830	59.6
		MVXC	205,239	114,884	56.0
IN	Associated Doctors H & L Ins. Co.	350	301,911	176,751	58.5
		380	208,411	113,596	54.5

(continued)

**Appendix IV
Medigap Insurers With Mature and Credible
Loss Ratio Experience on Individual Policies
Below the Minimum Standard, 1991**

State	Company name	Policy number	Premiums	Claims	Loss ratio
	Combined Ins. Co. of America	8081	200,762	118,442	59.0
	Globe Life & Accident Ins. Co.	MCP-3	217,243	127,375	58.6
	Great Fidelity Life Ins. Co.	7340 & 6135 ^a	373,993	201,788	54.0
	Mutual of Omaha Ins. Co.	M1 ^a	213,356	119,738	56.1
	National Home Life Assurance Co.	NH1380	997,486	569,524	57.1
	Union Bankers Ins. Co.	86M	864,002	489,758	56.7
	Union Fidelity Life Ins. Co. of Trevese	1042	251,478	125,867	50.1
		1053	437,819	175,049	40.0
		8541	309,408	153,858	49.7
		8550	373,827	222,781	59.6
	United Farm Bureau Family Life Ins. Co.	1	338,892	201,666	59.5
KS	Mutual of Omaha Ins. Co.	M4/M86, HM17 ^a	410,629	191,741	46.7
		50VB/51VB/52VB ^a	202,138	107,117	53.0
	United American Ins. Co.	MAXC	645,517	318,045	49.3
		MAXC+	653,791	338,934	51.8
		MMS	1,324,645	736,074	55.6
KY	American Republic Ins. Co.	A-2721	150,285	89,319	59.4
	Associated Doctors H & L Ins. Co.	380	441,154	235,313	53.3
	Mutual of Omaha Ins. Co.	M2 ^a	554,743	240,487	43.4
		M4, HM17 ^a	256,237	152,727	59.6
	National Financial Ins. Co.	GL65-4	188,433	94,747	50.3
	Physicians Mutual Ins. Co.	P192	316,421	167,014	52.8
	Pyramid Life Ins. Co.	H-94	260,886	134,256	51.5
LA	Atlantic American Life Ins. Co.	MS2083	227,774	136,545	59.9
	Bankers Life & Casualty Co.	CR-93T	214,249	126,980	59.3
	Central States H & L Co. of Omaha	286	289,288	163,336	56.5
	Mutual of Omaha Ins. Co.	2/3CMO, 20/22 ^a	261,095	141,119	54.0
		50VB/51VB/52VB ^a	309,074	126,615	41.0
	New York Life Ins. Co.	8145	778,662	379,298	48.7
	Statesman National Life Ins. Co.	P-376, P-376R ^a	201,218	120,387	59.8
		P305, P378, P373 ^a	165,953	89,779	54.1
	United American Ins. Co.	MC7	217,779	129,386	59.4
MA	Blue Cross & Blue Shield of MA	MXLO	555,085	302,426	54.5
	Mutual of Omaha Ins. Co.	C23M/C24M ^a	155,585	92,912	59.7
		M17 ^a	168,848	98,815	58.5
		2/3/4/23/24CMO ^a	178,768	103,092	57.7
	National Home Life Assurance Co.	NH 910	361,621	180,849	50.0
MD	American Integrity Ins. Co.	MMS-84	158,789	57,662	36.3

(continued)

**Appendix IV
Medigap Insurers With Mature and Credible
Loss Ratio Experience on Individual Policies
Below the Minimum Standard, 1991**

State	Company name	Policy number	Premiums	Claims	Loss ratio
	Bankers Life & Casualty Co.	GR-73S	186,281	86,209	46.3
	Mutual of Omaha Ins. Co.	2/3/34/35CMO ^a	193,342	110,214	57.0
		50VB/51VB/52VB ^a	186,317	102,756	55.2
ME	American Travelers Life Ins. Co.	WLH-54	305,611	174,285	57.0
MI	National Home Life Assurance Co.	NH 910	154,089	86,215	56.0
MN	American Family Life Assurance Co. of Columbus, GA	A-19800	679,140	298,317	43.9
	Continental General Ins. Co.	316	370,754	209,286	56.4
	Mutual of Omaha Ins. Co.	M1/M21 ^a	159,256	69,694	43.8
		M2/M22/M92 ^a	1,162,975	649,610	55.9
		50VB/51VB/52VB ^a	234,674	126,001	53.7
MO	American National Ins. Co.	GMS-6	189,953	80,211	42.2
	American Republic Ins. Co.	A-2721	673,045	400,260	59.5
	Associated Doctors H & L Ins. Co.	380	179,535	104,181	58.0
	Blue Cross & Blue Shield of MO	MC-1	643,589	355,265	55.2
		UC-24	21,736,241	10,850,866	49.9
	Central States H & L Co. of Omaha	286	425,840	237,052	55.7
	Mutual of Omaha Ins. Co.	M1/M75 ^a	267,634	101,493	37.9
		M2/M76 ^a	783,999	404,314	51.6
		M4/M78 ^a	618,669	332,387	53.7
		15/16CMO ^a	453,036	232,162	51.2
		2/3/4CMO,20/22 ^a	646,144	317,240	49.1
		50VB/51VB/52VB ^a	596,759	303,650	50.9
	Physicians Mutual Ins. Co.	P197	171,050	88,780	51.9
	Pyramid Life Ins. Co.	G-10	271,020	144,635	53.4
	Union Fidelity Life Ins. Co. of Trevese	1042	349,839	187,443	53.6
		1053	1,070,597	534,834	50.0
		8550	258,051	142,249	55.1
	United American Ins. Co.	MBXC	205,026	115,044	56.1
	World Ins. Co.	A2480	852,521	420,644	49.3
		A2485	158,557	52,092	32.9
MS	Associated Doctors H & L Ins. Co.	380	860,692	503,410	58.5
	Bankers Life & Casualty Co.	CR-93T	164,874	90,245	54.7
	Gulf Life Ins. Co.	MED-1	232,356	101,675	43.8
	New York Life Ins. Co.	8145	235,015	120,971	51.5
	Union Fidelity Life Ins. Co. of Trevese	1042	233,528	130,314	55.8
		8550	262,476	148,395	56.5
	United American Ins. Co.	MAXC+	803,358	397,730	49.5
MT	Equitable Life & Casualty Ins. Co.	700	317,911	177,714	55.9

(continued)

**Appendix IV
Medigap Insurers With Mature and Credible
Loss Ratio Experience on Individual Policies
Below the Minimum Standard, 1991**

State	Company name	Policy number	Premiums	Claims	Loss ratio
	Mutual of Omaha Ins. Co.	M2 ^a	157,611	92,446	58.7
		M4, HM25 ^a	269,905	128,622	47.7
NC	Bankers Fidelity Life Ins. Co.	MS1083	808,485	460,529	57.0
	Bankers Life & Casualty Co.	GR-73S	683,621	381,046	55.7
	Blue Cross & Blue Shield of NC	M145	299,012	135,033	45.2
		M148	13,086,411	7,106,684	54.3
		M3	226,687	118,026	52.1
	Globe Life & Accident Ins. Co.	MCP-3	392,324	214,256	54.6
	Mutual of Omaha Ins. Co.	M27 ^a	238,213	132,862	55.8
		M28 ^a	598,331	324,154	54.2
		M30, HM17 ^a	184,405	79,173	42.9
		11/12CMO, 20/22 ^a	217,218	92,484	42.6
		50VB/51VB/52VB ^a	634,923	359,385	56.6
	National Financial Ins. Co.	GL65	303,333	168,685	55.6
		MG-82	188,345	100,133	53.2
		MS(86)R	392,111	229,432	58.5
	National Home Life Assurance Co.	NH 910	259,767	147,828	56.9
		NH1380	2,384,109	1,426,468	59.8
	New York Life Ins. Co.	8145	310,895	179,601	57.8
	Union Fidelity Life Ins. Co. of Trevese	1053	1,062,495	543,004	51.1
	United American Ins. Co.	MBXC	181,451	101,867	56.1
		MMS	1,819,947	915,451	50.3
	United Family Life Ins. Co.	AA31	355,494	182,379	51.3
	World Ins. Co.	A2480	424,436	251,876	59.3
ND	Mutual of Omaha Ins. Co.	M2 ^a	248,285	117,778	47.4
	United American Ins. Co.	MAXC	639,383	291,065	45.5
		MAXC+	657,200	378,092	57.5
NE	Bankers Life & Casualty Co.	GR-75R	3,177,743	1,742,603	54.8
	Central States H & L Co. of Omaha	286	583,661	243,575	41.7
	Continental General Ins. Co.	314	229,683	119,269	51.9
	Mutual of Omaha Ins. Co.	C23M/C24M ^a	204,743	104,680	51.1
		M1 ^a	160,609	60,781	37.8
		M2 ^a	728,779	371,154	50.9
		M3, H64 ^a	230,094	93,159	40.5
		M4, HM17 ^a	969,234	558,900	57.7
		15/16CMO ^a	210,022	86,714	41.3
		2/3/4/30/31CMO ^a	235,259	100,217	42.6

(continued)

**Appendix IV
Medigap Insurers With Mature and Credible
Loss Ratio Experience on Individual Policies
Below the Minimum Standard, 1991**

State	Company name	Policy number	Premiums	Claims	Loss ratio
		50VB/51VB/52VB ^a	302,380	145,814	48.2
	Mutual Protective Ins. Co.	487	185,747	83,883	45.2
	National Foundation Life Ins. Co.	MS100	179,331	98,729	55.1
	National Home Life Assurance Co.	GSH-1	190,608	113,179	59.4
	New York Life Ins. Co.	8145	208,047	79,514	38.2
	Union Fidelity Life Ins. Co. of Trevese	1053	212,770	84,116	39.5
	United American Ins. Co.	MAXC	308,825	178,082	57.7
		MAXC+	831,226	383,715	46.2
		MMS	1,092,647	616,598	56.4
	World Ins. Co.	A2485	235,068	127,820	54.4
NJ	Colonial Penn Franklin Ins. Co.	10-82-460	337,046	196,982	58.4
	National Home Life Assurance Co.	NH 910	466,818	262,120	56.2
		NH1380	1,137,591	634,745	55.8
	Union Fidelity Life Ins. Co. of Trevese	1042	211,778	91,959	43.4
		1053	443,386	208,943	47.1
		8550	496,424	241,919	48.7
NM	Bankers Fidelity Life Ins. Co.	MS1083	199,646	116,113	58.2
	National Home Life Assurance Co.	NH1380	252,680	117,411	46.5
	Union Fidelity Life Ins. Co. of Trevese	1053	153,956	73,759	47.9
	United American Ins. Co.	MAXC+	348,977	191,363	54.8
NV	New York Life Ins. Co.	8145	186,428	95,815	51.4
NY	Aetna Life Insurance & Annuity Co.	24310	175,602	77,166	43.9
	Colonial Penn Franklin Ins. Co.	10-82-316	274,422	141,628	51.6
	First United American Life Ins. Co.	NY-MAXC	271,111	136,584	50.4
OH	Acceleration Life Ins. Co.	AMSP-511	444,742	252,559	56.8
	American Family Life Assurance Co. of Columbus, GA	A-19800	190,621	112,801	59.2
	Central States H & L Co. of Omaha	286	473,733	242,515	51.2
	Mutual of Omaha Ins. Co.	15/16CMO ^a	396,511	224,174	56.5
	National Home Life Assurance Co.	NH 910	442,133	237,079	53.6
	Union Fidelity Life Ins. Co. of Trevese	1053	1,087,598	556,180	51.1
		8550	526,472	305,807	58.1
OK	Globe Life & Accident Ins. Co.	MCP-3	267,287	153,721	57.5
	Mutual of Omaha Ins. Co.	M2/M112 ^a	1,473,297	749,847	50.9
		M4/M114 ^a	693,682	353,904	51.0
		50VB/51VB/52VB ^a	192,331	89,885	46.7
	New York Life Ins. Co.	8145	175,818	63,716	36.2
	Old Surety Life Ins. Co.	MS	1,321,278	758,574	57.4
	Union Fidelity Life Ins. Co. of Trevese	1042	202,263	111,002	54.9

(continued)

**Appendix IV
Medigap Insurers With Mature and Credible
Loss Ratio Experience on Individual Policies
Below the Minimum Standard, 1991**

State	Company name	Policy number	Premiums	Claims	Loss ratio
	United American Ins. Co.	DMXC-U	169,916	80,910	47.6
		MAXC+	790,530	443,828	56.1
		MMS	1,337,470	726,649	54.3
OR	Mutual of Omaha Ins. Co.	M94 ^a	502,470	290,676	57.8
		M96, HM17 ^a	279,313	152,179	54.5
		50VB/51VB/52VB ^a	177,141	74,785	42.2
	Pyramid Life Ins. Co.	G-10	177,631	101,089	56.9
	United American Ins. Co.	MAXC	1,046,848	590,270	56.4
MAXC+		1,577,046	834,541	52.9	
MMS		1,695,293	958,054	56.5	
PA	National Home Life Assurance Co.	NH 910	388,639	231,738	59.6
		NH1190	240,038	130,786	54.5
SC	Independent Life & Accident Ins. Co.	MCS 101	171,313	87,515	51.1
	Liberty Life Ins. Co.	892	163,573	95,789	58.6
	Life Ins. Co. of GA	6612	251,463	121,100	48.2
	New York Life Ins. Co.	8145	160,196	88,156	55.0
SD	Bankers Life & Casualty Co.	GR-75R	1,046,789	614,603	58.7
	United American Ins. Co.	MAXC	365,240	216,330	59.2
TN	American Family Life Assurance Co. of Columbus, GA	A-19800	324,046	181,437	56.0
	Continental Life Ins. Co. of Brentwood	SSC85	952,953	567,951	59.6
	Georgia H & L Ins. Co.	803	221,520	128,423	58.0
	Life Ins. Co. of GA	6612	194,099	80,961	41.7
	Mutual of Omaha Ins. Co.	M2 ^a	544,564	278,759	51.2
		M4, HM30 ^a	248,508	132,507	53.3
		2/3/30CMO, 20 ^a	242,801	139,001	57.2
	50VB/51VB/52VB ^a	191,319	64,527	33.7	
	National Home Life Assurance Co.	GSH-1	197,774	103,550	52.4
	Pyramid Life Ins. Co.	G-10	356,582	178,481	50.1
H-94		530,828	239,604	45.1	
Union Fidelity Life Ins. Co. of Trevese	1042	257,410	147,531	57.3	
	1053	588,226	346,047	58.8	
TX	American Ins. Co. of TX	AMS78	575,644	332,397	57.7
	American Integrity Ins. Co.	MS-7/8 ^a	166,860	84,886	50.9
		MS-85	210,784	106,932	50.7
	American Life & Accident Ins. Co.	A-MAXC+	685,432	379,390	55.4
		AL-02	258,631	151,506	58.6
		AL-100	3,372,259	1,984,101	58.8
	S30	164,486	91,795	55.8	

(continued)

**Appendix IV
Medigap Insurers With Mature and Credible
Loss Ratio Experience on Individual Policies
Below the Minimum Standard, 1991**

State	Company name	Policy number	Premiums	Claims	Loss ratio
		S35	1,053,020	617,973	58.7
	Central States H & L Co. of Omaha	286	601,746	309,291	51.4
	Mutual of Omaha Ins. Co.	15/16CMO ^a	895,000	492,821	55.1
		2/3CMO,20AGHO ^a	920,878	548,091	59.5
		50VB/51VB/52VB ^a	1,035,199	489,158	47.3
	National Financial Ins. Co.	PMS86	180,616	87,372	48.4
	National Security Life & Accident Ins. Co.	SC	394,632	176,316	44.7
	Statesman National Life Ins. Co.	P-181	1,041,417	548,365	52.7
		P305,P306,P297 ^a	854,361	462,204	54.1
	Union Bankers Ins. Co.	76M	398,084	227,499	57.1
	Union Fidelity Life Ins. Co. of Trevese	8350	584,907	343,511	58.7
UT	Blue Cross & Blue Shield of UT	B883650013007	360,507	200,606	55.6
		B883650013012	347,052	151,277	43.6
	Mutual of Omaha Ins. Co.	M4,HM17 ^a	150,620	85,591	56.8
	United American Ins. Co.	MAXC+	228,679	103,778	45.4
VA	American Family Life Assurance Co. of Columbus, GA	A-19800	336,920	154,074	45.7
	Globe Life & Accident Ins. Co.	MCP-3	342,517	200,979	58.7
		MCP-4	168,579	75,367	44.7
	Gulf Life Ins. Co.	MED-1	650,606	389,509	59.9
	Mutual of Omaha Ins. Co.	M3/M71,H64 ^a	154,246	78,896	51.1
		M35 ^a	288,761	130,657	45.2
		M4/M72 ^a	406,911	226,962	55.8
	National Financial Ins. Co.	GL65-4	184,452	65,316	35.4
	New York Life Ins. Co.	8145	237,932	111,002	46.7
	Pyramid Life Ins. Co.	G-10	158,414	69,690	44.0
		H-94	158,368	69,398	43.8
	Union Fidelity Life Ins. Co. of Trevese	1042	229,526	105,168	45.8
		1053	640,848	340,428	53.1
		8550	467,719	277,229	59.3
	United American Ins. Co.	MAXC+	1,048,058	574,581	54.8
WA	Bankers Fidelity Life Ins. Co.	MS1083	467,429	261,658	56.0
	Bankers Life & Casualty Co.	GR-75R	3,629,420	2,042,718	56.3
	Central States H & L Co. of Omaha	286	164,348	96,112	58.5
	National Home Life Assurance Co.	NH1380	437,657	251,641	57.5
	New York Life Ins. Co.	8145	291,217	159,895	54.9
	Union Fidelity Life Ins. Co. of Trevese	1053	166,903	78,597	47.1
WI	American Family Life Assurance Co. of Columbus, GA	A-19700	186,809	86,653	46.4
		A-19800	639,370	338,905	53.0

(continued)

**Appendix IV
 Medigap Insurers With Mature and Credible
 Loss Ratio Experience on Individual Policies
 Below the Minimum Standard, 1991**

State	Company name	Policy number	Premiums	Claims	Loss ratio
	Central States H & L Co. of Omaha	286	1,899,728	1,105,465	58.2
	Mutual of Omaha Ins. Co.	M40, HM26 ^a	1,951,117	1,159,895	59.4
		50/51CMO ^a	246,761	133,321	54.0
	North American Ins. Co.	400	170,616	63,099	37.0
	United American Ins. Co.	DMXC-U	234,474	132,191	56.4
WV	Mutual of Omaha Ins. Co.	M1/M79 ^a	165,663	89,440	54.0
		50VB/51VB/52VB ^a	188,463	109,779	58.2
	Union Fidelity Life Ins. Co. of Trevese	1053	320,375	166,225	51.9
WY	Bankers Life & Casualty Co.	GR-75R	464,925	219,913	47.3
	United American Ins. Co.	MAXC+	310,343	157,476	50.7
Totals			\$195,984,156	\$105,185,275	

^a Companies included data for similar policies on a single experience exhibit.

Medigap Insurers With Mature and Credible Loss Ratio Experience on Group Policies Below the Minimum Standard, 1991

State	Company name	Policy number	Premiums	Claims	Loss ratio
AL	North American Life & Casualty	GSC-1300	\$209,187	\$110,924	53.0
AZ	Principal Mutual Life Ins. Co.	GC500(D) WITH GC	241,560	134,783	55.8
CA	Principal Mutual Life Ins. Co.	GC500(D) WITH GC	243,781	126,361	51.8
CO	Life Investors Ins. Co. of America	GMS 1,2,3 ^a	218,558	102,049	46.7
	Principal Mutual Life Ins. Co.	GC500(D) WITH GC	331,665	212,413	64.0
DC	North American Life & Casualty	GSC-1012	246,543	128,165	52.0
		GSC-1090	150,342	79,182	52.7
		GSC-1310	2,671,438	1,656,045	62.0
		GSC-1385	7,246,522	4,823,240	66.6
		GSC-1395	414,519	280,887	67.8
		GSC-1544	586,112	346,662	59.1
	Preferred Life Ins. Co. of NY	GSC-1310-PL	315,590	184,135	58.3
DE	Provident Life & Accident Ins. Co.	F-63150	326,812	203,801	62.4
GA	Provident Life & Accident Ins. Co.	F-65872	278,031	179,095	64.4
HI	Prudential Ins. Co. of America	01	985,962	682,673	69.2
IA	Life Investors Ins. Co. of America	GMS 1,2,3 ^a	336,538	121,228	36.0
	Principal Mutual Life Ins. Co.	GC500(D) WITH GC	14,020,163	8,852,946	63.1
IL	Continental Casualty Co	44017	1,043,320	652,958	62.6
	Life Investors Ins. Co. of America	GMS 1,2,3 ^a	218,768	77,455	35.4
	Principal Mutual Life Ins. Co.	GC500(D) WITH GC	1,028,204	756,447	73.6
IN	Life Investors Ins. Co. of America	GMS 1,2,3 ^a	244,275	108,787	44.5
	Principal Mutual Life Ins. Co.	GC500(D) WITH GC	605,504	404,019	66.7
MA	Blue Cross & Blue Shield of MA	ME 2	50,933,901	29,022,187	57.0
		ME 4	2,438,483	1,103,984	45.3
	Provident Life & Accident Ins. Co.	F-65872	167,543	79,552	47.5
	Toyota Motor Life Ins. Co.	MSP2000	310,311	231,725	74.7
MD	Toyota Motor Life Ins. Co.	MSP2000	281,468	187,160	66.5
MN	Life Investors Ins. Co. of America	GMS 1,2,3 ^a	377,045	192,892	51.2
MO	Blue Cross & Blue Shield of MO	LMC-1	522,926	347,304	66.4
		UC-24	3,335,484	2,243,323	67.3
	Principal Mutual Life Ins. Co.	GC500(D) WITH GC	757,668	515,643	68.1
NC	Provident Life & Accident Ins. Co.	F-63150	572,311	316,990	55.4
		F-65872	230,249	160,200	69.6
ND	Blue Cross & Blue Shield of ND	MEDICARE EXTENDED	2,556,918	1,871,787	73.2
	Principal Mutual Life Ins. Co.	GC500(D) WITH GC	253,532	168,196	66.3
	Prudential Ins. Co. of America	01	1,535,480	963,734	62.8
NE	Blue Cross & Blue Shield of NE	9704(I), 9710(G) ^a	193,555	94,588	48.9

(continued)

**Appendix V
Medigap Insurers With Mature and Credible
Loss Ratio Experience on Group Policies
Below the Minimum Standard, 1991**

State	Company name	Policy number	Premiums	Claims	Loss ratio
	Life Investors Ins. Co. of America	GMS 1,2,3 ^a	229,771	104,552	45.5
	Principal Mutual Life Ins. Co.	GC500(D) WITH GC	6,873,824	4,911,736	71.5
NJ	Provident Life & Accident Ins. Co.	F-65872	450,283	305,559	67.9
NM	New Mexico Blue Cross & Blue Shield	M296	502,168	169,290	33.7
NV	Blue Cross & Blue Shield Plan of NV	82171	525,444	320,596	61.0
		82172	301,027	183,670	61.0
OH	Principal Mutual Life Ins. Co.	GC500(D) WITH GC	583,313	328,192	56.3
	Provident Life & Accident Ins. Co.	F-63150	343,197	255,296	74.4
OK	Principal Mutual Life Ins. Co.	GC500(D) WITH GC	156,354	116,823	74.7
OR	Blue Cross & Blue Shield of OR	88-MEDSTD-20	1,082,485	706,358	65.3
	Klamath Medical Service Bureau	MS 65	208,230	141,900	68.1
PA	Provident Life & Accident Ins. Co.	F-65872	319,329	203,469	63.7
PR	Prudential Ins. Co. of America	01	1,063,607	672,569	63.2
SC	Provident Life & Accident Ins. Co.	F-63150	294,975	187,249	63.5
SD	Life Investors Ins. Co. of America	GMS 1,2,3 ^a	155,553	57,593	37.0
TN	Memphis Hospital Service & Surgical Assn.	BCBS-65 CO-051	307,401	159,891	52.0
	Provident Life & Accident Ins. Co.	F-63150	266,513	183,625	68.9
TX	Principal Mutual Life Ins. Co.	GC500(D)TX GC	2,893,543	1,836,155	63.5
UT	Blue Cross & Blue Shield of UT	B883650013007	186,752	115,687	61.9
	Hartford Life Ins. Co.	SPR-7318	154,420	108,614	70.3
VA	Provident Life & Accident Ins. Co.	F-65872	171,487	103,287	60.2
	Toyota Motor Life Ins. Co.	MSP2000	353,893	231,029	65.3
	USAA Life Ins. Co.	AG4001	616,221	430,468	69.9
VI	Prudential Ins. Co. of America	01	175,394	104,459	59.6
WA	King County Medical Blue Shield	33800	253,384	188,444	74.4
		33900	176,657	131,382	74.4
		34000	403,586	300,151	74.4
		34200	163,003	121,226	74.4
	Principal Mutual Life Ins. Co.	GC500(D) WITH GC	165,908	95,308	57.4
	Toyota Motor Life Ins. Co.	MSP2000	208,423	145,837	70.0
WI	Life Investors Ins. Co. of America	GMS 1,2,3 ^a	202,748	100,727	49.7
	Principal Mutual Life Ins. Co.	GC500(D) WITH GC	5,867,409	4,148,788	70.7
WV	Mountain State Blue Cross & Blue Shield	ED214	1,917,393	1,391,861	72.6
Totals			\$124,003,963	\$76,285,311	

^a Companies included data for similar policies on a single experience exhibit.

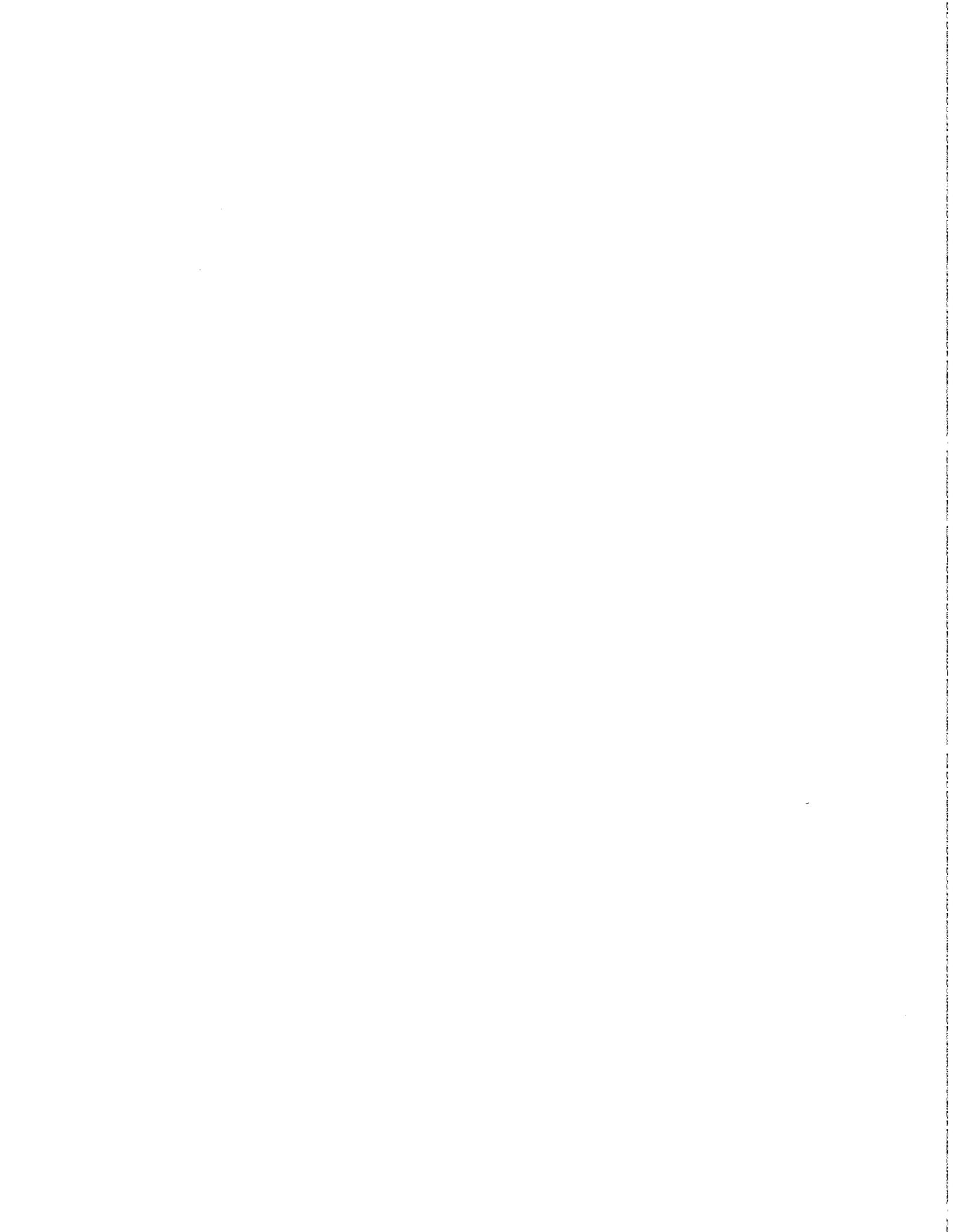
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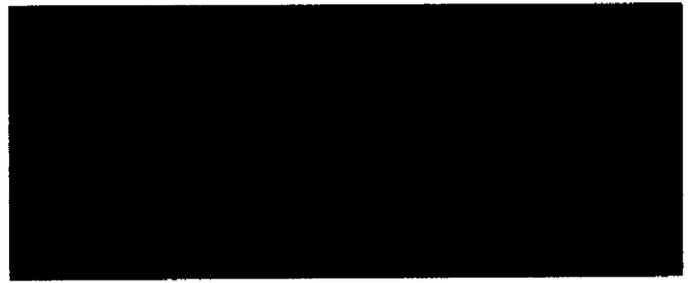
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