

Accident and Health Insurance Market Report for 2007

**State of West Virginia
Offices of the Insurance Commissioner**

April 2008

Table of Contents

List of Tables and Figures.....	2
Executive Summary.....	3
I. Introduction.....	4
II. Comprehensive Major Medical Coverage.....	5
III. Disability Coverage.....	10
IV. Medigap Coverage.....	13
V. Long-Term Care Coverage.....	16
VI. Other Health Care Insurance Products.....	18
VII. Summary.....	19
VIII. Appendix.....	20
IX. References.....	20

List of Tables and Figures

1. Figure 1, Major Medical Premium Earned by Purchaser Type.....	6
2. Table 1, Top 10 Carriers of Large Group Major Medical Coverage.....	7
3. Table 2, Top 10 Carriers of Small Group Major Medical Coverage.....	8
4. Table 3, Top 10 Carriers of Individual Major Medical Coverage.....	9
5. Table 4, Active Carriers in the Major Medical Coverage Market.....	10
6. Table 5, Top 5 Carriers of Group Coverage: Short-Term Disability... ..	11
7. Table 6, Top 5 Carriers of Group Coverage: Long-Term Disability.....	12
8. Table 7, Top 5 Carriers of Individual Coverage: Short-Term Disability.....	13
9. Table 8, Top 5 Carriers of Individual Coverage: Long-Term Disability.....	13
10. Table 9, Top 10 Carriers of Individual Medigap Coverage.....	14
11. Table 10, Top 10 Carriers of Group Medigap Coverage.....	15
12. Table 11, Top 10 Carriers of Individual LTC Coverage, Tax Qualified.....	17
13. Table 12, Top 10 Carriers of Individual LTC Coverage, Non Tax Qualified.....	17
14. Figure 2, Active A&H Carriers—WV Selected Lines.....	20

Executive Summary

The Accident and Health Insurance Market Report for 2007 examines the high-volume products sold in West Virginia's insurance market. These products are: comprehensive major medical, disability, Medicare supplement and long-term care policies. Both group and individual policies are reviewed for each product line.

The findings of the report indicate that the accident and health market is relatively stable by the measures of carrier entry and exit, premium volume, and number of covered lives. There is evidence of a significant drop in the number of covered lives by comprehensive major medical carriers. Also, there appears to be a trend towards carrier consolidation at the top and a loss of small firms on the fringe.

I. Introduction

Health care costs and health insurance are always in the news. These expenditures have become more visible as medical treatments and drug therapies improve, and as health care becomes a bigger fraction of U.S. Gross Domestic Product. Today, health care spending accounts for about 16 percent of national output and this fraction is growing. This growth, coupled with a multi-party delivery system, makes analysis of this industry difficult. Complexity is added to health care discussions because national, state, and even local-level issues are often combined. To help focus the discussion, the Offices of the West Virginia Insurance Commissioner produce this Accident and Health Insurance Report to provide state-specific information about the health insurance market. The purpose of this report is to inform consumers and policymakers of the availability, market concentration and trends affecting various health and accident insurance products

The data for this report come from several sources. The main data source is survey responses from companies licensed to sell health and accident insurance products in West Virginia in 2006. Additional data were collected from national medical organizations and the NAIC (National Association of Insurance Commissioners). In obtaining information from many sources, occasionally terms will not be defined uniformly. In preparing this report we have tried to resolve any definitional inconsistencies that arise, and it is our belief that this report substantially represents current market conditions.

Health Care Insurance Markets

Health care insurance markets are characterized by a patchwork of private and government providers. Moreover, coverage levels are influenced by age, work status, income and other factors. A first step to understanding health care markets in West Virginia is to distinguish between the sector of the market that is regulated by the Insurance Commissioner and that which is not. The Commissioner only regulates private carriers which are in the business of selling insurance.

Various government agencies provide health insurance to the poor and the aged. The non-poor and the working age population are largely covered by employer-based private insurance. Indeed, estimates made by the U.S. Bureau of the Census (2006) suggest that total health care expenses can be broken down into 70 percent private and 30 percent public. Private market insurance is the focus of this report.

Organization of the Report

The report is organized around four major health and accident products that are sold in West Virginia's private insurance market: 1) Comprehensive major medical coverage; 2) Disability coverage; 3) Medicare supplement products; and 4) Long-Term care insurance. For each of these major products we evaluate the availability, major carriers, market stability and costs for both group and individual policies.

In addition, this report evaluates the condition of health insurance in West Virginia, including a discussion of trends affecting our health insurance market.

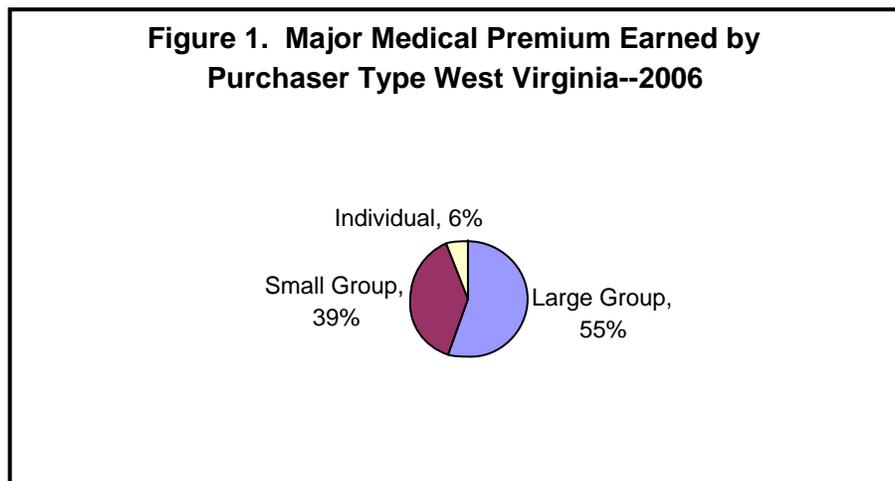
II. Comprehensive Major Medical Insurance

The biggest market for health care products is the comprehensive major medical line of business. We think of this product when we refer to "health insurance." For the purposes of this report, this line of business is defined as insurance coverage that provides hospitalization, physician services, lab services and medications. In West Virginia, this line of business indicated earned premium revenue of \$707 million in 2006 and covered approximately 211,300 lives.

Group Coverage

Major medical coverage is insurance that is provided primarily by employers as a part of an employee benefits package. The history for linking insurance to the job dates back over 50 years. After World War II, employers found they could circumvent price freezes on wages by adding a non-wage benefit to employees' pay. This gives a tax advantage insofar as a dollar's pay could buy more health care pre-tax than after tax. Additionally,

there are much lower administrative costs when employers buy insurance in bulk as opposed to individuals buying their own. Over time, more tax advantages have been built into employer-provided insurance. Since employer-based medical insurance is so common, we have organized this report according to the buyer of insurance. By our definition, major medical insurance sold by commercial providers in the State is broken down into large groups (employers with over 50 eligible employees) and small groups (employers with 2 to 50 eligible employees). A chart of purchasing patterns of these sectors is shown in Figure 1.



The pie chart indicates that employer groups account for ninety-four percent of the earned premium revenue for major medical products. As long as the tax advantages remain, this buying pattern is expected to continue. It should be mentioned, however, that this purchasing tendency has a downside in that when employees tend to become heavily locked into their employers, job mobility is reduced. The 1996 federal legislation called “HIPAA” (Health Insurance Portability and Accountability Act) was created, in part, to increase the portability of health care benefits when workers separated from their employers (Rosen, 2004). This legislation appears seems to have done little to change

the purchasing patterns of health and accident products since workers still move cautiously from job-to-job trying to maintain health insurance.

In West Virginia, 2006 was marked by relative stability in the major medical lines of business. West Virginia's top five companies for large group sales account for about 91 percent of premium earned. The number of carriers in this line in this line of business remained at 26 for 2006. This trend tends to indicate some level of stability with carriers remaining in this market.

The small group market had a slight increase in the total number of carriers as the number jumped from 27 to 30. Earned premium volume increased approximately 9.7 percent for the combined sales of large and small groups. In addition, the number of covered lives increased by nearly 5.4% for these group markets which leads us to believe that there has been a favorable effect on the availability of this product. Detail on the group major medical market is found in Tables 1-2.

Table 1. Top 10 Carriers of Large Group Major Medical Coverage

<i>Earned Premium (\$)</i>	<i>Company Name</i>	<i>Certificates</i>	<i>Covered Lives</i>
156,300,302	Mtn. State BlueCross/BlueShield, Inc.	21,689	41,869
79,181,174	Health Plan of the Upper Ohio Valley	11,553	24,509
55,801,853	Carelink Health Plans, Inc.	8,097	16,229
40,644,682	Coventry Health and Life Ins. Co.	5,471	10,518
19,612,052	United Healthcare Insurance Company	457	7,119
7,490,070	Connecticut General Life Ins. Co.	154	2,818
5,336,731	THP	515	1,855
4,521,195	Aetna Life Insurance Company	289	2,441
3,055,409	Guardian Life Insurance Company of America	4	1,033
2,971,924	Medical Benefits Mutual Life Insurance Co.	16	1,339
12,867,910	Others (16)	446	11,095
<i>387,783,302</i>	<i>Totals (26)</i>	<i>48,691</i>	<i>120,825</i>

Table 2. Top 10 Carriers of Small Group Major Medical Coverage

<i>Earned Premium (\$)</i>	<i>Company Name</i>	<i>Certificates</i>	<i>Covered Lives</i>
158,834,240	Mtn. State BlueCross/BlueShield, Inc.	24,695	44,238
35,813,664	Coventry Health and Life Ins. Co.	5,837	10,548
30,196,141	Carelink Health Plans, Inc.	3,856	6,926
7,642,471	Principal Life Insurance Company	101	2,234
6,885,319	Health Plan of the Upper Ohio Valley	952	2,131
6,048,229	Consumers Life Ins. Co.	920	1,793
5,791,820	Union Security Insurance Company	131	1,266
5,228,522	Central Reserve Life Insurance Company	81	1,642
3,516,377	John Alden Life Insurance Company	126	1,019
3,073,617	First Health Life & Health Insurance Company	124	721
14,336,719	Others (20)	452	3,816
<i>277,367,119</i>	<i>Totals (30)</i>	<i>37,275</i>	<i>76,334</i>

As one evaluates these tables, it is helpful to remember that people continually move in and out of health insurance markets. For example, as incomes change, the eligibility for Medicaid and SCHIP is affected. As people change jobs they move in and out of group plans, and as people reach 65 they become eligible for Medicare. In some cases, people move from uninsured to insured and vice-versa. A special part of the health insurance literature is devoted to these movements. One topic of current interest is the movement from private to government-sponsored insurance as public programs are expanded. This is called “crowding out,” suggesting that increased levels of public assistance induce people to drop or reduce their private health care coverage and take publicly-provided benefits. This is a popular topic of current research although it is beyond the scope of this report.

Individual Coverage

The final topic in the major medical section is the individual buyer of major medical coverage. As shown in Table 3, this line of business is a small relative to group, but is important nonetheless. Its importance comes from the fact that individual buyers are generally different when compared with the group market: the individual buyer may not have a job, is almost certainly not covered by Medicare, and may be healthier and younger than the group buyer. These differences may create an *adverse selection* problem. This problem occurs when people with high health care needs gravitate towards

jobs where they receive health benefits with little underwriting. The healthier and the younger people will either go without insurance altogether or buy lower levels of coverage. Thus, we expect lower coverage levels and more stringent underwriting on benefits in the individual market.

Table 3. Top 10 Carriers of Individual Major Medical Coverage

<i>Earned Premium (\$)</i>	<i>Company Name</i>	<i>Policies</i>	<i>Covered Lives</i>
33,801,344	Mtn. State BlueCross/BlueShield, Inc.	6,481	9,570
3,035,647	Time Insurance Company	1,059	1,609
1,057,517	Health Plan of the Upper Ohio Valley	267	302
1,037,346	John Alden Life Insurance Company	436	633
907,736	Continental General Ins. Co.	87	125
391,506	American Republic Insurance Co.	44	63
376,345	Aetna Life Insurance Company	156	179
180,329	Humana Insurance Company	0	0
136,886	Prudential Insurance Co. of America	398	465
111,339	American National Insurance Company	22	37
572,325	Others (28)	1,085	1,159
<i>41,608,320</i>	<i>Totals (38)</i>	<i>10,035</i>	<i>14,142</i>

Careful comparison of Table 3 with Tables 1-2 indicates that the sellers of individual major medical insurance are different carriers than the sellers of group benefits with the exception of Mountain State Blue Cross/Blue Shield. This specialization is a result of companies having different marketing strategies and the level of underwriting that they utilize. For 2006, premium revenue increased slightly over 2005 and the number of active carriers increased from 37 last year to 38 this year. However, covered lives decreased by 3.6 percent.

Market Stability

Another way to evaluate major medical markets is to look at the concentration of carriers. Tables 1-3 indicate that, in West Virginia, sales are concentrated in a few major carriers although many firms sell the product. This market structure is characterized by heavy concentration at the top and a large “competitive fringe.” Some fringe firms are renewing existing business but not writing new business. Thus, they do not show up as having exited the market, but they are not available to write new policies either. Other firms are writing new policies after a period of non-activity. Table 4 gives evidence about the total

number of carriers in the West Virginia health care insurance market writing any kind of major medical coverage.

Table 4. Active Carriers in the Major Medical Coverage Market

<i>Policy Type</i>	<i>Carriers</i>	
	<i>Carriers Writing New Business</i>	<i>Reviewing Existing Business</i>
Large Group	20	33
Small Group	25	28
Individual	18	59
<i>Totals</i>	<i>63</i>	<i>120</i>

Cost of Major Medical Coverage

To better interpret this highly aggregated data, some perspective is helpful. Namely, what does it mean to have a \$706.7 million private major medical market? Some context can be given to these numbers by calculating monthly earned premium per covered life. This gives a rough approximation of what an individual or family spends per month on health insurance. Using this approximation, we estimate the average annual cost for each insured is \$3,209 in a large group, \$3,634 in a small group, and \$2,942 for an individual. While we would not expect these policies to have exactly the same coverages, these numbers do serve as useful benchmarks. Considering a family of four, we estimate that total premium is about \$9,300 per year, or about \$776 a month under a large group policy. Since this amount is much higher than most workers spend out-of-pocket for health benefits, employers absorb much of this cost. But this cost sharing should not obscure the central point: major medical health care expenses are a significant portion of the family budget.

III. Disability Insurance

Our society considers major medical insurance essential to financial security. Disability insurance, however, is considered desirable but not essential. Thus, premium volume and the number of carriers writing this product are small when compared with major medical insurance. In West Virginia, disability insurance earned premium was \$67.7 million in 2006, up 8.4 percent from the previous year. Disability insurance generates approximately one tenth of the premium volume of major medical coverage.

Disability insurance is sold to both groups and individuals. A disability policy provides income replacement for those unable to work. A “short-term” policy normally provides benefits over a disability period of 13 to 26 weeks, whereas a “long-term” disability policy provides benefits beyond 26 weeks. In West Virginia during 2006, about 69,000 lives were covered by short-term policies and about 149,000 lives were covered by long-term policies in the disability market.

Since disability insurance pays benefits when a person is unable to work, it is helpful to estimate the percentage of the labor force covered. The U.S. Bureau of Labor Statistics estimated that West Virginia’s civilian labor force was 807,000 in 2006. From the policy counts above, it is clear that only a small fraction of these workers have disability coverage. There are several reasons for this. One reason is that many workers are covered by sick leave benefits that provide income in the event of disability or long-term illness. Another reason is that Social Security provides small disability payments, and so does Workers’ Compensation if the loss of income is due to an on-the-job injury. A final reason, perhaps less rational, is that people may misjudge the likelihood of injury and illness.

Group Disability Coverage

Disability coverage sold to employee groups accounted for a \$44.5 million in sales in 2006, or about 66 percent of the total disability premium. Tables 5 and 6 below show the premium of the top five group carriers in West Virginia for this line of business.

Table 5. Top 5 Carriers of Group Coverage: Short-Term Disability

<i>Earned Premium (\$)</i>	<i>Company Name</i>	<i>Policies</i>	<i>Covered Lives</i>
1,051,210	UNUM Life Ins. Co. of America	64	3,704
796,844	Guardian Life Insurance Co of America	102	3,952
795,171	Fort Dearborn Life Insurance Company	122	3,495
647,539	Monumental Life Insurance Company	3,190	3,190
645,884	Hartford Life Insurance Company	33	712
6,167,694	Others (64)	818	27,869
<i>10,104,502</i>	<i>Totals (69)</i>	<i>4,329</i>	<i>42,922</i>

Table 6. Top 5 Carriers of Group Coverage: Long-Term Disability

<i>Earned</i>			<i>Covered</i>
<i>Premium (\$)</i>	<i>Company Name</i>	<i>Policies</i>	<i>Lives</i>
5,576,275	Harford Life & Accident Insurance Co.	69	12,589
5,289,018	UNUM Life Ins. Co. of America	175	22,173
4,445,932	Genworth Life & Health Ins. Co.	62	1,768
4,268,708	Standard Insurance Company	88	14,257
2,600,615	Metropolitan Life Insurance Company	71	14,317
12,843,549	Others (50)	864	72,812
<i>35,024,097</i>	<i>Totals (55)</i>	<i>1,329</i>	<i>137,916</i>

The tables show: 1) group disability sales are much larger than individual sales; 2) the top five carriers in the short-term market (except Unum Life and Hartford Life Insurance) are different from those in the long-term market, which suggests the products are specialized and companies tend to sell one or the other, but rarely both; and 3) the major carriers tend to be life insurance companies and these disability products are more likely to be marketed with life insurance products.

Premium revenue is up 13 percent from the previous year for group disability coverage. Regarding the stability of the group disability market, the number of carriers is down slightly compared to last year, falling from 130 to 123 active carriers. There is a slight trend away from consolidation among the leading firms even as small carriers leave this line of business.

Individual Disability Coverage

About 34 percent of the disability insurance sales are made directly to individuals. This product is especially attractive to the self-employed and workers without sick leave benefits. Like other accident and health products, sales of individual disability coverage are heavily concentrated in a few leading firms. The competitive fringe is large, and has changed only slightly from the previous year. On net, two carriers entered the short-term market and one firm exited long-term sales. This seems to be the normal ebb-and-flow of economic adjustment because, combining short-term and long-term individual disability premiums, the total increased 0.5 percent over the past year. Thus, this market appears to

have adequate availability for the product and the number of covered lives has grown slightly in the short-term market. However, there was nearly an 11% decrease in the number of covered lives in the individual market.

Table 7. Top 5 Carriers of Individual Coverage: Short-Term Disability

<i>Earned Premium (\$)</i>	<i>Company Name</i>	<i>Policies</i>	<i>Covered Lives</i>
3,035,994	American Family Life Assurance Co of Columbus	6,682	6,682
1,739,973	Combined Insurance Co. of America	7,138	7,104
1,489,691	Provident Life & Accident Ins. Co.	1,989	1,989
1,296,374	Massachusetts Mutual Life Ins. Co.	1,290	1,290
1,251,274	Paul Revere Life Insurance Company	705	705
3,974,705	Others (41)	8,547	9,183
<i>12,788,011</i>	<i>Totals (46)</i>	<i>26,351</i>	<i>26,953</i>

Table 8. Top 5 Carriers of Individual Coverage: Long-Term Disability

<i>Earned Premium (\$)</i>	<i>Company Name</i>	<i>Policies</i>	<i>Covered Lives</i>
4,287,302	The Northwestern Mutual Life Insurance Co.	4,533	4,533
827,592	Metropolitan Life Insurance Company	612	612
468,346	AXA Equitable Life Insurance Company	297	297
453,323	Berkshire Life Ins. Co. of America	210	210
407,092	Assurity Life Insurance Company	825	825
4,060,028	Others (66)	6,470	6,377
<i>10,503,683</i>	<i>Totals (71)</i>	<i>12,947</i>	<i>12,854</i>

IV. Medigap Insurance

Like the name suggests, Medigap (a.k.a. Medicare Supplement) insurance fills the gaps in Medicare coverage for those aged 65 and older. This coverage cannot duplicate a benefit provided by Medicare, but it may pay deductibles, co-payments, prescription drug costs and other non-covered expenses. Please note the data used in the 2006 report included data for Medicare Advantage products if reported by the insurer. We have not included that data in the 2007 report since Medicare Advantage Plans (also known as Medicare Part C) are health plan options that are part of the Medicare program. If you join one of

these plans, you generally have all your Medicare-covered health care through that plan. This coverage can include Medicare Part D prescription drug coverage or you can enroll in a separate Medicare Part D prescription drug coverage plan. Medicare Advantage Plans include:

- Medicare Health Maintenance Organization (HMOs)
- Preferred Provider Organizations (PPO)
- Private Fee-for-Service (PFFS) Plans
- Medicare Special Needs Plans (SNP)
- Medicare Medical Savings Accounts (MSA)

In West Virginia Medigap is a huge market with earned premiums of over \$139.6 million. This equates to about \$170 per month for each covered life. It is a well-known fact that West Virginia’s population is older than the national average. The U.S. Census Bureau reports that the 2006 median age in West Virginia was 40.2 years compared to the national median of 36.4 years. Furthermore, the state’s median age is projected to become even older over that next decade. Given the age distribution of the population, it is likely that Medigap sales will continue to grow.

Table 9. Top 10 Carriers of Medigap Individual Coverage

<i>Earned Premium (\$)</i>	<i>Company Name</i>	<i>Policies</i>	<i>Covered Lives</i>
22,423,597	Mountain State BlueCross BlueShield, Inc.	9,006	9,006
7,258,027	Bankers Life and Casualty Co.	2,935	3,027
7,087,250	Mutual of Omaha Insurance Company	2,885	2,885
5,890,833	United American Insurance Co.	1,986	1,986
4,127,774	State Farm Mutual Automobile Insurance Co.	1,997	2,007
3,493,002	Bankers Fidelity Life Insurance Company	1,340	1,340
3,285,654	American Network Ins. Co.	1,217	1,217
2,635,178	United World Life Insurance Company	2,521	2,521
1,636,867	Continental General Ins. Co.	883	882
1,419,940	Constitution Life Insurance Company	820	820
8,992,013	Others (66)	4,119	4,158
68,250,135	Totals (76)	29,709	29,849

Table 10. Top 10 Carriers of Medigap Group Coverage

<i>Earned Premium (\$)</i>	<i>Company Name</i>	<i>Policies</i>	<i>Covered Lives</i>
56,363,342	United Healthcare Insurance Company	2	32,767
11,122,306	Mountain State BlueCross/BlueShield, Inc.	4,653	4,653
1,788,394	Hartford Life Insurance Company	69	448
1,429,683	Bankers Life and Casualty Co.	163	175
1,386,820	Harford Life & Accident Insurance Co.	29	1,139
1,026,212	Life Investors Ins. Co. of America	606	606
792,900	Principal Life Insurance Company	178	184
178,836	Union Fidelity Life Ins. Co.	78	78
111,553	Monumental Life Insurance Company	49	49
106,652	Peoples Benefit Life Insurance Co.	63	63
192,853	Others (16)	129	132
74,499,551	Totals (26)	6,019	40,294

Tables 9 and 10 show the major carriers earned premium, policy counts and covered lives. Medigap group coverage requires more explanation than other group markets. This is because health insurance is typically employer-based, and coverage changes when retirement occurs. When Medicare eligibility begins at age 65, the take-up rate is nearly 100 percent (Rosen, p. 222). But Medicare does not cover all medical expenses so supplemental insurance may be desired. This creates a niche for Medigap policies, which are typically bought by individuals. Occasionally groups form, the most popular being the American Association of Retired Persons (AARP) group. In West Virginia, AARP individual policies are marketed through the United Healthcare Insurance Company. In 2006 this company had earned premium of \$58.4 million, and insured over 33,000 lives. This makes United Healthcare the largest seller of group Medigap policies in the state. To get a truer picture of the total volume of Medigap coverage in the state it is fitting to consider these as individual sales rather than group sales. If classified that way, United Healthcare would be the largest individual seller in the state too.

There has been noticeable increase in the number of carriers in this market over the past year. Sixteen new carriers entered the individual market and eight entered the group market. This would indicate product availability is not lacking as shown by reported increases in both covered lives and premium volumes.

V. Long-Term Care Insurance

As society ages, the insurance products it needs change too. One indication of these changes is the growth of long-term care products. Long-term care (LTC) insurance is designed to provide protection from unanticipated expenses associated with long life. Because we cannot perfectly predict either the length of our lives or the physical condition of our later years, LTC insurance is designed to provide financial support for late-in-life nursing home care and in-home medical care. As the average age of the U.S. population has increased, these types of policies have become more popular.

Furthermore, changes in the federal tax laws have motivated people to rethink LTC insurance. The 1996 Health Insurance Portability and Accountability Act (HIPAA) made it clear that long-term care is not to be funded by Medicare and suggested households need to provide their own funding. Many people have found LTC insurance a good way to pre-fund these expenses. At the same time, HIPAA provided favorable tax treatment for LTC insurance products (discussed below). These products continue to be a growing portion of West Virginia's health care insurance markets with premiums of \$22 million for 2006.

Long-Term Care Coverage

Long Term Care insurance consists of "Tax Qualified" and "Non Tax Qualified" products. The premiums paid to Tax Qualified plans, under Internal Revenue Service regulations, are treated as tax-deductible health care expenses. Conversely, Non Tax Qualified plans do not allow the deduction of LTC costs. Also, when evaluating the LTC market we only examine individual policies. This is because LTC products are typically purchased later in life and fewer of the buyers are working. However, there is a small market of employer sponsored LTC products with approximately \$3.2 million in earned premium for the Tax Qualified product and nearly 0.4 million for the Non Tax Qualified product that was reported for 2006. Tables 11 and 12 list the 2006 earned premiums, policy counts, and number of covered lives that was reported for the individual LTC products.

Table 11. Top 10 Carriers of Individual Long Term Care, Tax Qualified

<i>Earned Premium</i>	<i>Company Name</i>	<i>Policies</i>	<i>Covered Lives</i>
7,180,423	Genworth Life Insurance Company	4,676	4,676
2,736,121	Bankers Life and Casualty Co.	1,798	2,246
1,379,429	Northwestern Long Term Care Insurance Co.	899	899
916,104	Metropolitan Life Insurance Company	535	535
834,022	John Hancock Life Insurance Co.	630	630
526,256	Prudential Insurance Co. of America	235	235
498,733	UNUM Life Ins. Co. of America	350	350
439,818	New York Life Insurance Company	361	361
398,267	Teachers Insurance & Annuity Assoc. of America	307	307
316,261	Massachusetts Mutual Life Ins. Co.	101	164
2,760,141	Others (45)	3,266	3,351
<i>17,985,575</i>	<i>Totals (55)</i>	<i>13,158</i>	<i>13,754</i>

Table 12. Top 10 Carriers of Individual Long Term Care, Non Tax Qualified

<i>Earned Premium</i>	<i>Company Name</i>	<i>Policies</i>	<i>Covered Lives</i>
1,275,729	RiverSource Life Insurance Co.	1,066	1,066
758,963	Conseco Senior Health Insurance Co.	449	516
601,276	Bankers Life and Casualty Co.	417	529
472,091	American Network Ins. Co.	316	316
345,115	Mutual of Omaha Insurance Company	165	165
314,820	MetLife Insurance Co. of Connecticut	11	11
261,609	John Hancock Life Insurance Co.	90	90
164,711	American Family Life Assurance Co. of Columbus	171	171
142,202	Continental General Ins. Co.	53	80
92,898	United American Insurance Co.	74	75
223,767	Others (19)	192	201
<i>4,876,948</i>	<i>Totals (29)</i>	<i>3,196</i>	<i>3,421</i>

The data suggest three major themes. First, the policy counts and the covered lives are almost identical. This means that a typical policy only covers one person in contrast to family coverage that is popular in many other types of health insurance. Second, most policies are Tax Qualified and this fraction is growing. Third, none of the companies are in the top 10 in both products, which suggests there is specialization and carriers do not move as easily between product lines.

When compared to last year, the total number of carriers of LTC insurance increased by only one. Premium revenue increased 5.6 percent in the Tax Qualified products whereas

revenues nearly doubled for the Non Tax Qualified products. Most of the 2006 increase in revenues for the Non Tax Qualified products can be attributed to some carriers not filing a report for 2005 and in one instance the carrier reported the Non Tax Qualified under the Tax Qualified product.

VI. Other Health Insurance Products

The products discussed thus far are the most popular health care insurance coverages in West Virginia. However due to the large number of health exposures, other insurance coverages are available, many of which cover specific medical conditions. Although an analysis of these products goes beyond the scope of this report, several are listed below to demonstrate the many insurance options available.

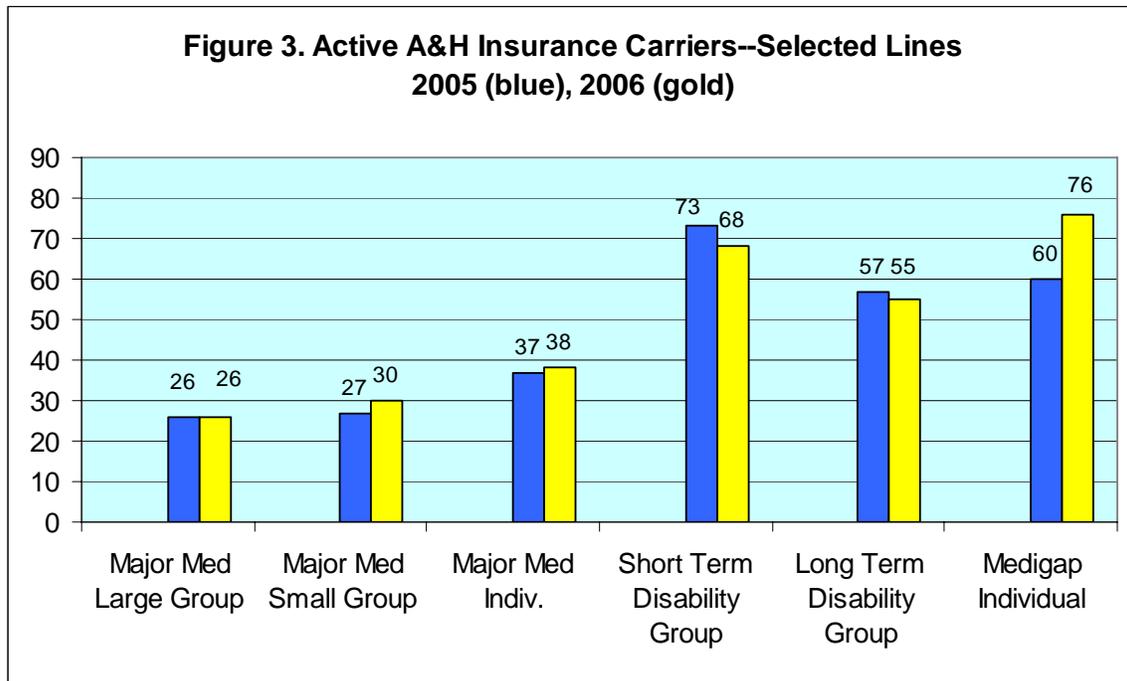
- Accident only insurance
- Association/Trust group insurance
- Dental insurance
- Group long-term care insurance
- Limited benefit insurance
- Named diseases (e.g., cancer) insurance
- Student health insurance

VII. Summary

Like all active businesses, the insurance industry is constantly in flux. Change occurs as a result of economic conditions, health conditions, aging, economic activity, technology, the regulatory and tax environment, and much more. This report has summarized the product mix, revenues, policy counts, and key carriers in West Virginia's accident and health insurance market. The industry offers a wide array of products and is enjoying relatively stable market conditions. Although most lines of business are heavily concentrated when measured by sales, there are dozens of carriers in each line of business and active entry and exit exist. This entry and exit gives us some idea of which lines are profitable and thus are likely to induce changes in the number of carriers. This is the normal ebb and flow of a dynamic industry (see Appendix).

Finally, we note that the product mix in the accident and health lines is constantly changing. Recently, there has been a surge in products for the elderly. This follows from the aging of the U.S. population and the older-than-national-average population in West Virginia. We expect these trends to continue for many years.

VIII. Appendix



VIII. References

America's Health Insurance Plans,

<<http://www.ahip.org/content/pressrelease.aspx?docid=4906>>, accessed April 30, 2008, <<http://www.ahip.org/search/default.aspx>>, accessed April 30, 2008

Rosen, Harvey S., *Public Finance*, 7th Edition McGraww-Hill Irwin, Boston, 2004.

U.S. Bureau of Labor Statistics, "Local Area Unemployment Statistics, Geographic Profile," <<http://www.bls.gov/lau>>, accessed April 30, 2008.

U.S. Census Bureau, American Factfinder, <<http://factfinder.census.gov/>>, accessed April 30, 2008; <<http://www.census.gov/hhes/www/hlthins/hlthin05.html/>>, accessed April 30, 2008.

California Health Care Foundation

<<http://www.chcf.org/topics/healthinsurance/index.cfm?itemID=133630>>, accessed April 30, 2008

Comments and questions about this report should be directed to:

Fred Holliday

Policy and Rate Analyst II

West Virginia Offices of the Insurance Commissioner

P.O. Box 50540

Charleston, WV 25305

fred.holliday@wvinsurance.gov