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

February 1992

MEDIGAP INSURANCE

Insurers Whose Loss Ratios Did Not Meet Federal Minimum Standards in 1988-89

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February 28, 1992

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

Dear Mr. Chairman:

Your December 1, 1988, letter asked us to monitor the value to policyholders of Medicare supplemental—commonly called Medigap—insurance through 1994. This report, the second in response to your request,[1] discusses the percentage of premiums returned to policyholders as benefits (called the loss ratio) in 1988 and 1989. For both years, the federal minimum loss ratio standards for Medigap insurance were 75 percent for policies sold to groups and 60 percent for policies sold to individuals.

In 1988, 335 insurance companies collected $7.3 billion in premiums for Medigap policies. In 1989, these numbers increased to 348 companies and $8.1 billion. Considering only policies that had been in force for 3 years or more and experience in states where at least $150,000 in premiums were collected, 10 percent of premiums in 1988 (or $388 million) were for policies from companies that did not meet the loss ratio standards. In 1989, this increased to 17 percent (or $805 million).[2] A federal requirement, effective with policies sold or issued after November 5, 1991, requires insurers to grant refunds or credits to policyholders in amounts sufficient to raise loss ratios to the standards. If this requirement had been in effect in 1988-89, policyholders would have been entitled to about $75 million in refunds and credits.

[1]Our earlier report was Medigap Insurance: Better Consumer Protection Should Result From 1990 Changes to Baucus Amendment (GAO/HRD-91-49, Mar. 5, 1991). We also testified on Medigap insurance before the Subcommittee (see Medigap Insurance: Premiums and Regulatory Changes After Repeal of the Medicare Catastrophic Coverage Act ~~and~~ 1988 Loss Ratio Data (GAO/T-HRD-90-16, Mar. 13, 1990)).

[2]The value of premiums for policies not meeting loss ratio standards is probably understated. In 1988 and 1989, companies reported their aggregate loss ratios; that is, 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.

Background

In 1980, the Congress enacted Public Law 96-265, which added section 1882 to the Social Security Act. This section, commonly called the Baucus amendment,[3] established federal minimum standards for marketing and selling Medigap insurance. The amendment essentially adopted as federal requirements those contained in a model regulation approved by the National Association of Insurance Commissioners (NAIC).[4]

The Baucus amendment also required as a condition of approval that Medigap policies be expected to have loss ratios of at least 60 percent for individual policies and at least 75 percent for group 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. That was the standard applicable to Medigap policies in force during 1988 and 1989.

The Medicare Catastrophic Coverage Act of 1988 (P.L. 100-360, July 1, 1988) made several changes to the Baucus amendment, including adding a requirement that states collect actual Medigap loss ratio data as a condition for federal approval of state regulatory programs.[5] The Omnibus Budget Reconciliation Act of 1990 (OBRA 1990, P.L. 101-508, Nov. 5, 1990) raised the minimum loss ratio standard that individual policies must meet to 65 percent, effective for policies sold or issued after November 5, 1991, and required companies, beginning in 1991, to report loss ratio data by policy. In addition, OBRA 1990 requires insurers whose policy loss ratios do not meet the applicable standard to give policyholders a refund or credit toward future premiums sufficient to raise the policy's loss ratio to the level of the minimum standards.

One factor that should be considered when interpreting loss ratios is policy maturity—the length of time a policy has been in force. Early policy experience may result in a relatively low loss ratio because (1) policies often do not cover costs related to preexisting conditions during the first 6 months the policy is in force and (2) new policyholders may be fairly healthy and file relatively few claims. Thus, loss ratios computed over the time that

[3]Named after Senator Max Baucus of Montana, the amendment's chief sponsor in the Senate.

[4]NAIC 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 those goals, NAIC promulgates model insurance laws and regulations for state consideration and adoption.

[5]The Congress repealed the catastrophic coverage act through the Medicare Catastrophic Coverage Repeal Act of 1989 (P.L. 101-234, Dec. 13, 1989); however, the requirement that states collect actual loss ratio data was not repealed.

represents "mature" experience should present a better indication of long-term policy experience than loss ratios from an early policy time period. Before OBRA 1990, the NAIC loss ratio regulation applied the minimum standards to policies that had been in force for 3 years or more.[6] OBRA 1990 requires policies to meet the standards after they have been in force for 2 years.

Another important factor to consider when interpreting loss ratios is the number of persons covered by a policy, sometimes referred to as the credibility of a loss ratio. The standard we used, based on the opinion of a state actuary who has studied this issue for NAIC, is that a loss ratio is credible if it is based on a number of policyholders sufficient to generate at least $150,000 in premiums within a state.

Overall Medigap Market

In 1988, total premiums for Medigap insurance were about $7.3 billion; in 1989, they increased to $8.1 billion. Policies in force for 3 years or more that also had premiums of at least $150,000 in the applicable state (that is, mature, credible experience) had total premiums of about $3.7 billion in 1988 and about $4.7 billion in 1989 (see app. I for additional details). The figures in the remainder of this report deal only with those policies with mature, credible experience. In 1988, this experience covered 190 companies; in 1989, 208 companies.

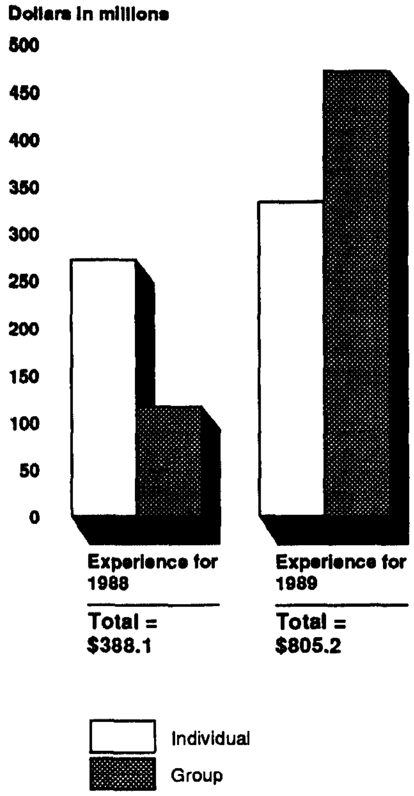
Overall Loss Ratios Declined From 1988 to 1989

Medigap insurers' 1988 aggregate loss ratios were 85.6 percent on individual policies and 95.7 percent on group policies. In 1989, the aggregate loss ratios for both types of policies declined to about 82 percent (see app. I for details). In 1988, about 90 percent of total premiums were paid to companies whose aggregate loss ratios in the applicable state met minimum standards. For 1989, the comparable figure was about 83 percent of total premiums.

In 1988, premiums on individual and group policies that did not meet federal minimum standards totaled $388 million; in 1989, $805 million. This is shown in figure 1.

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

Figure 1: Premiums for Companies Whose Loss Ratios on Medigap Policies With Mature, Credible Experience Were Below Federal Minimum Standards



Note: Companies may sell both individual and group insurance and may have failed to meet the minimum standards in both years. The unduplicated count of companies is 106 for 1988, 91 for 1989, and 135 for both years.

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

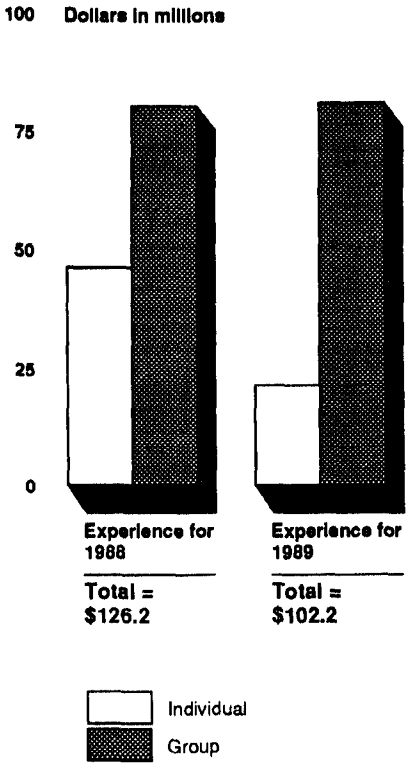
The companies that failed to meet the minimum loss ratio standards are identified in appendixes II and III. These appendixes list those companies, the number of states where the companies had mature and credible Medigap loss ratio experience in 1988 and 1989, the number of states where that experience did not meet the applicable standard, and the amount of premiums in the states where loss ratios did not meet the standard. Appendix II lists companies selling individual policies, and appendix III lists companies selling group policies.

Some Insurers' Entire Medigap Business Was Below Standards

Some insurers failed to meet the federal minimum loss ratio standards in every state in which they sold Medigap policies. For individual policies, 11 companies' loss ratios on their entire Medigap business in both 1988 and 1989 were below the minimum standard. These companies' premiums totaled $24.1 million for the 2 years. For group policies, 14 companies' loss ratios were below the minimum standard in both 1988 and 1989. Their total premiums were $65.3 million for the 2 years.

Other companies failed to meet the Medigap loss ratio minimum standard in every state in which they did business in either 1988 or 1989. A summary of the premiums of companies whose loss ratios did not meet the minimum standard in every state in which the company did business is shown in figure 2.

Figure 2: Premiums for Companies Whose Loss Ratios on Their Entire Medigap Business With Mature, Credible Experience Were Below Federal Minimum Standards



Note: Companies may sell both individual and group insurance and may have failed to meet the minimum standards in both years. The unduplicated count of companies is 59 for 1988, 46 for 1989, and 81 for both years.

OBRA 1990 Refund and Credit Requirement Could Be Worth Millions to Policyholders

OBRA 1990 requires a refund or credit against future premiums for policies whose loss ratios are below the standards. This requirement could be worth millions of dollars to Medigap policyholders. We estimate that, if this requirement had been in effect during 1988-89, policyholders would have been entitled to about $75 million in premium refunds or credits. OBRA 1990 also raised the loss ratio standard for individual policies to 65 percent; had that standard been in effect in 1988-89, policyholders would have been entitled to an additional $30 million in refunds or credits.

Objective, Scope, and Methodology

Our objective was to compare the 1988 loss ratio performance of Medigap insurers with their performance in 1989. We analyzed loss ratios because they reflect the relationship between premiums[7] charged and benefits paid under a Medigap policy. We included 1988 loss ratios to provide a baseline for future analyses of loss ratios. The information in this report was developed from computer data bases we obtained from NAIC. NAIC created these data bases from insurance companies' annual Medigap insurance experience exhibits. We verified the accuracy of NAIC's data bases on a random sample of 1988 and 1989 loss ratio experience exhibits 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 instances where information submitted by the insurer did not comply with NAIC's reporting format. Generally, these instances involved companies not reporting experience for policies in force 3 years or more separately from experience for policies in force less than 3 years. We discussed these reports with officials of the companies involved. For all but five cases, the officials told us their companies' data were correct, but had been mislabeled.

For five cases, the companies' exhibits did not separate the experience for policies in force 3 years or more from the experience for policies in force less than 3 years. Two of these cases were from a commercial company reporting small dollar volume in two states. These data did not appear in our analyses of mature, credible loss ratios because the total premiums reported were less than $150,000 in each state. The remaining three cases, representing less than 1 percent of the Medigap experience exhibits in our sample in both 1988 and 1989, were from Blue Cross/Blue Shield plans. Plan representatives told us that their data processing systems were not set up to separate premiums and incurred claims according to the year in which the policy was issued. NAIC is aware that some companies have difficulty reporting loss ratio data in its requested format. NAIC has established a report tracking system to follow up with companies to get the data in a timely fashion and in the requested format. Beginning in 1994, companies will owe policyholders refunds or credits if the policy loss ratio is below the standard, so companies that could not comply with NAIC's reporting format in 1988 or 1989 will have to develop systems to produce the data in the future.

[7]In this report, the term premium means "earned premium," which is the amount of total premiums collected applicable to the period for which a loss ratio is computed. For example, if a policyholder paid an annual premium on April 1, only 9 months of that premium would be earned premium in that year's loss ratio computation. Also, earned premiums include premiums due but uncollected in the current period.

We did not check the accuracy of the individual reports submitted by over 300 companies reporting Medigap loss ratio information. Also, in a 1990 report it issued on loss ratios, NAIC said that it did not verify the accuracy of the companies' 1989 experience exhibits.

This review was conducted from March 1990 to September 1991 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 30 days after its issue date. At that time, we will send copies to interested parties and make copies available to others upon request.

If you have any questions on this report, please call me at (202) 512-7119. Major contributors to this report are listed in appendix IV.

Sincerely yours,

Janet L. Shikles

Janet L. Shikles
Director, Health Financing
and Policy Issues

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Abbreviations

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

The Medigap Market, 1988 and 1989

Dollars in millions

Type of coverage	Calendar year 1988 Premiums	Calendar year 1988 Loss ratio	Calendar year 1988 Companies	Calendar year 1989 Premiums	Calendar year 1989 Loss ratio	Calendar year 1989 Companies
Overall market statistics						
Individual	$5,158	79.4	308	$5,543	76.3	316
Group	2,118	95.2	99	2,581	80.0	108
Total	**$7,276**		**335**[a]	**$8,124**		**348**[a]
Mature and credible policies[b]						
Individual	$2,631	85.6	172	$3,060	81.8	191
Group	1,066	95.7	60	1,644	82.4	63
Total	**$3,697**		**190**[a]	**$4,704**		**208**[a]

[a]A company may sell individual insurance, group insurance, or both; the figure for total number of companies is an unduplicated count.

[b]A mature policy is at least 3 years old. Credible premium experience is when at least $150,000 is collected on a policy within a state.

Individual Medigap Insurers With Mature, Credible Aggregate Loss Ratio Experience Below the Minimum Standard

Dollars in thousands

Company name	Calendar year 1988: Number of states where policies were sold	Calendar year 1988: Loss ratio below 60%: Number of states	Calendar year 1988: Loss ratio below 60%: Premiums	Calendar year 1989: Number of states where policies were sold	Calendar year 1989: Loss ratio below 60%: Number of states	Calendar year 1989: Loss ratio below 60%: Premiums
Companies whose entire mature, credible experience was below the standard in one or both years						
Experience was below the standard in both years:						
American Patriot Health Ins. Co. of New York	1	1	$1,201	1	1	$2,181
Guarantee Trust Life Insurance Company	6	6	2,705	6	6	2,031
American Standard Life & Accident Insurance Co.	1	1	1,593	1	1	1,411
Great Republic Insurance Company	1	1	1,539	1	1	1,258
National Security Life & Accident Insurance Co.	1	1	1,654	1	1	1,205
Golden State Mutual Life Insurance Company	2	2	769	2	2	1,085
Southwest Service Life Insurance Company	1	1	1,764	1	1	956
Benefit Trust Life Insurance Company	2	2	549	3	3	747
Time Insurance Company	1	1	271	1	1	306
United Family Life Insurance Company	1	1	175	1	1	236
Old Surety Life Insurance Company	1	1	253	1	1	172
Experience was below the standard in 1988:						
American Community Mutual Insurance Company	1	1	4,310	●	●	●
Presidential Life Insurance Company	1	1	3,084	●	●	●
South Atlantic Life Insurance Company	1	1	1,340	●	●	●
Investors Heritage Life Insurance Company	1	1	1,067	●	●	●
Eastern Insurance Company	1	1	984	●	●	●
Pilgrim Life Insurance Company	1	1	757	●	●	●
American Sun Life Insurance Company	1	1	461	●	●	●
Cincinnati Equitable Insurance Company	1	1	278	●	●	●
United Security Assurance Co. of Pennsylvania	1	1	194	●	●	●
Vulcan Life Insurance Company	1	1	177	●	●	●

(continued)

Dollars in thousands

Company name	Calendar year 1988: Number of states where policies were sold	Calendar year 1988: Loss ratio below 60%: Number of states	Calendar year 1988: Loss ratio below 60%: Premiums	Calendar year 1989: Number of states where policies were sold	Calendar year 1989: Loss ratio below 60%: Number of states	Calendar year 1989: Loss ratio below 60%: Premiums
Legal Security Life Insurance Company	1	1	$160	●	●	$ ●
American Teachers Life Insurance Company	1	1	152	●	●	●
First Continental Life & Accident Insurance Co.	1	1	151	●	●	●
National Health Insurance Company	1	1	150	●	●	●
Experience was below the standard in 1989:						
American Progressive Life & Health Ins. Co. of NY	●	●	●	2	2	870
Independent Life & Accident Insurance Company	●	●	●	1	1	507
First United American Life Insurance Company	●	●	●	1	1	463
American Family Mutual Insurance Company	●	●	●	2	2	455
Associated Mutual Hospital Service of Michigan	●	●	●	1	1	279
North American Insurance Company	●	●	●	1	1	165
Southland Life Insurance Company	●	●	●	1	1	162
Experience was below the standard in either 1988 or 1989 and met the standard in the other year:						
World Life & Health Ins. Co. of Pennsylvania	2	1	378	2	2	3,159
American Republic Insurance Company	5	5	2,256	8	5	2,605
Security General Life Insurance Company	6	4	1,008	5	5	941
Great Fidelity Life Insurance Company	3	2	642	2	2	742
Farm & Home Life Insurance Company	1	■	■	2	2	703
American Exchange Life Insurance Company	1	■	■	1	1	647
Lutheran Brotherhood	1	■	■	1	1	453
Harvest Life Insurance Company	7	7	5,611	3	2	566
Sentry Insurance	4	1	165	1	1	235
Liberty National Life Insurance Company	6	6	4,669	6	■	■

(continued)

Dollars in thousands

	Calendar year 1988			Calendar year 1989		
	Number of states where policies were sold	Loss ratio below 60%		Number of states where policies were sold	Loss ratio below 60%	
Company name		Number of states	Premiums		Number of states	Premiums
General Life & Accident Insurance Company	1	1	$2,021	1	■	$ ■
Pekin Life Insurance Company	1	1	1,272	1	■	■
United Teacher Associates Insurance Company	1	1	929	1	■	■
American Travellers Life Insurance Company	1	1	782	2	■	■
Jefferson Life Insurance Company	1	1	737	1	■	■
Academy Life Insurance Company	1	1	711	1	■	■
Peoples Life Insurance Co. of South Carolina	1	1	394	1	■	■
Combined Underwriters Life Insurance Company	1	1	343	1	■	■
National Benefit Life Insurance Company	1	1	311	1	■	■
CareAmerica Life Insurance Company	1	1	187	1	■	■
Subtotals - Company's entire business was below standards in one or both years			**$45,962**			**$21,374**
Number of companies			**38**			**25**
Companies with some mature, credible experience below the standard						
Bankers Life & Casualty Company	44	26	$74,539	44	33	$102,257
United American Insurance Company	20	9	30,276	41	26	70,092
Mutual of Omaha Insurance Company	48	14	12,442	48	19	26,564
Union Fidelity Life Insurance Co. of Trevose	34	13	13,835	35	23	22,845
Bankers Fidelity Life Insurance Company	7	2	6,278	7	3	7,112
Globe Life and Accident Insurance Company	14	6	3,617	27	9	6,489
Associated Doctors Health & Life Ins. Co.	10	3	2,101	10	8	6,250
Pyramid Life Insurance Company	20	10	8,235	18	12	5,786
Pioneer Life Insurance Co. of Illinois	9	5	4,944	10	7	5,552
Federal Home Life Insurance Company	13	11	25,756	11	7	4,961
Physicians Mutual Insurance Company	16	7	4,593	25	5	4,738

(continued)

Dollars in thousands

	Calendar year 1988			Calendar year 1989		
		Loss ratio below 60%			Loss ratio below 60%	
Company name	Number of states where policies were sold	Number of states	Premiums	Number of states where policies were sold	Number of states	Premiums
American General Life & Accident Ins. Co.	18	3	$1,217	19	6	$4,321
National Foundation Life Insurance Company	13	6	1,752	15	8	3,577
Statesman National Life Insurance Company	●	●	●	9	4	3,401
New York Life Insurance Company	●	●	●	29	13	3,187
Continental Casualty Company	●	●	●	10	2	1,488
United Founders Life Insurance Company	●	●	●	2	1	389
Reserve Life Insurance Company	14	5	2,888	16	6	3,310
Reserve National Insurance Company	7	5	1,942	11	9	3,296
Colonial Penn Franklin Insurance Company	1	■	■	21	7	3,204
Gulf Life Insurance Company	5	■	■	6	5	3,140
World Insurance Company	9	■	■	9	2	1,167
Union Bankers Insurance Company	2	■	■	12	5	1,096
Acceleration Life Insurance Company	2	■	■	2	1	440
Golden Rule Insurance Company	5	■	■	5	2	340
Kanawha Insurance Company	2	■	■	2	1	286
Continental General Insurance Company	3	■	■	4	1	188
Central States Health & Life Co. of Omaha	10	7	5,963	12	6	2,751
American Integrity Insurance Company	8	4	1,571	10	4	2,223
Atlantic American Life Insurance Company	12	1	1,892	12	2	1,959
National Casualty Company	13	7	1,748	10	7	1,947
Life & Casualty Insurance Co. of Tennessee	6	1	710	6	4	1,577
Medico Life Insurance Company	3	1	167	3	2	761
American National Insurance Company	3	1	195	3	1	564
National Home Life Assurance Company	25	4	3,081	28	1	544
Mutual Protective Insurance Company	5	4	1,041	5	2	375
Old American Insurance Company	7	1	150	4	1	281
Nationwide Life Insurance Company	5	4	1,227	3	1	217
Old Southern Life Insurance Company	3	1	329	3	1	204

(continued)

Dollars in thousands

	Calendar year 1988			Calendar year 1989		
	Number of states where policies were sold	Loss ratio below 60%		Number of states where policies were sold	Loss ratio below 60%	
Company name		Number of states	Premiums		Number of states	Premiums
Legacy Life Insurance Company	7	4	$3,226	●	●	$ ●
Hill Country Life Insurance Company	2	1	534	●	●	●
National Financial Insurance Company	2	1	2,604	2	■	■
Mountain States Life Insurance Co. of America	3	1	1,263	1	■	■
Georgia Life & Health Insurance Company	4	2	1,052	3	■	■
American Insurance Company of Texas	2	1	589	2	■	■
Standard Life & Accident Insurance Company	13	1	372	19	■	■
Bankers Multiple Line Insurance Company	3	2	339	1	■	■
State Farm Mutual Automobile Insurance Company	32	2	326	35	■	■
U.S. Guardian Health Insurance Company	2	1	174	1	■	■
Lincoln Life & Casualty Company	2	1	171	1	■	■
Mid South Insurance Company	2	1	169	2	■	■
Grand totals - Companies with business below the standard			**$271,462**			**$333,426**
Number of companies			**81**			**66**

Legend

☐ - Companies whose entire experience was below the standard in one or both years.
● - Company reported no mature, credible statewide experience.
■ - Loss ratios met or exceeded the standard in all states.

Note: Premiums are aggregate premiums for all policies sold by the company within a state. A company whose aggregate loss ratio is below the standard has one or more policies that fail to meet the minimum standard but may have other policies that meet or exceed the standard.

Group Medigap Insurers With Mature, Credible Aggregate Loss Ratio Experience Below the Minimum Standard

Dollars in thousands

	Calendar year 1988			Calendar year 1989		
		Loss ratio below 75%			Loss ratio below 75%	
Company name	Number of states where policies were sold	Number of states	Premiums	Number of states where policies were sold	Number of states	Premiums
Companies whose entire mature, credible experience was below the standard in one or both years						
Experience was below the standard in both years:						
Blue Cross & Blue Shield of Kentucky, Inc.	1	1	$13,901	1	1	$15,192
Calfarm Life Insurance Company	1	1	3,440	1	1	3,735
Blue Cross & Blue Shield of Minnesota	1	1	3,245	1	1	3,156
Blue Cross & Blue Shield United of Wisconsin	1	1	2,195	1	1	1,927
American General Group Insurance Company	1	1	2,031	1	1	1,250
National Casualty Company	2	2	986	3	3	1,032
Continental American Life Insurance Company	2	2	708	3	3	981
Insurance Company of North America	1	1	817	1	1	764
New Mexico Blue Cross & Blue Shield Inc.	1	1	1,053	1	1	723
Blue Cross & Blue Shield of Oregon	1	1	481	1	1	505
Continental Casualty Company	3	3	685	2	2	467
Harvest Life Insurance Company	5	5	3,511	1	1	242
Memphis Hospital Service & Surgical Assn. Inc.	1	1	301	1	1	195
Life Insurance Company of North America	2	2	1,616	1	1	170
Experience was below the standard in 1988:						
Blue Shield of Iowa	1	1	13,440	●	●	●
Group Health Service of Oklahoma Inc.	1	1	13,012	●	●	●
Corporate Life Insurance Company	1	1	2,229	●	●	●
Federal Life Insurance Company	1	1	518	●	●	●
United Security Assurance Co. of Pennsylvania	1	1	287	●	●	●
Providers Fidelity Life Insurance Company	1	1	165	●	●	●

(continued)

Dollars in thousands

	Calendar year 1988			Calendar year 1989		
		Loss ratio below 75%			Loss ratio below 75%	
Company name	Number of states where policies were sold	Number of states	Premiums	Number of states where policies were sold	Number of states	Premiums
Experience was below the standard in 1989:						
Blue Cross & Blue Shield of Alabama	●	●	$ ●	1	1	$30,083
Blue Cross of Western New York Inc.	●	●	●	1	1	10,945
Blue Cross & Blue Shield of New Hampshire	●	●	●	1	1	4,031
King County Medical Blue Shield	●	●	●	1	1	1,885
Blue Cross & Blue Shield of Mississippi Inc.	●	●	●	1	1	1,518
Life Investors Insurance Company of America	●	●	●	5	5	961
Blue Cross & Blue Shield of Maryland Inc.	●	●	●	1	1	869
Blue Cross & Blue Shield of Kansas City	●	●	●	1	1	200
Experience was below the standard in either 1988 or 1989 and met the standard in the other year:						
Provident Life & Accident Insurance Company	12	12	14,279	19	■	■
Provident Life & Casualty Insurance Company	1	1	995	1	■	■
Principal Mutual Life Insurance Company	2	2	333	13	12	32,369
Subtotals - Company's entire business was below standards in one or both years			**$80,228**			**$80,831**
Number of companies			**23**			**22**
Companies with some mature, credible experience below the standard						
Prudential Insurance Company of America	52	6	$12,223	53	30	$327,867
North American Life & Casualty	5	4	5,146	4	3	13,656
Hartford Accident & Indemnity Company	●	●	●	41	8	6,614

(continued)

Dollars in thousands

	Calendar year 1988			Calendar year 1989		
		Loss ratio below 75%			Loss ratio below 75%	
Company name	**Number of states where policies were sold**	**Number of states**	**Premiums**	**Number of states where policies were sold**	**Number of states**	**Premiums**
Monumental General Insurance Company	15	12	$5,208	17	12	$5,326
Mutual Life Insurance Company of New York	5	3	5,218	8	4	5,156
Colonial Penn Franklin Insurance Company	25	16	7,544	●	●	●
Nationwide Life Insurance Company	2	1	1,001	2	■	■
Grand totals - Companies with business below the standard			**$116,567**			**$471,820**
Number of companies			**29**			**28**

Legend

□ - Companies whose entire experience was below the standard in one or both years.
● - Company reported no mature, credible statewide experience.
■ - Loss ratios met or exceeded the standard in all states.

Note: Premiums are aggregate premiums for all policies sold by the company within a state. A company whose aggregate loss ratio is below the standard has one or more policies that fail to meet the minimum standard but may have other policies that meet or exceed the standard.

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