



Mortality
and Longevity

U.S. Individual Life COVID-19 Reported Claims Analysis





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AUTHORS Individual Life COVID-19 Project Work Group

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Section 1: Introduction

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

This report documents a high-level analysis of the claims that have been reported through September 30, 2021. Past quarterly reports have provided an analysis of the number of COVID-19 claims and resulting mortality levels by quarter. Since it takes up to 9 months for claims to be finalized, there is a significant lag between the time that data is collected for a given period and the time we are able to release the final results for that period.

This report focuses instead on a comparison of the claims that have been reported through specific dates in 2020 and 2021 as compared to claims reported through those same periods in years prior to the pandemic. This approach allows for a comparison of all data that we have available through the end of September 2021.

The results presented here are based on data from 32 companies representing approximately 72% of the individual life insurance in force for the experience period of the study.

Section 2: Executive Summary

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

- Ratios of claims reported by quarter for 2020 and 2021 as compared to the average for the same quarters in 2017-2019 ranged from 99%-129% for group life and 101%-125% for individual life on a count basis.
- By amount, the ratios for individual life business needed to be adjusted for the natural upward trend that results from a combination of the aging of business and inflation in the size of death benefits purchased over time. This is a material factor for individual life business averaging between 8 and 9 percent per year at an industry level, and for that reason, figures in this report are shown both with and without the adjustment for this trend. Ratios of individual life reported claims by quarter on an amount basis in 2020 and 2021 versus prior years ranged from 111%-142% before the adjustment for trend and 90%-119% after adjustment for trend.
- Group life insurance mortality experience is updated quarterly in the SOA Group Life Insurance COVID-19 Mortality Survey reports. The most recent report contains data through 3rd quarter 2021 with mortality ratios for the 4 quarters of 2020 and 3 quarters of 2021 ranging from 100%-143% on an amount basis.
- After adjusting for the claim amount trend, 2020 and 2021 ratios for individual life business were slightly higher on an amount basis than a count basis for most quarters.
- Ratios were higher by amount than by count for group life business for all quarters.

Section 3: Methodology

LIMRA, RGA, TAI and the SOA jointly collected the data supporting the results of this report. Both claims and inforce/termination data were collected from a group of 32 individual life insurance companies. The data collected covers calendar years 2017 through September 2021 and includes 2.2 million claims.

This report focuses on report dates only as this allows for including data through the end of third quarter 2021. Claim counts and amounts reported are examined by calendar quarter from first quarter 2017 to third quarter 2021. For each quarter of the years 2020 and 2021, comparisons are shown of reported claims for the quarter to the average for the same quarter over the period 2017-2019.

In addition, for individual life business, results by amount needed to be adjusted for the natural upward trend that occurs due to a combination of the aging of business and inflation in the size of death benefits purchased over time. This is a material factor for individual life business and for that reason, figures in this report are shown both with and without the adjustment for this trend. Based on the data received from participants in the analysis, the trend varies by quarter and by company but on average it is in the range of 8%-9% on per year.

Section 4: Results

Table 1 below shows the ratios of individual life insurance claims for each quarter of 2020 and 2021 as compared to the average for the same quarters of 2017-2019. Note that results from the most recent group life COVID-19 survey are also included in order to allow for a comparison to individual life insurance.

Table 1 Reported Claims – Ratio of 2020 and 2021 Claims by Quarter to Historical Average (2017-2019)
By Claim Count and Claim Amount

	Quarter	Group Life*	Individual Life	Individual Life (adjusted for trend)
Claim Count				
	2020 Quarter 1	99%	101%	n/a
	2020 Quarter 2	111%	117%	n/a
	2020 Quarter 3	114%	117%	n/a
	2020 Quarter 4	122%	125%	n/a
	2021 Quarter 1	129%	121%	n/a
	2021 Quarter 2	110%	102%	n/a
	2021 Quarter 3	120%	107%	n/a
Claim Amount				
	2020 Quarter 1	100%	111%	99%
	2020 Quarter 2	115%	130%	115%
	2020 Quarter 3	126%	123%	110%
	2020 Quarter 4	132%	133%	119%
	2021 Quarter 1	137%	142%	117%
	2021 Quarter 2	123%	111%	90%
	2021 Quarter 3	143%	131%	108%

*The results for group life insurance can be found in the SOA report: Group Life COVID-19 Mortality Survey (September 2021).

The charts below show a summary of the ratios of reported claims by quarter for the first three quarters of 2020 and 2021. For each chart, the first set of bars focuses on 2020 results compared to the average for the same quarters in 2017-2019. The second set of bars compares 2021 results to the averages for 2017-2019 and the third set of bars compares results for 2021 to the same period in 2020.

Note that Figure 1 shows results on a count basis and Figure 2 examines results on an amount basis (unadjusted for normal trend of claim amounts over time). Figure 3 provides results by amount that are adjusted for trends in amount of claims reported over time

Figure 1

RATIOS OF INDIVIDUAL LIFE INSURANCE TOTAL CLAIM COUNTS REPORTED: 2020 AND 2021 COMPARED TO 2017-2019 AVERAGE AND 2021 COMPARED TO 2020

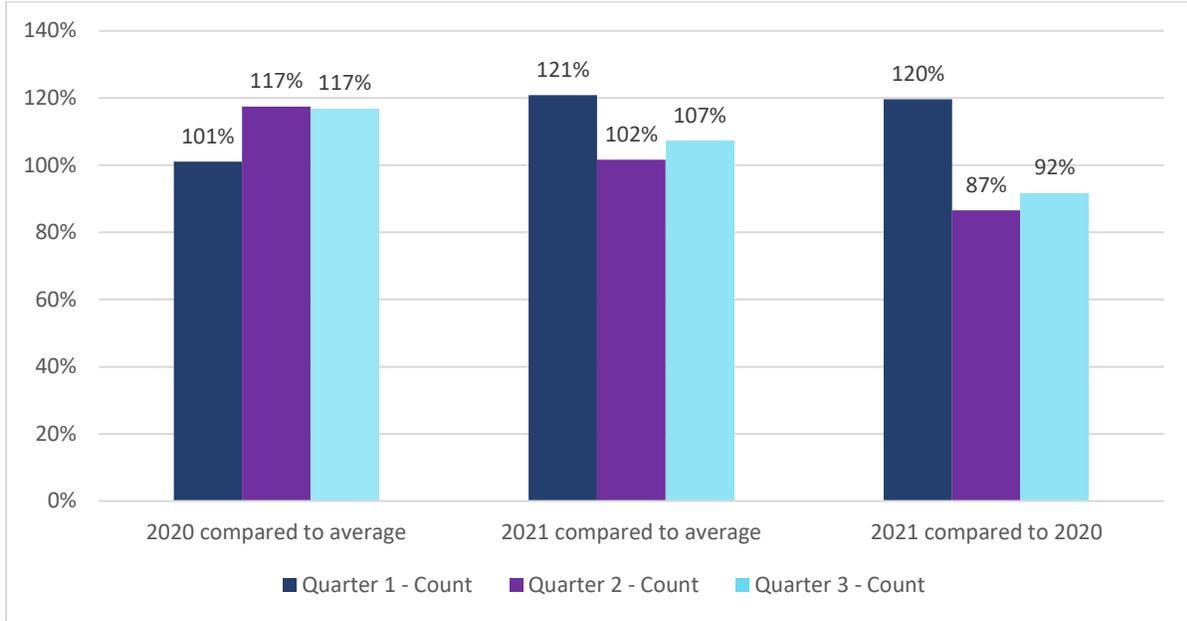


Figure 2

RATIOS OF INDIVIDUAL LIFE INSURANCE TOTAL CLAIM AMOUNTS REPORTED, UNADJUSTED FOR CLAIM AMOUNT TREND: 2020 AND 2021 COMPARED TO 2017-2019 AVERAGE AND 2021 COMPARED TO 2020

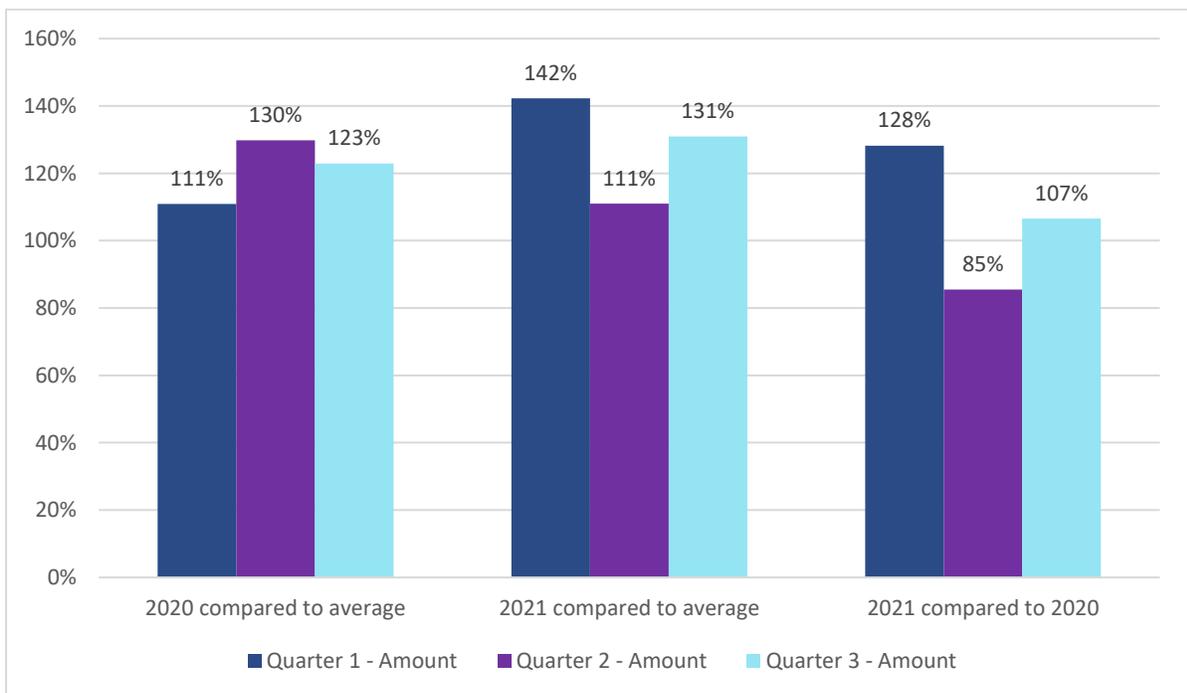
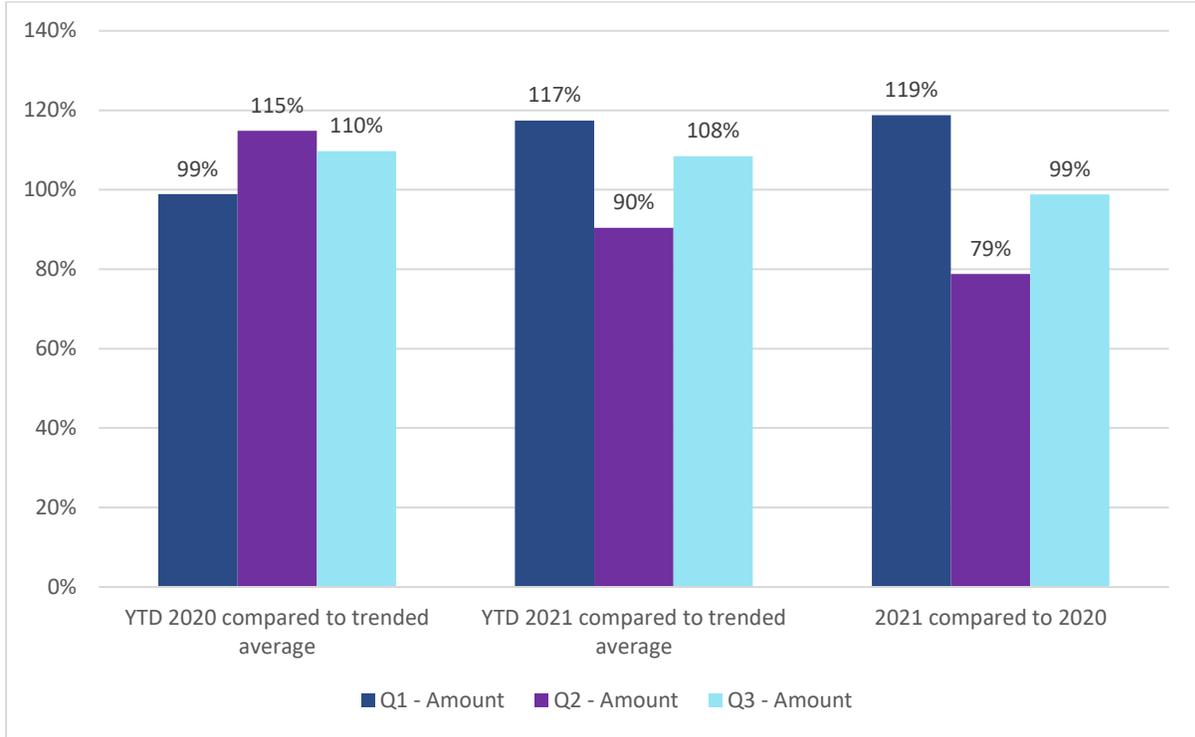


Figure 3

RATIOS OF INDIVIDUAL LIFE INSURANCE TOTAL CLAIM AMOUNTS REPORTED, ADJUSTED FOR TREND IN CLAIM AMOUNTS REPORTED: 2020 AND 2021 COMPARED TO 2017-2019 AVERAGE AND 2021 COMPARED TO 2020



Subsequent quarterly updates will be provided as additional data becomes available for the remainder of 2021 and into 2022.

Section 5: Reliance and Limitations

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

The analyses in this report are based on data submissions from 31 individual life insurance companies with data reported as of September 30, 2021.



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Section 6: Acknowledgments

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Section 7: List of Participating Companies

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

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

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