

Five-Year Claims History

We watch the trends. We share our knowledge. We create solutions you can trust.

This is a challenging health benefits market. High-dollar claims continue to rise in both frequency and severity. Monitoring claim trends plays an important role in our ability to deliver the right Stop Loss protection to our self-funded clients. From the continued influence of legislation that removed lifetime maximums, to medical advancements and the frequent development and approval of high-cost specialty pharmaceuticals, the industry is faced with cost challenges daily – many on a multimillion-dollar level.

As a leading national Stop Loss carrier, HM Insurance Group (HM) has a range of product options that work to protect our clients' assets from the financial impact of catastrophic claims. We offer our HMConnects™ cost containment program that includes data and trend observations; smart business practices like the proactive oversight of claims; and knowledge of vendor engagement opportunities as we work to make recommendations that can help our clients and their administrators gain better control of claim outcomes and costs. When you work with HM, you can have confidence in the quality of what we are delivering because we incorporate smart practices – such as the diligent tracking of claim trends – into the way we create coverage that works to protect.

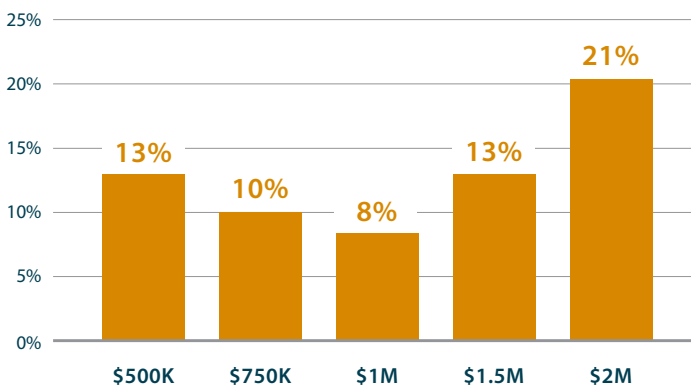
Claims Incidence Per 100,000 Employees

UW Year	\$500K	\$750K	\$1M	\$1.5M	\$2M
2015	37.1	13.8	6.3	2.3	1.0
2016	45.5	15.9	6.9	2.3	1.1
2017	51.9	17.7	8.2	3.1	1.4
2018	54.5	20.3	9.7	3.3	1.8
2019	67.7	22.9	11.0	3.9	2.3

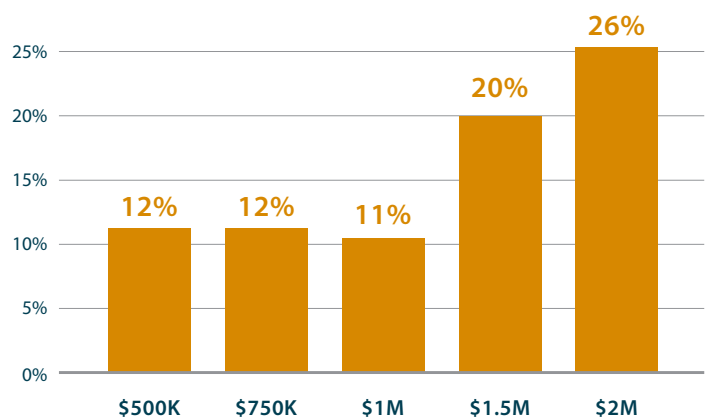
Cost Per Employee Per Month (First Dollar Claim Amounts)

UW Year	\$500K	\$750K	\$1M	\$1.5M	\$2M
2015	\$8.72	\$4.51	\$2.64	\$1.09	\$0.48
2016	\$11.12	\$5.07	\$2.83	\$1.29	\$0.60
2017	\$13.10	\$6.33	\$3.75	\$1.77	\$0.86
2018	\$15.65	\$8.06	\$4.46	\$2.07	\$1.04
2019	\$17.01	\$8.49	\$4.87	\$2.85	\$1.80

Average Annual Percentage Increase in Claims Incidence Per 100,000 Employees (UW Years 2015 – 2019)



Average Annual Percentage Increase in Cost Per Employee Per Month (UW Years 2015 – 2019)



Underwriting years 2018-2019 are immature and projected. Costs and incidents are expected to increase.

Claim Picture

Total First Dollar Claims Exceeding	2014	2015	2016	2017	2018
\$500K	498	458	523	558	471
\$750K	225	208	232	235	208
\$1M	128	102	109	124	118
\$1.5M	38	37	36	49	42
\$2M	15	16	18	22	23
\$3M	4	3	1	6	5
Highest Claim Value (HM Paid)	\$3.83M	\$3.23M	\$7.84M	\$5.83M	\$5.92M
First Dollar Cost of Claims More than \$1M	\$133.87M	\$106.61M	\$116.24M	\$139.75M	\$136.38M

Total first dollar claims of \$500,000 or more for 2019 are too immature to report.

Top Diagnosis Categories

Percentage of first dollar claims more than \$1,000,000 for that category

	2015	2016	2017	2018	2019
#1	Cancer 21%	Neonatal 20%	Neonatal 21%	Cancer 19%	Neonatal 21%
#2	Neonatal 19%	Cancer 19%	Cancer 21%	Neonatal 18%	Cancer 18%
#3	Circulatory Diseases 12%	Circulatory Diseases 12%	Blood Diseases 11%	Circulatory Diseases 13%	Circulatory Diseases 14%
#4	Injury & Poisoning 12%	Injury & Poisoning 10%	Injury & Poisoning 8%	Blood Diseases 10%	Nervous System Diseases 9%
#5	Endocrine/ Metabolic Diseases 11%	Blood Diseases 10%	Respiratory Diseases 8%	Respiratory Diseases 10%	Blood Diseases 8%

For more information, contact your HM sales representative or visit hmig.com