

Claims History and Trends

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

Decision-making in the current health benefits market can be challenging, especially as claims continue to rise in both frequency and severity. In order to deliver the right Stop Loss coverage at the right price to our self-funded clients, HM Insurance Group (HM) makes monitoring claim trends a priority. With influences like unlimited maximums, medical advancements and the frequent approval of gene and cell therapies and other high-cost specialty pharmaceuticals, the industry sees significant cost challenges daily – many on the multimillion-dollar level.

As a leading national Stop Loss company, we have 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 to 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 take a thoughtful approach in all we do.

Claims Incidence Per 100,000 Employees

(First-Dollar Claim Amounts)

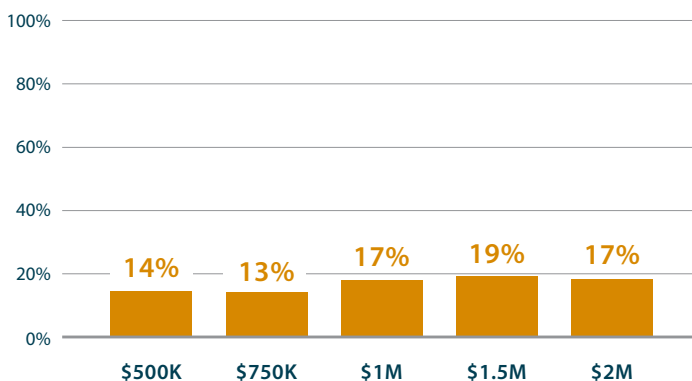
UW Year	\$500K	\$750K	\$1M	\$1.5M	\$2M
2016	45.4	15.9	6.9	2.3	1.1
2017	52.5	18.0	8.2	3.1	1.4
2018	52.1	19.3	9.5	3.3	1.8
2019	62.4	21.5	11.4	4.1	2.4
2020	69.9	25.1	10.8	4.2	2.0
2021	88.3	29.6	15.3	5.3	2.5

Cost Per Employee Per Month

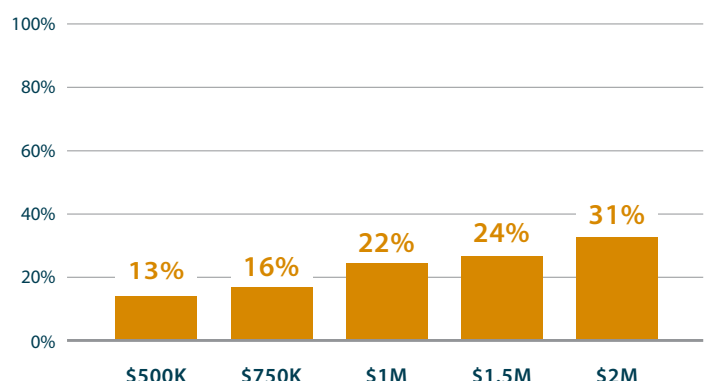
(Claims in Excess of the Thresholds)

UW Year	\$500K	\$750K	\$1M	\$1.5M	\$2M
2016	\$11.11	\$5.07	\$2.83	\$1.29	\$0.60
2017	\$13.27	\$6.40	\$3.78	\$1.78	\$0.86
2018	\$14.84	\$7.67	\$4.24	\$1.97	\$1.00
2019	\$17.09	\$8.88	\$6.00	\$3.57	\$2.56
2020	\$19.15	\$9.55	\$5.71	\$2.62	\$1.62
2021	\$20.52	\$10.74	\$7.73	\$3.72	\$2.28

Average Annual Percentage Increase in Claims Incidence Per 100,000 Employees (UW Years 2016 – 2021)



Average Annual Percentage Increase in Cost Per Employee Per Month (UW Years 2016 – 2021)



Underwriting years 2020–2021 are immature and projected. Costs and incidents are expected to increase.

Claim Picture

Total First-Dollar Claims Exceeding	2016	2017	2018	2019	2020	2021
\$500K	522	558	476	510	536	569
\$750K	232	236	211	227	254	259
\$1M	109	124	121	140	128	163
\$1.5M	36	49	43	55	55	60
\$2M	18	22	24	33	28	30
Highest Claim Value (HM Paid)	\$8.1M	\$6.0M	\$6.4M	\$12.0M	\$7.0M	\$8.9M

Information is as of March 31, 2022; underwriting years 2020–2021 are immature, with costs and incidents expected to increase.

Top Diagnosis Categories

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

	2017	2018	2019	2020	2021
#1	Neonatal 21%	Cancer 20%	Cancer 19%	Neonatal 20%	Neonatal 18%
#2	Cancer 21%	Neonatal 17%	Neonatal 15%	Cancer 14%	Cancer 15%
#3	Blood Diseases 11%	Circulatory Diseases 13%	Circulatory Diseases 13%	Blood Diseases 9%	COVID (Cost-Driving) 13%
#4	Circulatory Diseases 8%	Blood Diseases 10%	Blood Diseases 10%	Injury & Poisoning 8%	Circulatory Diseases 9%
#5	Injury & Poisoning 8%	Respiratory Diseases 9%	Injury & Poisoning 7%	Circulatory Diseases 7%	Injury & Poisoning 8%

Note: Claims driven by COVID-19 impacted typical diagnosis category results for 2020 and 2021.

For more information, contact your HM sales representative or visit [hmig.com](https://www.hmig.com)



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Source: HM Insurance Group internal analysis; data as of March 31, 2022.

Coverage is underwritten by HM Life Insurance Company, Pittsburgh, PA, in all states except New York under policy form series HMP-SL (11/16), HMP-SL (08/19) or HMP-SL (06/20) or similar. In New York, coverage is underwritten by HM Life Insurance Company of New York, New York, NY, under policy form series HMP-SL (11/16) or HMP-SL (06/20) or similar. The coverage requested may not be available in all states and is subject to individual state approval.