

U.S. Health Insurance Industry Analysis Report

HEALTH INDUSTRY OVERVIEW

Table 1 below provides a 5-year quarterly snapshot of the U.S. Health insurance industry’s aggregate financial results for health entities who file with the NAIC on the health quarterly statement blank. The health insurance industry reported a considerable decrease in underwriting gain to over \$16 billion from nearly \$24 billion for the same period in the prior year. Net income decreased to under \$17 billion for the first six months of 2021 compared to over \$21 billion in the prior year period. The industry’s profit margin decreased to 3.8% from 5.3%, while the combined ratio increased to 96% from 94%.

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Notable items as compared to second quarter 2020 include the following:

- Hospital & medical expenses increased 15% (\$49 billion).
- Net earned premium increased 8% (\$32 billion).
- Administrative expenses decreased 15% (\$9 billion).
- Aggregated loss ratio increased to 85%.
- Enrollment increased 4%.
- Cash flow from operations was \$12 billion.
- Capital and surplus increased 8% to over \$189 billion from nearly \$176 billion at December 31, 2020.

Table 1

Financial Summary: June 30, 2021-2017

<i>(In Millions)</i>	Chg.	2Q 2021	2Q 2020	2Q 2019	2Q 2018	2Q 2017
Direct Written Premium	7.9%	\$443,197	\$410,736	\$379,925	\$358,749	\$336,750
Net Earned Premium	7.8%	\$438,633	\$406,706	\$374,079	\$354,626	\$333,589
Net Investment Income Earned	(0.0)%	\$2,712	\$2,712	\$3,145	\$2,571	\$1,985
Underwriting Gain/Loss	(32.0)%	\$16,131	\$23,717	\$15,237	\$10,476	\$12,530
Net Income/Loss	(22.7)%	\$16,651	\$21,543	\$16,876	\$11,411	\$10,217
Total Hospital & Medical Exp.	15.1%	\$375,490	\$326,101	\$318,456	\$295,931	\$283,501
Loss Ratio	5.1 pts	85.3%	80.2%	84.7%	83.1%	84.8%
Administrative Expenses	(15.1)%	\$48,847	\$57,558	\$42,431	\$49,877	\$38,166
Administrative Expense Ratio	(3.0) pts	11.1%	14.1%	11.3%	14.0%	11.4%
Combined Ratio	2.1 pts	96.3%	94.2%	95.9%	97.1%	96.2%
Profit Margin	(1.5) pts	3.8%	5.3%	4.5%	3.2%	3.0%
Enrollment	4.4%	249	238	233	225	221
Premium PMPM	4.2%	\$295	\$283	\$273	\$262	\$250
Claims PMPM	10.9%	\$253	\$229	\$233	\$218	\$213
Cash Flow from Operations	(69.2)%	\$11,801	\$38,343	\$18,808	\$33,404	\$21,123
# of Companies Filed	7	1,103	1,096	1,048	999	981
	6-mo. Chg.	2Q 2021	2020	2019	2018	2017
Capital & Surplus	7.9%	\$189,436	\$175,596	\$155,944	\$151,793	\$137,686

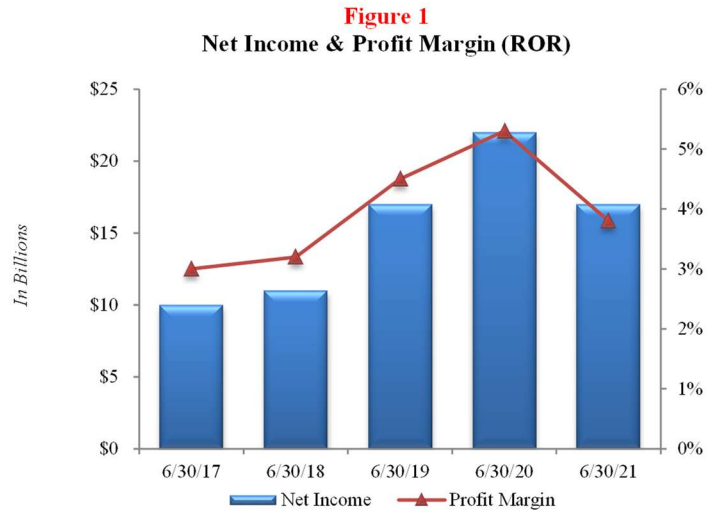
*All figures only include health entities that file financial statements with the NAIC.

Note: Adjustments to exclude affiliated amounts were made where appropriate.

NET EARNINGS

Net income decreased to just under \$17 billion for the first six months of 2021 from over \$21 billion in the prior year period. The decrease in net earnings is due primarily to a 32% (\$8 billion) decrease in underwriting gains partially offset by a 54% (\$2 billion) decrease in federal income taxes incurred.

Figure 1 illustrates the considerable decrease in profitability from net income of over \$21 billion and profit margin of 5.3% through the second quarter of 2020 to net income of just under \$17 billion and profit margin of 3.8% for the first six months of 2021.



UNDERWRITING RESULTS

As indicated on **Table 1**, the significant decrease in the industry’s underwriting results can be attributed primarily to a 15% (\$49 billion) increase in total hospital and medical expenses to \$375 billion resulting in a 5.1 percentage point increase in the overall loss ratio to over 85% for the first six months of 2021 from 80%.

The industry partially offset these items with:

- an 8% (\$32 billion) increase in net earned premium to \$439 billion from \$407 billion; and,
- a 15% (\$9 billion) decrease in claims adjustment and administrative expenses to \$49 billion from \$58 billion in the prior year period, resulting in a 3-percentage point decrease in the expense ratio to 11% from 14%.

Figure 2 illustrates the significant increase in total hospital and medical benefits for the first six months of 2021 as compared to the prior year period. While the loss ratio has fluctuated modestly over the last five years, historically, the industry has reported consistent increases in hospital and medical benefits.

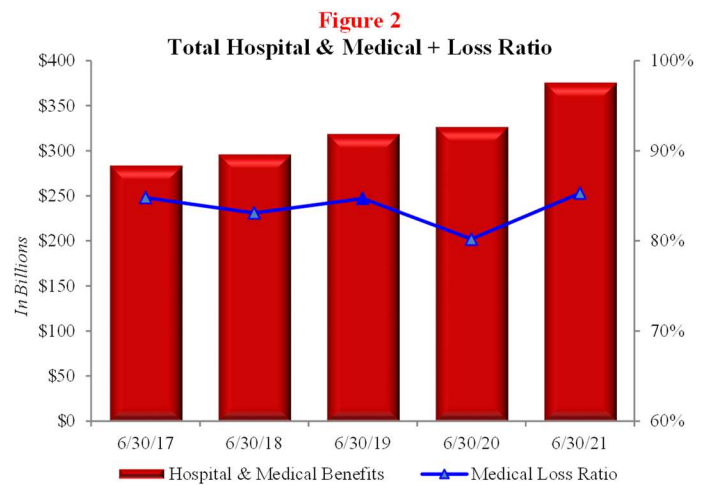


Figure 3 illustrates the comparison in claims adjustment and administrative expenses through the second quarter of 2021 and the four prior years.

The increase in the loss ratio and the decrease in the administrative expense ratio culminated in a 2.1 basis point increase in the combined ratio

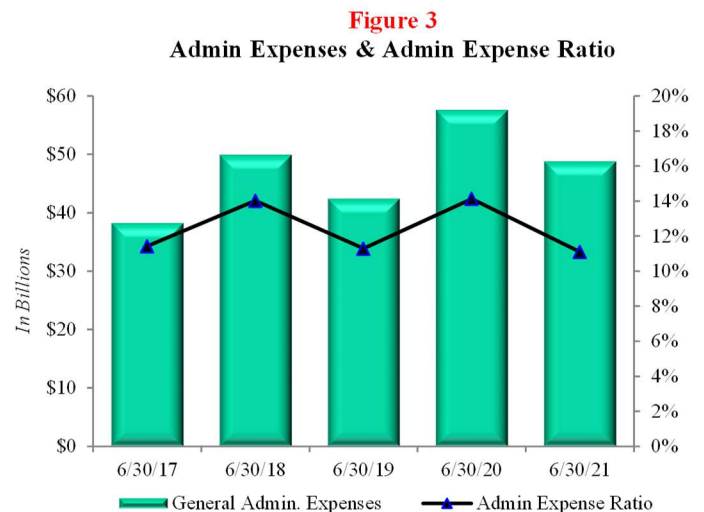


Table 2 provides data from the Exhibit of Premiums, Enrollment, and Utilization by Line of Business. The table includes comparison of direct and earned premium, claims, loss ratio, net premium and claims per member per month, and enrollment through the second quarter of 2021 and the four prior years.

Table 2											
Exhibit of Premiums, Enrollment & Utilization by Lines of Business											
Individual Comprehensive Hospital & Medical						Group Comprehensive Hospital & Medical					
	2Q 2021	2Q 2020	2Q 2019	2Q 2018	2Q 2017		2Q 2021	2Q 2020	2Q 2019	2Q 2018	2Q 2017
<i>(In Millions, Except PMPM)</i>						<i>(In Millions, Except PMPM)</i>					
Direct Written Premium	\$40,691	\$38,978	\$39,535	\$39,262	\$35,523	Direct Written Premium	\$82,119	\$83,226	\$83,686	\$82,854	\$81,379
Net Earned Premium	\$39,108	\$37,170	\$38,084	\$39,089	\$35,181	Net Earned Premium	\$81,930	\$82,587	\$83,971	\$82,544	\$80,986
Total Hospital & Medical Exp	\$31,510	\$26,996	\$27,634	\$27,040	\$27,209	Total Hospital & Medical Exp	\$69,095	\$64,039	\$68,373	\$66,546	\$66,280
Loss Ratio	80.6%	72.6%	72.6%	69.2%	77.3%	Loss Ratio	84.3%	77.5%	81.4%	80.6%	81.8%
Net Premium PMPM	\$510	\$498	\$521	\$502	\$416	Net Premium PMPM	\$493	\$470	\$467	\$445	\$426
Claims PMPM	\$411	\$362	\$378	\$347	\$321	Claims PMPM	\$416	\$364	\$380	\$359	\$349
Margin	\$99	\$136	\$143	\$155	\$94	Margin	\$77	\$105	\$87	\$86	\$77
Enrollment	13	13	12	13	14	Enrollment	28	29	30	31	32
Medicare Supplement						Vision					
	2Q 2021	2Q 2020	2Q 2019	2Q 2018	2Q 2017		2Q 2021	2Q 2020	2Q 2019	2Q 2018	2Q 2017
<i>(In Millions, Except PMPM)</i>						<i>(In Millions, Except PMPM)</i>					
Direct Written Premium	\$6,306	\$6,122	\$5,782	\$5,451	\$5,358	Direct Written Premium	\$1,405	\$1,365	\$1,279	\$1,311	\$1,220
Net Earned Premium	\$6,216	\$6,023	\$5,757	\$5,404	\$5,328	Net Earned Premium	\$1,405	\$1,357	\$1,353	\$1,309	\$1,220
Total Hospital & Medical Exp	\$4,894	\$4,481	\$4,829	\$4,423	\$4,383	Total Hospital & Medical Exp	\$1,034	\$798	\$1,019	\$1,347	\$964
Loss Ratio	78.7%	74.4%	83.9%	81.9%	82.3%	Loss Ratio	73.6%	58.8%	75.3%	102.9%	79.0%
Net Premium PMPM	\$210	\$212	\$211	\$209	\$205	Net Premium PMPM	\$6	\$6	\$6	\$6	\$6
Claims PMPM	\$166	\$158	\$177	\$171	\$169	Claims PMPM	\$5	\$4	\$5	\$7	\$5
Margin	\$45	\$54	\$34	\$38	\$36	Margin	\$2	\$3	\$2	(\$1)	\$1
Enrollment	5	5	5	4	4	Enrollment	37	37	36	34	33
Dental						FEHBP					
	2Q 2021	2Q 2020	2Q 2019	2Q 2018	2Q 2017		2Q 2021	2Q 2020	2Q 2019	2Q 2018	2Q 2017
<i>(In Millions, Except PMPM)</i>						<i>(In Millions, Except PMPM)</i>					
Direct Written Premium	\$7,336	\$6,719	\$7,008	\$6,955	\$6,443	Direct Written Premium	\$21,404	\$20,059	\$19,872	\$19,617	\$18,886
Net Earned Premium	\$6,949	\$5,878	\$6,405	\$6,425	\$5,500	Net Earned Premium	\$21,761	\$20,276	\$20,342	\$19,396	\$18,359
Total Hospital & Medical Exp	\$6,092	\$4,202	\$5,641	\$5,501	\$5,549	Total Hospital & Medical Exp	\$20,341	\$18,184	\$19,088	\$17,766	\$17,186
Loss Ratio	87.7%	71.5%	88.1%	85.6%	100.9%	Loss Ratio	93.5%	89.7%	93.8%	91.6%	93.6%
Net Premium PMPM	\$26	\$24	\$26	\$26	\$21	Net Premium PMPM	\$395	\$378	\$388	\$418	\$397
Claims PMPM	\$23	\$17	\$23	\$22	\$22	Claims PMPM	\$369	\$339	\$364	\$380	\$372
Margin	\$3	\$7	\$3	\$4	(\$1)	Margin	\$26	\$39	\$24	\$38	\$25
Enrollment	44	42	42	42	43	Enrollment	9	9	9	8	8
Medicare						Medicaid					
	2Q 2021	2Q 2020	2Q 2019	2Q 2018	2Q 2017		2Q 2021	2Q 2020	2Q 2019	2Q 2018	2Q 2017
<i>(In Millions, Except PMPM)</i>						<i>(In Millions, Except PMPM)</i>					
Direct Written Premium	\$141,085	\$126,752	\$110,031	\$96,558	\$86,832	Direct Written Premium	\$131,730	\$118,435	\$102,326	\$95,724	\$91,438
Net Earned Premium	\$140,605	\$125,079	\$109,768	\$95,907	\$85,926	Net Earned Premium	\$130,005	\$113,488	\$100,181	\$94,897	\$90,681
Total Hospital & Medical Exp	\$121,381	\$100,007	\$93,242	\$82,046	\$74,029	Total Hospital & Medical Exp	\$112,794	\$98,987	\$92,583	\$84,616	\$82,098
Loss Ratio	86.3%	80.0%	84.9%	85.5%	86.2%	Loss Ratio	86.8%	87.2%	92.4%	89.2%	90.5%
Net Premium PMPM	\$1,123	\$1,100	\$1,052	\$968	\$957	Net Premium PMPM	\$425	\$423	\$392	\$375	\$399
Claims PMPM	\$969	\$880	\$893	\$828	\$824	Claims PMPM	\$369	\$369	\$363	\$332	\$362
Margin	\$154	\$220	\$158	\$140	\$133	Margin	\$56	\$54	\$30	\$44	\$38
Enrollment	21	19	18	16	15	Enrollment	53	48	44	44	40
Other Health											
	2Q 2021	2Q 2020	2Q 2019	2Q 2018	2Q 2017						
<i>(In Millions, Except PMPM)</i>											
Direct Written Premium	\$10,545	\$10,861	\$10,283	\$9,516	\$9,216						
Net Earned Premium	\$10,637	\$11,157	\$10,625	\$9,829	\$9,359						
Total Hospital & Medical Exp	\$11,019	\$10,423	\$9,624	\$8,776	\$8,575						
Loss Ratio	103.6%	93.4%	90.6%	89.3%	91.6%						
Net Premium PMPM	\$47	\$50	\$52	\$51	\$49						
Claims PMPM	\$48	\$47	\$47	\$45	\$45						
Margin	(\$2)	\$3	\$5	\$5	\$4						
Enrollment	38	38	38	34	33						

The CDC has reported nearly 45 million COVID-19 cases nationwide and over 700 thousand deaths since January 21, 2020 and the health insurance industry reported only a 2% (under \$8 billion) increase in health benefit claims incurred through the second quarter of 2020. However, it is important to note, that offsetting factors appear to have reduced the overall financial impact to insurers such as reduced healthcare claims and decreased medical costs related to cancelled or delayed medical treatments, procedures, and utilizing other non-emergency healthcare benefits. These offsetting factors are also evident in the decreases in the loss ratios by line of business as included in **Table 2** above.

As **Figure 1** illustrates, the profitability trend for the health insurance industry and the decrease in both net income and profit margin through the second quarter of 2021, the considerable decrease in the industry’s underwriting results can be attributed primarily to a 15% (\$49 billion) increase in total hospital and medical benefits. Administrative expenses alone decreased 15% (\$9 billion) resulting in a decrease in the administrative expense ratio to 11%

This significant increase in hospital and medical benefits now places the Health insurance industry underwriting results more in line with financial results as reported pre-COVID19 pandemic in prior-year period 2019 in relation to underwriting gains, net income, loss and administrative expense ratios and profit margin.

ENROLLMENT

As shown in **Figure 4**, the industry has experienced an incremental increase in total enrollment of 13% (28 million) to 249 million from 221 million through the second quarter of 2017.

The increase from 2017 is due primarily to:

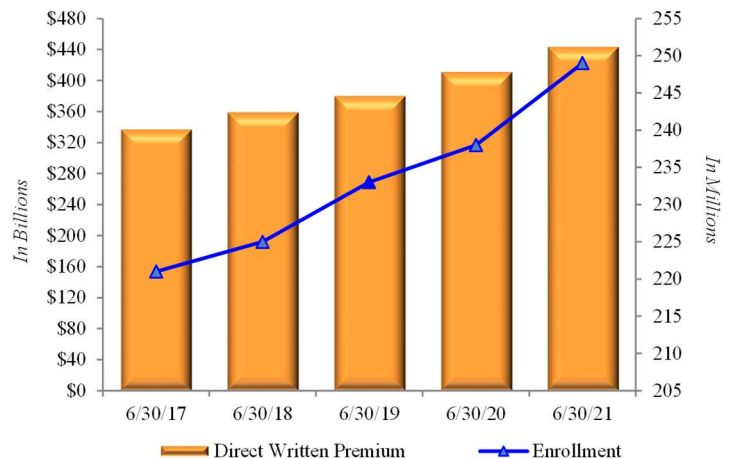
- a 33% (13 million) increase in Medicaid,
- a 38% (6 million) increase in Medicare,
- a 15% (5 million) increase in policies that provide Medicare Part D Drug coverage,
- a 15% (5 million) increase in vision coverage,
- a 20% (2 million) increase in Federal Employee Health Benefit Plans, and
- a 3% (1 million) increase in dental coverage.

However, these lines were partially offset by:

- a 12% (4 million) decrease in the group comprehensive line of business, and
- a 6% (1 million) decrease in the individual comprehensive line of business from the first six months of 2017.

As indicated above, despite the COVID-19 pandemic, the industry still experienced considerable growth in both Medicaid and Medicare. As a result of increased unemployment rates caused by the pandemic, health care coverage has also been disrupted for millions of people as most working-age adults receive health insurance coverage for themselves and their families through their employer. However, many of those who lost health insurance coverage through their employer would possibly qualify for Medicaid or had the opportunity to purchase individual health coverage through the exchange or other managed care health providers. The shift in business concentration can also be attributed to an increase in the number of insureds becoming eligible for either Medicare or Medicaid as evidenced by increases in enrollment in these lines. A certain amount of the Medicaid enrollment increase is likely due to the continued expansion of Medicaid programs in certain states.

Figure 4
Enrollment & Direct Written Premium



The industry recorded nearly 249 members enrolled in various insurance products offered by a number of insurance carriers. As shown on **Figure 5**, Medicaid represents 21% of total enrollment; Dental 18%; Vision 15%; Medicare Pt D 15%; Group Comprehensive 11%; and Medicare at 9%. A shift in business concentration can be attributed to an increase in the number of insureds becoming eligible for either Medicare or Medicaid as evidenced by increases in enrollment in these lines. A certain amount of Medicaid enrollment increases is likely due to the continued expansion of Medicaid programs in certain states.

As depicted in **Figure 6**, health entities' earned premium per member per month (PMPM) increased 18% to \$295 from \$250 for the first six months of 2017, while claims PMPM increased 19% to \$253 from \$213. It is evident premium PMPM increased incrementally through the five years illustrated in the adjacent graph while claims PMPM decreased in 2020 due to decreased medical costs related to cancelled or delayed medical treatments, procedures, and utilizing other non-emergency healthcare benefits. As show in the graph, the margin increased significantly during the prior-year quarter only to drop back down to a margin more comparable to prior-year periods.

Figure 5
Enrollment by Line of Business

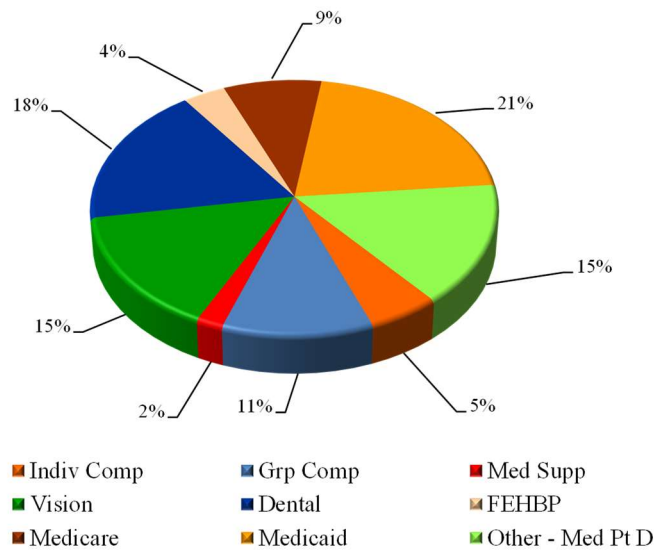
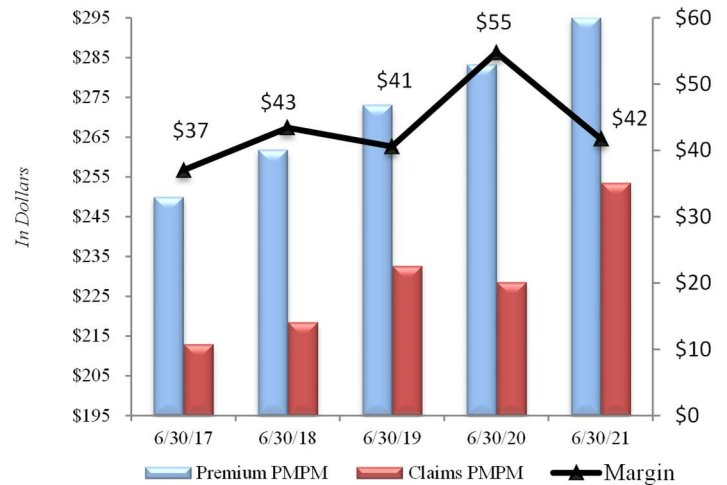


Figure 6
Premium PMPM vs Claims PMPM



PREMIUM REVENUES

Figure 4 above illustrates the growth in direct written premium. In comparison to the first six months of 2020, the industry reported an 8% (\$32 billion) increase in direct written premium to \$443 billion from \$411 billion. The increase is primarily on the Medicare, and Medicaid lines of business.

Figure 7 illustrates the mix of direct written premium for the first six months of 2021. As insureds have become eligible for either Medicare and/or Medicaid as evidenced by increases in enrollment in these lines, there has been a gradual shift in the allocation of premium between the lines of business over the last five years. In comparison to the first half of 2020, direct comprehensive medical decreased to below 34% from just below 36% of total written premium, while Medicare increased to 32% from 31%, Medicaid increased to nearly 30% from just under 29%, and FEHBP remained unchanged at just below 5%.

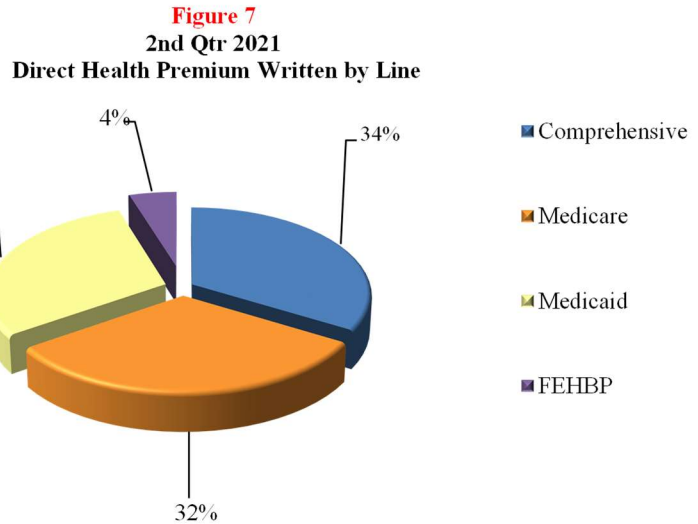


Table 3 below provides a breakout of direct written premium by line of business. The largest dollar increases in written premium from the first six months of 2020 was an 11% (\$14 billion) increase in Medicare, and an 11% (\$13 billion) increase in Medicaid.

Table 3
Direct Written Premium by Lines of Business

<i>(In Millions)</i>	<u>Chg.</u>	<u>\$ Chg.</u>	<u>2Q 2021</u>	<u>2Q 2020</u>	<u>2Q 2019</u>	<u>2Q 2018</u>	<u>2Q 2017</u>
Individual Comprehensive	4.4%	\$1,713	\$40,691	\$38,978	\$39,535	\$39,262	\$35,523
Group Comprehensive	(1.3)%	(\$1,107)	\$82,119	\$83,226	\$83,686	\$82,854	\$81,379
Medicare Supplement	3.0%	\$184	\$6,306	\$6,122	\$5,782	\$5,451	\$5,358
Vision	2.9%	\$40	\$1,405	\$1,365	\$1,279	\$1,311	\$1,220
Dental	9.2%	\$617	\$7,336	\$6,719	\$7,008	\$6,955	\$6,443
FEHBP	6.7%	\$1,345	\$21,404	\$20,059	\$19,872	\$19,617	\$18,886
Medicare	11.3%	\$14,333	\$141,085	\$126,752	\$110,031	\$96,558	\$86,832
Medicaid	11.2%	\$13,295	\$131,730	\$118,435	\$102,326	\$95,724	\$91,438
Other Health	(2.9)%	(\$316)	\$10,545	\$10,861	\$10,283	\$9,516	\$9,216

Table 4 on the next page includes direct written premium for the four largest revenue-generating lines of business as reported by each state on Schedule T of the quarterly financial statement. The state of Florida reports the greatest dollar amount of direct written premium on both the comprehensive medical and Medicare lines of business through the second quarter of 2021. Florida recorded just under \$13 billion in comprehensive medical premium after recording a modest decrease from the prior-year quarter while recording just under \$16 billion in Medicare premium, which is a 12% increase from the prior-year quarter. The states of Pennsylvania and Texas both reported just under \$14 billion in Medicaid premium including a 10% and a 17% increase over the prior-year quarter, respectively. The state of Maryland reported just under \$2 billion in premium revenue for the federal employee health benefit plan line of business including a 7% increase over the prior-year quarter.

Table 4 - Direct Written Premium by Line of Business by State
As reported on Schedule T

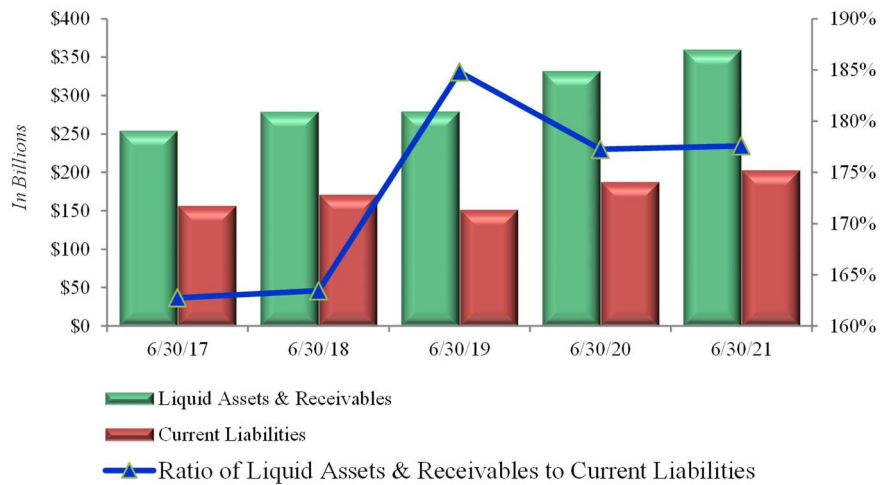
Table 4 - Direct Written Premium by Line of Business by State												
As reported on Schedule T												
(\$ in Millions)	Comprehensive Medical			Medicare			Medicaid			FEHBP		
State	2Q 2021	2Q 2020	% Chg.	2Q 2021	2Q 2020	% Chg.	2Q 2021	2Q 2020	% Pt Chg.	2Q 2021	2Q 2020	% Chg.
Alabama	\$2,747	\$2,587	6.2%	\$3,376	\$3,077	9.7%	\$15	\$13	20.9%	\$454	\$400	13.5%
Alaska	\$278	\$267	4.0%	\$2	\$1	58.6%	\$0	\$0	0.0%	\$227	\$218	3.8%
Arizona	\$1,671	\$1,597	4.6%	\$2,900	\$2,773	4.6%	\$133	\$81	64.5%	\$389	\$349	11.3%
Arkansas	\$1,942	\$1,758	10.5%	\$1,439	\$1,212	18.7%	\$671	\$555	20.8%	\$155	\$147	5.6%
California	\$1,423	\$1,449	(1.8)%	\$2,033	\$2,209	(8.0)%	\$0	\$708	(100.0)%	\$3	\$3	(1.8)%
Colorado	\$2,812	\$2,806	0.2%	\$2,343	\$2,280	2.8%	\$570	\$459	24.1%	\$449	\$395	13.6%
Connecticut	\$1,639	\$1,633	0.4%	\$1,870	\$1,695	10.3%	\$0	\$0	0.0%	\$174	\$143	22.0%
Delaware	\$349	\$342	2.0%	\$197	\$154	28.0%	\$0	\$0	0.0%	\$92	\$79	16.0%
District of Columbia	\$1,070	\$1,073	(0.3)%	\$63	\$56	11.9%	\$767	\$422	81.8%	\$803	\$956	(16.0)%
Florida	\$12,726	\$13,026	(2.3)%	\$15,627	\$13,961	11.9%	\$9,537	\$8,026	18.8%	\$1,383	\$1,301	6.3%
Georgia	\$4,515	\$4,326	4.4%	\$4,078	\$3,135	30.1%	\$2,319	\$2,234	3.8%	\$853	\$770	10.8%
Hawaii	\$1,730	\$1,726	0.3%	\$678	\$625	8.5%	\$1,043	\$889	17.3%	\$229	\$221	3.5%
Idaho	\$1,063	\$1,038	2.5%	\$658	\$578	13.8%	\$261	\$200	30.6%	\$120	\$107	12.9%
Illinois	\$8,532	\$8,413	1.4%	\$4,745	\$4,296	0.0%	\$7,332	\$5,750	27.5%	\$640	\$591	8.3%
Indiana	\$1,836	\$1,823	0.7%	\$2,497	\$2,034	22.7%	\$3,932	\$3,199	22.9%	\$373	\$310	20.5%
Iowa	\$1,823	\$1,886	(3.3)%	\$1,032	\$902	14.3%	\$2,823	\$2,706	4.3%	\$145	\$135	7.2%
Kansas	\$667	\$653	2.3%	\$803	\$616	30.2%	\$1,908	\$1,834	4.0%	\$74	\$66	10.8%
Kentucky	\$1,832	\$1,848	(0.8)%	\$2,629	\$2,250	16.8%	\$5,382	\$4,145	29.9%	\$256	\$222	15.5%
Louisiana	\$2,039	\$1,986	2.6%	\$2,648	\$2,327	13.8%	\$5,101	\$4,563	11.8%	\$241	\$217	10.7%
Maine	\$860	\$929	(7.5)%	\$785	\$576	36.3%	\$0	\$0	0.0%	\$116	\$101	14.6%
Maryland	\$2,393	\$2,550	(6.2)%	\$1,042	\$910	14.5%	\$1,646	\$1,437	14.6%	\$1,916	\$1,788	7.1%
Massachusetts	\$6,854	\$6,699	2.3%	\$1,678	\$1,564	7.3%	\$2,622	\$2,336	12.3%	\$426	\$404	5.2%
Michigan	\$6,635	\$6,516	1.8%	\$6,068	\$5,433	11.7%	\$3,881	\$3,223	20.4%	\$424	\$387	9.7%
Minnesota	\$3,274	\$3,263	0.3%	\$2,849	\$2,187	30.2%	\$4,023	\$3,515	14.5%	\$325	\$311	4.7%
Mississippi	\$1,032	\$1,087	(5.1)%	\$1,006	\$845	19.0%	\$1,204	\$1,211	(0.6)%	\$192	\$187	2.5%
Missouri	\$2,185	\$2,097	4.2%	\$3,456	\$2,976	16.1%	\$1,290	\$1,044	23.6%	\$394	\$366	7.7%
Montana	\$497	\$507	(2.0)%	\$292	\$246	18.9%	\$0	\$0	0.0%	\$118	\$104	12.8%
Nebraska	\$1,090	\$1,117	(2.4)%	\$512	\$397	29.0%	\$975	\$704	38.6%	\$131	\$148	(11.3)%
Nevada	\$1,343	\$1,294	3.8%	\$1,684	\$1,483	13.6%	\$1,175	\$885	32.8%	\$130	\$105	24.1%
New Hampshire	\$846	\$836	1.2%	\$352	\$352	(0.1)%	\$590	\$495	19.2%	\$157	\$140	11.7%
New Jersey	\$4,760	\$4,672	1.9%	\$2,786	\$2,436	14.4%	\$6,219	\$5,197	19.7%	\$527	\$442	19.2%
New Mexico	\$481	\$525	(8.4)%	\$868	\$651	33.4%	\$2,839	\$2,544	11.6%	\$190	\$168	13.0%
New York	\$11,430	\$11,264	1.5%	\$9,354	\$8,747	6.9%	\$4,867	\$4,510	7.9%	\$895	\$805	11.1%
North Carolina	\$4,188	\$4,118	1.7%	\$5,189	\$4,530	14.5%	\$0	\$0	0.0%	\$621	\$647	(3.9)%
North Dakota	\$833	\$813	2.4%	\$100	\$86	15.9%	\$180	\$140	28.5%	\$67	\$59	14.3%
Ohio	\$4,389	\$4,433	(1.0)%	\$6,609	\$5,912	11.8%	\$10,246	\$9,591	6.8%	\$666	\$584	14.1%
Oklahoma	\$1,932	\$1,893	2.1%	\$1,409	\$1,143	23.3%	\$0	\$0	0.0%	\$386	\$358	7.7%
Oregon	\$3,059	\$2,984	2.5%	\$3,098	\$2,288	35.4%	\$2,169	\$2,728	(20.5)%	\$270	\$258	4.7%
Pennsylvania	\$6,889	\$6,981	(1.3)%	\$8,131	\$7,524	0.0%	\$13,966	\$12,715	9.8%	\$725	\$829	(12.6)%
Rhode Island	\$627	\$642	(2.3)%	\$593	\$541	9.6%	\$1,061	\$924	14.7%	\$63	\$55	15.0%
South Carolina	\$2,215	\$1,988	11.4%	\$1,577	\$1,248	26.4%	\$1,735	\$1,586	9.4%	\$317	\$293	8.0%
South Dakota	\$689	\$709	(2.9)%	\$172	\$150	15.0%	\$0	\$0	0.0%	\$94	\$87	7.8%
Tennessee	\$2,226	\$2,268	(1.9)%	\$4,203	\$3,888	8.1%	\$3,279	\$3,258	0.6%	\$409	\$396	3.5%
Texas	\$12,485	\$10,610	17.7%	\$12,841	\$12,482	2.9%	\$13,828	\$11,851	16.7%	\$1,682	\$1,533	9.7%
Utah	\$1,633	\$1,597	2.3%	\$1,052	\$909	15.8%	\$511	\$385	32.8%	\$333	\$288	15.8%
Vermont	\$364	\$368	(1.1)%	\$116	\$64	82.3%	\$0	\$0	0.0%	\$52	\$40	29.8%
Virginia	\$3,640	\$3,536	2.9%	\$2,716	\$2,328	16.7%	\$6,126	\$5,297	15.7%	\$1,409	\$1,354	4.1%
Washington	\$4,444	\$4,375	1.6%	\$2,909	\$2,609	11.5%	\$4,018	\$2,876	39.7%	\$536	\$497	7.7%
West Virginia	\$522	\$532	(2.0)%	\$1,140	\$979	16.4%	\$1,108	\$862	28.6%	\$223	\$208	6.9%
Wisconsin	\$3,915	\$3,739	4.7%	\$3,278	\$2,962	10.7%	\$1,307	\$1,110	17.8%	\$321	\$260	23.3%
Wyoming	\$280	\$284	(1.6)%	\$8	\$6	23.8%	\$0	\$0	0.0%	\$47	\$52	(10.1)%
American Samoa	\$0	\$0	0.0%	\$0	\$0	0.0%	\$0	\$0	0.0%	\$0	\$0	0.0%
Guam	\$15	\$19	(21.7)%	\$0	\$0	0.0%	\$0	\$0	0.0%	\$13	\$13	1.1%
Puerto Rico	\$627	\$607	3.2%	\$4,088	\$3,448	0.0%	\$1,291	\$1,361	(5.2)%	\$100	\$89	0.0%
U.S. Virgin Islands	\$7	\$7	2.4%	\$18	\$0	0.0%	\$0	\$0	0.0%	\$1	\$1	(0.2)%
Northern Mariana Islands	\$1	\$2	(54.8)%	\$0	\$0	0.0%	\$0	\$0	0.0%	\$0	\$0	0.0%
Aggregate Other Alien	\$532	\$489	8.7%	\$0	\$0	0.0%	\$0	\$0	0.0%	\$37,147	\$0	0.0%

CASH FLOW AND LIQUIDITY

The health insurance industry reported a significant drop in operating cash flow to \$12 billion in the first half of 2021 as compared to operating cash flow of \$38 billion in the first half of 2020. The considerable decrease in positive cash flow is due primarily to a 14% (\$45 billion) increase in benefits and loss-related payments partially offset by 6% (\$25 billion) increase in premiums collected.

As illustrated in **Figure 8**, liquid assets and receivables increased 8% (\$28 billion) to \$360 billion in the first six months of 2021 as compared to the prior year period while current liabilities increased 8% (\$15 billion) to \$203 billion. This resulted in no change in the ratio of liquid assets and receivables to current liabilities of 177%.

Figure 8
Ratio of Liquid Assets & Receivables to Current Liabilities



CAPITAL AND SURPLUS

Health entities reported an 8% (\$14 billion) increase in capital and surplus to over \$189 billion from nearly \$176 billion at Dec. 31, 2020 as illustrated in **Figure 9**. The increase is due primarily to net income of \$17 billion, a \$3 billion increase in unrealized capital gains, and additional paid in surplus of \$2 billion. These items were partially offset by dividends of \$5 billion paid to stockholders, and a \$1 billion increase in non-admitted assets.

Figure 9
Capital & Surplus Account



Financial Regulatory Services Division

Financial Analysis and Examinations Department

Contacts:

Bill Rivers, Health Financial Analysis Program Manager

WRivers@naic.org

816.783-8142

Bruce Jensen, Assistant Director Solvency Monitoring

BJensen@naic.org

816.783.8348

Jane Koenigsman, Sr. Financial Analysis Manager

JKoenigsman@naic.org

816.783.8145

Disclaimer: The NAIC 2021 Mid-Year Health Insurance Industry Analysis Report is a limited scope analysis based on the aggregated information filed to the NAIC's Financial Data Repository as of June 30, 2021, and written by the Financial Regulatory Services Department staff. This report does not constitute the official opinion or views of the NAIC membership or any particular state insurance department.

Health Industry Disclosure: In some states the health industry is regulated by a Department other than the Department of Insurance. Therefore, not all health insurers may be required to file financial statements with the NAIC.