

The Standard

Quarterly Report: Basic Life
Insurance and Long Term
Disability:
Quarter Ending
December 31, 2020



Board Meeting Date: March 25, 2021

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Basic Life Insurance & Long Term Disability Executive Summary

Most Recent Five Plan Years: July 01, 2016 to December 31, 2020

This is the second quarter report for the 2020-21 plan year, providing information for the period beginning July 1, 2016 and ending December 31, 2020.

Basic Life

At the half-way point of the current plan year, Basic Life incidence (page 4) is up year-over-year for active members and for retirees. At this time last year, the overall incidence rate was 2.2 claims/1,000 lives; this year, it has increased to 2.5. From a loss ratio perspective (page 5), the loss ratio for active members is down slightly from 26% last year to 25% this year. For retirees, the loss ratio is significantly up, from 241% to 324% compared to last year. Historically, the highest claim activity for PEBP is in the 3rd quarter of the plan year. We'll see how the next quarter impacts results.

PEBP's life claims are very consistent year-over-year from a diagnosis standpoint (page 4) when compared to the rest of The Standard's public sector block. Incidence and liability remain higher than our block for Circulatory and Respiratory claims and lower for Cancer.

Long Term Disability

LTD claim incidence (page 7) is reported on an incurred basis, and claims are charged to the plan year in which a disability started. As a result, we typically don't have credible incidence information during the first half of the plan year. At this time last year, there were 8 LTD claims for the 2019-20 plan year, a third of the 25 claims that were incurred during the entire plan year. For the 2020-21 plan year, we've had 5 claims incurred so far. This is a decrease compared to last year for the same time period.

LTD loss ratios (page 8) are reported on a cash basis, without regard for the incurred date. At the halfway point, the loss ratio for the 2020-21 plan year is 5%, which is significantly lower than the loss ratio for the 2019-20 plan year of 31%. The 5% loss ratio is much lower than the five-year average loss ratio of 51%. One of the main drivers of the lower loss ratio is a credit of over \$900,000 in Active Claim Reserves for the period. We will keep an eye on the remaining two quarters.

LTD claims by diagnosis (page 7) provides an interesting comparison to your Basic Life results. PEBP's LTD liability for Circulatory claims is higher than our block. However, your Cancer liability is also higher than our public block, in contrast to your life claims results. That means you have worse morbidity but better mortality for Cancer claims. PEBP continues to have significantly better results for Musculoskeletal claims when compared to our block, by almost 50%.

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Basic Life Insurance Claims by Plan Year and Participant Type

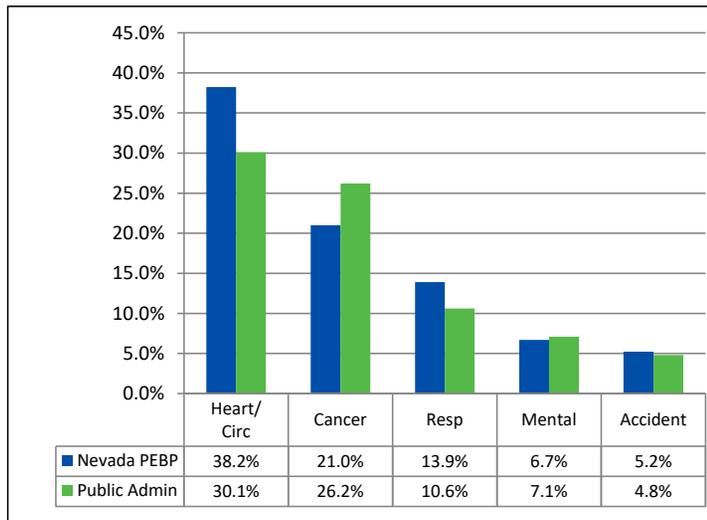
Most Recent Five Plan Years: July 01, 2016 to December 31, 2020

Participant Type	From Jul-16		From Jul-17		From Jul-18		From Jul-19		From Jul-20	
	Through Jun-17		Through Jun-18		Through Jun-19		Through Jun-20		Through Jun-21	
Participant Type	Count	Inc./ 1000								
Actives	51	2.0	41	1.6	47	1.8	47	1.7	17	0.6
Retirees	325	21.8	295	19.5	278	17.7	284	18.0	91	5.7
Totals	376	9.6	336	8.4	325	7.9	331	7.7	108	2.5

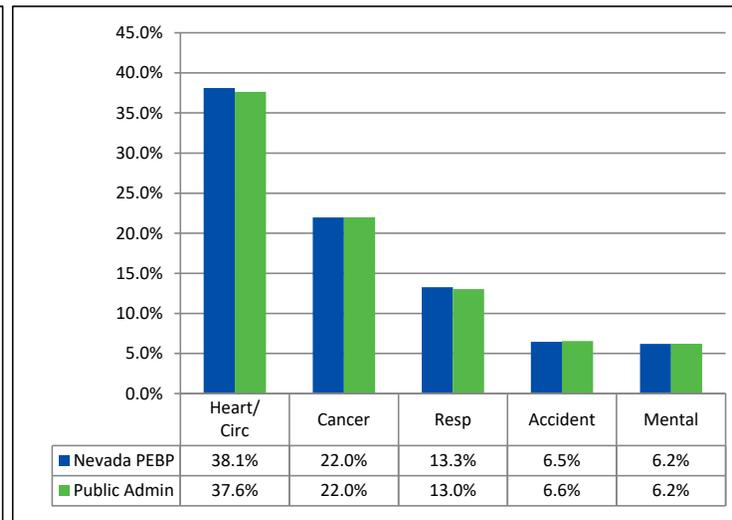
Basic Life Insurance Claims by Diagnostic Category

Public Admin benchmark is from SIC book of business for most recent 5 calendar years

Top Five Diagnostic Categories by Incidence



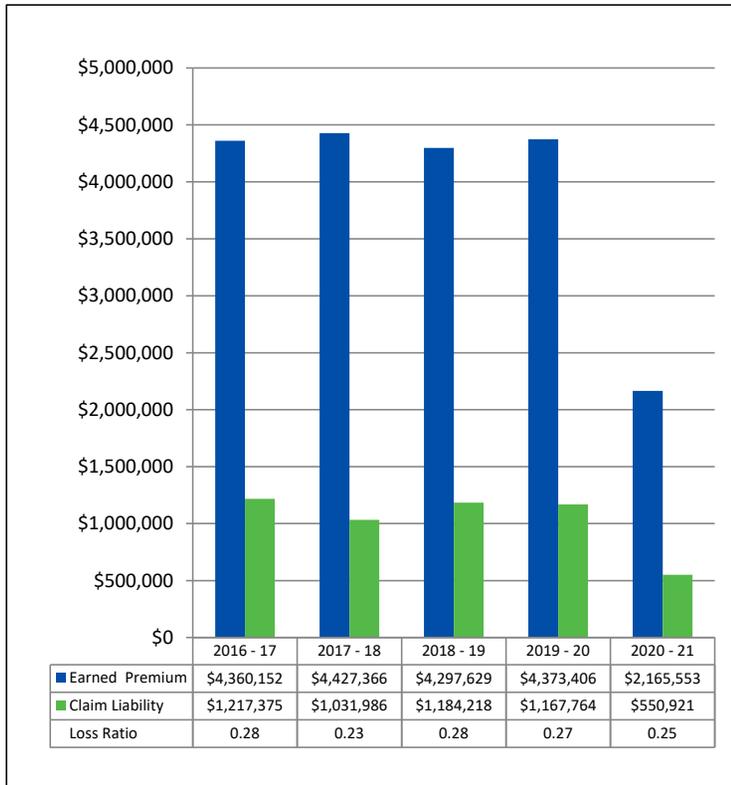
Top Five Diagnostic Categories by Liability



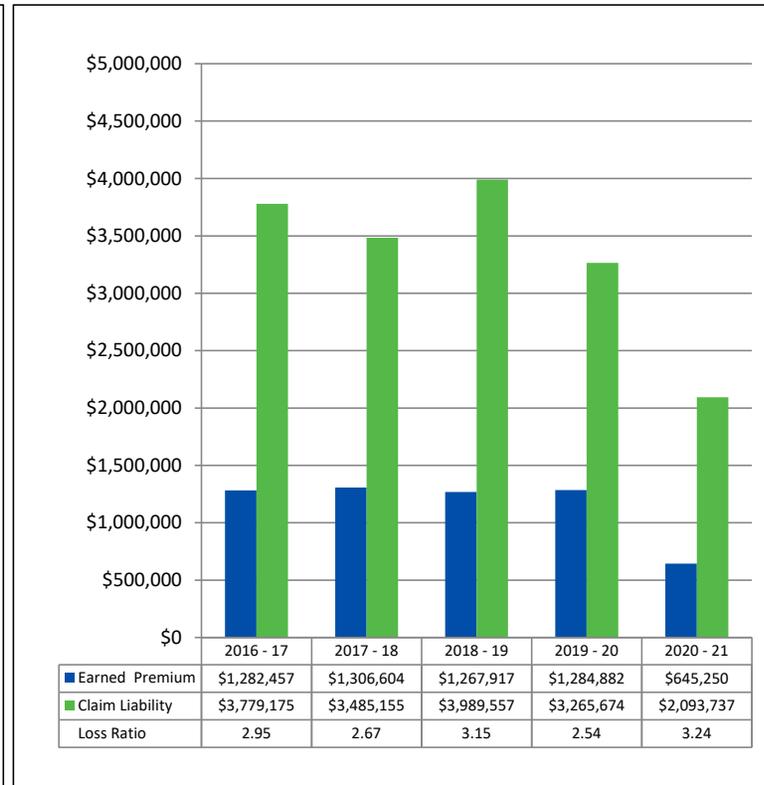
Basic Life Insurance Earned Premiums & Liability by Participant Type

Most Recent Five Plan Years: July 01, 2016 to December 31, 2020

Active Participants



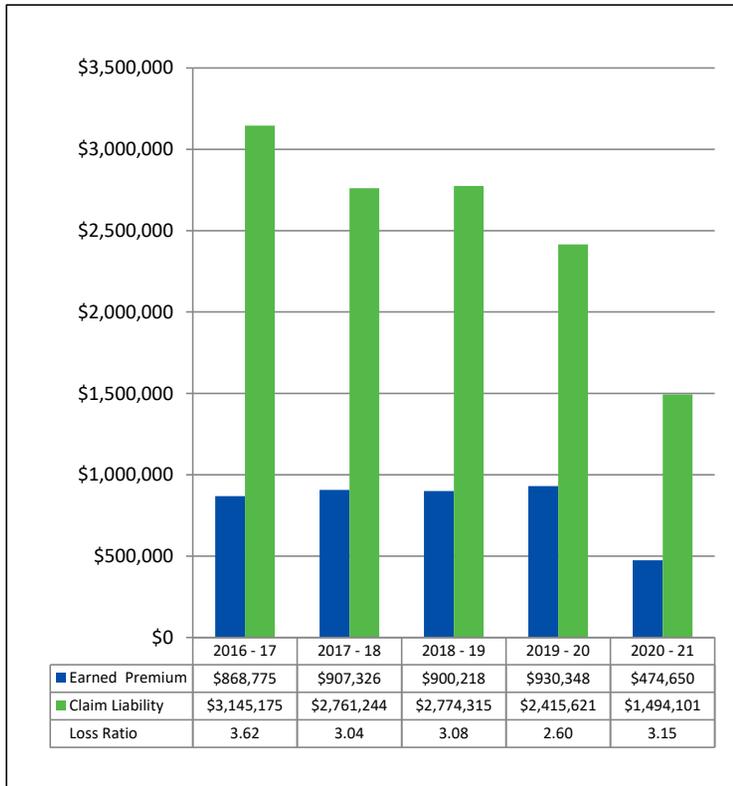
Retired Participants



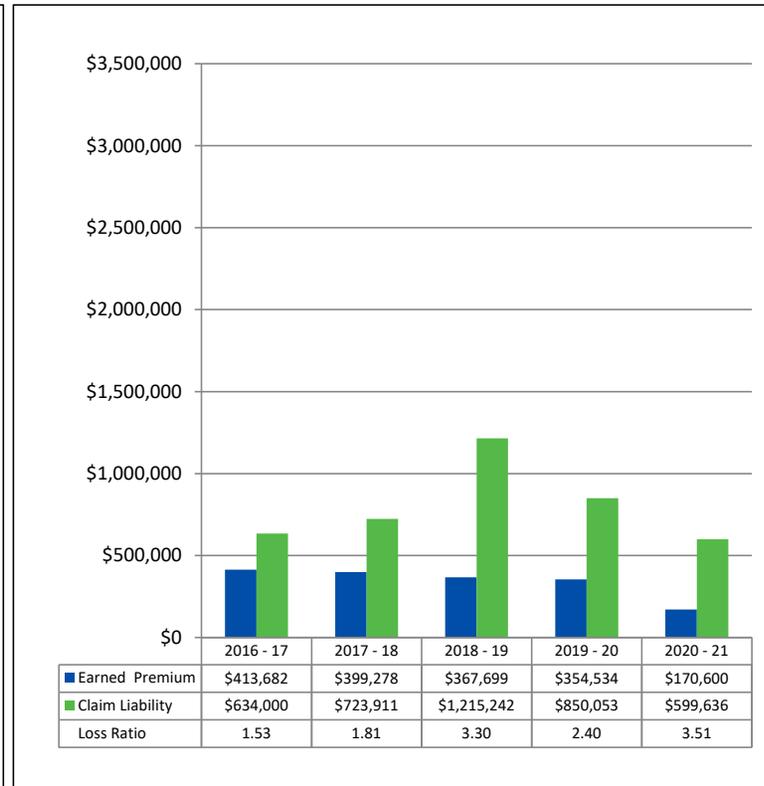
Basic Life Retiree Insurance Earned Premiums & Liability by Participant Type

Most Recent Five Plan Years: July 01, 2016 to December 31, 2020

State Retired Participants



Non-State Retired Participants



Long Term Disability Claims by Plan Year

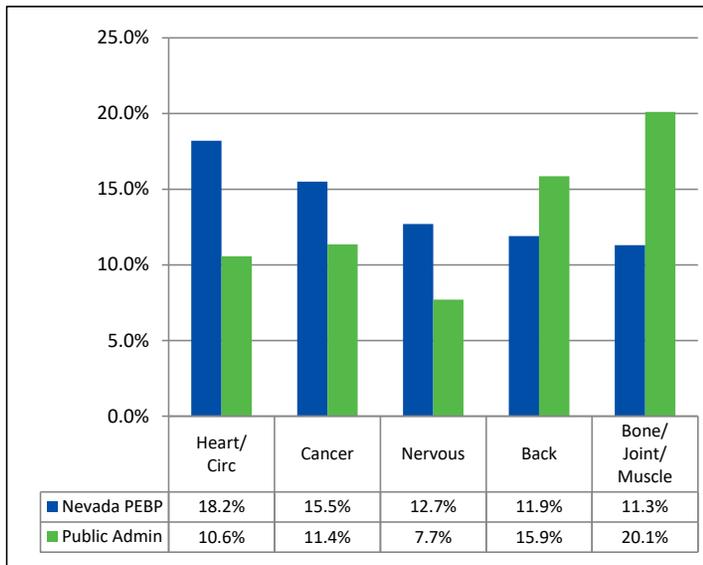
Most Recent Five Plan Years: July 01, 2016 to December 31, 2020

	From Jul-16		From Jul-17		From Jul-18		From Jul-19		From Jul-20	
	Through Jun-17		Through Jun-18		Through Jun-19		Through Jun-20		Through Jun-21	
	Count	Inc./ 1000								
LTD Claims	36	1.4	29	1.1	25	1.0	25	0.9	5	0.2

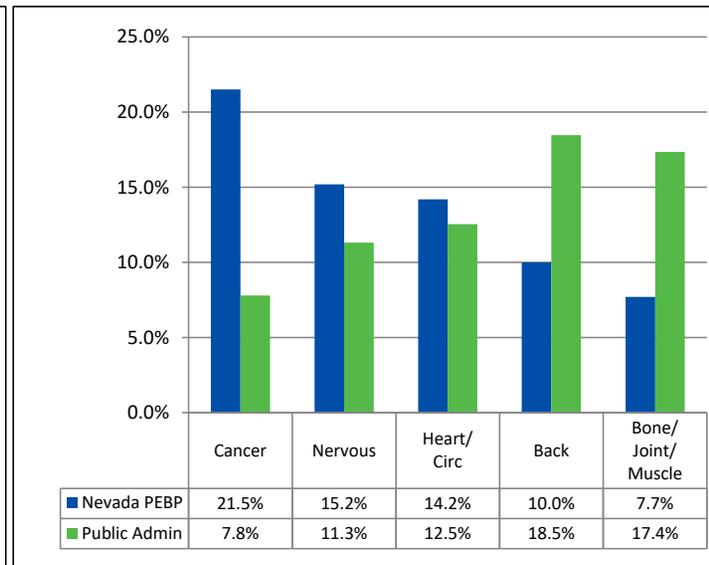
Long Term Disability Claims by Diagnostic Category

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Top Five Diagnostic Categories by Incidence

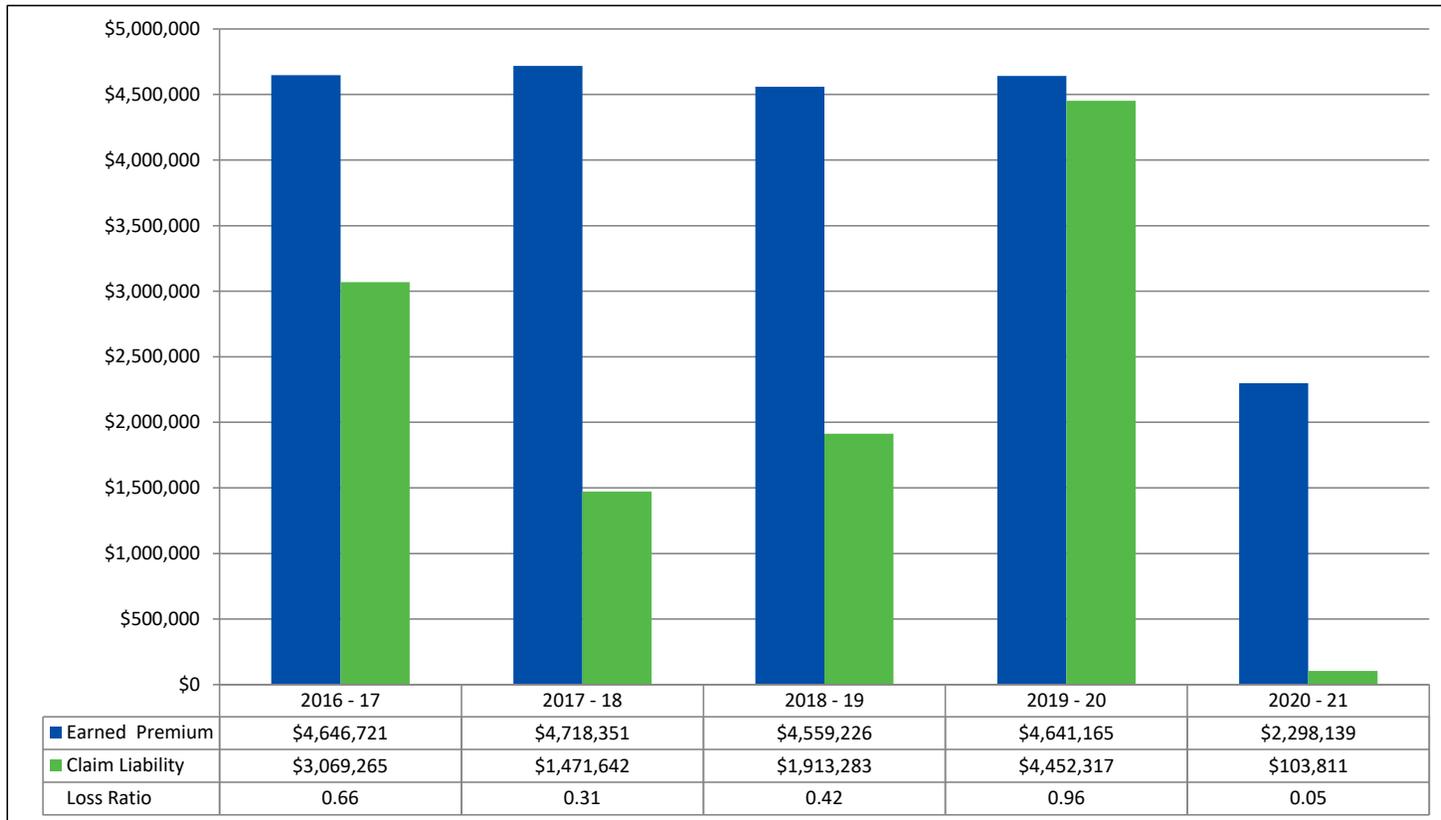


Top Five Diagnostic Categories by Liability



Long Term Disability Earned Premiums & Liability

Most Recent Five Plan Years: July 01, 2016 to December 31, 2020



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Claim Appeals

Quarterly Update for Plan Year to Date July 01, 2020 to December 31, 2020

	In Process	Decision	Decision	Total
		Upheld	Overtured	
Claim Appeals				
Life Insurance Claims	0	0	0	0
Long-Term Disability Claims	0	2	1	3
Short-Term Disability Claims	0	0	0	0
Total Appeals	0	2	1	3

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