

# Are You Ready To Hang Ten?

One of the things at which United American has excelled through the years is the ability to identify trends in the health insurance marketplace. When the Medicare program became a reality in the late 1960s, our Division was one of the first to seize the opportunity. As a result, we became the nation's leader in guaranteed renewable Medicare Supplements. Predictably, competitors followed suit. In the 1980s, UA again saw an opportunity, adding the fastest claims payment service possible — “Automatic” Claims Filing® (ACF), which reduced the time necessary to pay Seniors' claims. Once again we grew, and others tried to follow. Four years ago, we saw an opportunity for Divisional growth, and we were fully prepared for the onslaught of Seniors who were disenrolled from managed care. In 1997 and 1998, we implemented new commission advances, TV leads, as well as recruiting ads and bonuses. Sales and the number of new Agents grew at a blistering pace, and our Senior market growth continues today.

Some of you will recall predictions made over a decade ago that UA would be one of the few viable Medicare Supplement companies to survive governmental regulation. This is also coming true, as so many HMOs and other Medicare Supplement insurance companies have disappeared from the market. Poor pricing decisions continue to cause these companies to recede into the mist, just like the others. Once the dust settled, Agents found that UA's predictions were right once again!



**Andrew W. King**  
President,  
Exclusive Agency Division

The Senior market is growing stronger as retirement rates increase. Approximately 76 million people will be retiring over the next two decades as Baby Boomers arrive at maturity. Together, as a group, they will be moving like a “bubble” with great consequences for all. Our primary focus for over 30 years has

been the Senior market, and as Torchmark Chairman C.B. Hudson said recently, “the Medicare Supplement market conditions are the best they have been in 30 years!” This is why UA continues to examine trends in the Senior market and continues to take advantage of them.

Market predictions are not just limited to the Senior market, there are predictions in the underage supplemental markets as well. The underage market is a quickly-developing opportunity, and there has never been a better time than now to use market predictions to our advantage.

Pressures are forming in the underage market which are working to UA's advantage as a supplemental company:

## Near Retirees Age As A Population Bubble

- Baby Boomers are approaching “near retiree” status. Corporations have traditionally paid part of each employees' benefits, but as these workers age, sickness claims will increase dramatically. Therefore in order to save money for their share of

health insurance premiums, the number of employers that cut benefits to all covered workers will escalated dramatically.

## Lessing Benefits Concerns

- Employers who are seeing larger claims increases are becoming reluctant to pass higher premiums directly to workers in a tight labor market. *Logic dictates that employers will continue to impose higher deductibles and higher co-insurance percentages on all employees as they try to hold down premiums within these aging-employee groups.*

## Mismanaged Restriction Concerns

- The aging population of workers in managed care now know they need inexpensive “anytime, anywhere” supplemental plans, especially for guaranteeing that some portion of very costly treatments are covered, such as those for cancer. This aging group of workers see problems developing and are worried managed care might prohibit the best treatment possible for each and every family member.

All of these issues form the basis for a fast-emerging underage supplemental market. And it is our Company's goal to service all those who want, need, or are seeking supplemental coverage. You have already surmised that smaller population percentages of working taxpayers cannot support the ever-growing number of retirees without cutbacks in government benefits. That inverted pyramid is already benefiting UA in the Senior supplemental market, as Uncle Sam continues to find ways to cut reimbursement rates to Medicare. And so it will help UA in the underage population, as aging workers affect every American Employer's health insurance cost, in the form of continued benefit cutbacks for all employees.

The most intelligent Agents and Managers will recognize that this additional market is emerging rapidly, and they will beat their competition to the punch by covering every American as the need for supplemental coverage grows! It will take the addition of a tremendous number of new United American Agents and Managers to handle the growth that is occurring right now. And by applying the current Agent-To-Population ratio we have in the Senior market, to the supplemental market growth expected for all ages, the total number of representatives we would need, just to keep our current market share, is astounding (see Pages 8 and 9)! There has never been a better time for anyone desiring a management position with UA to get started, we have the need (page 10), the additional supplemental products (page 11), and the earnings opportunities that are second-to-none (page 6 and 7). Mr. Hudson is correct: Market conditions are the best ever, and they are getting better day-to-day. So, by taking advantage of the growth in all markets, we will see even faster growth in every Agents' income, and better opportunities as well. United American's “Triple A” financial strength will continue to allow us to be there when you and the customer need us most. Just look at the extraordinary incomes of UA's successful veterans — proof that UA's promise is delivered — Together Everyone Achieves More on United American's T.E.A.M.