

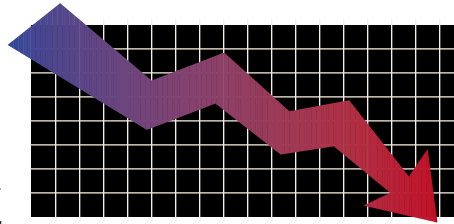
# Statistical Miscellany

## Half of Nation's HMOs Continue to Lose Money

*Industry's Losses Total \$186 Million Despite Profits Among 34 Largest*

Half of America's health maintenance organizations (HMOs) continued to lose money last year, according to a study of 574 companies by Weiss Ratings, Inc., the nation's leading provider of HMO ratings. As a whole, the HMO industry reported losses of \$186.6 million for the calendar year 1999, despite aggregate profits of \$753.5 million among the nation's 34 largest HMOs.

Losses exceeded profits in every size category in 1999, except the very largest, which include those with more than 500,000 members. There was also a clear pattern in which the smaller the HMO, the higher the likelihood of losses: 37.2% of the HMOs with 250,000 to 500,000 members reported losses; 39.3% of the HMOs with 100,000 to



250,000 members; and 56.6% of the HMOs with fewer than 100,000.

On the positive side, the HMOs' losses in 1999 actually represented a significant improvement from the previous year, when the industry reported far larger aggregate losses of \$863.9 million.

## Customer Treatment Changing Dramatically as Result of Internet

*Human Contact Still Important, but Insurance Customers Demand Better Service and Information in the Age of Technology*

Citing such developments as niche insurance websites and agents equipped with laptops,

experts urged insurers at the recent Marshall & Swift Insurance Conference to rapidly adapt to the growing use of the Internet and technology rather than resist what has become an evolutionary process.

"Customers are expecting more from insurers. They want higher degrees of interactivity, immediacy, and personalization, including such technologically enabled services as real-time quotes and immediate acknowledgment of claims and correspondence," said Barry J. Rabkin, president of Market Insight Group, Ltd. and a speaker at the conference.

To illustrate how the Internet has changed the once tightly controlled insurance value chain, Rabkin described new niche websites that provide highly specific services, such as Cybersettle for claims settlement, or those that provide distinct solutions for select markets, such as small business.