What Happened to CSI Life Medigap and Central States Medigap?

Description

CSI Life Medigap and **Central States Indemnity**, and **Central States Health and Life Company of Omaha** were all companies owned by Berkshire Hathaway that played a fairly prominent role in the Medigap market for a few years. However, the Medigap market is in a constant state of flux. There are new companies that enter the market from time to time, and of course, there are companies that exit the market. As of 12/31/2022, all three companies had pulled out of selling Medigap policies.

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What Happens to Existing CSI and Central States Policyholders?

With Medigap plans, any time your company stops selling new plans, you are still â??grandfathered inâ• to your current plan. So that is the case for existing CSI Life Medigap and Central States Medigap policyholders. As long as the company has not completely gone out of business due to inability to pay claims, then your policy will continue to be serviced and you can keep the policy.

You do have the option to change plans if youâ??d like to do so. You would, however, be subject to the normal underwriting guidelines applicable in your state. This just means that you would have to answer some basic medical questions to be eligible to change. There are some states that have annual open enrollment rules, though, which would allow you to change without being subject to medical underwriting (What is the Medigap Birthday Rule and Which States Have It?).

Should You Change Plans if You Have a CSI Life or Central States Medigap Plan?

For existing CSI Life and Central States Medigap policyholders, you have the option of either keeping your existing policy or changing companies, if eligible, to a different insurer offering the same Medigap

policy. All Medigap policies are standardized, and in most states, the plans go by the standard Medigap coverage chart. This makes it easy to compare plans â??apples to applesâ?• and switch to a â??likeâ?• plan without sacrificing coverage if there is a better premium available elsewhere.

When a company stops offering plans, existing policyholders are in a closed â??blockâ?•. This means that no new, often younger, policyholders are being added, and this can lead to more frequent and/or larger rate increases in the future (How Much Do Medigap Premiums Increase Each Year?).

So, it is usually prudent to compare your Medigap options and at least consider changing your plan if your Medigap company stops offering plans and if you are eligible to do so. You can get a list of Medigap options here.

Why Did the Central States Companies Stop Selling Medigap?

Companies entering and existing the Medigap market is not an unusual occurrence. Typically, when they stop offering plans, no real reason is given. It could because they did not find this line of business as profitable as projected or that they intended to focus more on other lines of insurance or segments of their business. In the case of CSI Life and Central States, their official release did not give specific reasons. They did announce another affiliate, Central States Health and Life Insurance of Omaha, but that affiliate company also pulled out of Medigap a couple of years later.

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Will This Happen with Other Companies that Sell Medigap?

The short answer is â??yesâ?•. It has happened, is happening and will likely to continue to happen, as new companies enter and exit the Medigap market all the time. There is no way to know for certain if a specific Medigap company will exit the market at any given time. The best predictor of future stability is past stability, but even that is not always certain. As always with Medigap, it is a good idea to compare current prices, company ratings and past rate stability when comparing and choosing a Medigap policy.

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