

Quantifying the Need

DISABILITY FACT SHEET



Disability Awareness Low Among Workers¹

- 56% of workers don't realize that the chance of becoming disabled has risen over the past five years.
- 85% of workers expressed little or no concern that they may suffer a disability of three months or longer.
- 38% of respondents said they really hadn't thought about the financial impact of a potential disability.
- Nearly 60% of workers have not discussed how they would manage an income-limiting disability.
- Nearly two-thirds (64%) of respondents with 401(k) or IRA plans are unaware of what would happen to their retirement savings should they become disabled and unable to earn an income.
- Nearly one-half of female workers (49%) expressed concern that they might suffer a disability of three months or longer.
- Only 38% of female workers have discussed how they would manage an income-limiting disability.
- More than 80% of workers who have planned financially for a disability are confident about their ability to maintain their current lifestyle if a disability strikes.

Many Americans Currently Disabled

- According to the United States Census Bureau, over fifty one million Americans are classified as disabled.²

Prevalence of Disability in U.S. Is Higher Than Most People Expect

In 2006, the prevalence of disability in the U.S. was³:

- 15% for persons ages 5-plus.
- 6.3% for persons ages 5 to 15.
- 6.9% for persons ages 16 to 20.
- 12.9% for persons ages 21 to 64.
- 30.2% for persons ages 65 to 74.
- 52.6% for persons ages 75 and over.

Wide Range Spent on Payroll for STD Benefits by Employers⁴

Among employers there is a wide range spent on payroll for STD benefits. These are as follows:

- 53% of respondents indicate that they spend between 0 to 5% of payroll on short-term disability benefits.
- 6% of respondents indicate that they spend between 6 to 10% of payroll on short-term disability benefits.
- 2% of respondents indicate that they spend between 11 to 15% of payroll on short-term disability benefits.
- 41% of respondents don't know what they spend as a percentage of payroll on short-term disability benefits.

Employee Contributions a Detriment to Enrollment⁴

Employers who require employee contributions to disability plans indicate that contributions are a detriment to enrollment:

- 30% indicate enrollment of 75% or more.

- 56% indicate enrollment of 25 to 74%.
- 13% indicate enrollment of less than 25%.

STD Options Included in Most Group Plans⁴

Most employers offer at least one STD plan option through their group insurance program:

- 52% offer one or two different plans.
- 27% offer three or four different plans.
- 4% offer four or five different plans.
- 16% offer more than five different plans.

Disability Sales Up Industrywide⁵

- New LTD sales premium was up 15 percent for the industry for mid-year 2007.
- New LTD lives increased by 10%, while new LTD cases were up by 1%, compared to mid-year 2006.
- New STD sales premium was also up 15% over mid-year 2006.
- New STD lives increased by 15%, while new STD cases decreased by 7%.
- Total combined group disability (LTD and STD) sales premium reached just over \$1.3 billion, representing a 15% increase over mid-year 2006.
- New sales lives increased by 12%, while combined sales cases were down by about 3%.

In today's competitive business environment, your clients are looking for innovative benefit solutions that will attract quality employees—and still meet their budgetary goals.

With employee benefit solutions from American General Life Companies (American General) you'll have the opportunity to expand your book of business with the help of our group disability products—available for groups as small as two lives.

Ease the Administrative Burden

Our group disability products are supported by a state-of-the-art, in-house operation—from claim intake to claim reporting—all components of the claims management process are owned and operated by us, providing personalized support from start to resolution. By way of sophisticated technology, we ensure a seamless integration between short-term disability (STD), long-term disability (LTD) and Family Medical Leave Act (FMLA)⁶ administration. This enables employers to maximize workforce productivity by providing a collective approach to tracking and managing both planned and unplanned employee absences, while ensuring an effective return to work.

Enhancing the Value

Plus, for LTD clients with 10 or more employees, we include an employee assistance program (EAP),⁷ giving them

a more robust absent management solution. That means employers can offer more than just income replacement for their employees. And, by the way, an EAP provides resources for employers too—to help them remain focused on their business.

Work with an Experienced Leader

Balancing employee absences and managing disability services with ever-changing business needs are challenges for most businesses.

Find out more about our commitment to helping producers and employers succeed with our group disability offering, and how it can be a natural fit in these benefit combinations:

- STD and LTD
- STD, LTD and FMLA
- STD, LTD, FMLA and life with AD&D

DID YOU KNOW?

Recent LIMRA research reports that about 8 percent of participating employers said they plan to add a benefit this year, and many of those employers are thinking about adding dental, vision or disability benefits.⁸

Policies issued by:

AIG Life Insurance Company

Wilmington, Delaware
Policy Form Number G-DIS-41000

American International Life Assurance Company of New York

New York, New York
Policy Form Number G-DIS-31000

www.americangeneral.com/employeebenefits

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American General Life Companies insurers offer a broad spectrum of fixed and variable life insurance, annuities and accident and health products to serve the financial and estate planning needs of customers throughout the United States.

The underwriting risks, financial and contractual obligations and support functions associated with products issued by AIG Life Insurance Company and American International Life Assurance Company of New York are each insurer's own responsibility. American International Life Assurance Company of New York is authorized to do an insurance business in New York. Policies are not available in all states.

This is a summary only of products and services offered. Actual offerings may vary by group size and are subject to state insurance law, and the benefits/provisions as described may vary due to such law. All products are subject to the terms, conditions, limitations and exclusions of the policy. Please see policy and certificate for details.

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- 1 2007 Disability Awareness Survey, April 2007, StrategyOne on behalf of The Council for Disability Awareness.
- 2 U.S. Bureau of the Census, May, 2006.
- 3 Rehabilitation Research and Training Center on Disability Demographics and Statistics, Cornell University, 2007.
- 4 International Society of Certified Employee Benefit Specialists STD Survey, 2007.
- 5 2007 U.S. Group Disability Mid-Year Market Survey, JHA-GenRe.
- 6 FMLA Administration program available with the purchase of an insured disability or life product—not available stand-alone.
- 7 Employee Assistance Program (EAP) and Work/Life services are provided by Harris, Rothenberg International (HRI), LLC. These services are not insurance and are not provided by one of the American General companies.
- 8 LIMRA Report NU Online News Service-through JHA newsletter.