

2010 Disability Claims Review: \$8.1 Billion Paid to Disabled Individuals

Annual Review Shows Disabilities, Claims on the Rise

PORTLAND, Maine--(BUSINESS WIRE)--The 2010 Long-Term Disability Claims Review, conducted by the Council for Disability Awareness (CDA), reveals that CDA member companies paid more than \$8 billion in ongoing disability insurance payments to individuals during 2009. A record 627,000 disabled individuals received long-term disability insurance payments.

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"The 2010 Claims Review clearly illustrates that disabilities are more common than people think, and they are on the rise," said Barry Lundquist, president of the CDA. "Just as the economy has faltered, more responsibility is falling on the individual wage earner to make decisions about how to protect themselves and their families and to shoulder more of the cost burden. Because ultimately all financial security results from one's income, it's imperative that people plan and protect against an income-limiting disability." The CDA's 5th Annual Long-Term Disability Claims Review analyzed private and public long-term disability claims data and identified continuing and emerging disability trends among U.S. workers. Sixteen CDA member companies, the top disability insurance companies representing more than 75 percent of the commercial disability insurance marketplace, submitted proprietary claim data for inclusion in this year's study.

The Claims Review found that CDA member companies paid \$8.1 billion in ongoing disability insurance payments to disabled individuals in 2009. CDA member companies approved long-term disability insurance benefits for 141,000 new individuals, down one percent from last year as insured lives in 2009 decreased by 2.2 percent, reflecting the impact of the broad economic picture, according to the CDA.

The leading cause of disability continues to be musculoskeletal and connective tissue disorders, such as back pain and joint and muscle disorders, but cancer and nervous system claims trended up slightly from a year ago. For the first time in three years cardiovascular and circulatory problems registered increases.

Despite the record number of people receiving disability payments, the 2010 CDA Claims Review reports that roughly 100 million workers have no private income protection insurance. In addition to the decline in the number of insured, fewer employers provided group long-term disability programs in 2009.

New claim applications submitted to the Social Security Disability Insurance (SSDI) program continued to surge in 2009. More workers are applying for SSDI claim payments than at any time in history, with new applications totaling 2.8 million in 2009 — an increase of 21 percent, and by far the most ever. New SSDI claims are projected to continue to rise dramatically in 2010. Over 5 percent of the workforce, or 7.8 million workers, were receiving SSDI at the conclusion of 2009.

At the same time, the approval rate for initial SSDI claims continued to decline. The approval rate fell to 35 percent in 2009, representing a continued steady decline from 52 percent 10 years ago. The CDA Claims Review found that 31 percent of individuals receiving private group long-term disability insurance benefits did not qualify for SSDI assistance and 95 percent of claims were not job-related.

According to the Claims Review's qualitative data, member company representatives report few effects on private disability claims resulting from the economic downturn of 2007–2009. CDA member company future concerns center on the possible impact and uncertainty of the economy, regulatory environment and the residual impact of health care reform.

For a copy of The 2010 Long-Term Disability Claims Review, please visit:

<http://www.disabilitycanhappen.org>. Additional resources are also available through CDA's Web site, including research, tools and financial planning guides that provide tips on how to prevent and protect against the impact of disability. Individuals can determine their own personal risk of becoming disabled using CDA's disability calculator, the Personal Disability Quotient (PDQ), at <http://www.whatsmypdq.org>.

About the Council for Disability Awareness (CDA)

The Council for Disability Awareness (CDA) is a non-profit group dedicated to helping the American workforce become aware of the growing likelihood of disability and its financial consequences. The CDA engages in communications, research and educational activities that provide information and helpful resources to wage earners, their families, employers and others who are concerned about disability and the impact it can have on wage earners and their families.

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