

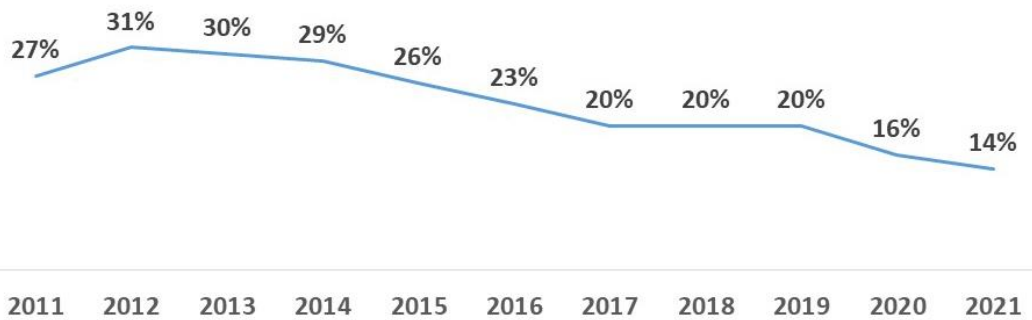
2021 Fact Sheet: Disability Insurance Awareness Month

If the pandemic has taught us anything, it is that you need to plan for the unexpected. One thing people don't expect is that they might become disabled and need disability insurance to protect their income.

That's why during May, Disability Insurance Awareness Month, LIMRA is joining the industry to remind Americans about the importance of having disability insurance coverage to protect their income if they become disabled and are unable to work. Below are some facts that highlight the importance of disability insurance coverage:

- Despite the need, the percentage of Americans with disability insurance (DI) coverage declined from a high of 31% in 2012 to a low of 14% in 2021.

Trends in Disability Insurance Product Ownership



Source: 2021 Insurance Barometer Study, LIMRA and Life Happens



- Data on consumer financial concerns suggest concern over a potential disability has grown among Millennials and Gen Xers. This is a positive trend because, according to the Social Security Administration, more than 1 in 4 of today's 20-year-olds can expect to be out of work for at least a year because of a disabling condition before they reach the normal retirement age.

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- Among the most frequent reasons consumers give for not buying disability insurance are a lack of knowledge and indecision. In fact, just 1 in 5 Americans say they are very knowledgeable about disability insurance.
- There are two types of disability coverage: short-term (STD), which typically covers periods lasting less than six months, and long-term (LTD), which lasts for the length of the disability or until retirement. The payout time and amount depends on the individual policy. LIMRA asked consumers how much more important certain employee benefits are since the pandemic. Disability insurance ranked high, with 46% saying LTD benefits were more important and 43% saying the same about STD benefits.
- According to the Bureau of Labor Statistics, workers' compensation only covers time away from work if the disabling illness or injury was directly work-related. In 2019, less than 1% of American workers missed work because of an occupational illness or injury.

According to the Council for Disability Awareness, the most common reasons for short-term disability claims are:

- Pregnancies (22.3%)
- Musculoskeletal disorders affecting the back and spine, knees, hips, shoulders, and other parts of the body (18.5%)
- Injuries such as fractures, sprains, and strains of muscles and ligaments (11.4%)
- Digestive disorders, such as hernias and gastritis (7.4%)
- Mental health issues including depression and anxiety (7.3%)

The most common reasons for long-term disability claims are:

- Musculoskeletal disorders (27.6%)
- Cancer (15%)
- Injuries such as fractures, sprains, and strains of muscles and ligaments (12%)
- Mental health issues (9.3%)
- Circulatory (heart attack, stroke) (8.2%)

Unless otherwise noted, the facts above are from the 2020 and 2021 Insurance Barometer Study, conducted by LIMRA and Life Happens, as well as other LIMRA studies.

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