

# Supplemental Health, DI & LTC Conference

**Occupations Have  
Changed. Have We?**



ENGAGE

EVOLVE

ELEVATE

2023



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# History of Insurable Occupations

# Early History of Occupation Classes



- Individual Disability Income Insurance (IDI) has its origins in the 19<sup>th</sup> century\*  
Accident insurance  
Rates did not vary by occupation
- During the first half of the 1900s, the market evolved  
Primarily sold to occupations with manual duties or middle income earners  
In the 1950's, the advent of Disability Income coverage by the Social Security Program reduced the demand for private coverage\*  
By the 1970s insurers were targeting higher income, professional and executive occupations
- These occupations desired sickness coverage in addition to accident and own occupation definitions became a standard offering

\* Social Security and the "D" in OASDI: the History of a Federal Program Insuring Earners Against Disability, Social Security Bulletin, Vol 66, No 3, 2005/2006

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# Occupation Groupings Become More Important



- Insurance companies recognized the different performance expectations between occupations

Occupation became a common rating factor in the mid-1900s

Industry experience tables started using occupation classes with the 1985 CIDA/B tables

These included 4 occupation classes

Class 1: professional, technical, managerial

Class 2: supervisory of skilled clerical/technical

Class 3: light manual duties

Class 4: hazardous work, heavy manual duties

- Nearly all of the typical IDI occupations are in Class 1 of the 85 CIDA tables

Companies developed finer occupation class groupings, up to 6 classes for non-medical and for medical

This allowed further differentiation in pricing by actual occupation

CIDA Class 1 became the primary basis for expected experience

# Occupation Classes Today

- The medical and non-medical classes are the standard for identifying occupations. As companies observed the variation in experience by actual occupation or duties they further developed differentiation within the medical and non-medical categories

Initially these were classes 1M-5M/6M for medical and 1-5/6 for non-medical

Industry experience tables were updated in 2013 and the individual Disability Valuation Basic Table is now the standard. In this table medical occupations were given their own class (M) consistent with how the industry viewed occupations

Classes 1-2 and 1M-2M generally represent lower incomes and higher risk for becoming disabled

The higher the class the lower the expected disability risk


Several companies have now created D classes for Dental occupations that were previously included in medical

- Generally non-medical/dental classes exhibit the lowest disability risk, followed by medical and then dental at the higher end

Many factors influence the disability risk

Occupation classes group occupations with similar risk characteristics

Necessary to prevent cross-subsidization across occupations



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Optional riders are available for an additional premium.

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# History of Insurable Occupations





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# Occupations – The Bad, Inevitable, & Why Not?



# Occupations – The “Bad”

- Chiropractors
- Day traders
- Floor traders
- Heavy equipment operators
- Home health care
- Rooters

# Occupations – The Inevitable



- Airline personnel
- College/University athletic coaches
- Commodity broker
- Entertainment industry
- Government employees
- Railroad workers
- Real estate developers
- Used car salespeople
- Working 100% from home

# Entertainment Industry



## Schedule C

**SCHEDULE C (Form 1040) Profit or Loss From Business** (Sole Proprietorship) **2021**

OMB No. 1545-0047  
 Attach to Form 1040, 1040-SR, 1040-NR, or 1041; partnerships must generally file Form 1065

Name of proprietor: **Music Producer** EIN: **711510**

Business address (including suite or room no.): **LOS ANGELES, CA 90025**

Accounting method: (1)  Cash (2)  Accrual (3)  Other (specify):

Did you "materially participate" in the operation of this business during 2021?  Yes  No

Did you make any payments in 2021 that would require you to file Form(s) 1067?  Yes  No

**Part I Income**

1	Gross receipts or sales	2,709,796.
2	Returns and allowances	
3	Subtract line 2 from line 1	2,709,796.
4	Cost of goods sold (from line 42)	
5	Gross profit. Subtract line 4 from line 3	2,709,796.
6	Other income, including federal and state gasoline or fuel tax credit or refund (see instructions)	
7	Gross income. Add lines 5 and 6	2,709,796.

**Part II Expenses. Enter expenses for business use of your home only on line 30.**

8	Advertising		18	Office expense	
9	Car and truck expenses (see instructions)		19	Patents and profit-sharing plans	
10	Commissions and fees	34,311.	20	Rent or lease (see instructions)	
11	Contract labor (see instructions)		20a	Vehicles, machinery, and equipment	
12	Depreciation		20b	Other business property	41,100.
13	Depreciation and section 179 expense deduction (not included in Part III) (see instructions)		21	Repairs and maintenance	
14	Employee benefit programs (other than on line 19)		22	Supplies (not included in Part III)	21,868.
15	Insurance (other than health)	251.	23	Taxes and licenses	
16	Interest (see instructions)		24	Travel	85,467.
17	Mortgage (paid to banks, etc.)		24a	Deductible meals (see instructions)	
18	Other	54.	25	Utilities	474.
19	Legal and professional services		26	Wages (use employment credits)	
20	Total expenses before expenses for business use of home. Add lines 8 through 27a		27a	Other expenses (from line 48)	213,604.
21	Expenses for business use of your home. Do not report these expenses above. Attach Form 8829 unless using the simplified method. See instructions.		27b	Reserved for future use	
22	Net profit or (loss). Subtract line 21 from line 7		28		397,129.
23			29		2,312,667.
24			30		
25			31		2,312,667.
26			32a		
27			32b		

**31 2,312,667.**

**32a**  If investment in at-risk activity

**32b**  If not investment in at-risk activity

**312,929**

**310,868**

Schedule C (Form 1040) 2021



## Cherokee County, GA City of Jasper, GA

### Long Term Disability Insurance

**Section 5** Supplemental Insurance Several forms of supplemental insurance coverage are offered for purchase by the employee. Cherokee County Commissioners pays 100% of the premium for your coverage as an Active employee.

Some policies offered are cancer, accident and short-term disability.

Additional information on these plans may be obtained in the Human Resources office. These plans are offered at open enrollment.

BENEFIT SUMMARY	
Benefit	
Elimination Period	90 days
Weekly Benefit	60%
Maximum Benefit Period	To age 65
Maximum Weekly Benefit	\$6,000
Minimum Weekly Benefit	10% or \$100, whichever is greater
Definitions	
Definition of Disability	24 month own occupation

# Occupations – Why Not Expand Insurability?



- Bartenders
- Delivery drivers
- Garbage collectors
- In-home sales
- Massage therapists
- Tattoo artists



Q: Do you have a tattoo or know someone who does?

- Yes
- No
- I don't want to talk about it.





Q: Do you currently insure tattoo artists?

- Yes
- No
- Unsure



## Tattoo Artists' Paddayf





Q: What percentage of garbage collection is privatized?

- 0 – 25%
- 26-50%
- 51-75%
- 76-100%



Q: Do you currently insure garbage collectors?

- Yes
- No
- Unsure

# Garbage Collectors



## Monday Garbage Collection





Q: Which one of these is forecasted in the top 10 for the most growth in the next 8 years?

- Bartenders
- Construction laborers
- Delivery drivers
- Massage therapists



Q: Do you currently insure bartenders?

- Yes
- No
- Unsure

# Bartenders



O Bartenders?



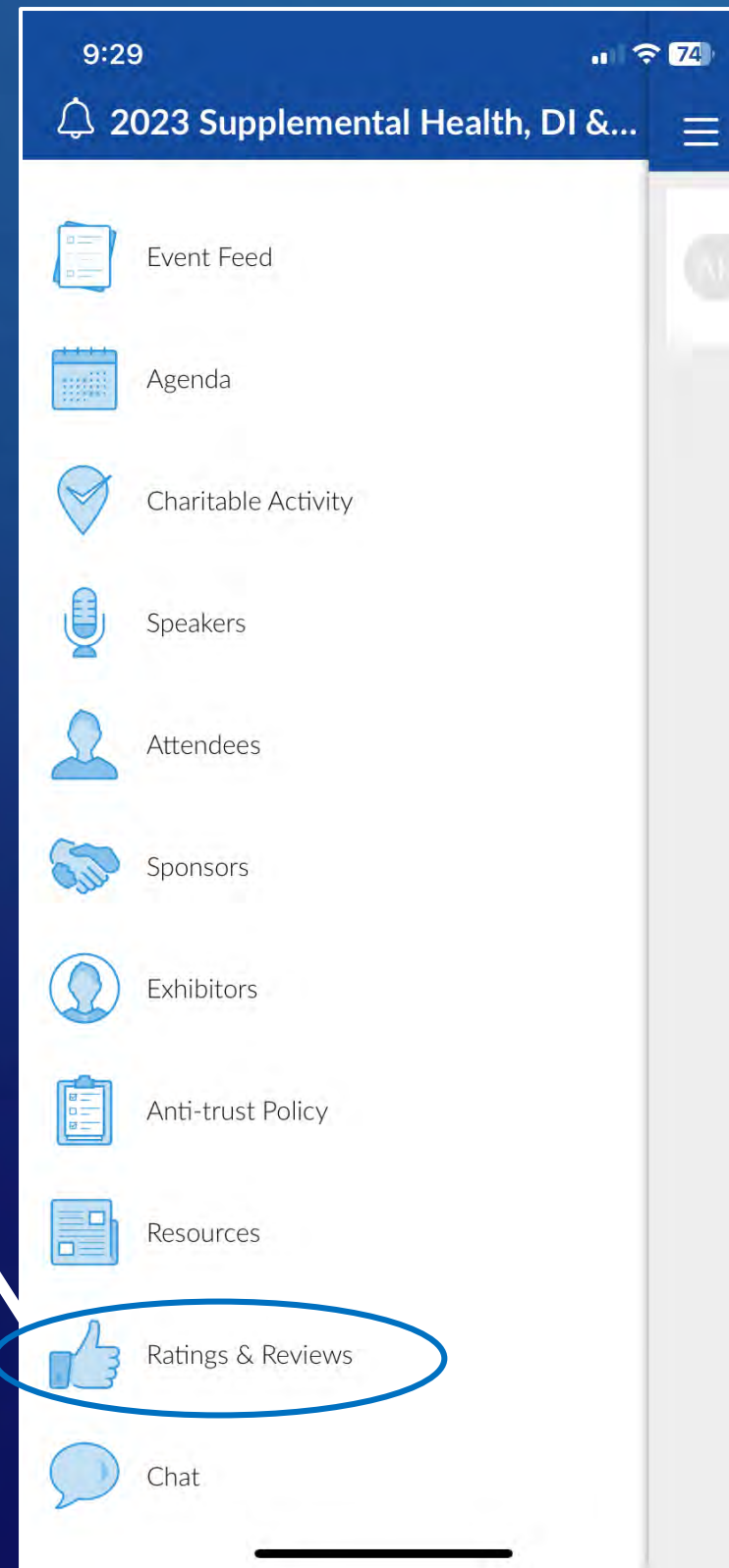


# Conclusion

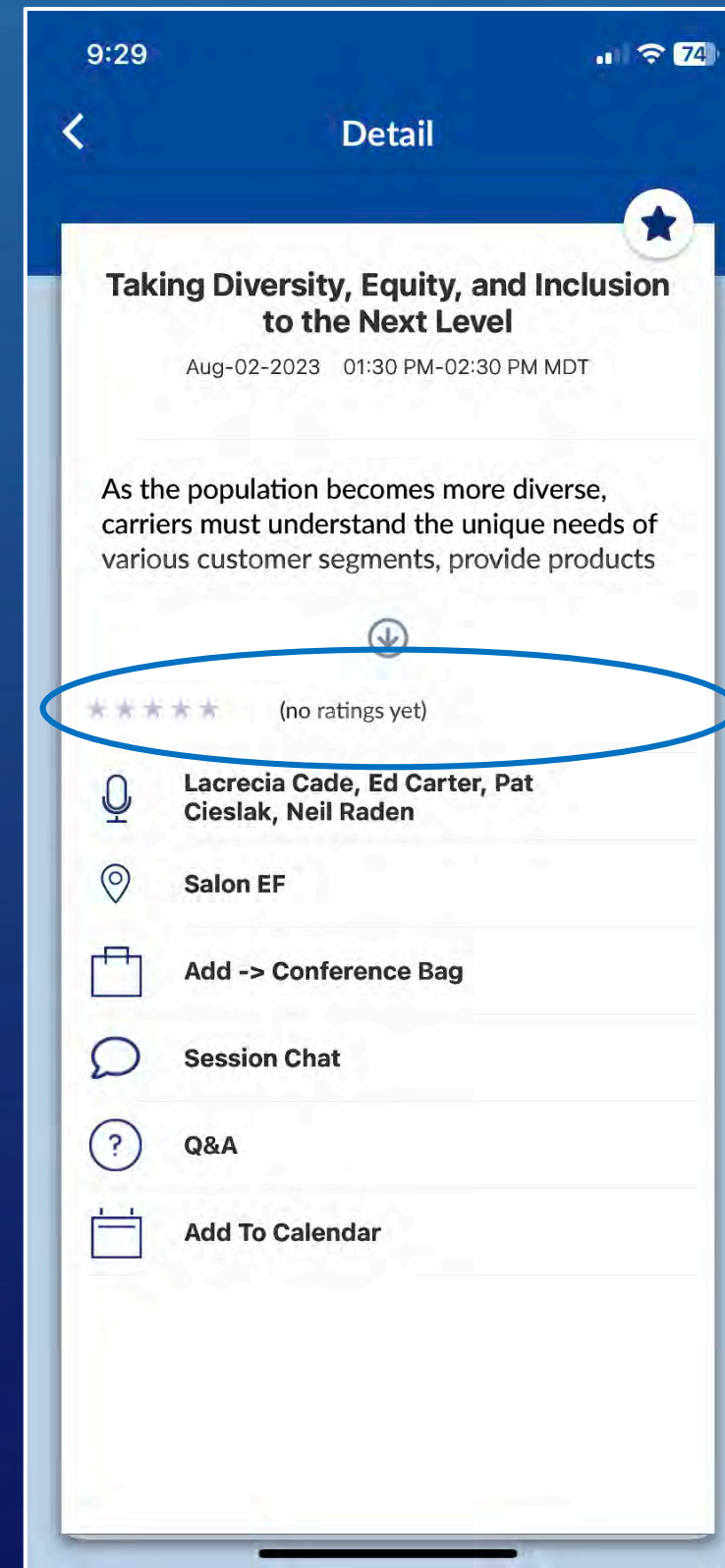
- The reasons for declining an occupation from 20-30 years ago may not hold true today
- Reevaluate your guide to change some occupations from not eligible to eligible
- **Expand insurability!**

# Please Provide Your Feedback on the Conference App

## OPTION 1




## OPTION 2



 Ratings & Reviews

 Ratings & Reviews

 (no ratings yet)

# Thank You



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