

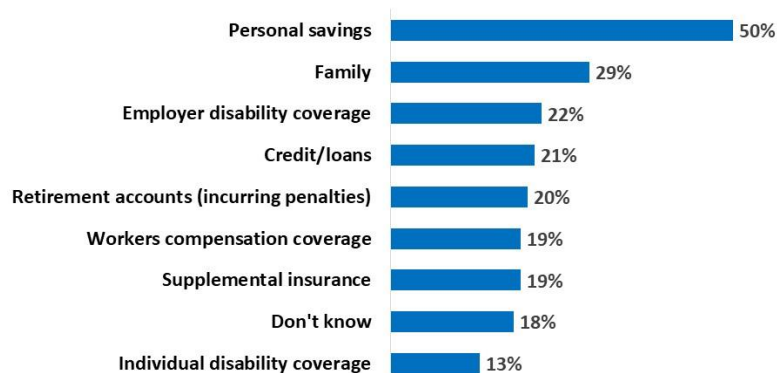
Disability Insurance Awareness Month

FACTS FROM LIMRA

During Disability Insurance Awareness Month, LIMRA joins 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 coverage declined from a high of 31% in 2012 to a low of 16% in 2020. The decline in disability insurance coverage mirrors the decline in life coverage; both relate to changes in the employer-benefits market. Employers reduced life and disability insurance benefits as a means of compensating for rising health coverage costs.
- The most common reason people give for owning disability insurance is entering the workforce, when it becomes available through employer-sponsored programs. This is also the first point in time that the consumer has a paycheck to protect.
- The most frequent reasons consumers give for not buying disability insurance are a lack of knowledge and indecision.
- When asked how long it would be before their household would feel the financial impact of a wage earner becoming disabled, two-thirds (63%) said it would happen in six months or less; with 14% saying it would take less than one week. Half of the respondents say they would tap into their personal savings in times of financial distress due to a disability (see chart).

Financial Options in the Case of a Disability



Source: 2020 Insurance Barometer Study by Life Happens and LIMRA

- When it comes to non-traditional or gig workers, most believe they should have disability insurance but only 1 in 10 do. About 45% of gig workers are concerned about paying living expenses if they become disabled and paying medical expenses in case of illness or injury (42%).
- A series of “true/false” questions on disability insurance reveal lack of knowledge in large segments of the market. About half (45%) of all respondents think they can only obtain disability coverage through their employer.
- Only 41% of employers offer their employees a long-term disability insurance benefit. A total of 38% of employers believe it would be too expensive to offer the benefit to their employees.
- According to the Council for Disability Awareness, the most common reasons for short-term disability (six months or less) claims are:
 - Pregnancies (22.6%)
 - Musculoskeletal disorders affecting the back and spine, knees, hips, shoulders and other parts of the body (19.3%)
 - Injuries such as fractures, sprains, and strains of muscles and ligaments (11.5%)
 - Digestive disorders, such as hernias and gastritis (7.6%)
 - Mental health issues including depression and anxiety (7.1%)

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

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