

The 2006 CDA Long-Term Disability Claims Review

The Council for Disability Awareness (CDA) conducts an annual review of long-term disability claims among the U.S. working population to determine continuing or emerging trends. The 2006 CDA Long-Term Disability Claims Review includes 2006 long-term disability insurance claims data supplied by CDA member companies and data from the Social Security Disability Insurance (SSDI) program 2006 Annual Statistical Supplement.

CDA 2006 Long-Term Disability Insurance Claims Survey*

Survey Highlights:

- More than **500,000 individuals** received long-term disability insurance payments from CDA member companies in 2006 – **4.4% more** than 2005.
- CDA member companies paid in excess of **\$7.2 billion** in long-term disability insurance claims in 2006, a **7.5% increase** over benefits paid in 2005.
- **140,000 individuals** were approved for long-term disability benefits during 2006, qualifying for an estimated **\$1.8 billion** in annual disability insurance payments.
- **33%** of individuals receiving long-term disability insurance benefits did not qualify for Social Security Disability Insurance, and **95%** of reported disabilities were not work-related.
- The primary causes of long-term disability insurance claims in 2006 include:
 - **Musculoskeletal/connective tissue disorders** - continued to rank as the leading cause of disability, accounting for 23% of new claims and 26% of existing claims.
 - **Cancer and cardiovascular/circulatory problems** - remained as the second and third largest causes of new disability claims.
 - **Nervous system-related concerns** - continued to show the largest decline in cause of new disability claims – from 6.4% to 5.7%.
 - **Injuries and accidents** - caused the largest increase in new claims – from 6.3% to 7.8%.
 - **Mental/ psychiatric disorders** - also showed claim increases in 2006 – from 5.7% to 6.5%.

CDA 2006 Long-Term Disability Claims Survey

Disability Claim Diagnosis

<u>Claim Diagnosis/Category</u>	<u>% of new & existing LTD claims</u>			
	2005		2006	
	New	Existing	New	Existing
Musculoskeletal/Connective Tissue	22.9%	24.8%	22.7%	25.7%
Cancer	13.5%	8.1%	13.6%	8.2%
Cardiovascular/Circulatory	10.3%	13.7%	10.3%	13.7%
Nervous System -Related	6.4%	11.8%	5.7%	11.7%
Injuries & Accidents	6.3%	5.9%	7.8%	5.7%
Maternity Related	7.6%	2.9%	7.9%	2.7%
Mental Disorder /Psychiatric	5.7%	6.1%	6.5%	6.6%
Other	27.3%	26.7%	25.5%	25.7%
Total LTD Claims:	126,496	469,675	129,220	493,472

SSDI Program 2006 Annual Statistical Supplement

Highlights

- The SSDI program covered **149 million workers** in 2006, **nearly 1% more** than last year and **12.5% more** than the **132 million workers** covered 10 years ago.
- **6.8 million disabled workers** received payments through SSDI in 2006, **4.4% more** than in 2005 and **51% more** than the **4.5 million disabled workers** receiving payments in 1997.
- **39%** of the **2.1 million workers** who applied for SSDI in 2006 were approved for benefits – a rate noticeably lower than the **50%** of the **1.2 million workers** who applied and received approval for SSDI benefits in 1997.
- The number of disabled workers approved for SSDI benefits in 2006 was **832,200**, an increase of **4.4%** over 2005 approvals and **41% more** than the **588,000 workers** approved in 1997.
- **\$79.9 billion** was paid to all disabled workers in 2006, an increase of **8.7%** over 2005 disability payments and **105%** more than the **\$39 billion** of disability benefits paid in 1997.
- **The rate of disability** among all covered workers (the number of workers approved for disability payments compared to the total number of workers covered) continues to rise; **increasing 27% in the last 10 years.**
- **The rate of disability for women workers is growing faster** than that of their male counterparts. Since 1997 the number of women covered under SSDI has grown from **16%** to **47%** of covered workers compared to a **9.9%** growth rate for men, while **the rate of disability for women workers has grown more than 60%** compared to **32%** for male.

2006 Social Security “Quick Facts”

- The average disabled worker receiving SSDI benefits is **52 years old.**
- The average Social Security disability benefit is **\$978** per month.
- **More than 90%** of all disabled workers receiving SSDI do not qualify for workers’ compensation.
- **3 in 10** of today’s 20-year-olds will become disabled before reaching retirement age.
- **52%** of today’s workers have no private pension, and **31%** have no savings for retirement.

Summary of Observations

- *The number of U.S. workers experiencing a long-term disability continues to grow at a rate faster than the growth of the workforce.*
- *Working women are experiencing serious disabilities at an increasing rate and much faster than working men.*
- *While medical technology may positively be impacting some types of claims (e.g., cancer and nervous system-related), lifestyle choices and personal behavior may be contributing to the growth of other types of claims (e.g., musculoskeletal, connective tissue and accidents/injuries).*
- *As Social Security Disability Insurance approval rates continue to hover at historic lows and fewer disabilities are classified as job-related, workers' compensation and "social insurance programs" are providing less overall financial security to disabled workers and their families.*
- *Financial planning in the event of an income-limiting disability is becoming more critical and urgent for wage earners as the accountability for personal financial security continues to shift away from social programs and employers toward the individual worker.*

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References:

The Long Term Disability Claims Review: 2005
Social Security Administration Fact Sheets 2006 & 2007

**Survey participants included MetLife, Mutual of Omaha, Hartford Life & Accident, Sun Life Financial, Lincoln Financial Group, Standard Insurance Company, Unum, The Guardian, Principal Financial Group, Assurant Employee Benefits, Union Central Life, MassMutual and Berkshire Life. The participating CDA companies represent over 75% of the commercial disability insurance marketplace and provide long term disability insurance coverage to 29.5 million workers; 28 million who are covered through 191,000 employer-sponsored benefit plans and 1.5 million who are insured through individually purchased disability policies.*

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