MILLIMAN REPORT

2024 annual survey of the U.S. individual disability income insurance market

February 2025

Tasha S. Khan, FSA, MAAA

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Section I: Introduction

This report presents the results of Milliman's 2024 annual survey of the U.S. individual disability income (IDI) insurance market. Milliman first conducted this survey in 2007 and has annually conducted IDI surveys since then, except for 2015. Fourteen insurance companies that are active in the U.S. IDI market provided data and other information about new business sold from 2019 through 2023, including sales distributions, underwriting requirements, product offerings and pricing, favorable and unfavorable trends, and opportunities and obstacles affecting the IDI market.

SCOPE OF THE 2024 IDI MARKET SURVEY

The scope of the IDI market discussed in this survey includes traditional noncancelable (noncan) and guaranteed renewable IDI policies. Policies are generally medically underwritten, with the exception of policies sold in the employer-sponsored multi-life (ESML) market, where guaranteed standard issue (GSI) underwriting is common. Although the maximum benefit periods may be as short as 12 months, the most prevalent maximum benefit periods are to age 65 or longer.

The survey excludes the type of IDI plans sold at worksites to employees, where policies seldom have benefit periods longer than two years and often pay disability benefits that are due to accident only. In the worksite disability insurance market, the application typically involves a short health questionnaire and simplified underwriting, unlike the traditional IDI market, where the applications and medical underwriting are more extensive. Worksite disability policies are one of a number of supplemental insurance coverages sponsored by employers and made available to employees on a voluntary basis.

The focus of the 2024 IDI Market Survey is the last five calendar years. Past IDI Market Survey reports are available to readers upon request.

CONTRIBUTORS

Figure 1 lists the 14 contributors to the survey. In total, these 14 companies issued IDI policies with $444 million of new annualized premium in 2023. We estimate that their total premium represents approximately 95% of the IDI market in terms of new sales.

FIGURE 1: CONTRIBUTORS TO THE 2024 IDI MARKET SURVEY

- Ameritas
- Assurity
- Guardian
- Illinois Mutual
- MassMutual
- Mutual of Omaha
- New York Life
- Northwestern Mutual
- Principal
- RiverSource
- State Farm
- The Standard
- Thrivent
- Unum

RELIANCE AND LIMITATIONS

In conducting the 2024 IDI Market Survey and preparing this report, we have relied upon the information provided by the contributors. To the extent that this data is incomplete or inaccurate, our results may be materially affected.

This report is being made available to the general public. This report cannot be published in any other form or publication without written permission from Milliman. Milliman does not intend to benefit any third-party recipient of its work product.

QUALIFICATIONS

I, Tasha S. Khan, am a consulting actuary with Milliman. This report provides an opinion regarding trends in the IDI market. I am a member of the American Academy of Actuaries and meet its qualification standards for rendering this opinion.

ABOUT MILLIMAN

Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in life insurance and financial services, property and casualty insurance, healthcare, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe.

Section II: Survey highlights

This section summarizes highlights and observations from the report. This year's survey presents the results of 14 IDI companies that contributed to the 2024 IDI Market Survey.

HIGHLIGHTS

- New annualized premium for the 14 contributing companies grew to $444 million in 2023, which is a 7.8% increase over new premium in 2022. According to this study, this is the largest year-over-year new premium growth the industry has seen since prior to 2002, the first year of data in this study.
- Eight of 13 companies (excluding New York Life since new premium is zero prior to 2022) experienced positive growth rates in new premiums in 2023.
- 2023 was the second year in which the employer-sponsored multi-life market had a higher percentage of the new IDI premium than the individually sold market for this cohort, 50% versus 45%. The association market's share of new IDI premium has remained in the 4% to 6% range over the last five years.
- The distribution of key occupations in new IDI premium has been quite stable for these 14 companies over the last five years. Doctors and surgeons represented 31% of total new premium in 2023 compared to a five-year average of 32%.
- The distribution of key occupations varies considerably among the three IDI markets. For example, over the last five years, doctors and surgeons averaged 26% of the individually sold market, 34% of the employer-sponsored multi-life market, and 66% of the much smaller association market.
- The percentage of new IDI premium sold by brokers is higher than the percentage sold by career agents in 2023.
- The percentage of new IDI premium issued on noncancelable policies has increased slowly over the last five years, reaching 85% in 2023. This percentage varies considerably by key occupation, market, and distribution channel.
- The number of companies at the maximum issue limit for the top nonmedical occupation class increased from one to two, and the number at the maximum for the top medical occupation class increased from four to five since the 2023 IDI Market Survey.
- Observed favorable trends in the IDI market included good claim experience (e.g., lower claim incidence, higher claim terminations), strong sales, improvements in underwriting, stable policy persistency, administrative improvements, product and marketing improvements, and the economy.
- Observed unfavorable trends in the IDI market included market and sales issues (e.g., overconcentration of medical occupations, increased competition), poor claim experience (e.g., loss ratios have yet to return to pre-pandemic levels), distribution issues (e.g., lack of agent knowledge on disability products), and the economy (e.g., high inflation).
- There were more than three times more unfavorable observations pertaining to changes in companies' IDI claim activity over the last year than favorable observations. These observations included higher average claim size, an increase in late notice claims, higher volatility, and inflation.

CONCLUDING OBSERVATIONS

New IDI sales were strong in 2023. Some companies reported experiencing favorable claim activity over the past year, with lower claim incidence rates and higher claim termination rates, while other companies reported higher claim costs. In general, companies reported more satisfaction with their overall sales results in 2023, and essentially no change in their satisfaction with overall profitability. It would be interesting to see analysis of the overall industry trends in claim incidence and terminations in recent years. The Individual Disability Experience Committee of the Society of Actuaries (SOA) does not currently have a planned date for updating IDI industry studies.

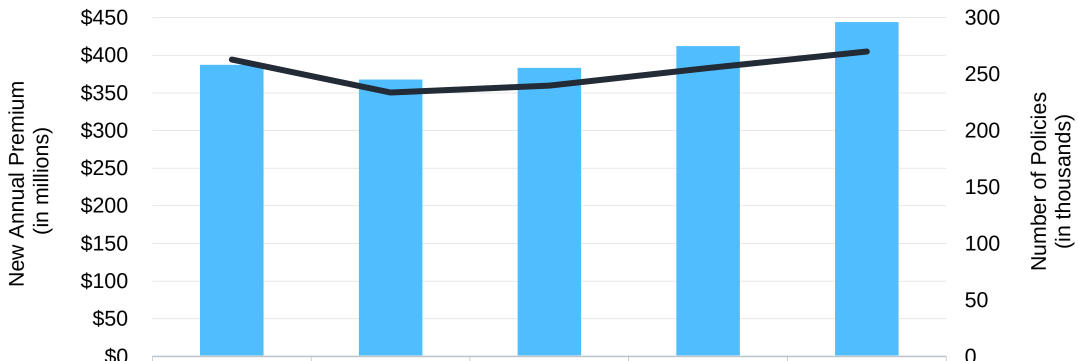
Section III: Sales results

This section analyzes trends in the new business sold by the 14 IDI contributors from 2019 through 2023.

VOLUME OF ANNUAL SALES FROM 2019 THROUGH 2023

Figure 2 shows the total volume of new policies and annualized premium sold by the contributing companies from 2019 through 2023. Total annualized new sales premium in 2023 was $444 million, up from $412 million in 2022, a 7.8% increase. According to this study, this is the largest year-over-year new premium growth the industry has seen since prior to 2002, the first year of this study. Some of this growth represents recovery from low sales in 2020 due to the COVID-19 pandemic; however, total annualized new premium increased from 2019 to 2023. The number of new policies increased by 5.7% in 2023, reaching pre-pandemic levels.

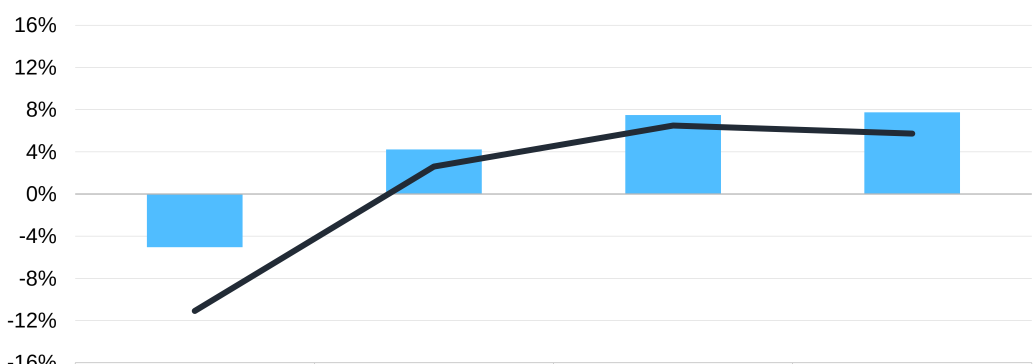
FIGURE 2: NEW POLICIES AND ANNUALIZED PREMIUM BY ISSUE YEAR FROM 2019 THROUGH 2023



	2019	2020	2021	2022	2023
Premiums	$387	$368	$383	$412	$444
Policies	263	234	240	255	270

Figure 3 compares the annual growth rates in new IDI premium and policies over the last four years. After a drop in new premium in 2020, caused primarily by the COVID-19 pandemic, new premium has now surpassed pre-pandemic levels. The number of policies is growing more slowly, implying that the average policy size is increasing for recent sales (as the result of wage inflation or increases to issue and participation limits) or that some new sales involve adding coverage to existing policies.

FIGURE 3: ANNUAL GROWTH RATES IN NEW IDI PREMIUMS AND POLICIES FROM 2020 THROUGH 2023



	2020	2021	2022	2023
Premiums	-5.0%	4.2%	7.5%	7.8%
Policies	-11.1%	2.6%	6.5%	5.7%

Figure 4 shows the cumulative new annualized premium by company as a percentage of total new premium in 2023, ranking companies by their new premium (i.e., Company 1 had the largest volume of new premium in 2023). The top five IDI contributors in 2023 produced 81% of the total new annualized premium among the 14 companies, and the top 10 IDI companies produced 98% of the total new annualized premium.

FIGURE 4: CUMULATIVE NEW ANNUALIZED PREMIUM BY COMPANY IN 2023 AS PERCENTAGE OF TOTAL NEW ANNUALIZED PREMIUM

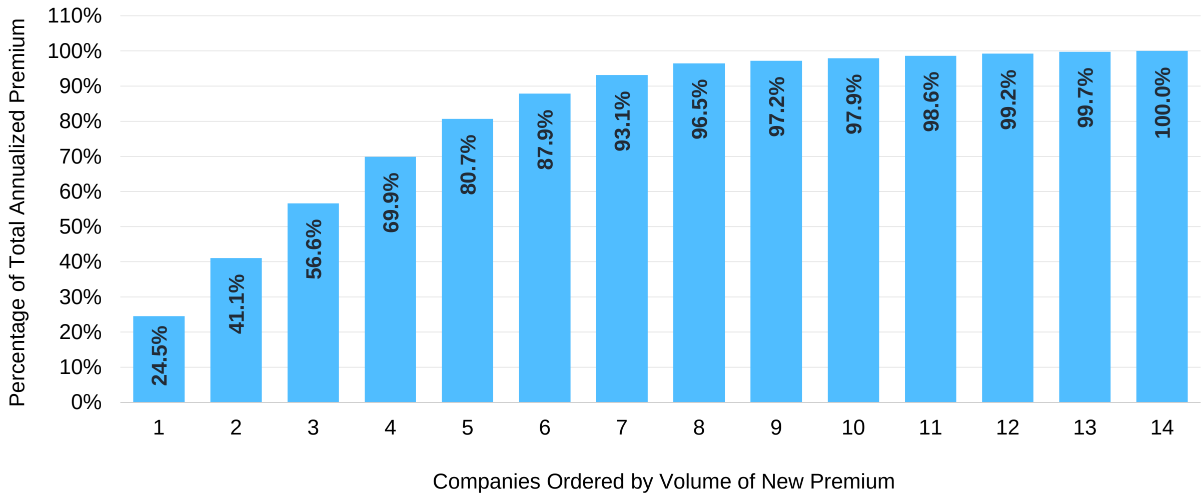
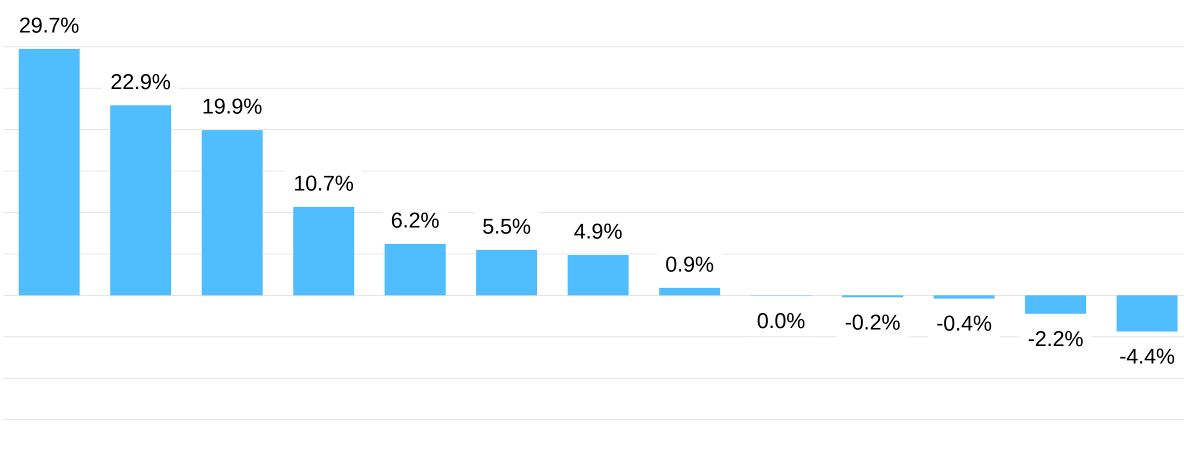


Figure 5 compares the annual growth rates (AGRs) in new annualized premium in 2023 for 13 of the 14 companies, ordered from the company with the highest AGR in 2023 (on the left) to the one with the lowest (on the right). New York Life did not sell IDI prior to 2022, so we did not calculate an AGR. Eight companies reported a positive AGR in 2023, ranging from 0.9% to 29.7%, while four companies reported negative growth, ranging from -0.2% to -4.4%. In 2022, six of the 13 companies experienced positive growth.

FIGURE 5: COMPARISON OF COMPANIES' NEW ANNUALIZED PREMIUM AGR IN 2023, RANKED HIGHEST TO LOWEST



BUSINESS PRODUCTS

Two common IDI products offered by companies for the business market are overhead expense (OE) policies, which reimburse insureds for business expenses incurred while they are disabled, and disability buyout (DBO) policies, which provide funds for buying out a disabled partner's share of the business.

Eight of the 14 companies sold OE policies in 2023. The OE premium in 2023 represented 2.8% of total premium for these eight companies. Five of the 14 companies sold DBO policies in 2023. The DBO premium in 2023 represented 1.1% of total premium for these five companies.

MARKETS

The IDI market is split into three segments:

- **Individually sold business**

  The individually sold segment consists of policies typically sold one-on-one through agents or brokers. The individuals' employers are not involved in the endorsement of the IDI product or the payment of the premiums. Normal individual medical and financial underwriting practices are typically involved.

- **Employer-sponsored multi-life (ESML) business**

  The ESML business is composed of two primary subsets. In the first, referred to as "employer-pay IDI," employers purchase IDI products for groups of employees in lieu of or as a supplement to group long-term disability (LTD) insurance. In the "voluntary" or "employee-pay IDI" subset, employers allow insurers to offer IDI coverage to employees onsite and to collect premiums through payroll deductions or list billing. The latter situation differs from the worksite disability market, described above in the introduction of this report, because traditional IDI products rather than short-term and simplified ones are sold in the ESML market.

  In both employer-pay and employee-pay cases, underwriting can vary from traditional medical underwriting to guaranteed standard issue (GSI), depending upon the size of the case and the level of participation among eligible employees. Premiums for ESML groups are typically discounted 15% to 35%, depending upon the size of the case, the premium payer, or other demographic factors.

- **Association**

  In the association segment, carriers seek endorsements from professional associations to provide IDI coverage to association members at discounted premiums. In general, the association market utilizes traditional underwriting. However, as an incentive for purchasing coverage, IDI carriers will sometimes offer some form of guaranteed underwriting (e.g., guaranteed standard amounts up to a $1,500 monthly benefit after the first 100 members sign up) in addition to a premium discount, typically 10%.

Companies have historically had more favorable claim experience in the ESML market than in the individually sold or association markets. Less anti-selection occurs in the ESML market than in the other markets because the decision to purchase—in the case of employer-pay business—or the available selection of policy options is at the plan level. Due to the favorable claim experience and opportunities for additional sales, the ESML market has been the focus of more aggressive marketing efforts in the IDI industry in recent years.

Figure 6 compares the annual percentages of new annualized premium by market from 2019 through 2023. The percentage of new annualized premium issued in the ESML market has increased each year since 2019, reaching 50% in 2023. The percentage of new annualized premium issued in the individually sold market has decreased each year since 2019, dropping to 45% in 2023. This was the second year in which the ESML market had a higher percentage of the new IDI premium than the individually sold market for this cohort, the first year being 2022.

The percentage of new annualized premium issued in the association market has increased marginally from 4% to 6% over the last five years. The reader should be aware that certain companies specialize in serving the professional association market by offering conditionally renewable disability products on either individual or group platforms. These companies, which collectively represent the majority of the association market, are not included among the contributors to this survey.

FIGURE 6: DISTRIBUTION OF NEW ANNUALIZED PREMIUM BY MARKET, 2019 THROUGH 2023

YEAR	INDIVIDUALLY SOLD	ESML	ASSOCIATIONS	TOTAL
2019	53%	43%	4%	100%
2020	51%	44%	5%	100%
2021	49%	46%	5%	100%
2022	47%	48%	5%	100%
2023	45%	50%	6%	100%
AVERAGE	49%	46%	5%	100%

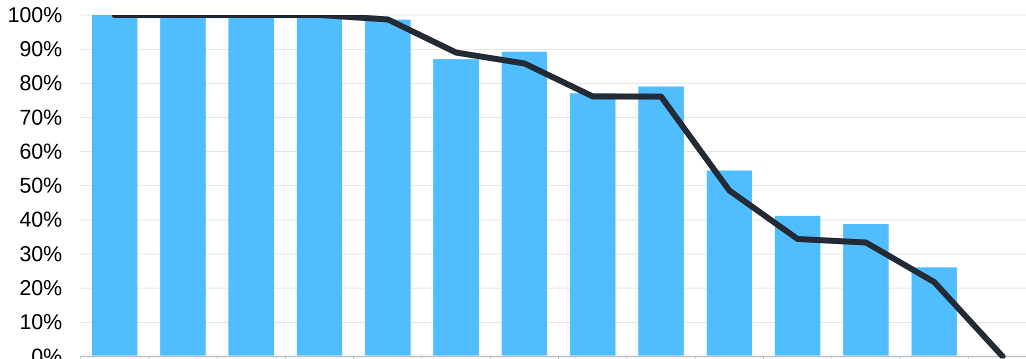
Figure 7 provides the AGRs in new annualized premium by market for years 2020 through 2023. Growth in the ESML market materially exceeds individual market growth for each of the last four years, whether total growth is positive or negative. The individually sold market had a positive AGR of 3.2% in 2023. The ESML market experienced strong growth in new premium in 2023 with a positive AGR of 10.6%. The association market experienced a positive AGR of 22.9%.

FIGURE 7: ANNUAL GROWTH RATE IN NEW ANNUALIZED PREMIUM BY MARKET, 2020 THOUGH 2023

YEAR	INDIVIDUALLY SOLD	ESML	ASSOCIATIONS	TOTAL
2020	-9.2%	-1.8%	13.7%	-5.0%
2021	0.8%	8.5%	1.6%	4.2%
2022	2.1%	13.1%	8.9%	7.5%
2023	3.2%	10.6%	22.9%	7.8%
AVERAGE	-0.8%	7.6%	11.7%	3.6%

Figure 8 compares the average percentage of new annualized premium issued in the individually sold market from 2019 through 2022 to the 2023 percentage, by company. The companies in the chart are ordered so that No. 1 has the highest percentage in 2023 while No. 14 has the lowest. Five of the companies issue 100% or almost 100% of their new business in the individually sold market, and one issues 89%. One company does not issue new business in the individually sold market at all. Six companies show material decreases in the percentage of their 2023 sales in the individually sold market relative to their averages from 2019 through 2022. Only two companies issued a higher percentage of new premium in this market in 2023 compared to their 2019-2022 average.

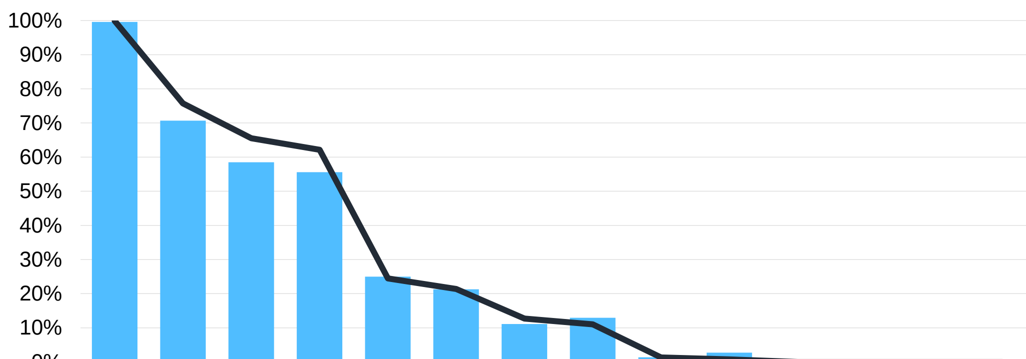
FIGURE 8: PERCENTAGE OF INDIVIDUALLY SOLD NEW PREMIUM TO TOTAL NEW ANNUALIZED PREMIUM, AVERAGE 2019-2022 VS. 2023, BY COMPANY



	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Avg 2019-2022	100%	100%	100%	100%	99%	87%	89%	77%	79%	54%	41%	39%	26%	0%
2023	100%	100%	100%	100%	99%	89%	86%	76%	76%	49%	34%	33%	22%	0%

Figure 9 compares the average percentage of new annualized premium issued in the ESML market from 2019 through 2022 to the 2023 percentage, by company. One company effectively sells all its new business in the ESML market. Five companies saw their percentages of new premium in the ESML market increase in 2023 over their averages from 2019 through 2022. Four companies do not sell their IDI products in the ESML market.

FIGURE 9: PERCENTAGE OF ESML NEW PREMIUM TO TOTAL NEW ANNUALIZED PREMIUM, AVERAGE 2019-2023 VS. 2023, BY COMPANY



	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Avg 2019-2022	100%	71%	58%	56%	25%	21%	11%	13%	1%	3%	0%	0%	0%	0%
2023	100%	76%	66%	62%	24%	21%	13%	11%	1%	1%	0%	0%	0%	0%

Figure 10 compares the average percentage of new annualized premium issued in the association market from 2019 through 2022 to the 2023 percentage, by company. Six of the 14 companies sold business in the association market in 2023. One of these companies issued more than 20% of its new premium in 2023 in this market.

FIGURE 10: PERCENTAGE OF ASSOCIATION PREMIUM TO TOTAL NEW ANNUALIZED PREMIUM, AVERAGE 2019-2022 VS. 2023, BY COMPANY

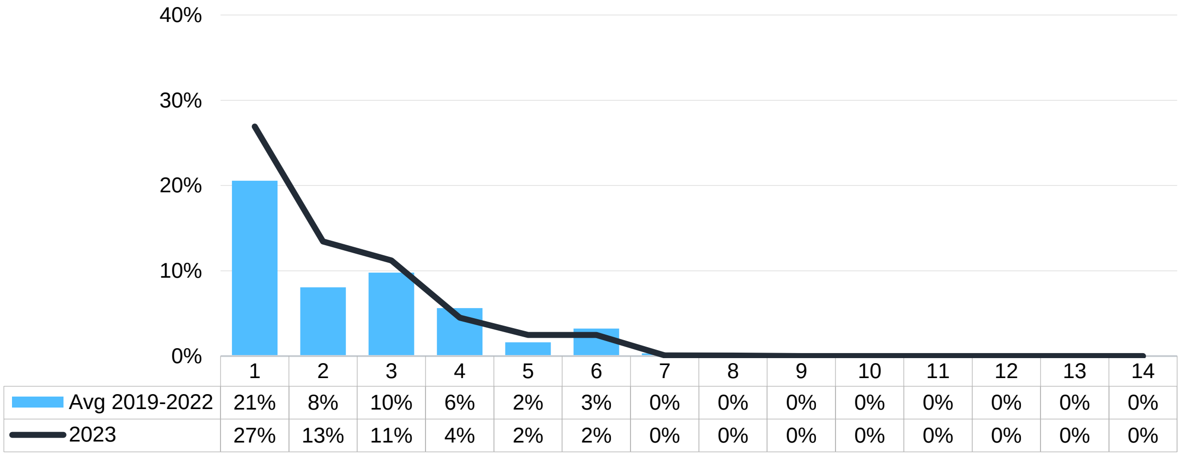


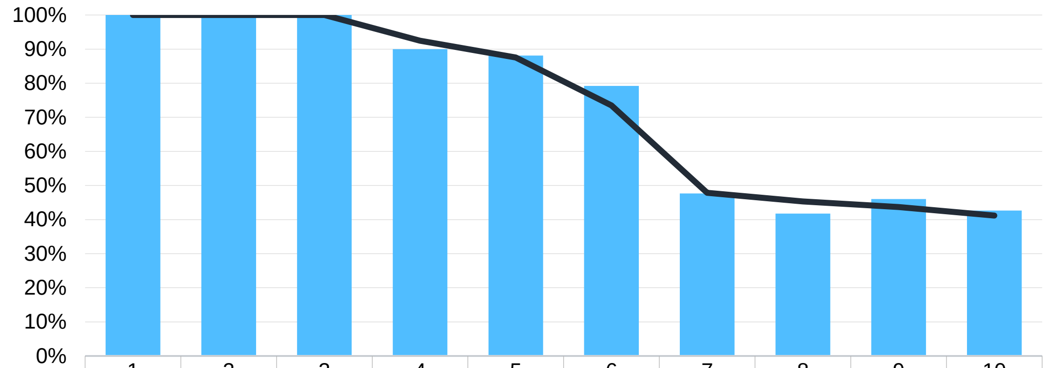
Figure 11 shows the distribution of new ESML premium between employee-pay and employer-pay for years 2019 through 2023.

FIGURE 11: DISTRIBUTION OF NEW ESML PREMIUM BETWEEN EMPLOYEE-PAY AND EMPLOYER-PAY FOR YEARS 2019 THROUGH 2023

YEAR	EMPLOYEE-PAY	EMPLOYER-PAY	TOTAL
2019	57%	43%	100%
2020	60%	40%	100%
2021	55%	45%	100%
2022	52%	48%	100%
2023	55%	45%	100%
AVERAGE	56%	44%	100%

Figure 12 compares the percentage of new ESML annualized premium issued under employee-pay arrangements from 2019 through 2022 to the 2023 percentage, by company. The four companies that do not sell in the ESML market are excluded from this chart. These percentages subtracted from 100% represent the corresponding employer-pay percentages. There are four companies with relatively small volumes of ESML business that issue only employee-pay business. Among the other six companies, three had a higher percentage of employee-pay business in 2023 than the average over the prior four years.

FIGURE 12: PERCENTAGE OF EMPLOYEE-PAY TO TOTAL ESML NEW ANNUALIZED PREMIUM, AVERAGE DURING 2019-2022 VS. 2023, BY COMPANY



	1	2	3	4	5	6	7	8	9	10
Avg 2019-2022	100%	100%	100%	90%	88%	79%	48%	42%	46%	43%
2023	100%	100%	100%	92%	88%	73%	48%	45%	44%	41%

KEY OCCUPATIONS

Eleven of the 14 companies were able to split their new annualized premium among key professional and executive occupations. The combined new premium from these 11 companies represented 98% of the combined new premium for the 14 contributors over the last five years. Figure 13 shows the combined distribution of new annualized premium by issue year from 2019 through 2023 for these 11 companies. The percentage of new premium from doctors and surgeons increased to 33% in 2020 but fell back to 31% in 2023.

FIGURE 13: PERCENTAGE OF NEW ANNUALIZED PREMIUM BY KEY OCCUPATION ISSUED FROM 2019 THROUGH 2023 – ALL MARKETS COMBINED

YEAR	DOCTORS AND SURGEONS	DENTISTS	LAWYERS	EXECUTIVES	ACCOUNTANTS	OTHER	TOTAL
2019	32%	8%	6%	13%	2%	39%	100%
2020	33%	8%	6%	12%	2%	39%	100%
2021	32%	8%	6%	12%	2%	40%	100%
2022	30%	9%	6%	12%	2%	42%	100%
2023	31%	9%	5%	11%	2%	42%	100%
AVERAGE	32%	8%	6%	12%	2%	40%	100%

The distribution of new premium by these key occupations varies by market. Figures 14, 15, and 16 show the five-year distributions for each of the three IDI markets.

FIGURE 14: PERCENTAGE OF NEW ANNUALIZED PREMIUM BY KEY OCCUPATION ISSUED FROM 2019 THROUGH 2023 – INDIVIDUALLY SOLD MARKET

YEAR	DOCTORS AND SURGEONS	DENTISTS	LAWYERS	EXECUTIVES	ACCOUNTANTS	OTHER	TOTAL
2019	26%	11%	5%	15%	2%	41%	100%
2020	27%	10%	4%	15%	2%	42%	100%
2021	26%	12%	4%	13%	2%	44%	100%
2022	25%	13%	4%	12%	2%	44%	100%
2023	26%	14%	4%	12%	2%	43%	100%
AVERAGE	26%	12%	4%	13%	2%	43%	100%

FIGURE 15: PERCENTAGE OF NEW ANNUALIZED PREMIUM BY KEY OCCUPATION ISSUED FROM 2019 THROUGH 2023 – ESML MARKET

YEAR	DOCTORS AND SURGEONS	DENTISTS	LAWYERS	EXECUTIVES	ACCOUNTANTS	OTHER	TOTAL
2019	36%	3%	9%	12%	2%	38%	100%
2020	37%	3%	8%	12%	3%	38%	100%
2021	35%	3%	8%	13%	2%	38%	100%
2022	32%	3%	9%	13%	2%	42%	100%
2023	32%	3%	7%	13%	2%	44%	100%
AVERAGE	**34%**	**3%**	**8%**	**13%**	**2%**	**40%**	**100%**

FIGURE 16: PERCENTAGE OF NEW ANNUALIZED PREMIUM BY KEY OCCUPATION ISSUED FROM 2019 THROUGH 2023 – ASSOCIATION MARKET

YEAR	DOCTORS AND SURGEONS	DENTISTS	LAWYERS	EXECUTIVES	ACCOUNTANTS	OTHER	TOTAL
2019	60%	26%	5%	2%	0%	7%	100%
2020	65%	18%	4%	1%	0%	11%	100%
2021	66%	20%	3%	1%	0%	9%	100%
2022	66%	21%	3%	1%	0%	9%	100%
2023	69%	18%	2%	1%	0%	9%	100%
AVERAGE	**66%**	**20%**	**3%**	**1%**	**0%**	**9%**	**100%**

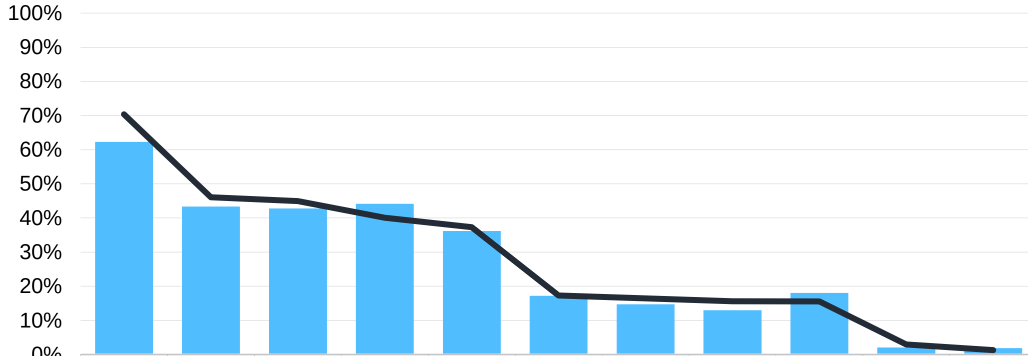
Doctors and surgeons have a lower percentage of new premium in the individually sold market than in the other two markets but are still the predominant key occupation. Executives have higher percentages in the individually sold and ESML markets than in the association market.

Doctors and surgeons have a higher percentage of new premium in the ESML market than in the individually sold market, but not as high as in the association market. On the other hand, dentists have a higher percentage of new premium in the individually sold market than in the ESML market, but again not as high as in the association market. Lawyers have a higher percentage of new premium in the ESML market than in the individually sold and association markets.

Doctors and surgeons have averaged 66% of the new premium in the association market over the last five years, and dentists comprise 20%.

Figure 17 compares the average percentage of new annualized premium issued to doctors and surgeons from 2019 through 2022 to the 2023 percentage for the 11 companies, all markets combined. The companies are ordered by size of their 2023 percentages, with No. 1 having the largest percentage.

FIGURE 17: PERCENTAGE OF NEW ANNUALIZED PREMIUM ISSUED TO DOCTORS AND SURGEONS, AVERAGE 2019-2022 VS. 2023, BY COMPANY – ALL MARKETS COMBINED



	1	2	3	4	5	6	7	8	9	10	11
Avg 2019-2022	62%	43%	43%	44%	36%	17%	15%	13%	18%	2%	2%
2023	70%	46%	45%	40%	37%	17%	16%	16%	16%	3%	1%

For one company, doctors and surgeons represent over 60% of their new premium in 2023. Eight of the 11 companies increased their percentage of new premium sold to doctors and surgeons in 2023 compared to their average percentage over the prior four years.

DISTRIBUTION TRENDS

Contributors split their new annualized premium by the following four distribution channels:

1. **Career agents:** Career agents are employed by companies whose IDI products they are selling, although some companies use different terminology to refer to these producers.
2. **Brokers:** Brokers are either independent producers or career agents for companies other than the companies whose IDI products they are selling.
3. **National accounts:** National accounts are insurance companies that enter into marketing arrangements with IDI carriers whereby either their agents sell the products of the IDI carriers, and the companies typically receive compensation in the form of marketing allowances from the IDI carriers, or the agents sell private-label IDI products, which are administered by the IDI carriers under turnkey arrangements.
4. **Other producers:** Examples of other producers include personal producing general agents (PPGAs) and members of producer organizations.

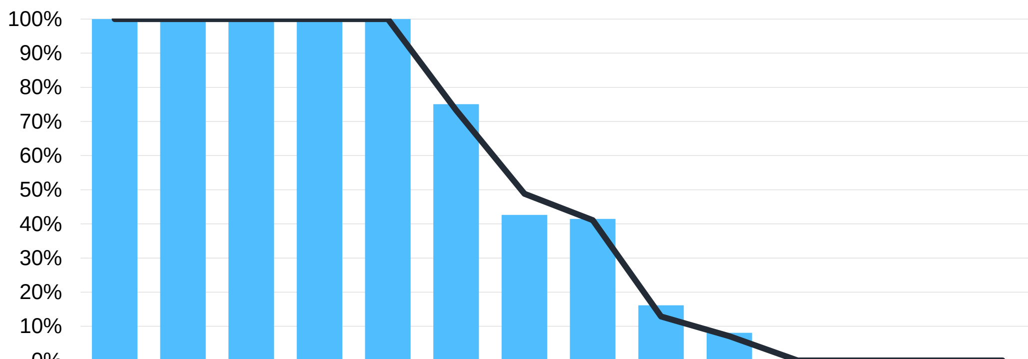
Figure 18 shows the mix of new premium by distribution channel for the 14 companies combined, for the years 2019 through 2023, combining for all IDI markets in aggregate. A higher percentage of new IDI premium has been sold by brokers than career agents in 2022 and 2023.

FIGURE 18: MIX OF NEW ANNUALIZED PREMIUM BY DISTRIBUTION CHANNEL ISSUED IN YEARS 2019 THROUGH 2023 – ALL MARKETS COMBINED

YEAR	CAREER AGENTS	BROKERS	NATIONAL ACCOUNTS	OTHER PRODUCERS	TOTAL
2019	41%	40%	3%	16%	100%
2020	40%	40%	3%	17%	100%
2021	40%	40%	3%	17%	100%
2022	38%	40%	3%	19%	100%
2023	37%	39%	2%	21%	100%
AVERAGE	**39%**	**40%**	**3%**	**18%**	**100%**

The percentage of new premium issued by career agents was 37% in 2023, compared to 40% over the four-year period of 2019 to 2022. Figure 19 compares the average percentage of new premium sold by career agents in 2023 to the average over the 2019-2022 period. The companies in the chart are ordered so that No. 1 has the highest average percentage in 2023 and No.14 has the lowest. Five of the 14 companies sell only through their career agents, and four issued no new IDI premium through career agents over the last five years.

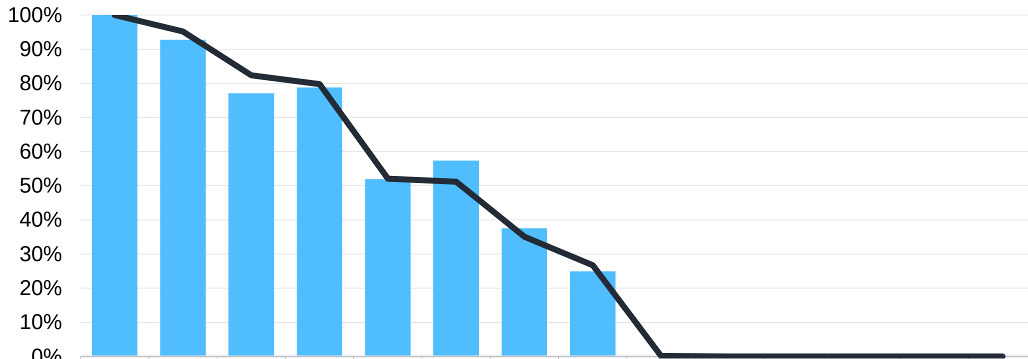
FIGURE 19: PERCENTAGE OF NEW ANNUALIZED PREMIUM SOLD THROUGH CAREER AGENTS: AVERAGE DURING 2019-2022 VS. 2023, BY COMPANY



	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Avg 2019-2022	100%	100%	100%	100%	100%	75%	43%	41%	16%	8%	0%	0%	0%	0%
2023	100%	100%	100%	100%	100%	73%	49%	41%	13%	7%	0%	0%	0%	0%

The percentage of new premium issued by brokers was 39% in 2023 compared to the four-year period of 2019 to 2022, which was 40%. Figure 20 compares the percentage of new annualized premium sold by brokers in 2023 to the average from 2019 through 2022, by company. Eight of the 14 companies sell some portion of new premium through brokers. Five of the companies do not sell via brokers at all.

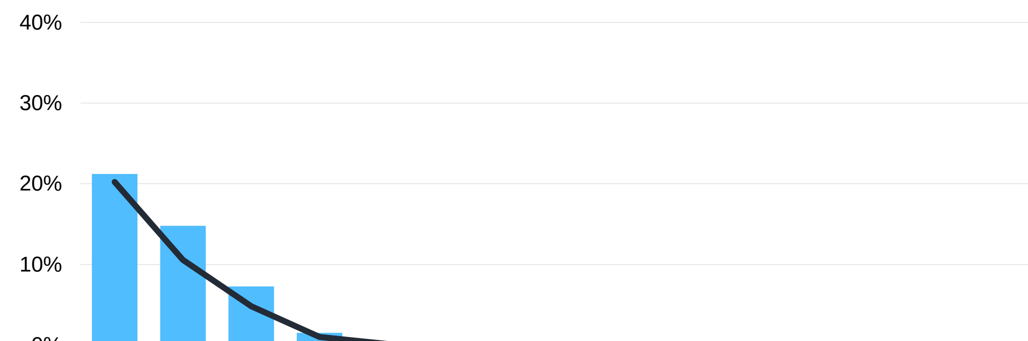
FIGURE 20: PERCENTAGE OF NEW ANNUALIZED PREMIUM SOLD THROUGH BROKERS: AVERAGE DURING 2019-2022 VS. 2023, BY COMPANY – ALL MARKETS COMBINED



	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Avg 2019-2022	100%	93%	77%	79%	52%	57%	38%	25%	0%	0%	0%	0%	0%	0%
2023	100%	95%	82%	80%	52%	51%	35%	27%	0%	0%	0%	0%	0%	0%

The percentage of new annualized premium sold through national accounts for all companies combined was 2% in 2023 and 3% over the 2019-2022 period. Figure 21 compares the percentage of new annualized premium sold through national accounts in 2023 to the average from 2019 through 2022, all markets combined. Four of the 14 companies sold IDI policies through national accounts in 2023.

FIGURE 21: PERCENTAGE OF NEW ANNUALIZED PREMIUM SOLD THROUGH NATIONAL ACCOUNTS: AVERAGE DURING 2019-2022 VS. 2023, BY COMPANY – ALL MARKETS COMBINED



	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Avg 2019-2022	21%	15%	7%	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
2023	20%	11%	5%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

The percentage of new annualized premium sold through other types of producers for all companies combined was 21% in 2023 and 17% over the 2019-2022 period. Figure 22 compares the average percentage of new annualized premium sold by other types of producers in 2023 to the average from 2019 through 2022. Three of the 14 companies sell IDI policies through other types of producers. For two of these three companies, the percentage of IDI new premium sold through other types of producers was at least 65% in 2023.

FIGURE 22: PERCENTAGE OF NEW ANNUALIZED PREMIUM SOLD THROUGH OTHER TYPES OF PRODUCERS: AVERAGE DURING 2019-2022 VS. 2023, BY COMPANY – ALL MARKETS COMBINED

	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Avg 2019-2022	84%	62%	5%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
2023	87%	65%	6%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

NONCANCELABLE TRENDS

Figure 23 shows the percentages of new IDI premium issued to noncan policies over the last five years by market, key occupation, and distribution channel. Noncan policies guarantee renewability and premium rates for the life of the policy. As shown below, noncan policies are the predominant IDI policy form. Guaranteed renewable (GR) policies guarantee renewability during the life of the policy but premium rates may be changed on a class basis, subject to approval from state insurance departments. DBO policies (discussed in the subsection above on business products) guarantee renewability as long as the underlying business relationship between the insured and the business beneficiary continues. DBO policies are labeled conditionally renewable (CR) and not noncan or GR in the Annual Statement Blank of the National Association of Insurance Commissioners (NAIC). For reporting in Milliman's IDI Market Survey, DBO policies that have guaranteed premiums are generally included with the noncan business, although there may be a few exceptions. By subtracting the noncan percentages shown below from 100%, the reader is able to derive the corresponding GR percentages.

FIGURE 23: PERCENTAGE OF NEW ANNUALIZED PREMIUM ISSUED ON NONCAN PRODUCTS

ISSUE YEAR	2019	2020	2021	2022	2023	Average
TOTAL	82%	83%	84%	85%	85%	**84%**
BY OCCUPATION						
Doctors & surgeons	93%	93%	94%	95%	95%	**94%**
Dentists	93%	94%	93%	95%	95%	**94%**
Lawyers	89%	87%	89%	90%	89%	**89%**
Executives	81%	81%	82%	83%	83%	**82%**
Accountants	76%	85%	81%	83%	86%	**83%**
Other occupations	71%	74%	74%	76%	77%	**75%**
BY MARKET						
Individually sold	70%	72%	71%	72%	71%	**71%**
Association	92%	96%	97%	97%	97%	**96%**
ESML	95%	95%	96%	96%	96%	**96%**
Employee-pay	95%	94%	95%	95%	96%	**95%**
Employer-pay	95%	97%	96%	96%	97%	**96%**

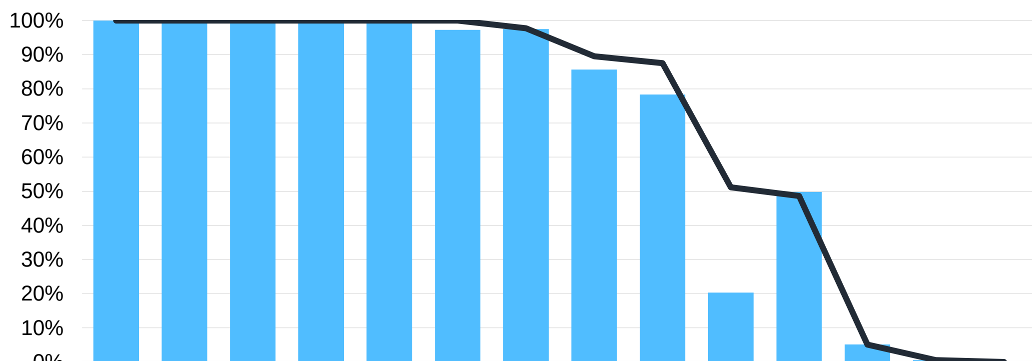
ISSUE YEAR	2019	2020	2021	2022	2023	Average
BY DISTRIBUTION CHANNEL						
Career agents	68%	69%	69%	69%	69%	**69%**
Brokers	91%	92%	93%	94%	94%	**93%**
National accounts	92%	91%	91%	92%	91%	**92%**
Other producers	94%	94%	94%	95%	96%	**95%**

While the percentage of new annualized premium issued on noncan policies changed little from year to year, showing a small increase over the period, differences occurred among the various categories:

- IDI premiums issued to doctors and surgeons and to dentists have significantly higher noncan percentages than the other key occupations. The category "other occupations," i.e., all occupations other than the five listed key occupations, has the lowest noncan percentage.
- Among the three markets, IDI premium issued in the individually sold market has a significantly lower noncan percentage than IDI premium issued in the ESML and association markets.
- Among the various distribution channels, the "other producers" channel has the highest noncan percentage (averaging 95% over the last five years) and the career agents channel has the lowest noncan percentage (averaging 69% over the last five years).

Figure 24 compares the noncan percentage in 2023 to the average from 2019 through 2022 by company. Six companies sell only noncan IDI products in 2023 and one sells no noncan IDI products. One company had a large jump in its noncan percentages in 2023 compared to its 2019-2022 average (51% versus 20%).

FIGURE 24: NONCAN PERCENTAGE OF NEW ANNUALIZED PREMIUM: AVERAGE DURING 2019-2022 VS. 2023, BY COMPANY – ALL MARKETS COMBINED



	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Avg 2019-2022	100%	100%	100%	100%	100%	97%	98%	86%	78%	20%	50%	5%	1%	0%
2023	100%	100%	100%	100%	100%	100%	98%	90%	88%	51%	49%	5%	1%	0%

ELIMINATION PERIOD TRENDS

Figure 25 shows the trends in the distribution of new IDI annualized premium by elimination period from 2019 through 2023 when all markets are combined. The 90-day elimination period is the predominant elimination period, followed by the 180-day elimination period.

FIGURE 25: DISTRIBUTION OF NEW ANNUALIZED PREMIUM BY ELIMINATION PERIOD FOR YEARS 2019 THROUGH 2023 – ALL MARKETS COMBINED

YEAR	30 DAYS & UNDER	60 DAYS	90 DAYS	180 DAYS	OVER 180 DAYS	TOTAL
2019	3%	2%	73%	19%	2%	100%
2020	2%	1%	76%	18%	2%	100%
2021	2%	1%	76%	17%	3%	100%
2022	2%	2%	75%	19%	3%	100%
2023	2%	2%	75%	19%	2%	100%
AVERAGE	**3%**	**2%**	**75%**	**19%**	**2%**	**100%**

The distribution of new IDI premium by elimination period is significantly different among the three IDI markets. Figure 26 shows the average distribution of new IDI premium by elimination period over the 2019-2023 period for each of the three markets.

FIGURE 26: AVERAGE DISTRIBUTION OF NEW ANNUALIZED PREMIUM BY MARKET FOR YEARS 2019 THROUGH 2023

ELIMINATION PERIOD	INDIVIDUALLY SOLD	ESML	ASSOCIATIONS	TOTAL
30 DAYS & UNDER	5%	0%	0%	**3%**
60 DAYS	3%	0%	1%	**2%**
90 DAYS	81%	65%	94%	**75%**
180 DAYS	10%	31%	5%	**19%**
OVER 180 DAYS	1%	4%	0%	**2%**
TOTAL	**100%**	**100%**	**100%**	**100%**

There are two significant differences in the distribution of elimination periods among the three IDI markets:

1. The percentage of new premium from policies with elimination periods under 90 days is much higher in the individually sold market than the other two markets, namely 8% versus 0% and 1%.
2. The percentage of new premium from policies with elimination periods of 180 days and over is much higher in the ESML market than the other two markets, namely 35% versus 11% and 5%. ESML cases are often packaged with group LTD coverage for which elimination periods of 180 days are common.

BENEFIT PERIOD TRENDS

Figure 27 shows the trends in the distribution of new IDI annualized premium by benefit period from 2019 through 2023 when all markets are combined. The To Age 65-70 category is the predominant benefit period, followed by the short-term benefit period.

FIGURE 27: DISTRIBUTION OF NEW ANNUALIZED PREMIUM BY BENEFIT PERIOD FOR YEARS 2019 THROUGH 2023 – ALL MARKETS COMBINED

YEAR	LIFETIME	TO AGE 65-70	SHORT-TERM	TOTAL
2019	1%	81%	18%	100%
2020	1%	84%	15%	100%
2021	1%	83%	16%	100%
2022	1%	81%	17%	100%
2023	1%	81%	18%	100%
AVERAGE	**1%**	**82%**	**17%**	**100%**

The distribution of new IDI premium by benefit period is significantly different among the three IDI markets. Figure 28 shows the average distribution of new IDI premium by benefit period over the 2019-2023 period for each of the three markets. Short-term benefit periods are more common in the individually sold market than in the ESML or association markets.

FIGURE 28: AVERAGE DISTRIBUTION OF NEW ANNUALIZED PREMIUM BY MARKET FOR YEARS 2019 THROUGH 2023

BENEFIT PERIOD	INDIVIDUALLY SOLD	ESML	ASSOCIATIONS	TOTAL
LIFETIME	1%	0%	2%	**1%**
TO AGE 65-70	82%	97%	94%	**89%**
SHORT-TERM	17%	3%	4%	**11%**
TOTAL	**100%**	**100%**	**100%**	**100%**

Section IV: Underwriting

This section discusses the current underwriting requirements of the 13 IDI companies that contributed to this part of the survey. One of the 14 contributors did not respond to the underwriting portion of this survey.

ISSUE AND PARTICIPATION (I&P) LIMITS

The issue limit is the largest amount of monthly benefit that an IDI carrier will issue to an individual insured. Figure 29 compares the highest, median, and lowest issue limits among the 13 contributors for the top nonmedical occupation class and for the top medical occupation class in 2023 and 2024. The number of companies at the maximum issue limit for the top nonmedical occupation class increased from one to two, and the number at the maximum for the top medical occupation class increased from four to five since the 2023 IDI Market Survey.

FIGURE 29: MAXIMUM ISSUE LIMITS, 2023 AND 2024

	TOP NONMEDICAL OCCUPATION CLASS		TOP MEDICAL OCCUPATION CLASS	
YEAR	2023	2024	2023	2024
MEASURE:				
HIGHEST LIMIT	$35,000	$35,000	$30,000	$30,000
MEDIAN LIMIT	$20,000	$20,000	$20,000	$20,000
LOWEST LIMIT	$4,000	$4,000	$4,000	$4,000
# COMPANIES AT HIGHEST LIMIT	1	2	4	5

The participation limit is the largest total monthly benefit amount that an IDI company will permit an insured to have from all sources of IDI and group long-term disability (LTD), including coverage from other companies. Figure 30 compares the highest, median, and lowest participation limits, when group LTD is not present, among the 13 contributors in 2023 and 2024 for the top nonmedical and medical occupation classes. Five companies now share the highest participation limit at $35,000 when LTD is not present for the top nonmedical occupations, and nine companies share the highest participation limit at $30,000 when LTD is not present for the top medical occupations.

FIGURE 30: MAXIMUM PARTICIPATION LIMITS WHEN GROUP LTD IS NOT PRESENT, 2023 AND 2024

	TOP NONMEDICAL OCCUPATION CLASS		TOP MEDICAL OCCUPATION CLASS	
YEAR	2023	2024	2023	2024
MEASURE:				
HIGHEST LIMIT	$35,000	$35,000	$30,000	$30,000
MEDIAN LIMIT	$30,000	$30,000	$30,000	$30,000
LOWEST LIMIT	$4,000	$4,000	$4,000	$4,000
# COMPANIES AT HIGHEST LIMIT	4	5	9	9

Figure 31 compares the highest, median, and lowest participation limits, when group LTD is present, among the 13 contributors in 2023 and 2024 for the top nonmedical and medical occupation classes. Most companies are willing to participate at higher amounts when the insured has group LTD because the LTD benefits are typically taxable and offset for Social Security and workers' compensation disability benefits. One company increased its maximum participation limit when group LTD is present for the top nonmedical occupation classes, and one increased its maximum participation limit when group LTD is present for the top medical occupation classes.

FIGURE 31: MAXIMUM PARTICIPATION LIMITS WHEN GROUP LTD IS PRESENT, 2023 AND 2024

	TOP NONMEDICAL OCCUPATION CLASS		TOP MEDICAL OCCUPATION CLASS	
YEAR	2023	2024	2023	2024
MEASURE:				
HIGHEST LIMIT	$35,000	$35,000	$35,000	$35,000
MEDIAN LIMIT	$35,000	$35,000	$35,000	$35,000
LOWEST LIMIT	$4,000	$4,000	$4,000	$4,000
# COMPANIES AT HIGHEST LIMIT	9	9	9	9

REPLACEMENT LIMITS

A replacement limit is the highest monthly disability benefit that an insurer will issue on an applicant (including all sources of IDI and group LTD) based on an applicant's earned income. Because of the different tax treatments of disability benefits, replacement limits depend on the premium payer, i.e., the insured or the employer. Disability benefits are taxable to the insured when the employer pays the premium, but they are not taxable if the insured pays the premiums with after-tax income. Consequently, companies typically offer higher replacement ratios in employer-pay cases than when the insured pays the premium.

Most companies offer higher replacement limits when applicants are also covered by group LTD due to the benefit offset provisions in group LTD coverage and the taxable nature of LTD benefits when the employer pays the premiums. Replacement limits have increased over the past few years as competition in the ESML market has increased. These limits may also be affected by inflation. Replacement limits with LTD also tend to be flatter percentages of earned income in order to align better with LTD plan designs.

The next four figures compare the current median and maximum monthly replacement limits among the 13 survey contributors over a range of annual earned incomes, varying between premium payer and whether group LTD is present:

- Figure 32: Employee-pay policies when group LTD is not present
- Figure 33: Employee-pay policies when group LTD is present
- Figure 34: Employer-pay policies when group LTD is not present
- Figure 35: Employer-pay policies when group LTD is present

The ratios of maximum to median for the 2024 replacement limits measure the closeness of the median limits to the maximum limits. The 2024/2023 ratios compare the median and maximum replacement limits in 2024 to those in 2023 in order to observe where changes over the last year have occurred.

Most of the changes in the replacement limits since last year's IDI Market Survey appear to be due to companies changing their maximum participation limits, as discussed previously.

FIGURE 32: MEDIAN AND MAXIMUM 2024 MONTHLY REPLACEMENT LIMITS BY ANNUAL EARNED INCOME, FOR EMPLOYEE-PAY POLICIES WHEN NO GROUP LTD IS PRESENT

	2024 MONTHLY REPLACEMENT LIMIT			2024 / 2023	
ANNUAL EARNED INCOME	MEDIAN	MAXIMUM	RATIO: MAXIMUM TO MEDIAN	MEDIAN	MAXIMUM
$20,000	$1,280	$1,400	1.09	100%	100%
$40,000	$2,430	$2,525	1.04	100%	100%
$60,000	$3,410	$3,700	1.09	100%	100%
$80,000	$4,280	$4,700	1.10	100%	100%
$100,000	$5,200	$5,500	1.06	100%	100%
$125,000	$6,165	$6,600	1.07	100%	100%
$150,000	$7,220	$7,700	1.07	100%	100%
$175,000	$8,228	$8,900	1.08	100%	100%
$200,000	$9,500	$9,900	1.04	100%	100%
$250,000	$11,600	$12,000	1.03	100%	100%
$300,000	$13,300	$13,800	1.04	100%	100%
$350,000	$14,915	$15,600	1.05	101%	100%
$400,000	$16,150	$16,500	1.02	100%	100%
$450,000	$17,000	$18,000	1.06	100%	100%
$500,000	$18,000	$18,400	1.02	100%	100%
$550,000	$18,950	$19,400	1.02	100%	100%
$600,000	$19,900	$20,150	1.01	100%	100%
$650,000	$20,500	$21,150	1.03	103%	100%
$700,000	$21,000	$22,150	1.05	105%	100%
$750,000	$21,450	$23,150	1.08	107%	100%

FIGURE 33: MEDIAN AND MAXIMUM 2024 MONTHLY REPLACEMENT LIMITS BY ANNUAL EARNED INCOME, FOR EMPLOYEE-PAY POLICIES WHEN GROUP LTD IS PRESENT

	2024 MONTHLY REPLACEMENT LIMIT			2024 / 2023	
ANNUAL EARNED INCOME	MEDIAN	MAXIMUM	RATIO: MAXIMUM TO MEDIAN	MEDIAN	MAXIMUM
$20,000	$1,280	$1,400	1.09	100%	100%
$40,000	$2,450	$2,700	1.10	100%	100%
$60,000	$3,550	$4,000	1.13	100%	100%
$80,000	$4,530	$5,335	1.18	100%	100%
$100,000	$5,660	$6,665	1.18	100%	100%
$125,000	$7,120	$8,225	1.16	100%	100%
$150,000	$8,540	$9,000	1.05	100%	100%
$175,000	$9,600	$10,300	1.07	100%	100%
$200,000	$11,000	$11,700	1.06	100%	100%
$250,000	$13,600	$14,600	1.07	100%	100%
$300,000	$16,250	$17,400	1.07	100%	100%
$350,000	$18,900	$20,100	1.06	100%	100%
$400,000	$21,500	$22,600	1.05	100%	100%
$450,000	$24,000	$25,100	1.05	100%	100%
$500,000	$26,660	$28,625	1.07	100%	100%
$550,000	$29,300	$30,043	1.03	102%	100%
$600,000	$30,500	$31,900	1.05	102%	100%
$650,000	$31,400	$34,400	1.10	101%	100%
$700,000	$32,500	$37,000	1.14	106%	106%
$750,000	$33,500	$39,750	1.19	100%	114%

FIGURE 34: MEDIAN AND MAXIMUM 2024 MONTHLY REPLACEMENT LIMITS BY ANNUAL EARNED INCOME, FOR EMPLOYER-PAY POLICIES WHEN NO GROUP LTD IS PRESENT

	2024 MONTHLY REPLACEMENT LIMIT			2024 / 2023	
ANNUAL EARNED INCOME	MEDIAN	MAXIMUM	RATIO: MAXIMUM TO MEDIAN	MEDIAN	MAXIMUM
$20,000	$1,445	$1,830	1.27	100%	100%
$40,000	$2,810	$3,600	1.28	100%	102%
$60,000	$4,100	$5,100	1.24	100%	116%
$80,000	$5,335	$6,300	1.18	100%	111%
$100,000	$6,445	$7,400	1.15	100%	110%
$125,000	$7,860	$8,900	1.13	101%	108%
$150,000	$9,200	$10,200	1.11	101%	106%
$175,000	$10,610	$11,600	1.09	103%	104%
$200,000	$12,020	$12,900	1.07	101%	101%
$250,000	$14,600	$15,600	1.07	101%	100%
$300,000	$16,200	$18,000	1.11	100%	107%
$350,000	$17,750	$18,800	1.06	99%	100%
$400,000	$19,000	$20,245	1.07	96%	95%
$450,000	$20,180	$21,420	1.06	100%	89%
$500,000	$21,360	$22,500	1.05	100%	84%
$550,000	$22,540	$23,550	1.04	100%	80%
$600,000	$23,600	$24,200	1.03	100%	79%
$650,000	$24,200	$25,200	1.04	100%	80%
$700,000	$24,900	$26,200	1.05	100%	81%
$750,000	$26,000	$27,300	1.05	100%	81%

FIGURE 35: MEDIAN AND MAXIMUM 2024 MONTHLY REPLACEMENT LIMITS BY ANNUAL EARNED INCOME FOR EMPLOYER-PAY POLICIES WHEN GROUP LTD IS PRESENT

	2024 MONTHLY REPLACEMENT LIMIT			2024 / 2023	
ANNUAL EARNED INCOME	MEDIAN	MAXIMUM	RATIO: MAXIMUM TO MEDIAN	MEDIAN	MAXIMUM
$20,000	$1,445	$1,900	1.31	100%	104%
$40,000	$2,850	$3,800	1.33	100%	107%
$60,000	$4,200	$5,500	1.31	100%	112%
$80,000	$5,640	$7,100	1.26	100%	113%
$100,000	$6,950	$8,600	1.24	101%	115%
$125,000	$8,700	$10,500	1.21	101%	113%
$150,000	$10,470	$12,300	1.17	101%	112%
$175,000	$12,050	$14,100	1.17	100%	112%
$200,000	$13,850	$15,900	1.15	100%	111%
$250,000	$17,510	$19,500	1.11	103%	108%
$300,000	$20,800	$23,000	1.11	103%	108%
$350,000	$23,715	$26,600	1.12	102%	106%
$400,000	$26,700	$30,000	1.12	101%	108%
$450,000	$30,000	$31,000	1.03	104%	100%
$500,000	$30,000	$33,800	1.13	100%	100%
$550,000	$31,600	$36,340	1.15	104%	100%
$600,000	$33,000	$37,500	1.14	107%	100%
$650,000	$34,840	$38,950	1.12	113%	101%
$700,000	$35,000	$40,950	1.17	113%	104%
$750,000	$35,000	$42,950	1.23	108%	106%

Companies often adjust the group LTD benefits when calculating the participation limits to reflect potential differences in the taxation between individual and group disability benefits. For example, a company may only reflect 80% of a group LTD benefit when determining how much individual coverage it will allow. These adjustments usually vary between employee-pay and employer-pay cases. Figure 36 shows the factors that 11 of the 13 companies use to adjust the group LTD benefits.

FIGURE 36: FACTORS USED TO ADJUST GROUP LTD BENEFIT IN THE CALCULATION OF PARTICIPATION LIMITS

EMPLOYEE-PAY	EMPLOYER-PAY	NUMBER OF COMPANIES
60%	65%	1
60%	80%	1
70%	70%	2
70%	100%	1
75%	133%	1
100%	70%	3
100%	80%	1
143%	70%	1

UNDERWRITING REQUIREMENTS: INDIVIDUALLY SOLD MARKET

Figures 37, 38, and 39 show the blood testing, financial documentation, and paramedical examination requirements, respectively, for 13 contributors' normal underwriting rules in 2024. One company did not respond to the question on blood testing limits. A number in parentheses in any response indicates how many companies have this requirement. Of the 12 companies responding to the question on blood testing, two reported changes this year to their blood testing limits. One of the 13 companies reported changes in their financial documentation requirements since last year's IDI Market Survey, and three reported changes in their paramedical limits.

FIGURE 37: BLOOD TESTING LIMITS IN 2024

All cases
Under age 45: $1,000 to $5,000 oral fluids, $5,000+ blood/urine; Over age 45: $1,000+ blood/urine.
$2,000 and above; depending on age and BP. For some ages we get blood on all.
$3,000
$4,000
For ages 18-50, blood & urine required for amounts over $5,000, for ages 51-60 for amounts over $3,000.
$6,001
$6,001 and age over 45.
$10,000
$10,001
No labs for ages 50 and under and amounts of $10,000 and lower. Labs required for ages over 50 or amounts over $10,000.
For ages 18-50 $10,000+. For ages 51+ all issue amounts.

FIGURE 38: FINANCIAL DOCUMENTATION LIMITS IN 2024

All cases
Required except for students, residents & new professionals, and with simplified underwriting.
None up to $2,500 if group coverage is disclosed. Most all case amounts higher than $2,500.
For employees: none for coverage up to $3000; W2 for higher coverage or for PR. For business owners: varies.
Amounts of $3,000 and higher (2)
Amounts over $5,000 (3)
Amounts over $6,000
$6,100
When benefit applied and in force (excl. LTD) exceeds $10,000 per mo.
One year up to $10,000, 2 yrs over $10,000 (we have streamlined UW with less requirements for ages).

FIGURE 39: PARAMEDICAL EXAMINATION LIMITS (FOR AGE 40-49) IN 2024

None (2)
$3,000 (2)
$5,001
Under age 45: $5,000; over age 45: $1,000; PR: physical measurements for all.
$5,000 for 40-45 BP of 5 years; $4,000 for 40-45 BP > 5 years; $3,000 for 46-49 BP of 5 years; $2,000 for 46-49 BP > 5 years.
$6,001
$6,001 and age 51 and up.
$6,100
$7,500
$11,000
Required only when traditional paper Part B completed on benefit amounts $7,501 and greater.
APS, EBD & RX (we have streamlined UW with less requirements for ages).

Companies were asked if they are using or considering using tele-applications, pharmaceutical databases, motor vehicle records, and electronic underwriting engines in their underwriting. Figure 40 summarizes the responses of the 13 companies. All 13 of the IDI companies utilize pharmaceutical databases in their underwriting. All companies also utilize motor vehicle records. Two companies pointed out that their use of motor vehicle records was subject to the discretion of the underwriter, for cause only. Ten companies utilize tele-applications. Five companies utilize electronic underwriting engines, while three companies say their use is in development or will be in the near future. One carrier says that it uses it for workflow management only.

FIGURE 40: UTILIZATION OF TELE-APPLICATIONS, PHARMACEUTICAL DATABASES, MOTOR VEHICLE RECORDS, AND ELECTRONIC UNDERWRITING ENGINES

UNDERWRITING TOOLS	USING NOW	HAVE PLANS IN NEAR FUTURE	JUST BEGINNING TO THINK ABOUT IT	NOT CONSIDERING
TELE-APPLICATIONS	10	0	1	2
PHARMACEUTICAL DATABASES	13	0	0	0
MOTOR VEHICLE RECORDS	13	0	0	0
ELECTRONIC UNDERWRITING ENGINES	5	2	3	1

UNDERWRITING REQUIREMENTS: ESML MARKET

The ESML market has three categories of underwriting, depending upon case size, participation of eligible employees, and other demographic and risk factors:

1. **Normal underwriting**
   Normal underwriting involves traditional medical and financial underwriting. We include simplified medical underwriting in this category.
2. **Guaranteed standard issue (GSI)**
   GSI underwriting involves issuing policies to employer-sponsored cases on a standard basis for all actively-at-work applicants, up to a specified monthly amount limit, with no medical underwriting.
3. **Guaranteed to issue (GTI)**
   GTI underwriting involves traditional medical and financial underwriting of policies in employer-sponsored cases, with a guarantee that policies will be issued to eligible employees, albeit possibly rated and/or with waived impairments.

Figures 41 and 42 show the GSI underwriting requirements for ESML cases of seven companies that are currently active in the ESML market. Figure 41 shows the voluntary GSI requirements typical of employee-pay cases, and Figure 42 shows the GSI requirements typical of employer-pay cases, which include 100% of eligible employees. One of the seven companies participates only in the employer-pay (mandatory) market.

FIGURE 41: EMPLOYEE-PAY (VOLUNTARY) GSI REQUIREMENTS, 2024

MINIMUM NUMBER OF ELIGIBLE LIVES	MAXIMUM ISSUE LIMITS BY CASE SIZE				PARTICIPATION REQUIREMENTS BY CASE SIZE			
	10 LIVES	50 LIVES	200 LIVES	1,000 LIVES	10 LIVES	50 LIVES	200 LIVES	1,000 LIVES
10	$4,000	$5,000	$7,000	$8,000	>25% OR 10 LIVES	25%	25%	25%
30	NA	$3,000	$5,000	$5,000	NA	30%	30%	30%
30 OR 30% OF TOTAL GROUP	XXX	$5,000	CASE BY CASE	CASE BY CASE	30%	30%	30%	30%
15	$5,000	$5,000	$5,000	$5,000	50%	20%	20%	20%
APPROX. 75	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
75 **50 – TARGET MARKETS** **ALL REQUIRE INCOMES $100,000 AND ABOVE**	NA	NA	NA	NA	NA	NA	NA	NA

Note: The participation requirement percentages apply to the number of eligible lives.

The minimum number of eligible lives required on employee-pay (voluntary) GSI cases ranges from 10 to 75. The maximum GSI issue limits on employee-pay cases vary by case size, e.g., $3,000 to $5,000 for cases of 10 and 50 eligible lives, $5,000 to $8,000 for cases of 200 and 1,000 lives. Participation requirements on voluntary cases also vary by case size—in general, the larger the case, the lower the participation requirement. In the past, a participation target of 30% was typical. Minimum participation requirements now range from 20% to 30% for all but the smallest cases. There were no changes from the voluntary GSI requirements reported in 2023.

FIGURE 42: EMPLOYER-PAY (MANDATORY) GSI REQUIREMENTS, 2024

MINIMUM NUMBER OF LIVES	MAXIMUM ISSUE LIMITS BY CASE SIZE			
	10 LIVES	50 LIVES	200 LIVES	1,000 LIVES
NONE	$5,000	$5,000	$5,000	$0
5	$5,000	$8,500	$10,000	$10,000
5	NA	NA	NA	NA
5	$2,500	$10,000	$10,000	$10,000
5	$10,000	$15,000	$15,000	$15,000
5	$12,500	$17,500	CASE BY CASE	CASE BY CASE
10	$5,000	$5,000	$5,000	$0

The minimum number of lives required on employer-pay cases, where participation of eligible lives is mandatory, ranges from zero to 10 lives. Because of a lower risk of anti-selection, the maximum GSI limits on employer-pay cases tend to be higher than for employee-pay cases at the same sizes. There were no changes from the mandatory GSI requirements reported in 2023.

Figure 43 shows the distribution of ESML new premium for issue years 2019 through 2023 by type of underwriting split between employee-pay and employer-pay plans. These results are from all companies that are active in the ESML market today and that contributed to the new sales results in Section III above. From 2019 through 2023, GSI business averaged 55% of the employee-pay ESML new premium and 94% of the employer-pay ESML new premium.

FIGURE 43: DISTRIBUTION OF ESML NEW ANNUALIZED PREMIUM BY TYPE OF UNDERWRITING, ISSUE YEARS 2019 THROUGH 2023

	EMPLOYEE-PAY			EMPLOYER-PAY		
ISSUE YEAR	GSI	GTI	NORMAL AND SIMPLIFIED ISSUE	GSI	GTI	NORMAL AND SIMPLIFIED ISSUE
2019	53%	1%	46%	92%	1%	7%
2020	51%	0%	49%	92%	0%	8%
2021	54%	0%	46%	93%	0%	7%
2022	57%	0%	43%	95%	0%	5%
2023	60%	0%	40%	95%	0%	5%
AVERAGE	55%	0%	45%	94%	0%	6%

The companies were asked to rate their satisfaction with the morbidity results of their employee-pay (voluntary) GSI cases. The table in Figure 44 compares the responses from the IDI market surveys in 2023 and 2024 of five companies that are active in the ESML market. Ratings range from 1 to 5 in their responses, where a rating of 1 means the company is very dissatisfied with the morbidity results, a rating of 3 means morbidity is meeting the company's expectations, and a rating of 5 means the company is very pleased. There were no changes in the five companies' voluntary GSI morbidity assessments since the 2023 IDI Market Survey.

FIGURE 44: COMPANY RATINGS OF THEIR VOLUNTARY GSI MORBIDITY

RATING	2024	2023
1 (VERY DISSATISFIED)	0	0
2	2	2
3	2	2
4	1	1
5 (VERY PLEASED)	0	0
AVERAGE	2.8	2.8
MEDIAN	3	3

SIMPLIFIED UNDERWRITING PROGRAMS

One of the typical impediments to IDI sales has been the extensive and time-consuming underwriting requirements, particularly when compared with individual life insurance underwriting. To overcome this obstacle, a number of IDI companies have introduced simplified underwriting programs for the less risky segments. Under these programs, some routine underwriting requirements (e.g., medical tests and financial documentation) were abbreviated or waived to speed up and simplify the IDI underwriting process.

Six companies described the simplified underwriting programs that they used in 2023. Figure 45 provides their responses.

FIGURE 45: SIMPLIFIED UNDERWRITING PROGRAMS IN 2024

We have programs with simplified financial requirements and no lab requirements. We also have a new program that allows for quick issue using simplified medical knock-out questions and EHR's for our Term IDI product.
No labs and financials and no routine APS's up to $10,000 and ages 50 or less.
We offer simplified underwriting for issue amounts up to $10,000 to ages 18-50. Physician residents aged 18-50 ($6,000 in CA) can apply for up to issue and participation limits with financial documentation. We require the use of our Electronic Medical Questionnaire (EMQ) or TeleApp application and process for simplified underwriting. In California, we require financial documentation if applying for the BIR through simplified underwriting.
No fluids or physical measurements up to age 50 and $10,000 per month. No financials up to $6,000 per month.
Screening application on Short Term DI, with Rx Profile accompanied with rules.
No additional health questions to answer with SIDI application (uses answers from Life application). Automatic offer to Life sale meeting these requirements: Preferred non-smoker or better, age 18-45, $250k+ face amount, no existing IDI coverage, $25k+ annual income. $2,500 monthly benefit for all applicants. Total disability only (no riders), 5 year benefit period for all, 90 day EP for all.

CHANGES IN UNDERWRITING PROGRAM SINCE THE LAST SURVEY

Companies were asked to describe any changes in their underwriting programs since the last IDI market survey. These changes are summarized in Figure 46 below.

FIGURE 46: CHANGES IN UNDERWRITING PROGRAMS SINCE THE LAST SURVEY

We have made some minor changes to our medical underwriting requirements table to simplify it (i.e., removing state specific requirements)
Our new Age/Amount exam and fluid limits reported for '24 are effective as of July 1, 2024.
Now using Irix Rules Engine which is now a requirement for all applications.
IncomeConnect - Simplified Issue program changes were made (increased the required life insurance amount and risk class, removed medical underwriting questions from the SIDI app, increased benefit amount)

INDIVIDUAL UNDERWRITING DECISIONS

Companies were asked to provide the distribution of their individual underwriting decisions for years 2022 and 2023 in the following categories:

- Issued as applied
- Rated, waiver, or modified
- Declined
- Wastage

The underwriting decisions pertain to normal underwriting and exclude any guaranteed underwriting business, which typically occurs in the ESML market. Eleven of the 14 companies submit data for this analysis. The wastage category includes withdrawn, incomplete, and not taken after approved applications. Wastage for the 11 companies averaged 15% in 2022 and 2023.

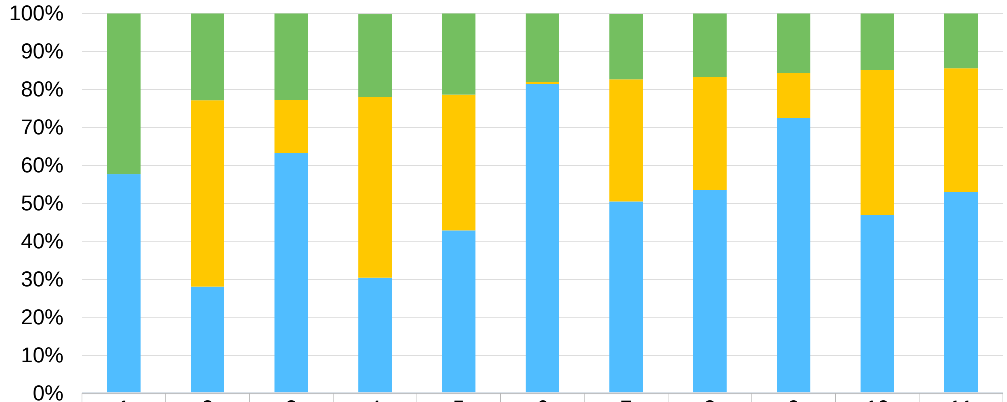
Figure 47 shows the weighted averages of the various underwriting decisions in years 2022 and 2023 as a percentage of submitted business, net of wastage. The weights are based on new IDI premium in the individually sold market in years 2022 and 2023. There was a small shift in the distribution from declined to issued as applied between years 2022 and 2023.

FIGURE 47: DISTRIBUTION OF INDIVIDUAL UNDERWRITING DECISIONS IN 2022 AND 2023, AS PERCENTAGES OF SUBMITTED APPLICATIONS, NET OF WASTAGE

UNDERWRITING DECISIONS	2022	2023
ISSUED AS APPLIED	45%	47%
RATED, WAIVERED OR MODIFIED	35%	34%
DECLINED	20%	19%
TOTAL	100%	100%

Figure 48 shows the distribution of underwriting decisions, net of wastage, in 2023 by company. The 11 companies have been ordered by their decline percentages from highest to lowest.

FIGURE 48: DISTRIBUTION OF 2023 UNDERWRITING DECISIONS BY COMPANY, AS PERCENTAGE OF SUBMITTED APPLICATIONS NET OF WASTAGE



	1	2	3	4	5	6	7	8	9	10	11
Declined	42%	23%	23%	22%	21%	18%	17%	17%	16%	15%	14%
Rated, waiv or modified	0%	49%	14%	48%	36%	1%	32%	30%	12%	38%	33%
Issued as applied	58%	28%	63%	30%	43%	81%	51%	54%	73%	47%	53%

The percentage of declines by company in 2023 ranged from 14% to 42%, reflecting a wide range of underwriting practices. This is further illustrated by the range of percentages for the issued as applied and rated, waived, or modified categories.

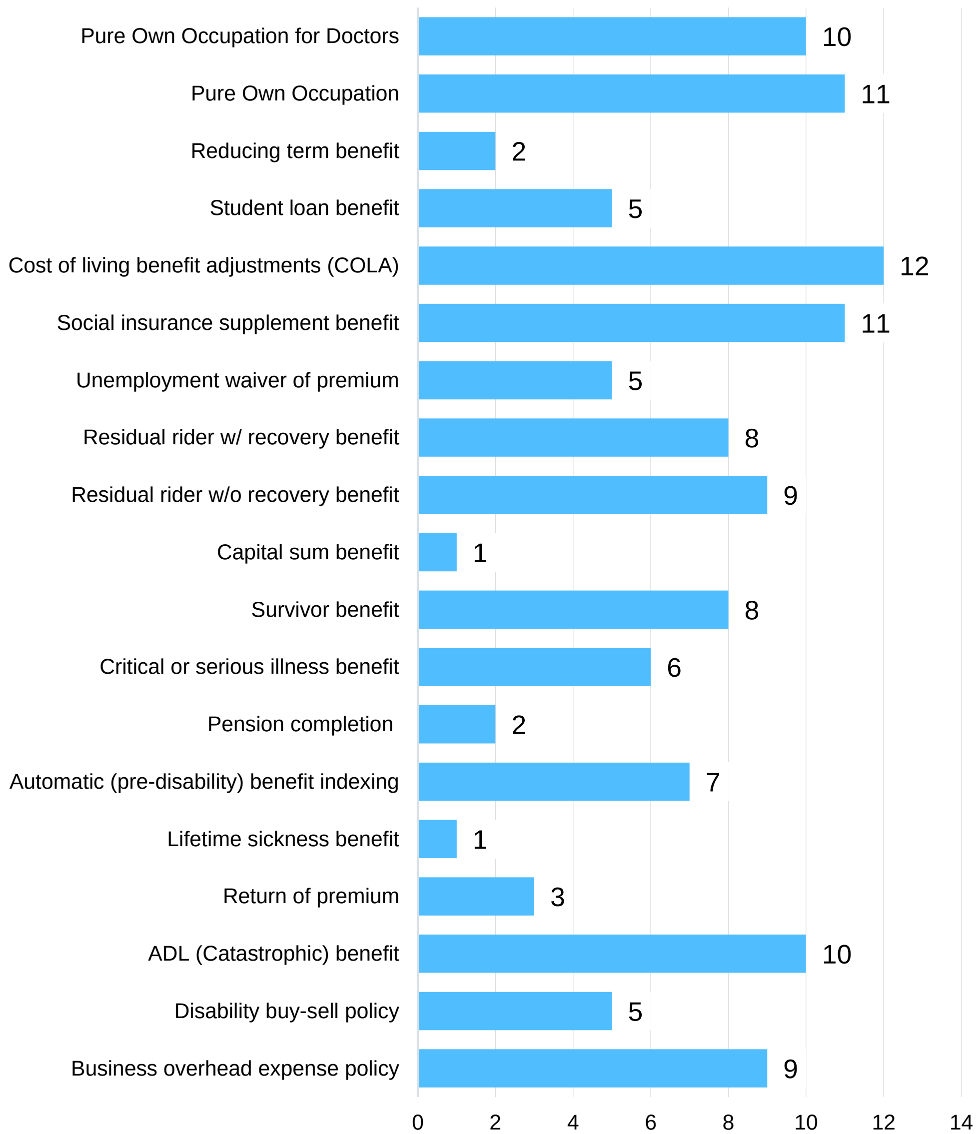
Section V: Product and pricing

This section of the survey explores the range of product development and pricing activity in recent years and the availability of certain types of coverages. Thirteen of the 14 surveyed companies responded to the product-related section of the survey.

CURRENT PRODUCT FEATURES

Figure 49 shows how many of the 13 companies offer various product features in their current IDI product portfolios. Companies offer these features in the base policy or add them via riders.

FIGURE 49: CURRENT IDI PRODUCT FEATURES



No one product feature listed above is offered by all 13 companies, although some products, such as COLA (12), pure own occupation (11), and social insurance benefits (11), are more prevalent. Products that are the least prevalent are the capital sum benefit (1), lifetime sickness (1), pension completion (2), and reducing term benefit (2).

COLA OPTIONS

Cost-of-living adjustment (COLA) riders typically come with many options regarding the type of indexing, caps on the total benefits, and other limitations. Figure 50 shows the range of options among the 12 companies offering COLAs.

FIGURE 50: COLA OPTIONS

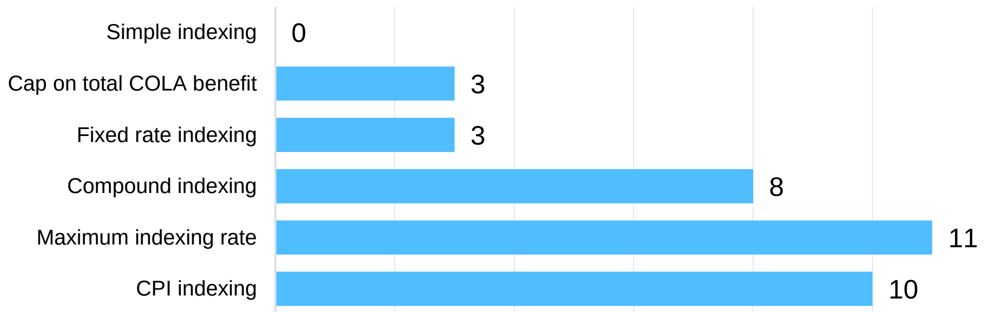


Figure 51 lists the various COLA indexing options among the 12 companies offering COLAs. The numbers in the parentheses indicate how many companies offer those options.

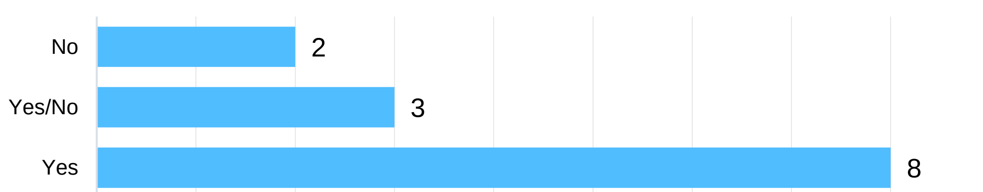
FIGURE 51: COLA INDEXING MAXIMUM

3% max (2)
6% max (3)
3% and 6% options (5)
5% max
Rate selected at issue, 3%-10%, capped at CPI with 3% floor

MENTAL/NERVOUS LIMITATIONS

Figure 52 shows how many of the 13 companies include a 24-month mental/nervous (MN) limitation in their base IDI policies. Eight of the 13 companies have a 24-month MN limitation in their base policies, and two companies do not. Three companies have the 24-month MN limitation in some but not all base contracts. For example, one company does not have the 24-month MN limitation in its base contract for the individually sold market but does in the ESML market.

FIGURE 52: NUMBER OF COMPANIES WITH 24-MONTH MN LIMITATIONS IN THEIR BASE POLICIES



Even if the base contract has a 24-month MN limitation, some companies will allow the limitation to be removed, i.e., "full MN coverage," generally with an increase in premium. Figure 53 shows companies' positions with regard to full MN coverage. The "Yes/No" indicates companies that place restrictions on who can get full MN.

FIGURE 53: COMPANIES' POSITIONS ON FULL MN COVERAGE

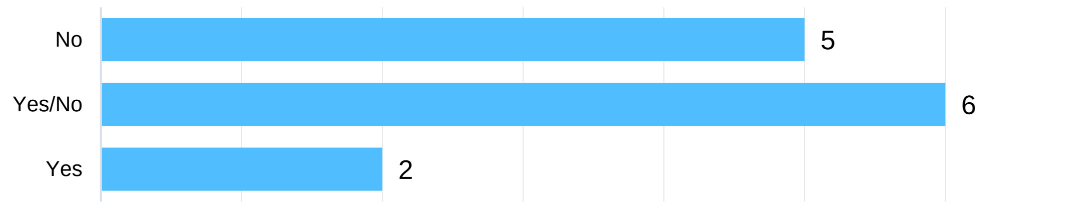


Figure 54 lists the conditions cited by six companies for making full MN coverage available.

FIGURE 54: AVAILABLITY OF FULL MN COVERAGE

Not available for blue-grey occupation and lower medical occupation classes. Not available on GR and voluntary GSI policies.
Not available for blue-grey occupation and lower medical occupation classes.
Not available on individually sold policies in California and for certain occupations. Available in the ESML market at the underwriter's discretion on a case-level basis.
State specific and occupational restrictions.
Not available for select medical occupations and in select states.
Only available on GSI with 20+ lives.

NEW PRODUCT AND PREMIUM RATE CHANGES SINCE THE LAST SURVEY

Several companies described product changes that were implemented since the last IDI Market Survey, which are summarized in Figure 55.

FIGURE 55: PRODUCT CHANGES SINCE THE 2023 IDI MARKET SURVEY

Introduction of eApply discount - Awarded for use of TeleApp and Electronic Medical Questionnaire when applying. Applies to FUW product only.
We have our newest product approved in the U.S. Virgin Islands.
On December 1, we added back in the one-year and two-year benefit periods on our LTD product.

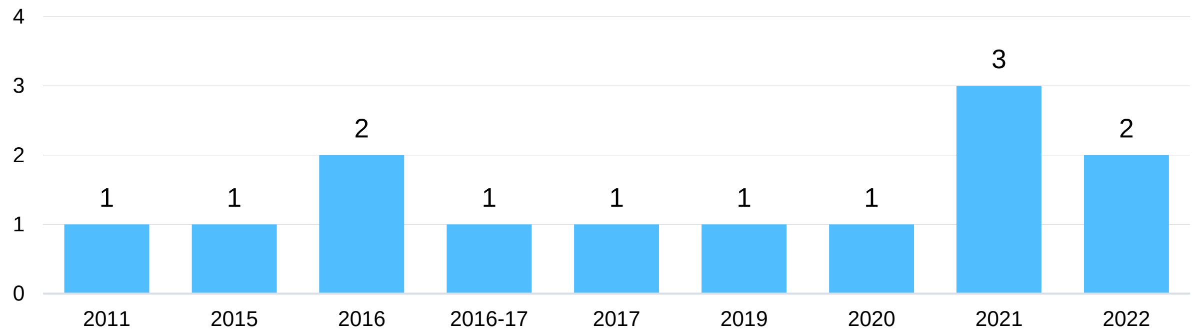
Four companies reported premium rate changes since the last IDI Market Survey. These changes are summarized in Figure 56.

FIGURE 56: PREMIUM RATE CHANGES SINCE THE 2023 IDI MARKET SURVEY

Fully underwritten product only
Reduced non-medical base rates for issue ages 40+
Updated COLA rider factors (increase) to reflect current inflationary environment
Introduced geographic factors (previously only used for policies issued in CA)
Increased base rates for dentist and dental specialists
Increased preferred occ discount from 10% to 20%

Figure 57 shows the years in which companies released their current IDI portfolios. Seven of the 13 companies released their current IDI products in 2019 and later.

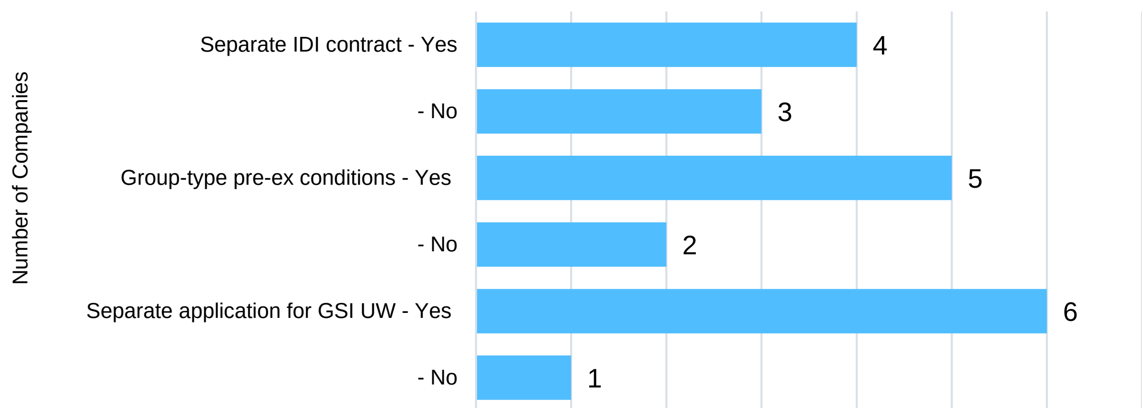
FIGURE 57: RELEASE YEARS OF CURRENT IDI PORTFOLIOS



PRODUCTS SPECIFIC TO THE ESML MARKET

Because of the nature of the ESML market and the utilization of guaranteed standard underwriting, some companies offer IDI contracts specifically tailored for the ESML market or have separate applications or different provisions for preexisting conditions that are more suitable for guaranteed underwriting. Figure 58 shows what seven companies that are active in the ESML market do.

FIGURE 58: PRODUCTS SPECIFIC TO THE ESML MARKET



Three of the seven companies have a separate IDI contract for the ESML market. Five companies utilize group-type preexisting conditions, most likely via a policy endorsement if they do not offer a specific ESML policy. Six of the companies have a separate application when guaranteed standard issue (GSI) underwriting is utilized.

GEOGRAPHICAL PRICING

Companies were asked to list all states in which they charge premium surcharges on issued policies due to higher claim costs. Twelve of the 13 companies responded. Figure 59 lists the 19 states (and Puerto Rico) for which at least one of the 12 companies has a premium surcharge, along with the number of such companies for each state and the minimum, maximum, median, and weighted average surcharges (where the average includes the zeros from companies with no surcharge). The weights are the 2023 IDI annual premiums for each of the 12 companies. For most companies, the premium surcharge for a state was a single percentage applied to all policies. For some companies, the premium surcharges for a state vary by a number of factors and, in these cases, the premium surcharges represent averages. Eleven of the 12 companies have premium surcharges in California, and 11 companies have premium surcharges in Florida. Five companies have surcharges in Arizona, Nevada, and New York.

FIGURE 59: PREMIUM SUCHARGES BY STATE

STATE	NUMBER OF COMPANIES	MINIMUM	MAXIMUM	MEDIAN	WEIGHTED AVERAGE
CA	11	0.0%	90.0%	30.0%	33%
FL	11	0.0%	30.0%	10.0%	13%
NY	5	0.0%	30.0%	0.0%	4%
AZ	5	0.0%	20.0%	0.0%	9%
NV	5	0.0%	20.0%	0.0%	10%
RI	4	0.0%	30.0%	0.0%	2%
LA	2	0.0%	10.0%	0.0%	2%
NM	2	0.0%	10.0%	0.0%	2%
AR	1	0.0%	10.0%	0.0%	2%
DE	1	0.0%	10.0%	0.0%	0%
HI	1	0.0%	10.0%	0.0%	2%
NH	1	0.0%	10.0%	0.0%	0%
NJ	1	0.0%	10.0%	0.0%	0%
TX	1	0.0%	10.0%	0.0%	0%
UT	1	0.0%	10.0%	0.0%	0%
WV	1	0.0%	10.0%	0.0%	0%
CO	1	0.0%	5.0%	0.0%	1%
OR	2	0.0%	5.0%	0.0%	1%
WA	2	0.0%	5.0%	0.0%	1%
PR	2	0.0%	27.5%	0.0%	4%

PREMIUM SURCHARGE FOR TOBACCO USE

All 13 companies that responded have a premium surcharge for tobacco use. Figure 60 shows the range of premium surcharges for tobacco use among the 13 companies. The weighted average is based on companies' 2023 IDI annual premium.

FIGURE 60: RANGE OF PREMIUM SURCHARGES FOR TOBACCO USE

MINIMUM	20%
MAXIMUM	50%
MEDIAN	30%
WEIGHTED AVERAGE	30%

Figure 61 lists the different definitions of tobacco used by the companies. Six companies continue to refer to "tobacco use," while others have expanded it to include "nicotine use." One company includes marijuana in its definition.

FIGURE 61: VARIATIONS IN THE DEFINITIONS OF TOBACCO USE

Tobacco use (6)
Nicotine use
Tobacco or nicotine use (3)
Cigarette, electronic cigarette, nicotine cessation products, chewing tobacco, cigars
All forms of nicotine, tobacco and marijuana use

Section VI: General trends

This section explores general trends that are indicative of the health of the IDI business. Thirteen companies contributed to this section of the survey.

COMPANIES' SATISFACTION WITH PROFITABILITY AND SALES RESULTS

Companies rated their overall satisfaction with the profitability and sales performances of their IDI business, ranking from 1 to 5, where 1 indicates that the contributor is very dissatisfied and 5 that the contributor is very satisfied. Figure 62 compares this year's responses with the responses from last year's survey. Note that 11 companies responded to this question last year, versus 13 this year. There was slight improvement in companies' satisfaction with overall profitability and a slight decline in companies' satisfaction with overall sales results from the last survey. The number of companies rating their overall profitability at 4 or 5 increased from seven companies in 2023 to nine companies in 2024. The number of companies rating their overall sales results at 4 or 5 decreased from six companies in 2023 to four companies in 2024.

FIGURE 62: COMPANIES' SATISFACTION WITH THEIR PROFITABILITY AND SALES RESULTS

	OVERALL PROFITABILITY		OVERALL SALES RESULTS	
RANKING	2024 SURVEY	2023 SURVEY	2024 SURVEY	2023 SURVEY
1 (VERY DISSATISFIED)	0	0	1	1
2	1	1	3	2
3	3	3	5	2
4	6	7	3	6
5 (VERY PLEASED)	3	0	1	0
AVERAGE	3.5	3.8	3.2	3.0
MEDIAN	4	4	4	3

MAKING THE IDI SALE EASIER

IDI coverage can be difficult to sell compared to individual life or annuity products. Many companies look to simplify the process in order to improve sales. Surveyed companies listed the actions they have taken over the last year to make the IDI sale easier. They are listed in Figure 63. The focus of many companies over the last year has been on implementing or improving underwriting processes and requirements.

FIGURE 63: STEPS TAKEN BY COMPANIES TO FACILITATE THE SALES PROCESS

UNDERWRITING CHANGES
STREAMLINED SIMPLIFIED UW GUIDELINES
INCREASE I&P LIMITS
REMOVED THE ORAL SWAB REQUIREMENT
REMOVED THE ADDITIONAL HEALTH QUESTIONS WITH THE SIMPLIFIED ISSUE APP (USES ANSWERS FROM THE LIFE APP)
LOOSENED SOME FINANCIAL UNDERWRITING COMPONENTS
IMPLEMENTING IRIX RULES
INCREASED STARTING PROFESSIONAL LIMITS
INTRODUCED ENHANCED STATUS SYSTEM FOR PRODUCERS TO MONITOR UNDERWRITING PROGRESS ON APPLICATIONS
INCREASED OUR BENEFIT AMOUNTS BEFORE REQUESTING INCOME DOCUMENTATION.
EXPANSION OF GSI IN GME PROGRAMS

PRODUCT AND PRICING CHANGES
EXPANDED DEFINITIONS OF DISABILITY
RE-CLASSIFICATION OF A FEW OCCUPATIONS
NEW PRODUCT LAUNCHED 1Q23
ADMINISTRATIVE
INTRODUCED NEW WORKFLOW SYSTEM, WHICH AUTOMATES REQUIREMENT ORDERING SO THAT OUR FIELD PARTNERS DO NOT HAVE TO PLACE ORDERS
ENHANCING ELECTRONIC APPLICATION PROCESS AND AGENT PORTALS
WORKING WITH VENDORS ON MORE AUTOMATED UNDERWRITING AND ADMINISTRATION SYSTEMS
ENHANCED ONLINE PORTAL FOR MANAGING CASES
NEW MODERNIZED ILLUSTRATION SYSTEM
ENHANCED GSI ONBOARDING CAPABILITIES
IMPROVED ELECTRONIC APPLICATION CAPABILITIES
FIELD TRAINING
INCREASED FOCUS ON WEBINARS AND ON DEMAND VIDEOS TO EXPLAIN PRODUCTS TO AGENTS AND THEIR CLIENTS

FAVORABLE TRENDS IN THE IDI MARKET

Companies listed favorable trends that they are seeing in the IDI market. Figure 65 lists their responses. There were four observations pertaining to improving claim experience. There were six observations pertaining to favorable sales trends. The other observations pertained to underwriting, policy persistency, administrative issues, the market and product, and the economy.

FIGURE 64: OBSERVED FAVORABLE TRENDS IN THE IDI MARKET

CLAIMS EXPERIENCE
LOWER CLAIMS INCIDENCE
HIGHER CLAIMS TERMINATIONS
CLAIM EXPERIENCE HAS BEEN FAVORABLE (2)
SALES
SALES ARE STRONG (2)
STRONG GSI SALES GROWTH (2)
STRONG RELATIONSHIPS WITH DISTRIBUTION PARTNERS
STRATEGIES TO INCREASE SALES WITH ADVISORS WHO ARE CURRENTLY SELLING IDI
UNDERWRITING
INCREASED LIMITS NOT REQUIRING FINANCIAL DOCUMENTATION
INCREASED NON-MEDICAL LIMITS
USE OF AUTOMATED UNDERWRITING
IMPROVED TRENDS IN ACCELERATED UW

POLICY PERSISTENCY
PERSISTENCY HAS BEEN STABLE
POLICIES PERSISTING WELL (3)
ADMINISTRATIVE
CONTINUED WORK ENVIRONMENT FLEXIBILITY
ENROLLMENT EASE/OPERATIONAL IMPROVEMENTS
MARKETING/ / PRODUCT
GROWTH IN MEDICAL MARKET
EXPANDING MARKET REACH THROUGH EXPANDED RIDER AND BENEFIT OFFERINGS
INCREASE IN CROSS-PURCHASE OPPORTUNITIES WITH OTHER DISTRIBUTION AREAS (GROUP BENEFITS, LIFE)
ECONOMY
HIGHER INVESTMENT YIELDS (2)
INCREASED INTEREST RATES

UNFAVORABLE TRENDS IN THE IDI MARKET

Companies listed the unfavorable trends that they are seeing in the IDI market. Figure 65 shows the various responses. Ten observations pertained to unfavorable trends in the area of IDI market and sales. Seven observations pertained to unfavorable trends regarding distribution.

FIGURE 65: OBSERVED UNFAVORABLE TRENDS IN THE IDI MARKET

MARKET AND SALES
CLIENT BELIEF THAT IDI NOT NECESSARY (E.G. "I HAVE GROUP COVERAGE, DON'T NEED MORE")
COMPETITION IS RAMPING UP GSI OFFERINGS IN THE GME SPACE
AGING AGENT FORCE
AGING CLIENT BASE WITH FOCUS ON RETIREMENT NOT PROTECTING CURRENT EARNINGS
INCREASING MARKETPLACE COMPETITION
LACK OF GROWTH IN NON-MEDICAL
LACK OF MARKET PENETRATION
OVER CONCENTRATION OF DOCS
OVERALL STAGNATION OF THE IDI MARKET
SALES GROWTH REMAINS A CHALLENGE.
CLAIMS EXPERIENCE
MORBIDITY EXPERIENCE IN DENTAL OCCUPATIONS IS DECLINING
UNFAVORABLE CLAIMS EXPERIENCE FOR CERTAIN OCCUPATIONS (2)
DISTRIBUTION
ADVISOR BELIEF THAT IDI NOT NECESSARY OR TOO COMPLICATED, OR LACK OF KNOWLEDGE OF HOW TO SELL IDI
AGING DI DISTRIBUTION PARTNERS
CONTINUED CONSOLIDATION OF DISTRIBUTION
LACK OF AGENT FAMILIARITY AND KNOWLEDGE OF IDI PRODUCTS.
LACK OF DISTRIBUTION ASKING CONSUMERS ABOUT INCOME PROTECTION
LACK OF DISTRIBUTION FOCUSING ON MIDDLE INCOME DI CLIENTS
LACK OF EXPERIENCED DISTRIBUTION/UNDERSTANDING NEED AND FOCUS ON OTHER PRODUCT SALES
ECONOMY
HIGH INFLATION (2)
ADMINISTRATIVE
ADMINISTRATION SYSTEM CHANGES CAUSING RESOURCE CONSTRAINTS
SYSTEM LIMITATIONS
UNDERWRITING
CONSUMER AWARENESS AND REQUESTS FOR SPEED IN APPLICATION AND UNDERWRITING PROCESSES.
REGULATORY
REGULATORY ENVIRONMENT IN CERTAIN STATES, ESPECIALLY INVOLVING MENTAL & NERVOUS CONDITIONS
PRODUCT
INDUSTRY PRICING ON MEDICAL OCCUPATIONS MAY NOT BE FULLY REFLECTIVE OF INDUSTRY EXPERIENCE

OBSTACLES TO THE LONG-TERM FINANCIAL HEALTH OF THE IDI MARKET

Companies listed obstacles in the IDI market that could impede future growth and profitability. Figure 66 shows their various responses. Market obstacles (e.g., medical occupation concentration, lack of product awareness) and distribution (e.g., aging producers, lack of good training) were cited the most. Companies also cited the economy (e.g., low interest rates and high inflation) and competitive pressures (e.g., ongoing product and underwriting liberalization). There were also several observations related to the regulatory environment, a trend that has continued from last year's survey.

FIGURE 66: OBSTACLES TO THE LONG-TERM FINANCIAL HEALTH OF THE IDI MARKET

MARKET
ACHIEVING SUFFICIENT DIVERSIFICATION ACROSS OCCS, DISTRIBUTION, PRODUCTS
AGING CLIENT BASE
CONSUMER EDUCATION (2)
LACK OF AGENT TRAINING FOR DI
LACK OF CONSUMER AND AGENT AWARENESS
LACK OF CONSUMER KNOWLEDGE ON BOTH THE NEED AND SOLUTION
LACK OF GROWTH OUTSIDE MEDICAL/DENTAL MARKETS
LACK OF PRODUCT AWARENESS
INCREASING BENEFITS WITH A LOWERING OF OVERALL POLICY COUNT
NON-MEDICAL SALES GROWTH
DISTRIBUTION
ADVISORS NOT ENGAGED
AGING DI DISTRIBUTION PARTNERS (2)
BROKER CONSOLIDATION
ECONOMY
POTENTIAL FUTURE ECONOMIC DOWNSWINGS
COMPETITIVE PRESSURES
AGGRESSIVE UNDERWRITING AND PRODUCT DESIGN (LIBERALIZATION OF UNDERWRITING AND/OR BENEFITS)
COMMODITIZATION OF DI PRODUCT
HYPER COMPETITIVE MARKET FOR MEDICAL OCCUPATIONS
PRESSURE TO BE OVER COMPETITIVE IN PRICING
REGULATORY
ADDITIONAL REGULATORY REQUIREMENTS TAKING TIME AND RESOURCES FROM OTHER PROJECTS
PROLONGED REGULATORY APPROVAL PROCESS
DIFFICULT TO GET REGULATORY APPROVAL ON INNOVATIVE PRODUCTS AND FEATURES
ADMINISTRATIVE
COST AND OPPORTUNITY COST OF ADMINISTRATION SYSTEM UPGRADE
RETAINING KEY EMPLOYEES

OPPORTUNITIES FOR GROWTH IN THE IDI MARKET

Companies were asked to list opportunities for long-term growth in the IDI market. Figure 67 lists the various responses. Mentioned opportunities did not focus on any specific segment of the IDI market as they have in past surveys.

FIGURE 67: OPPORTUNITIES FOR GROWTH IN THE IDI MARKET

MULTI-LIFE GSI
GSI - EMPLOYER PAY & RESIDENCY
FULLY UNDERWRITTEN AND GSI NON-MEDICAL
GSI
EMPLOYER GSI
MULTI-LIFE
MEDICAL MARKET
MEDICAL SALES (3)
WHITE COLLAR
WHITE-COLLAR MARKET (2)
WHITE-COLLAR PROFESSIONALS
HIGH INCOME
NON-MEDICAL PROFESSIONALS
MIDDLE INCOME MARKET
HIGHER INCOME MIDDLE-INCOME MARKET
MIDDLE MARKET (3)

BUSINESS OWNERS
SELF-EMPLOYED
SMALL BUSINESS
BUSINESS OWNERS
DISTRIBUTION
COMBINATION SALES (DI + ANOTHER PRODUCT LINE)
ADVISORS CURRENTLY NOT SELLING IDI
YOUNGER ADVISORS
NON-TRADITIONAL DISTRIBUTION CHANNELS
OTHER
MILLENNIALS
EXPANSION INTO NEW YORK
SKILLED TRADES, INCLUDING INDIVIDUALS IN APPRENTICESHIP PROGRAMS
WORKSITE MARKETS
SIMPLIFIED ISSUE DI
NON-MEDICAL IDI

OBSERVED CHANGES IN IDI CLAIM PATTERNS

While the overall financial results may indicate continued profitability for many companies, attention to changes in claim patterns can identify early indicators of future unfavorable morbidity results and enable companies to address potential claim issues before they become unmanageable. Companies were asked to describe any changes to their historical claim patterns observed since the last IDI Market Survey. Figure 68 lists the various responses. Observations were slotted into favorable and unfavorable trends. There were five unfavorable claim trends observed versus three favorable claim trends.

FIGURE 68: CHANGING CLAIM PATTERNS IN THE IDI MARKET OBSERVED SINCE THE 2023 IDI MARKET SURVEY

UNFAVORABLE
CONTINUE TO SEE INCREASING LONG-COVID CLAIMS
INCREASE IN LATE NOTICE CLAIMS
HIGHER AVERAGE SIZE OF CLAIMS
UNFAVORABLE CLAIMS RESULTS IN CERTAIN OCCUPATION GROUPS
CONTINUED INCREASE IN MEDICAL INCIDENCE

FAVORABLE
INCIDENCE RATES CONTINUE TO DECREASE
TERMINATION RATES CONTINUE TO INCREASE
IMPROVEMENT IN INCIDENCE AND RESOLUTION RATES

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CONTACT

Tasha Khan
tasha.khan@milliman.com