

Summary of key results from 2018 U.S. Group Disability Market Survey

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The 2018 U.S. Group Disability Market Survey covers employer-paid and employee-paid short-term disability (STD) and long-term disability (LTD) insurance products, and includes an analysis of premiums, cases, and covered lives from new sales and inforce business in 2017 and 2018. This document summarizes key results from the survey.

In total, 25 disability insurance companies contributed data to the 2018 U.S. Group Disability Market Survey:

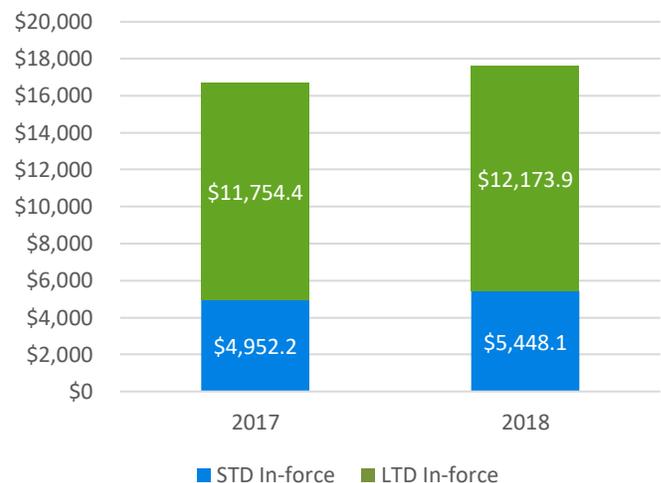
- Anthem Inc
- AXA
- Cigna
- Dearborn National
- Guardian Life Insurance Company
- The Hartford
- Liberty Mutual
- Lincoln Financial Group
- MetLife
- Mutual of Omaha
- Northwestern Mutual
- OneAmerica
- Principal Financial Group
- Prudential
- Reliance Standard Life Insurance Company
- The Standard
- Sun Life Financial
- Symetra
- Trustmark Insurance
- The Union Labor Life Insurance Company
- UnitedHealthcare Specialty Benefits
- Unum
- US Able Life
- Voya Financial
- Zurich North America Life

Our list of contributors remained the same from the 2017 survey to the 2018 survey. However, note that in May of 2018, Lincoln Financial Group completed the acquisition of Liberty Mutual's group disability insurance block. These two blocks are still shown separately in this report; however, note that Liberty Mutual new sales, prior to the acquisition, are excluded from both 2017 and 2018 values to facilitate comparison. Also, Lincoln Financial Group new sales are shown in both years (which includes all sales from both companies after the acquisition.)

Total LTD inforce premium reported by contributing companies was over \$12 billion in 2018, and total STD inforce premium was over \$5 billion. We estimate that this represents over 90% of the group disability market in terms of inforce business.

The combined STD and LTD inforce premium was approximately \$17.6 billion among contributing companies in 2018, versus \$16.7 billion in 2017 from the same companies. STD inforce premium increased by approximately 10.0% from 2017 to 2018, and LTD inforce premium increased by approximately 3.6%. The 2017 and 2018 inforce premiums are shown in Figure 1.

FIGURE 1: TOTAL INFORCE PREMIUM AMONG CONTRIBUTING COMPANIES FROM 2017 AND 2018 (IN \$ MILLIONS)



Contributors also provided data for new sales in 2017 and 2018. The combined STD and LTD premium from new sales was approximately \$2.6 billion in 2018, versus \$2.5 billion in 2017. STD premium from new sales increased by approximately 23.5% from 2017 to 2018, and LTD premium from new sales decreased by approximately 5.1%, as shown in Figure 2. STD premium now also includes New York Paid Family Leave, which may be contributing to these dramatic increases in STD premium.

FIGURE 2: TOTAL NEW SALES PREMIUM AMONG CONTRIBUTING COMPANIES FROM 2017 AND 2018 (IN \$ MILLIONS)

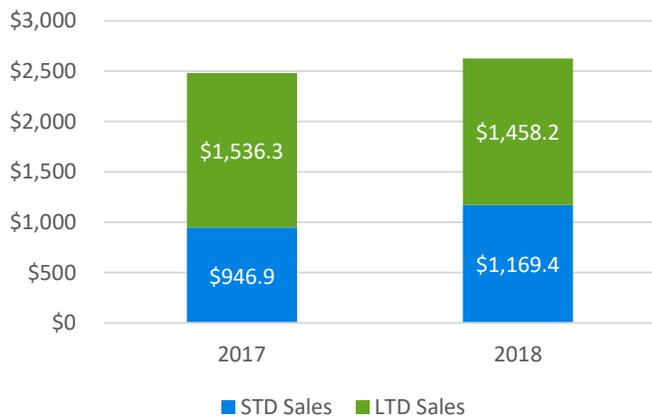


Figure 3 shows average premium per life (PPL) for inforce business and new sales in 2018. Average premium per life increased on new business sales from 2017 to 2018 for both STD and LTD policies. Inforce premium per life increased on LTD policies, but decreased on STD policies.

FIGURE 3: 2018 GROUP DISABILITY AVERAGE PREMIUM PER LIFE

	Inforce PPL	Inforce PPL Growth	New Sales PPL	New Sales PPL Growth
STD	\$223	-1.0%	\$214	9.3%
LTD	\$271	1.0%	\$240	5.7%

Figure 4 shows the average growth rates for case counts, premium, and covered lives from 2017 to 2018, for STD and LTD.

FIGURE 4: GROUP DISABILITY GROWTH RATES

STD	NEW SALES	INFORCE
CASES	6.7%	0.3%
PREMIUM	23.5%	10.0%
LIVES	12.9%	11.1%
LTD	NEW SALES	INFORCE
CASES	5.0%	0.4%
PREMIUM	-5.1%	3.6%
LIVES	-10.3%	2.6%

The growth in inforce blocks continues to trend upward. The decrease in LTD new sales premium from 2017 to 2018 seems to be driven by the size of those cases that were sold in aggregate (i.e., more cases sold in 2018 but fewer covered lives). The growth in STD new sales premium seems to be coming from both growth in number of lives and the premium per life.

Figures 5 through 8 show 2017 and 2018 inforce and new sales premiums reported by survey contributors. Please note that the company rankings in these tables were determined based upon reported results from 2018.

FIGURE 5: STD SALES PREMIUM FROM 2017 AND 2018 (\$ MILLIONS)

RANK 2018	COMPANY	2017	2018	% CHANGE
1	THE HARTFORD	\$79.7	\$194.2	143.8%
2	METLIFE	\$96.4	\$145.0	50.3%
3	UNUM	\$162.5	\$138.8	-14.6%
4	CIGNA GROUP INSURANCE	\$100.2	\$100.9	0.7%
5	LINCOLN FINANCIAL GROUP	\$102.9	\$90.7	-11.9%
6	SUN LIFE FINANCIAL	\$63.0	\$85.6	35.8%
7	MUTUAL OF OMAHA	\$55.7	\$71.9	29.1%
8	GUARDIAN LIFE INSURANCE COMPANY	\$57.2	\$63.4	10.9%
9	PRUDENTIAL	\$31.1	\$60.2	93.6%
10	THE STANDARD	\$47.4	\$51.6	8.8%
11	RELIANCE STANDARD LIFE INSURANCE COMPANY	\$24.3	\$36.1	48.7%
12	PRINCIPAL FINANCIAL GROUP	\$37.5	\$35.2	-6.0%
13	ONEAMERICA	\$13.6	\$22.0	61.3%
14	SYMETRA	\$16.5	\$14.9	-9.5%
15	DEARBORN NATIONAL	\$11.3	\$12.9	13.8%
16	UNITEDHEALTHCARE SPECIALTY BENEFITS	\$9.5	\$12.0	26.6%
17	ANTHEM INC	\$10.4	\$10.5	1.3%
18	USABLE LIFE	\$7.5	\$8.4	11.7%
19	VOYA FINANCIAL	\$9.2	\$6.1	-33.9%
20	AXA	\$7.8	\$2.9	-63.1%
21	THE UNION LABOR LIFE INSURANCE COMPANY	\$0.0	\$2.5	N/A
22	NORTHWESTERN MUTUAL	\$1.8	\$2.1	18.9%
23	ZURICH NORTH AMERICA LIFE	\$0.9	\$0.8	-12.5%
24	TRUSTMARK INSURANCE	\$0.5	\$0.6	35.7%

The Hartford and MetLife both saw significant growth in their STD new sales premium and moved up compared to their 2017 rankings.

FIGURE 6: LTD SALES PREMIUM FROM 2017 AND 2018 (\$ MILLIONS)

RANK 2018	COMPANY	2017	2018	% CHANGE
1	UNUM	\$234.8	\$234.8	0.0%
2	THE HARTFORD	\$231.1	\$186.1	-19.5%
3	CIGNA GROUP INSURANCE	\$172.9	\$179.0	3.5%
4	METLIFE	\$184.8	\$164.6	-10.9%
5	PRUDENTIAL	\$114.3	\$103.2	-9.7%
6	THE STANDARD	\$108.7	\$86.8	-20.2%
7	LINCOLN FINANCIAL GROUP	\$94.1	\$85.2	-9.5%
8	SUN LIFE FINANCIAL	\$58.5	\$76.8	31.4%
9	MUTUAL OF OMAHA	\$54.9	\$71.8	30.9%
10	GUARDIAN LIFE INSURANCE COMPANY	\$70.4	\$67.2	-4.7%
11	PRINCIPAL FINANCIAL GROUP	\$45.3	\$47.0	3.8%
12	RELIANCE STANDARD LIFE INSURANCE COMPANY	\$47.7	\$38.8	-18.5%
13	ONEAMERICA	\$13.3	\$19.6	46.8%
14	SYMETRA	\$30.9	\$18.5	-40.0%
15	VOYA FINANCIAL	\$12.1	\$14.1	16.3%
16	UNITEDHEALTHCARE SPECIALTY BENEFITS	\$9.2	\$13.5	45.6%
17	DEARBORN NATIONAL	\$13.0	\$12.5	-4.1%
18	ANTHEM INC	\$12.8	\$11.8	-7.7%
19	ZURICH NORTH AMERICA LIFE	\$7.3	\$11.1	51.7%
20	NORTHWESTERN MUTUAL	\$5.9	\$7.3	23.5%
21	USABLE LIFE	\$4.3	\$4.7	9.5%
22	AXA	\$9.8	\$3.8	-61.3%
23	TRUSTMARK INSURANCE	\$0.1	\$0.2	74.7%
24	THE UNION LABOR LIFE INSURANCE COMPANY	\$0.0	\$0.0	N/A

Unum and The Hartford retained the top two spots for LTD sales in 2018. MetLife and Cigna swapped third and fourth places, Prudential climbed to fifth.

FIGURE 7: STD INFORCE PREMIUM FROM 2017 AND 2018 (\$ MILLIONS)

RANK 2018	COMPANY	2017	2018	% CHANGE
1	THE HARTFORD	\$712.0	\$825.0	15.9%
2	UNUM	\$662.6	\$715.8	8.0%
3	CIGNA GROUP INSURANCE	\$515.4	\$535.0	3.8%
4	LINCOLN FINANCIAL GROUP	\$404.1	\$410.9	1.7%
5	METLIFE	\$331.9	\$391.5	17.9%
6	SUN LIFE FINANCIAL	\$354.1	\$358.3	1.2%
7	GUARDIAN LIFE INSURANCE COMPANY	\$303.8	\$327.0	7.6%
8	THE STANDARD	\$294.8	\$297.5	0.9%
9	MUTUAL OF OMAHA	\$240.3	\$286.7	19.3%
10	LIBERTY MUTUAL	\$234.6	\$282.8	20.5%
11	PRUDENTIAL	\$184.0	\$239.9	30.3%
12	RELIANCE STANDARD LIFE INSURANCE COMPANY	\$181.5	\$201.7	11.1%
13	PRINCIPAL FINANCIAL GROUP	\$188.4	\$201.6	7.0%
14	DEARBORN NATIONAL	\$59.1	\$65.1	10.2%
15	ONEAMERICA	\$50.1	\$61.9	23.4%
16	ANTHEM INC	\$42.5	\$46.3	8.9%
17	USABLE LIFE	\$52.6	\$46.0	-12.7%
18	SYMETRA	\$36.5	\$41.6	14.1%
19	VOYA FINANCIAL	\$36.9	\$38.0	3.2%
20	UNITEDHEALTHCARE SPECIALTY BENEFITS	\$31.5	\$34.0	7.9%
21	NORTHWESTERN MUTUAL	\$16.2	\$17.1	5.3%
22	AXA	\$8.2	\$9.7	19.0%
23	THE UNION LABOR LIFE INSURANCE COMPANY	\$4.7	\$7.7	62.6%
24	TRUSTMARK INSURANCE	\$5.2	\$5.4	3.3%
25	ZURICH NORTH AMERICA LIFE	\$1.0	\$1.9	87.2%

There was no movement in the ranking by STD inforce premium in the top four spots for 2018. MetLife moved ahead of Sun Life Financial to take the fifth spot.

FIGURE 8: LTD INFORCE PREMIUM FROM 2017 AND 2018 (\$ MILLIONS)

RANK 2018	COMPANY	2017	2018	% CHANGE
1	UNUM	\$1,750.2	\$1,781.2	1.8%
2	THE HARTFORD	\$1,684.6	\$1,736.7	3.1%
3	CIGNA GROUP INSURANCE	\$1,464.9	\$1,494.9	2.0%
4	METLIFE	\$1,371.7	\$1,370.9	-0.1%
5	LIBERTY MUTUAL	\$887.3	\$1,000.1	12.7%
6	THE STANDARD	\$859.2	\$882.2	2.7%
7	PRUDENTIAL	\$693.3	\$754.7	8.9%
8	LINCOLN FINANCIAL GROUP	\$542.1	\$533.5	-1.6%
9	SUN LIFE FINANCIAL	\$543.2	\$531.2	-2.2%
10	GUARDIAN LIFE INSURANCE COMPANY	\$423.5	\$451.6	6.6%
11	RELIANCE STANDARD LIFE INSURANCE COMPANY	\$417.9	\$404.4	-3.2%
12	PRINCIPAL FINANCIAL GROUP	\$302.6	\$321.1	6.1%
13	MUTUAL OF OMAHA	\$272.8	\$315.6	15.7%
14	NORTHWESTERN MUTUAL	\$104.2	\$103.5	-0.7%
15	DEARBORN NATIONAL	\$78.9	\$85.2	8.0%
16	VOYA FINANCIAL	\$74.4	\$82.3	10.6%
17	ANTHEM INC	\$67.0	\$72.7	8.4%
18	ONEAMERICA	\$55.1	\$67.2	22.0%
19	SYMETRA	\$60.2	\$65.9	9.5%
20	UNITEDHEALTHCARE SPECIALTY BENEFITS	\$37.9	\$44.1	16.3%
21	USABLE LIFE	\$37.4	\$37.5	0.3%
22	ZURICH NORTH AMERICA LIFE	\$13.5	\$22.9	69.2%
23	AXA	\$10.4	\$12.4	20.0%
24	TRUSTMARK INSURANCE	\$1.8	\$1.9	2.8%
25	THE UNION LABOR LIFE INSURANCE COMPANY	\$0.2	\$0.2	-2.9%

In terms of inforce LTD premium, there was no movement in the rankings of the top five companies in 2018.

Overall, we are continuing to see growth in the group disability marketplace, with total inforce premium growing by approximately 5.5%. 2018 was the first year of paid family leave in New York, which most insurers are grouping with their STD business, because it is a mandatory rider to the New York statutory disability plan. This may be contributing to the very strong growth we are seeing on STD sales.

SURVEY PARTICIPATION

Companies that participate in Milliman's U.S. Group Disability Market Survey receive a comprehensive report of metrics at no charge. Please contact the authors if you would like to be added to the survey in the future.

RELIANCE AND LIMITATIONS

In conducting the 2018 U.S. Group Disability 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, the results may be materially affected.

QUALIFICATIONS

We, Jennifer Fleck and Paul Correia, are consulting actuaries with Milliman. This report provides an opinion regarding trends in the group disability insurance market. We are members of the American Academy of Actuaries and meet its qualification standards for rendering this opinion.



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 & casualty insurance, healthcare, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe.

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