

INDIVIDUAL DISABILITY



U.S. Individual Disability Market Survey

Summary Report – 2020 Results

CONTENTS

Participating Companies	3
Background	4
Survey Highlights	5
Summary of Results	
Market Growth	6
Non-Cancelable	9
Guaranteed Renewable	12
Buy-Sell	15

General Re Life Corporation is committed to adhering to antitrust laws, and cautions all recipients that this report is intended solely to provide general industry knowledge. Under no circumstances shall it be used as a means for representatives of competing companies, and/or firms, to reach any understanding whatsoever, whether it be about specific pricing of specific products, if particular products should be marketed to the public, or the terms under which products are marketed.

PARTICIPATING COMPANIES

- Ameritas Life
- Assurity Life
- Federated Life
- Guardian Life
- Illinois Mutual
- MassMutual
- MetLife
- Mutual of Omaha
- Northwestern Mutual
- Ohio National Life
- Principal Financial Group
- RiverSource Life
- The Standard
- State Farm
- Thrivent Financial
- Unum

BACKGROUND

Gen Re is pleased to present the *2020 U.S. Individual Disability Market Survey* results. This annual benchmarking survey covers Non-Cancelable (Non-Can), Guaranteed Renewable (GR), Buy-Sell, and Guaranteed Standard Issue (GSI) product lines for 2019 and 2020. Sixteen carriers participated in the survey representing \$5 billion of in-force premium. Of those companies, 15 reported Non-Can results, 14 GR results and seven reported on their Buy-Sell product. Eight companies reported Non-Can GSI results, and five companies reported GR GSI results.

Growth calculations for 2019 to 2020 are based upon those companies providing survey data for both years and include any adjustments made to the 2019 reported data.

SURVEY HIGHLIGHTS

16 companies participated in the Individual Disability Market Survey

Total sales premium declined 6.5% to **\$398.9 million** in 2020

The total number of new policies issued declined **10.8%**

Total in-force premium reached **\$5 billion** in 2020 (up by 1.3%)

Total policies in-force were level at **3.1 million** (down by -0.4%)

Total benefit amounts in-force were level at **\$19.6 billion** (down by -0.2%)

Non-Cancelable represents **\$4.3 billion (85%)** of total in-force premium

Guaranteed Renewable in-force premium reached **\$701.3 million** (up by 3%)

Buy-Sell in-force premium declined **-3.7%**, a negative result for the 12th consecutive year

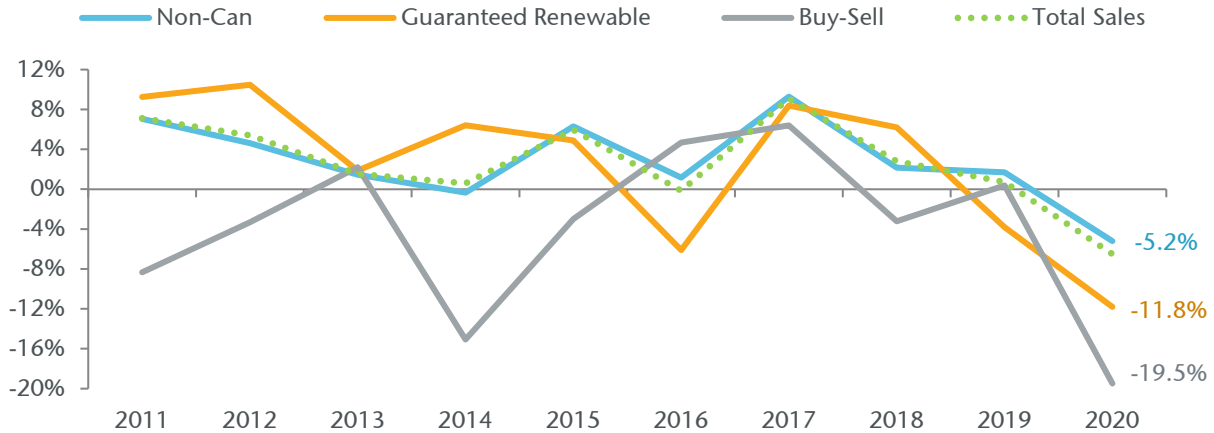
Total figures include Non-Cancelable, Guaranteed Renewable, and Buy-Sell products combined.

EXECUTIVE SUMMARY

Market Growth – New Business

Total new sales premium from Non-Cancelable, Guaranteed Renewable and Buy-Sell combined declined by nearly 7% to \$398.9 million in 2020. Non-Can sales premium was down 5% and GR sales premium decreased by 12%. Buy-Sell sales fared the worst, falling by almost 20%. (Exhibit A)

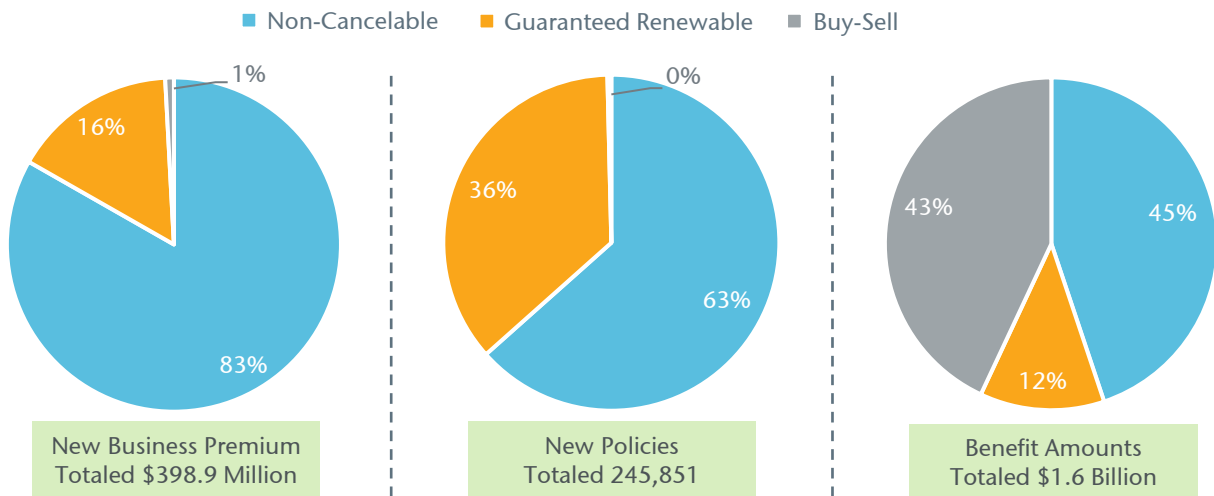
Exhibit A. Sales Premium Growth Rate Trends



Of the \$398.9 million in total new sales premium, Non-Can products represent 83% or \$332.1 million, and GR represents 16% or \$63.5 million. Buy-Sell accounts for less than 1% of new sales premium and policies yet represents 43% of the total new benefit amounts in 2020. (Exhibit B)

The number of new policies issued declined by 11%; from over 275,000 in 2019 to 245,851 in 2020. Total benefit amounts fell by more than 10% to \$1.6 billion.

Exhibit B. 2020 New Business by Product



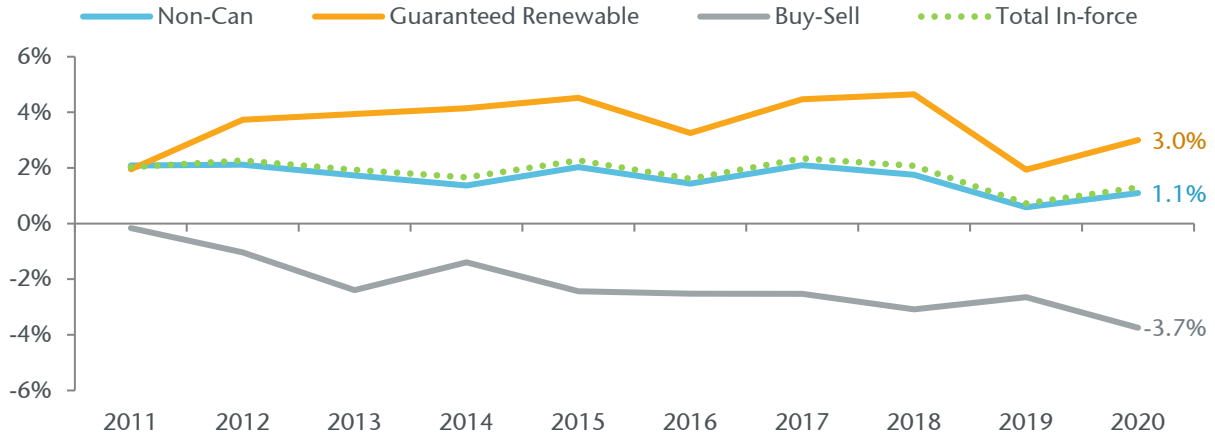
Note: Exhibits may not total 100% due to rounding.

EXECUTIVE SUMMARY

Market Growth – In-force Business

Total in-force premium from Non-Cancelable, Guaranteed Renewable and Buy-Sell combined was up 1.3% to \$5 billion in 2020. Non-Can was fairly level at 1%, GR increased 3%, while Buy-Sell fell nearly 4%; posting negative results for the 12th consecutive year. (Exhibit C)

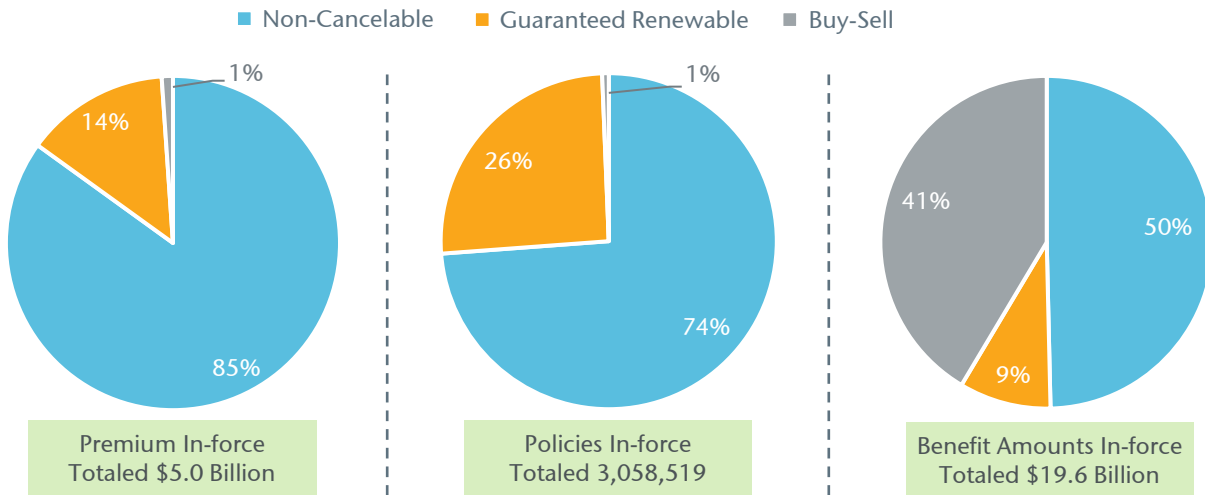
Exhibit C. In-force Premium Growth Rate Trends



Of the \$5 billion in total in-force premium, Non-Can products represent 85% or \$4.3 billion, and GR represents 14% or \$701.3 million. As with new sales, Buy-Sell accounts for 1% of in-force premium and policies but accounts for 41% of the total benefit amounts in 2020. (Exhibit D)

The number of in-force policies remained level at 3.1 million, as did the total benefit amount, remaining at \$19.6 billion.

Exhibit D. 2020 In-force Business by Product



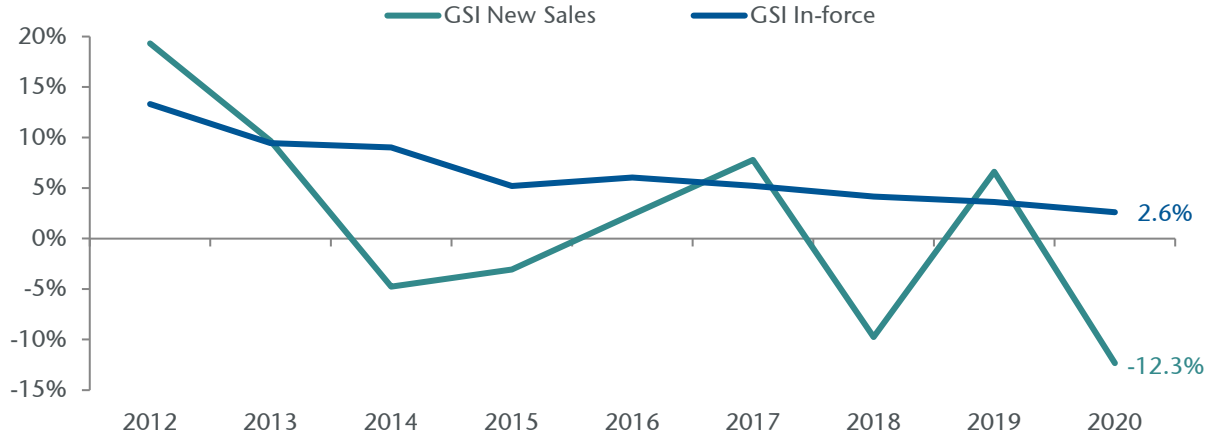
Note: Exhibits may not total 100% due to rounding.

EXECUTIVE SUMMARY

Market Growth – Guaranteed Standard Issue Business

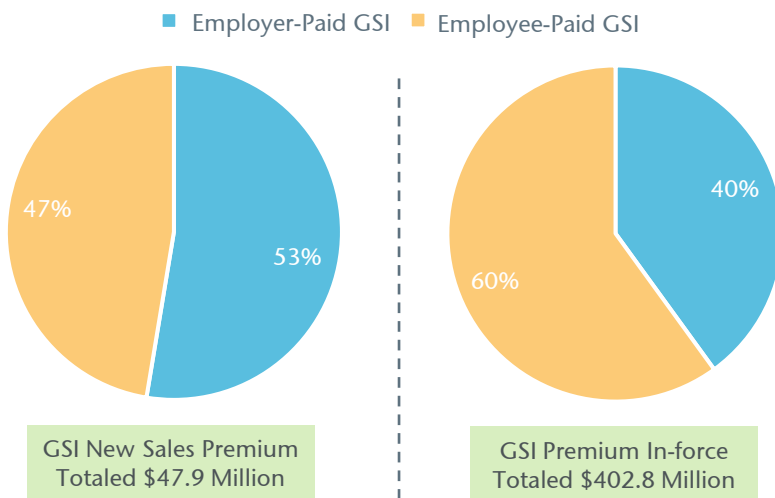
Total GSI new sales premium (Non-Can and GR combined) declined by more than 12% to \$47.9 million in 2020. Non-Can GSI, which accounts for 98% of the total, fell 12.2% to \$46.9 million, while GR GSI fell 16.5% to just under \$1 million. Total GSI in-force premium grew by 2.6% to \$402.8 million. (Exhibit E)

Exhibit E. Guaranteed Standard Issue Premium Growth Rate Trends



Of the total GSI new sales premium, employer-paid accounts for \$25.2 million (53%) and employee-paid accounts for \$22.7 million. (Exhibit F)

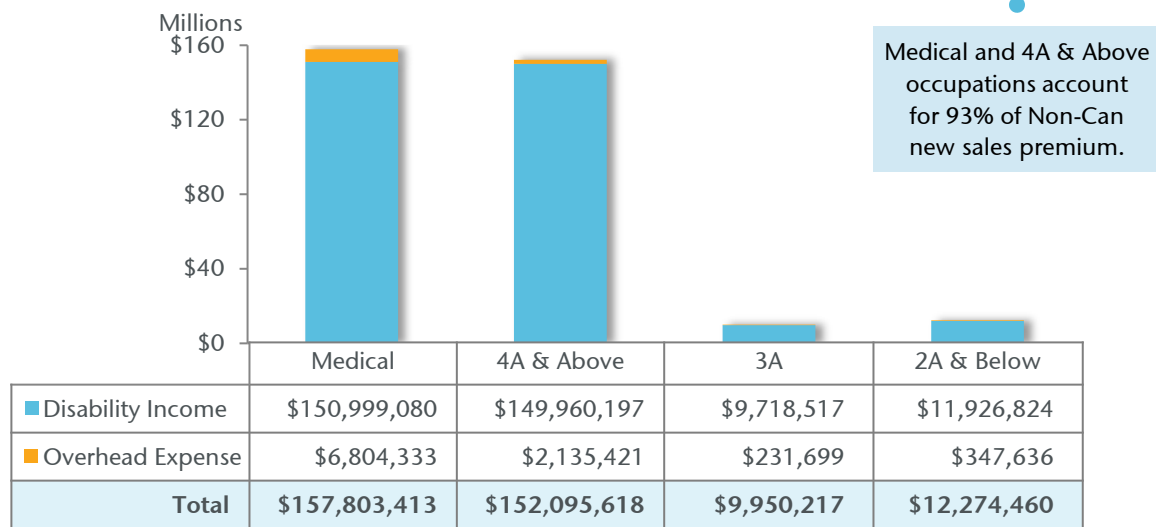
Exhibit F. Percentage of Employer-Paid and Employee-Paid GSI, 2020



Non-Cancelable – New Business

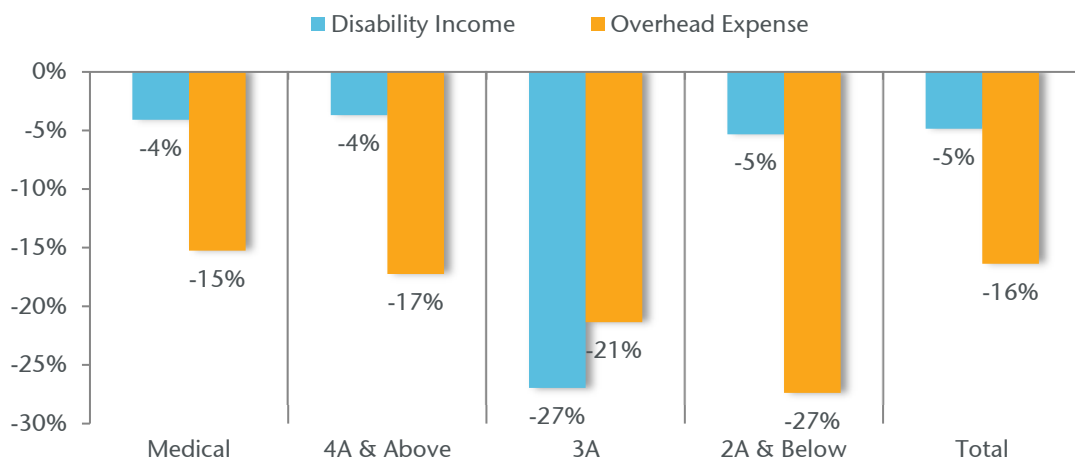
Participating companies reported \$332.1 million of Non-Cancelable new sales premium. Disability Income (DI) represents \$322.6 million or 97% and Overhead Expense (OE) accounts for \$9.5 million. (Exhibit G)

Exhibit G. Non-Cancelable Sales Premium by Policy Type and Occupational Class



Overall, Non-Can new sales premium declined by 5%; DI fell 5% and OE sales premium fell 16%. DI premium from the 3A occupational category went from \$13.3 million in 2019 to \$9.7 million in 2020; a decrease of 27%. OE premium from the 3A and 2A & Below occupational categories decreased 21% and 27%, respectively. (Exhibit H)

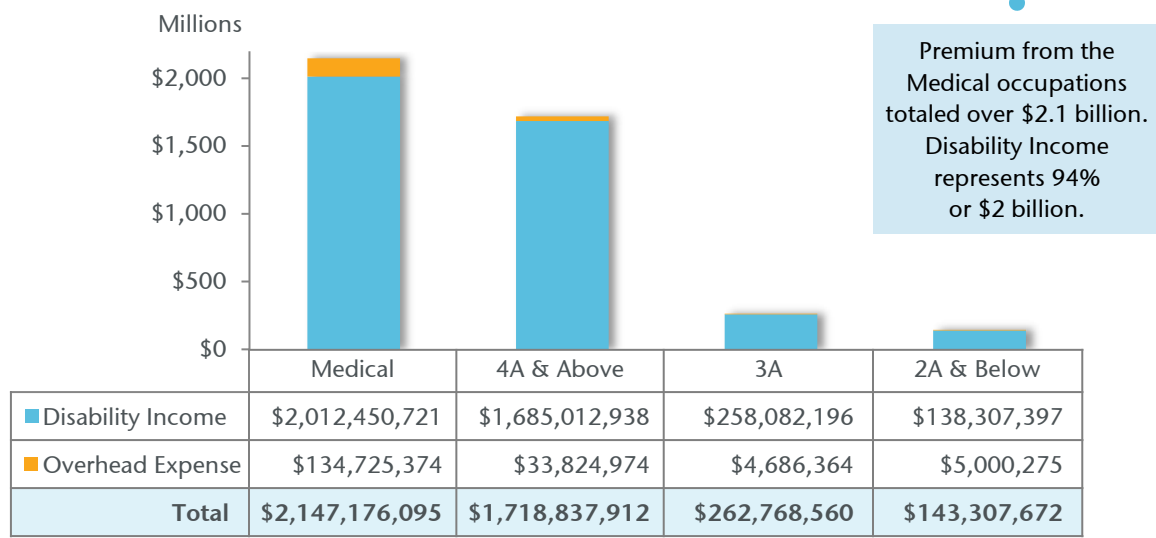
Exhibit H. Percentage Change in Non-Can Sales Premium by Type and Occupational Class



Non-Cancelable – In-force Business

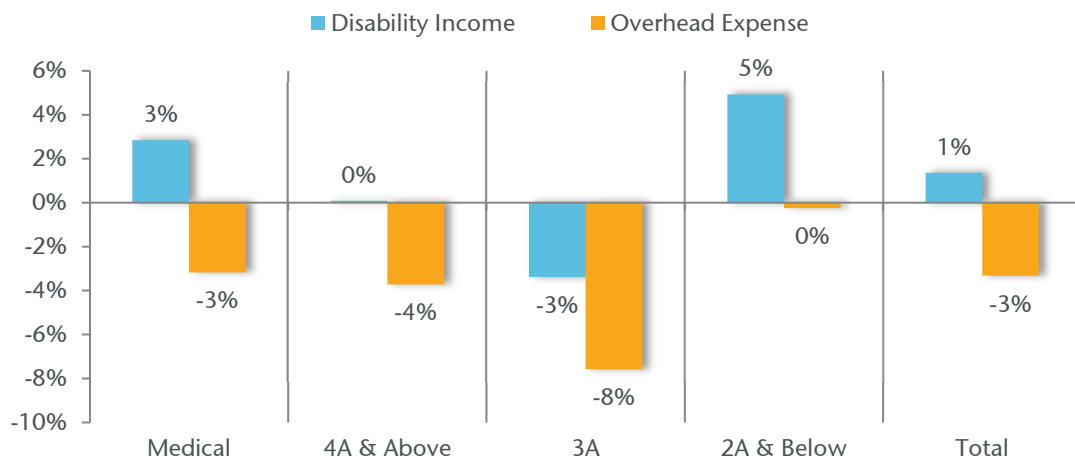
Participating companies reported \$4.3 billion of Non-Cancelable in-force premium. DI represents \$4.1 billion or 96% and OE accounts for the remainder. (Exhibit I)

Exhibit I. Non-Cancelable In-force Premium by Policy Type and Occupational Class



Non-Can in-force premium from DI grew 1%, mainly due to the Medical and 2A & Below occupational categories increasing by 3% and 5%, respectively. In-force premium from OE policies fell 3%, with all occupational classes declining. The 3A class fared the worst with premium falling by 8%. (Exhibit J)

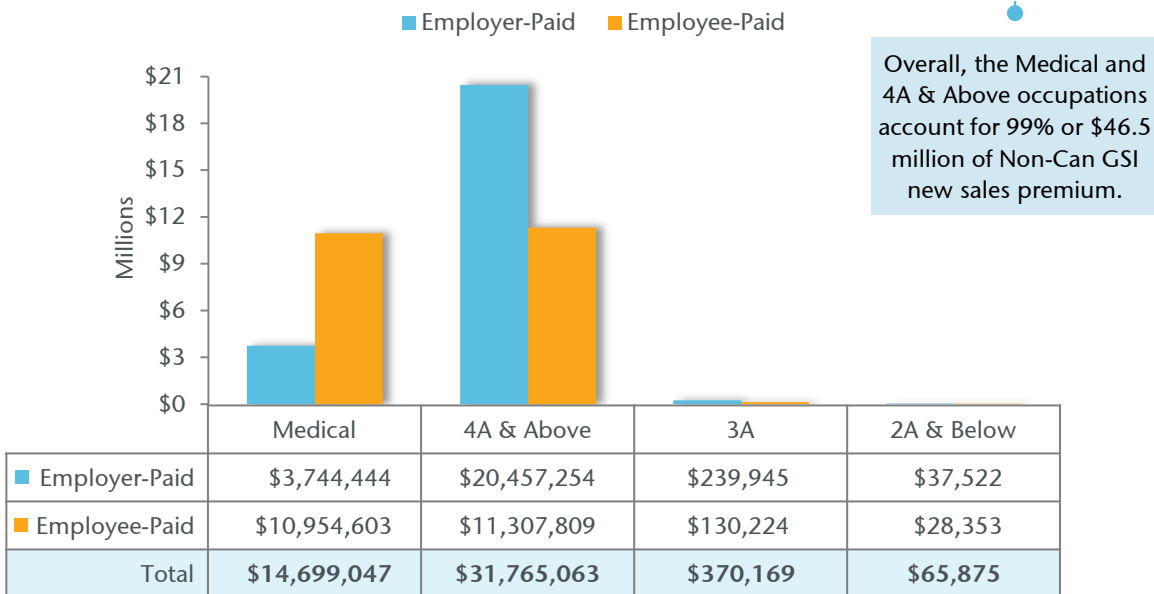
Exhibit J. Percentage Change in Non-Can In-force Premium by Type and Occupational Class



Non-Can Guaranteed Standard Issue – New Sales and In-force Business

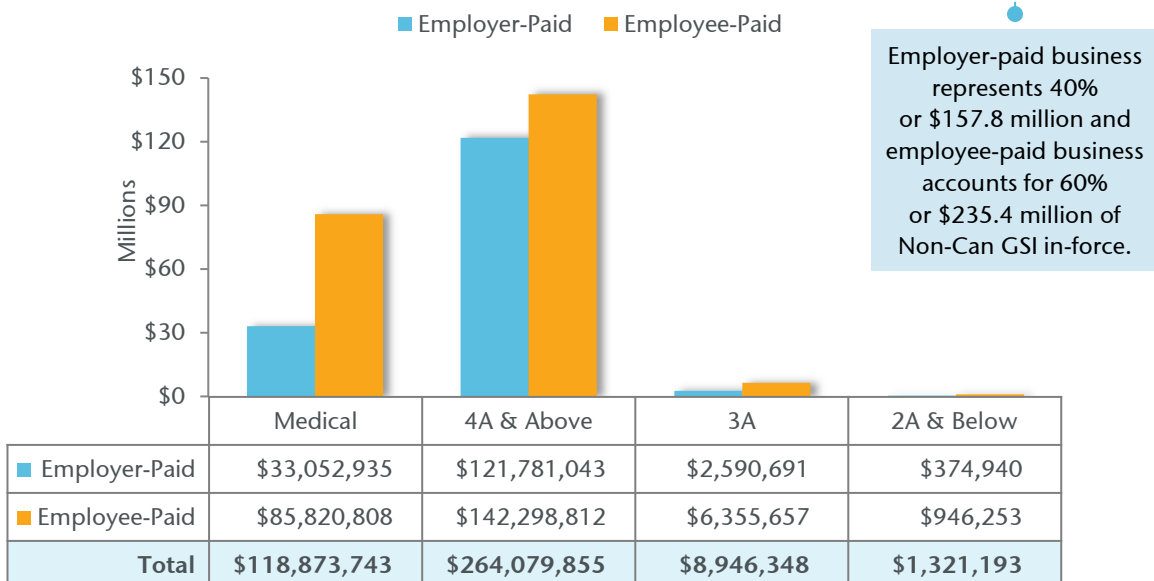
Participating companies reported \$46.9 million of Non-Can GSI sales premium, decreasing 12% compared to 2019. Employer-paid premium accounts for \$24.5 million (52%) and employee-paid premium accounts for \$22.4 million. (Exhibit K)

Exhibit K. Non-Can GSI Sales Premium



For 2020, eight companies reported \$393.2 million of Non-Can GSI in-force premium; an increase of 3% over 2019. Premium from 4A & Above occupations, which accounts for 67% of the total, increased 4% to \$264.1 million, while premium from the 2A & Below occupations decreased 11% to \$1.3 million. (Exhibit L)

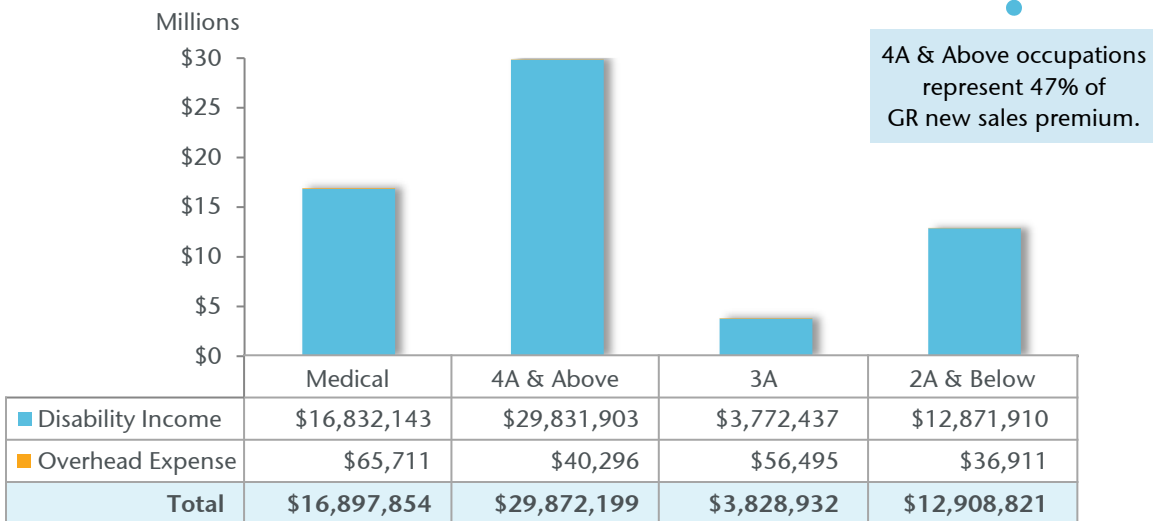
Exhibit L. Non-Can GSI In-force Premium



Guaranteed Renewable – New Business

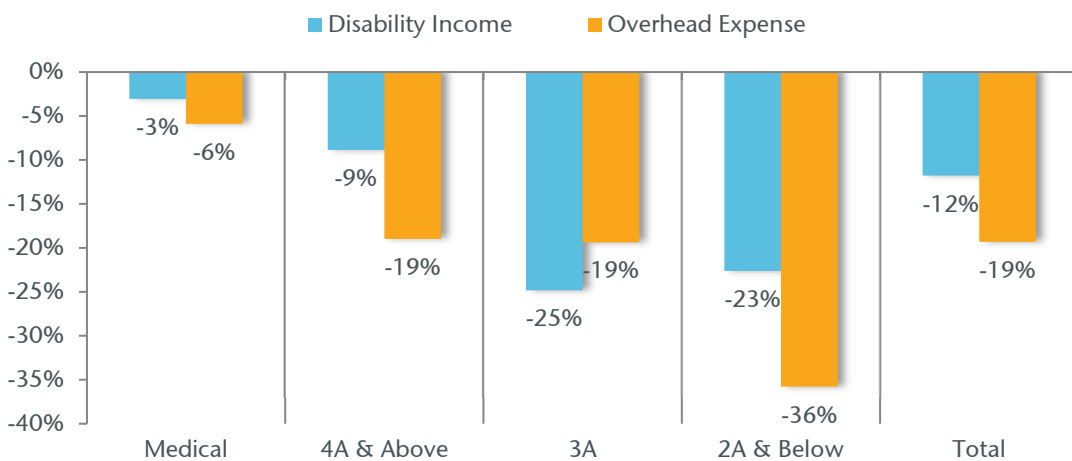
Participating companies reported \$63.5 million of GR new sales premium, a decline of 12% over 2019. DI accounts for nearly all at \$63.3 million, while OE premium represents less than \$200,000. (Exhibit M)

Exhibit M. GR Sales Premium by Policy Type and Occupational Class



GR new sales premium from DI and OE declined 12% and 19%, respectively. Overall, premium from the 3A occupational class fell 25%; DI declined 25% and OE fell 19% in 2020. (Exhibit N)

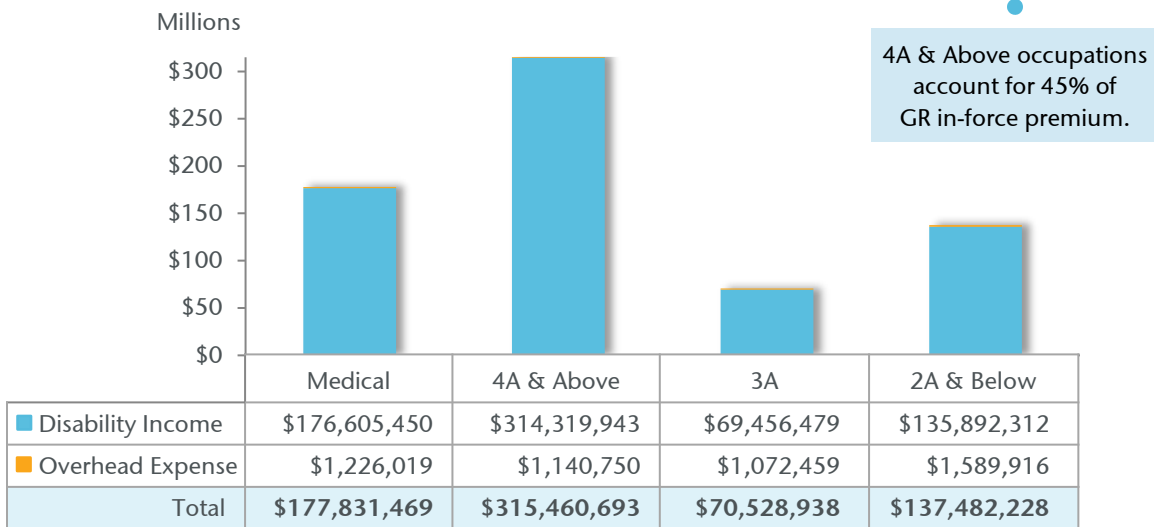
Exhibit N. Percentage Change in New GR Premium by Type and Occupational Class



Guaranteed Renewable – In-force Business

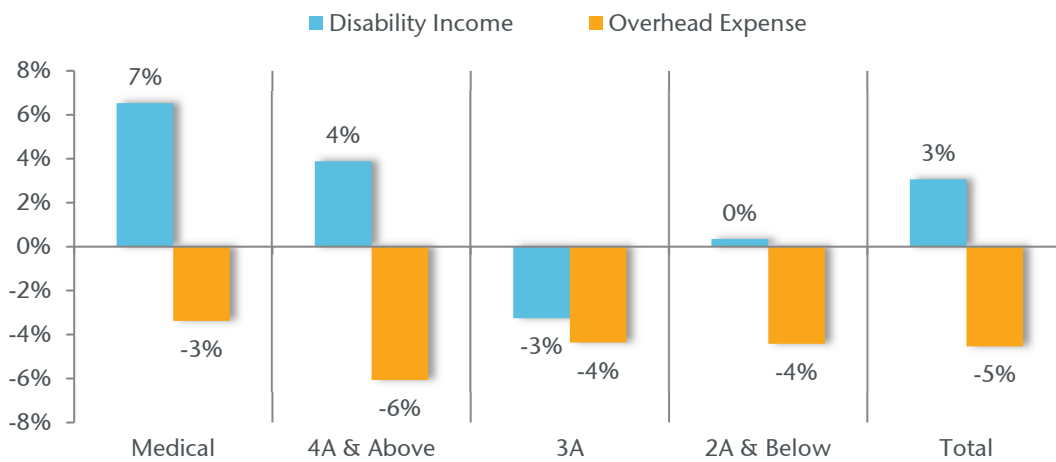
Participating companies reported \$701.3 million of Guaranteed Renewable (GR) in-force premium, up 3% over 2019. Disability Income accounts for \$696.3 million or 99%. (Exhibit O)

Exhibit O. GR In-force Premium by Policy Type and Occupational Class



GR in-force premium from DI grew 3%, with the Medical and 4A & Above occupational categories increasing by 7% and 4%, respectively. In-force premium from OE policies fell 5%, with all occupational classes declining. (Exhibit P)

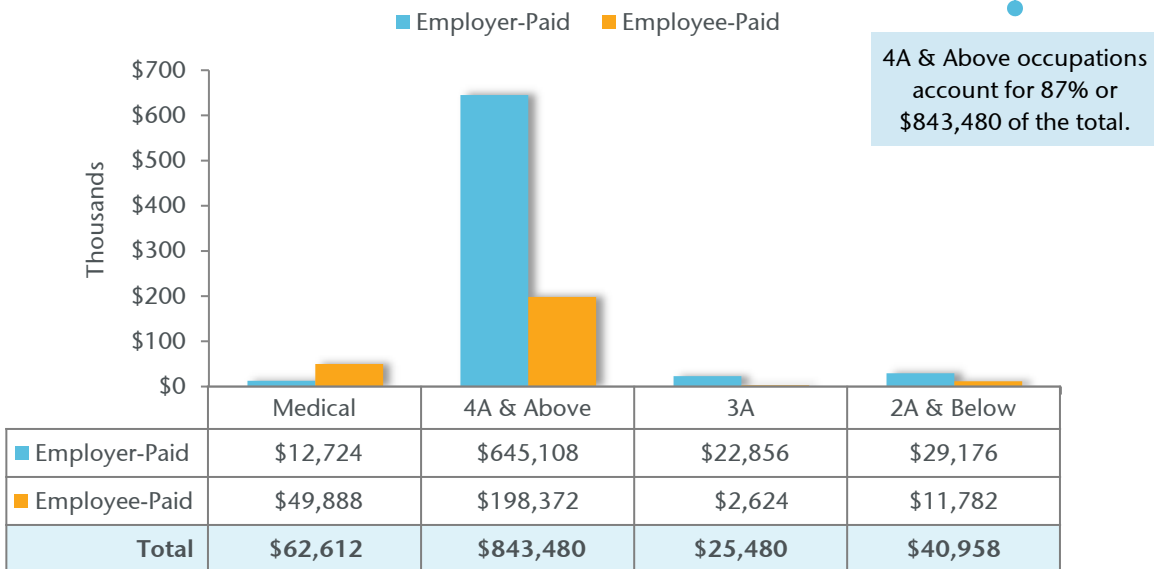
Exhibit P. Percentage Change in GR In-force Premium by Type and Occupational Class



GR Guaranteed Standard Issue – New Sales and In-force Business

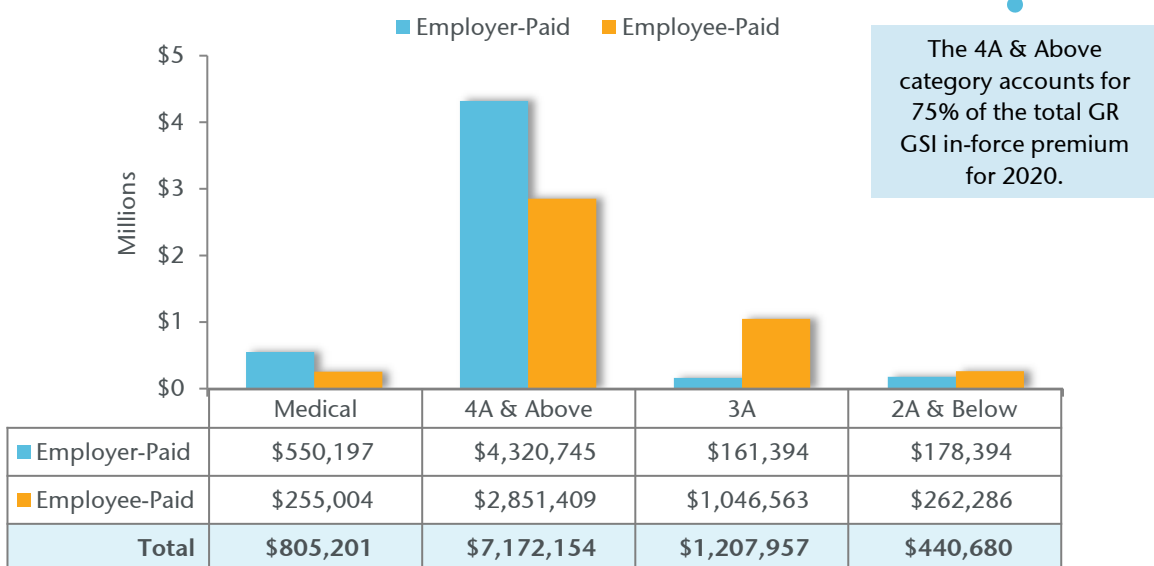
Participating companies reported \$972,530 of GR GSI new sales premium, falling 17% compared to 2019. Overall, employer-paid business accounts for 73% or \$709,864, while employee-paid business represents 27% or \$262,666 (Exhibit Q)

Exhibit Q. GR GSI Sales Premium



Five companies reported over \$9.6 million of GR Guaranteed Standard Issue in-force premium for 2020, a decline of 7% compared to 2019 results. Employer-paid premium represents 54% or \$5.2 million and employee-paid accounts for 46% or \$4.4 million. (Exhibit R)

Exhibit R. GR GSI In-force Premium



Buy-Sell – New Sales and In-force Business

Seven companies reported over \$54.8 million in Buy-Sell in-force premium; declining by 4% compared to 2019. Results for new sales premium has been more volatile, falling nearly 20% from \$4.1 million in 2019 to \$3.3 million. (Exhibit S)

Exhibit S. Buy-Sell Premium Growth Rate Trends

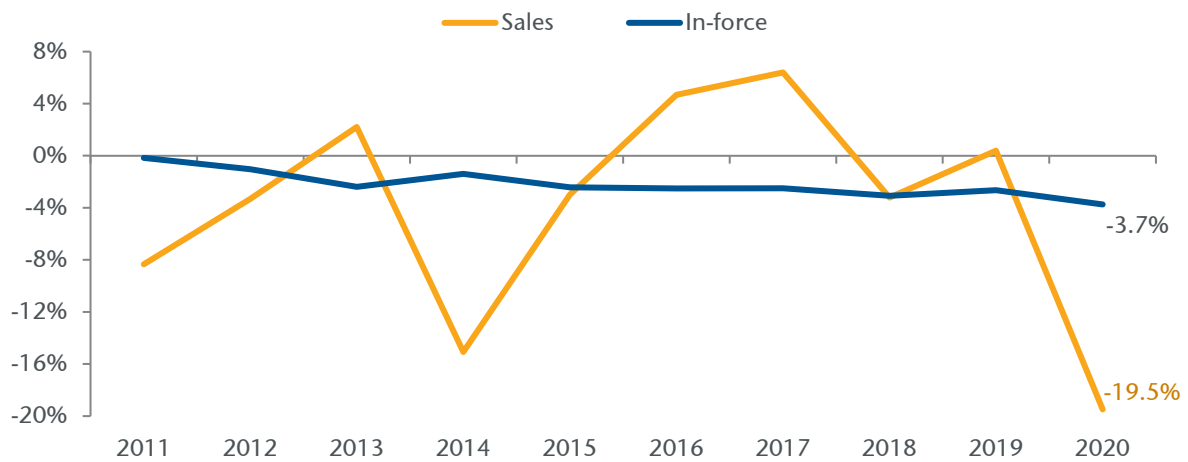
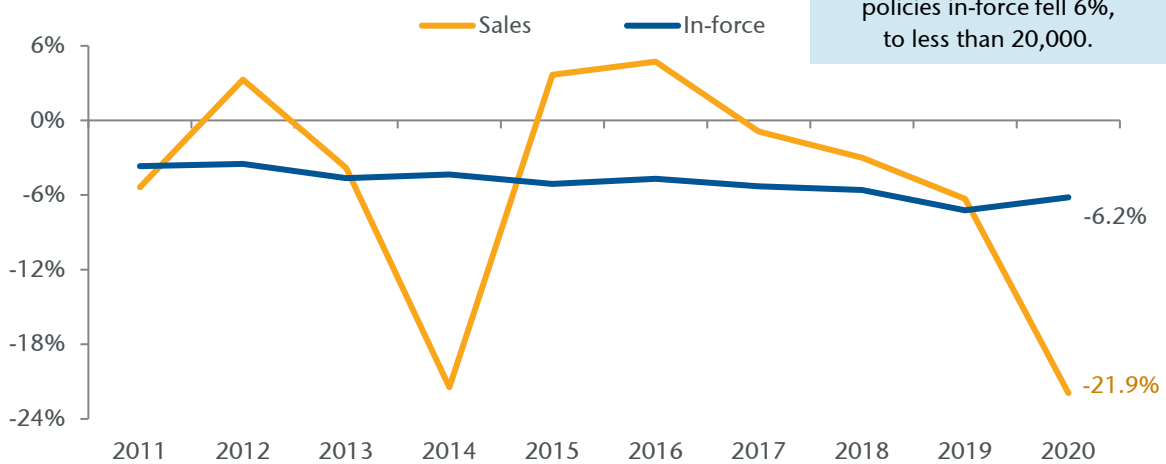


Exhibit T. Buy-Sell Policy Growth Rate Trends



Less than 1,000 new Buy-Sell policies were issued in 2020, a decline of 22% compared to 2019. Additionally, Buy-Sell policies in-force fell 6%, to less than 20,000.

GEN RE RESEARCH CENTER

9 Donald B. Dean Drive
South Portland, ME 04106
Tel. 207 347 4600

genre.com/research-center

The difference is...the quality of the promise.



genre.com | genre.com/perspective | Twitter: @Gen_Re

Gen Re has produced this comprehensive report for the exclusive use of the participating companies. No part may be shared with other organizations, redistributed, reproduced or reprinted in whole or in part without Gen Re's written permission. The information contained in this report has been gathered from participating companies. Gen Re takes great care to check and verify the data provided, but makes no representation as to the accuracy of information submitted by participating companies.

© 2021 General Re Life Corporation. No portion of this publication may be reproduced without permission.