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2015-2022 Group Long-Term Disability Incidence Study Report

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AUTHORS Society of Actuaries Research Institute
LIMRA

OVERSIGHT Group Disability Experience
Committee (GDEC)



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Introduction

The Society of Actuaries (SOA) Research Institute's Group Disability Experience Committee (GDEC or the Committee) and LIMRA have jointly conducted a Group Long-Term Disability (LTD) Incidence Study (Study) covering January 2015 through June 2022. The intent of this study is to measure incidence rates for 2015 through 2022 in aggregate, as well as by several categorical variables, including elimination period (EP), industry groups, case size bands, geographic areas, and diagnosis. Nineteen individual companies contributed data to the current study, encompassing 97% of the industry. The Study contains about 294 million life-years exposed and about 1.2 million claims over the study period.

The study was restricted to fully insured Group LTD business; therefore, the following business was explicitly excluded from the study:

1. Administrative Services Only (ASO) LTD
2. Groups with an elimination period of less than 30 days or with a benefit duration less than 24 months.
3. Any disability business on an individual policy form or contract
4. LTD contracts that have been ported or converted to an individual contract post EE-termination.
5. Worksite business that is sold with a long contract guarantee and attained age rates, e.g., multi-life individual disability policies.
6. Voluntary Association LTD

This brief summary of the Study is provided as an educational overview for the insurance industry. The full Study Report and accompanying datasets include complete details on exposures and claim incidence by important segmentation variables. The full Study Report and results database are included with a 2025 Subscription to Experience Studies Pro. Contact StudyPro@soa.org to learn about how to subscribe to Experience Studies Pro.

Executive Summary

The following are some of the more notable observations from the analyses detailed in this report:

- Almost 1.2 million claims were observed during the experience period. The average annual incidence rate was 4.03 claims per 1,000 covered lives.
- Coverage with a longer Elimination Period was generally associated with lower incidence rates. Most exposures had either a 3-month or 6-month elimination period. The average incidence rate for plans with a 3-month Elimination Period was 4.39, while the average incidence rate for plans with a 6-month Elimination Period was about 19% lower, at 3.57.
- 2015 and 2021 had the highest incidence rates in the study, at 4.17 and 4.18 per 1,000, respectively. The lowest incidence rate was observed in 2022¹, at 3.75. From 2016-2020, the trend of incidence rates was relatively flat, ranging between 3.94 and 4.07.
- Incidence rates generally increased with increasing group size. Groups with over 5,000 lives had incidence rates of 4.43 per 1,000, while groups with under 25 lives had incidence rates of only 3.44 per 1,000. Thus, the incidence rates for the largest groups were 29% higher than that of the smallest groups. Because smaller groups were also found to have shorter elimination periods, the actual effect of group size on claim costs is likely even more significant.
- Non-Contributory/100% Employer-Paid plans, which comprised nearly half the study data, had a relatively low incidence rate of 3.55 per thousand, 12% lower than the aggregate incidence rate.
- The Committee categorized claims by diagnosis type. The Other Musculoskeletal and Back (16.7%) and Cancer (15.9%) categories had the largest distribution of claims, combining for nearly one-third of the study incidences.



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¹ Only the first half of 2022 was included in the study.

Study Results

Table 1

STUDY-WIDE INCIDENCE RATES BY ELIMINATION PERIOD

Elimination Period	Percentage of Total Exposure	Incidence Rate Per 1,000 Life-Years
1 Month	1%	17.78
2 Months	1%	3.85
3 Months	37%	4.39
4-5 Months	2%	3.97
6 Months	48%	3.57
12 Months	1%	2.76
Other/Unknown	10%	4.26
Total	100%	4.03

Table 2

RESULTS BY CALENDAR YEAR

Calendar Year	Percentage of Total Exposure	Incidence Rate Per 1,000 Life-Years
2015	12%	4.17
2016	13%	4.07
2017	13%	3.95
2018	13%	3.97
2019	14%	4.00
2020	14%	4.02
2021	14%	4.18
2022 (1st Half)	7%	3.75
Total	100%	4.03

Table 3

RESULTS BY CASE SIZE

Case Size	Percentage of Total Exposure	Incidence Rate Per 1,000 Life-Years
Under 10	1%	3.67
10-25	3%	3.35
26-100	9%	3.55
101-500	17%	3.69
501-1,000	9%	3.84
1,001-5,000	23%	3.98
Over 5,000	38%	4.43
Total	100%	4.03

Figure 1
DISTRIBUTION OF CLAIMS BY DIAGNOSIS CATEGORY

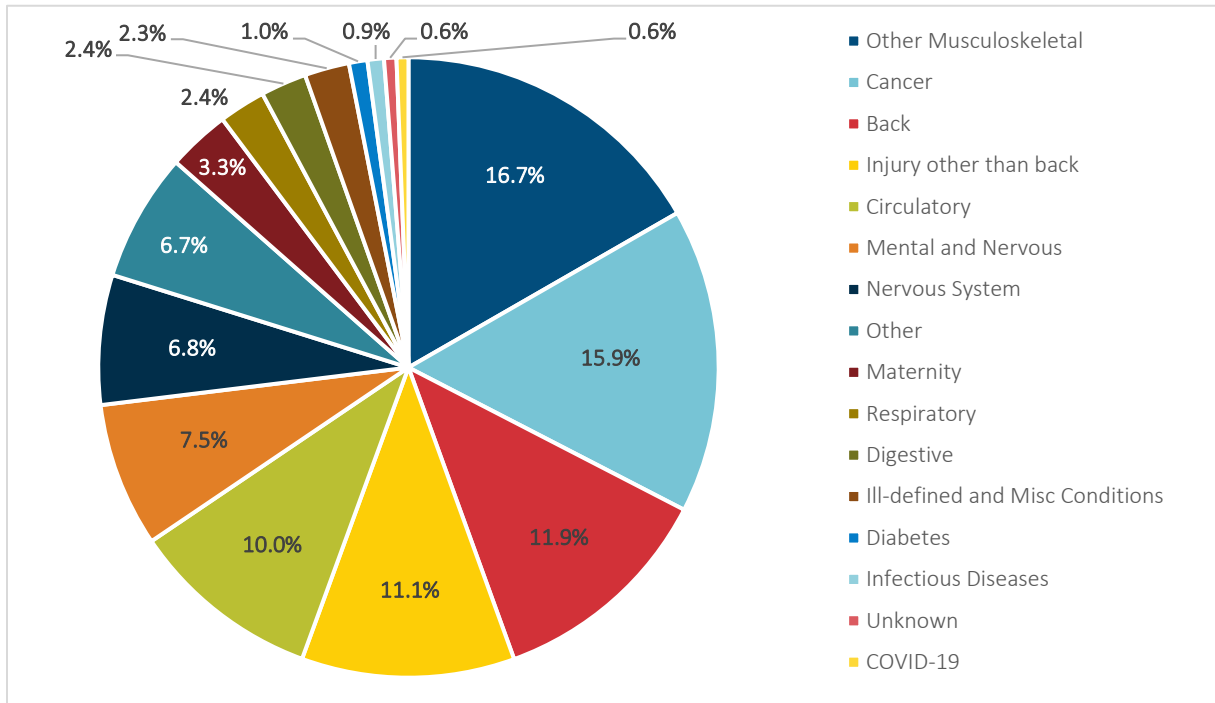


Table 4
RESULTS BY INDUSTRY CATEGORY

Collar	Life-Years of Exposure	Incidence Rate Per 1,000 Life-Years
Blue Collar	20%	5.12
Gray Collar	33%	4.81
White Collar	46%	2.99
Unknown	1%	3.75
Grand Total	100%	4.030

Reliance and Limitations

No assessment has been made concerning the applicability of this experience for purposes other than the intent of the study. In developing this report, the SOA Research Institute and LIMRA relied upon data and information supplied by the participating company contributors. For each contributor, this information includes, but is not limited to, the data submission for disability incidence experience and the responses to follow-up questions.

The results in this report are technical in nature and are dependent on certain assumptions and methods. No party should rely upon these results without a thorough understanding of those assumptions and methods. Such an understanding may require consultation with qualified professionals. This report should be distributed and reviewed only in its entirety.



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Kathy Davis, FSA, MAAA (Chair)

Arber Dhamo, ASA, MAAA (Vice-Chair)

Kelly Ayer, FSA, MAAA

Jay Barriss, FSA, MAAA

Maxwell Berube, FSA, MAAA

Leo Carrier, ASA

Thomas Corcoran, FSA, MAAA, CERA

Adam Eggert, ASA, MAAA

Daniel Fix, FSA, MAAA

Frederick Flores, FSA, MAAA

Eric Gale, FSA

Luce Giroux, FSA, MAAA, FCIA

Dennis Goebel, ASA, MAAA

Jiayu Guo, FSA, MAAA

Thomas Hinrichs, FSA, MAAA

Patrick Keough, FSA, MAAA

Tasha Khan, FSA, MAAA

Teong Khor, FSA, MAAA

Richard Leavitt, ASA, PhD

Eric Poirier, FSA

Rachel Smith, ASA

Patrick Wallner, FSA, MAAA

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Daniel Busa, LIMRA

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About LIMRA

Established in 1916, LIMRA is a research and professional development not-for-profit trade association for the financial services industry. More than 600 insurance and financial services organizations around the world rely on LIMRA's research and educational solutions to help them make bottom-line decisions with greater confidence. Companies look to LIMRA for its unique ability to help them understand their customers, markets, distribution channels and competitors and leverage that knowledge to develop realistic business solutions.

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Society of Actuaries Research Institute
8770 W Bryn Mawr Ave, Suite 1000
Chicago, Illinois 60631
www.SOA.org