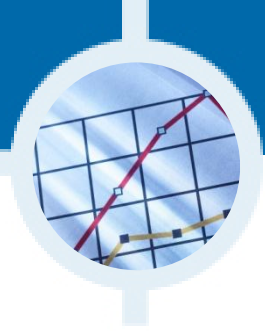


U.S. Individual Disability Income Insurance Sales Annual 2010

Karen Terry
860-285-7757
kterry@limra.com

This publication is a benefit of LIMRA membership. No part may be shared with other organizations or reproduced in any form without LIMRA's written permission.

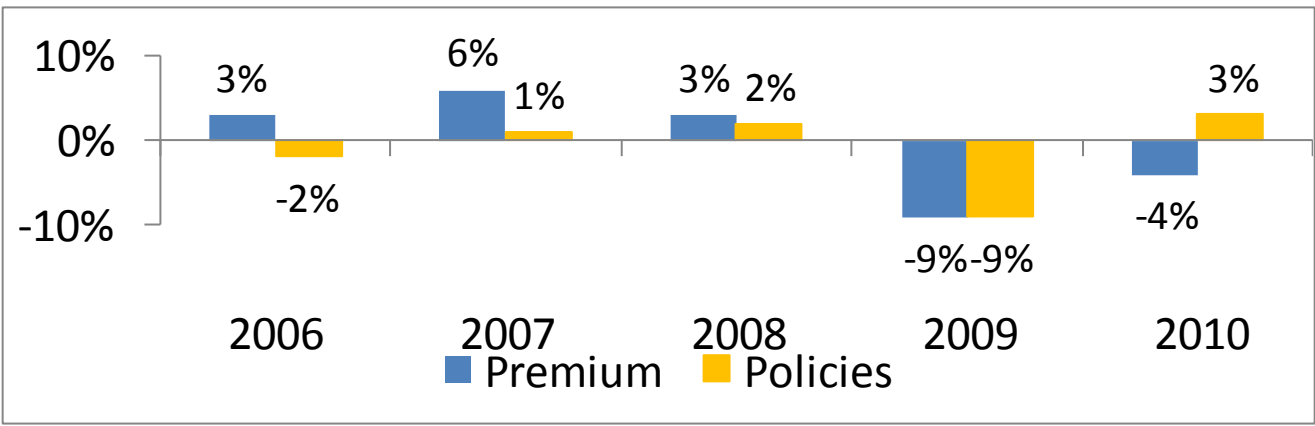


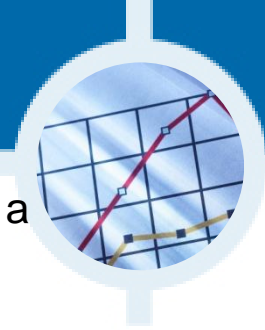


U.S. Individual Disability Income Sales

- ▶ The decrease in individual disability sales accelerated slightly in the fourth quarter with a 4 percent decline in new premium compared with 2 percent in the prior two quarters. Sales for the year were down 4 percent. Only 4 carriers reported increased sales for the year.
- ▶ Policy sales also slipped in the fourth quarter, down 2 percent, although they ended the year with an increase following a strong second and third quarter. Growth was driven by top carriers as the majority of companies outside of the top 5 posted declines in policy sales.

Sales Trends





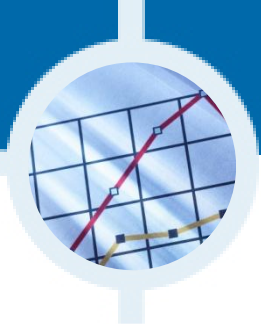
U.S. Individual Disability Income Sales

- ▶ Noncancellable sales were down for all four quarters of 2010, ending the year with a 7 percent decline. All but 3 carriers experienced decreases, most in the double digits.
- ▶ After 2 quarters of growth guaranteed renewable sales were down 2 percent in the 4th quarter. For 2010 overall guaranteed renewable sales were flat, up 1 percent. Top carriers drove the positive results as only one company outside of the top 5 reported an increase in sales.

Annual 2010 Sales

	Annualized premium	Growth rate 10/09	Policies	Growth rate 10/09
Guaranteed renewable	\$211,133,105	1%	344,106	8%
Noncancellable	\$280,671,163	-7	140,480	-7
Total	\$491,804,268	-4	484,586	3

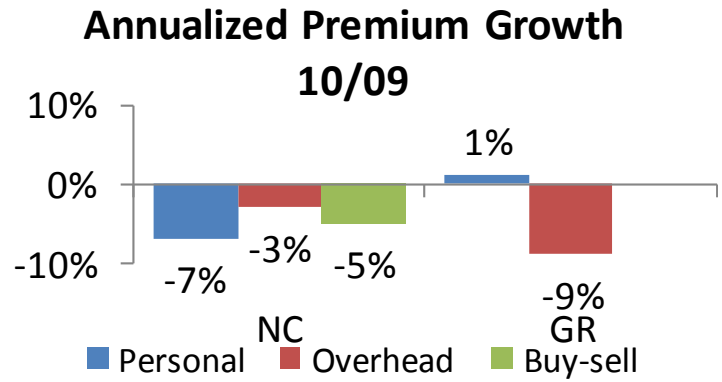
Individual Disability Coverage Type



- ▶ Annualized premium sales were down for the year for both personal and business products. Guaranteed renewable personal sales were the only positive note, eking out a slight increase over 2009. All products ended the year with a decline for most carriers.
- ▶ In contrast, policy sales were more positive for most products. Sales were up for both personal and overhead expense products. Buy-sell policy declines were in the double-digits for all but one carrier.

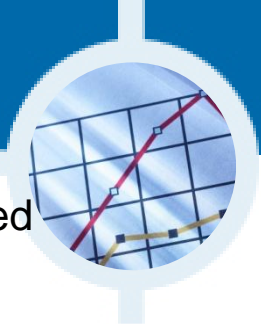
Annual 2010 Sales*

	Annualized premium	10/09	Policies	10/09
Personal	\$470,873,479	-4%	475,865	3%
Overhead expense	\$14,645,839	-4	6,656	1
Buy-sell	\$5,714,267	-5	1,750	-15



* Excludes key person insurance due to insufficient number of carriers reporting

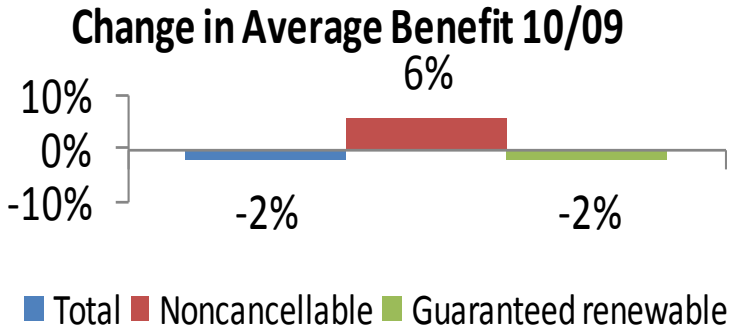
Individual Disability Benefit Amount



- ▶ In spite of an increase in average benefit amount, noncancellable benefits declined as a result of declining sales for the year.
- ▶ Guaranteed renewable benefits increased due to an increase in policy sales as the average benefit is down slightly compared with 2009.
- ▶ The average total individual disability benefit was down slightly over last year as carriers sold a higher proportion of smaller benefit guaranteed renewable policies. Total benefits sold were flat as increased policy sales balanced out the lower average benefit.

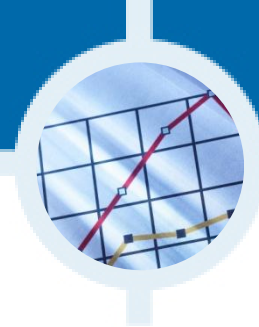
Annual 2010 Sales

	Benefit amount	10/09	Average benefit
Noncancellable	\$1,184,966,472	-2%	\$8,435
Guaranteed renewable	\$567,645,141	6	\$1,650
Total DI sales	\$1,752,612,613	+	\$3,617



+ Less than 1/2 of 1 percent.

This publication is a benefit of LIMRA membership. No part may be shared with other organizations or reproduced in any form without LIMRA's written permission.



U.S. Individual Disability Income Sales

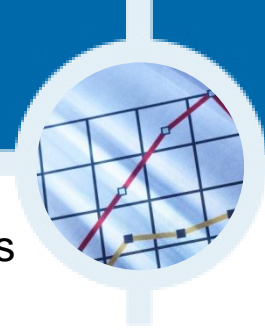
- ▶ Benefits declined for personal guaranteed renewable products which represent nearly three quarters of all personal policy sales. As a result the average personal benefit was down in spite of an increase in noncancellable benefit amount.
- ▶ The overhead expense average benefit was down for the year in total and for both products.

Annual 2010 Average Benefit*

	<u>Total DI</u>		<u>Noncancellable</u>		<u>Guaranteed renewable</u>	
	Average benefit	10/09 growth	Average benefit	10/09 growth	Average benefit	10/09 growth
Personal	\$2,262	-2%	\$3,855	3%	\$1,648	-2%
Overhead	\$10,973	-3	\$11,940	-3	\$2,511	-4
Buy-sell	\$316,128	13	\$316,128	13	NA	—

*Excludes key person insurance due to insufficient number of carriers reporting
 — Not applicable

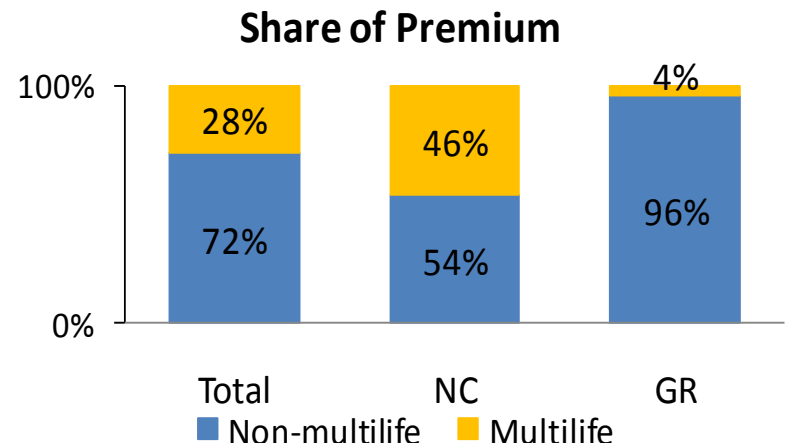
Individual Multilife Disability Sales and Market Share



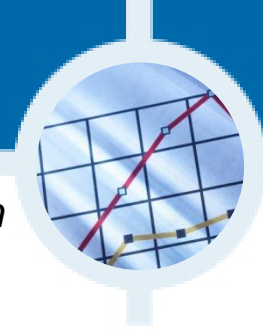
- ▶ Multilife sales ended the year with a slightly better performance than disability sales overall, down 2 percent compared to a 4 percent decline for total disability premiums. This was the result of a recovery in the second half of the year, when multilife premium increased in both of the last two quarters.
- ▶ The increase was driven by noncancellable products as guaranteed renewable multilife sales were down for the year compared with an overall increase for the product.

Annual 2010 Sales

	Annualized premium	10/09
Noncancellable	\$129,553,221	-2%
Guaranteed renewable	\$8,639,592	-8
Total multilife	\$138,192,815	-2%



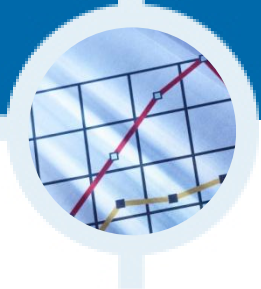
Impact of the Economy on Claims and Sales by Occupation or Market



Each quarter carriers are asked to respond to a question or series of questions on a hot topic. This quarter carriers were asked if they had seen an increase in claims or a shift in sales in specific occupations or markets due to the economic decline.

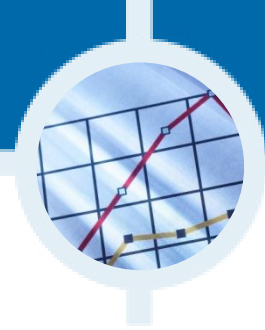
- ▶ While aware of the potential issue and concerned, only two of the thirteen carriers who responded have seen an increase in claims incidence during the economic downturn.
- ▶ Most carriers, while seeing an overall decline in sales have not seen an impact on specific occupational classes or markets.
- ▶ Those companies that have seen an impact cited decreases in nonmedical sales and employer-paid guaranteed standard issue or blue collar sales. One carrier has actually seen an increase in nonmedical disability sales.

Participating Companies



Assurity Life	Northwestern Mutual Life
Berkshire Life	Ohio National Life
Colonial Life and Accident	Principal Financial
COUNTRY Insurance and Financial Services	RiverSource
Federated Life	The Standard (Oregon)
Illinois Mutual	State Farm Mutual Automobile (Illinois)
MassMutual Financial	Thrivent Financial for Lutherans
MetLife Companies	Union Central Life (part of UNIFI companies)
Mutual of Omaha	Unum (includes Paul Revere, Provident Life and Accident, and Unum)

Definitions



Noncancellable — The insured has the right to renew the policy to a stated age by timely payment of the premium. A guaranteed premium rate is set forth in the contract and may not be changed by the insurer. While the contract is in force, the company cannot cancel the policy or make any unilateral change in its benefits.

Guaranteed renewable — The insured has the right to renew the policy to a stated age by timely payment of the premium. On the policy anniversary, the company has the right to change the premiums for all insureds of the same class but cannot cancel the policy or make any unilateral change in its benefits.

Overhead — Provides income for paying business overhead expenses that continue while a business owner is disabled.

Buy-sell — Helps fund a buy-out agreement of a disabled partner when disability is long term or permanent.

Key-person — Provides protection of a business firm against financial loss caused when a key member of the firm becomes disabled

Multilife — Traditional individual disability income insurance sold to three or more lives with some affinity, usually employment by the same firm. The target market for these products is usually the professional occupation classes, although individual cases may include some blue/grey collar sales. These products usually offer long-term benefit periods (e.g., to age 65 or 67).



Call...
LIMRA*first*

Research • Assessment & Development • Consulting • Compliance



HARTFORD • MIAMI • TORONTO • LONDON • KUALA LUMPUR • SHANGHAI • HO CHI MINH CITY • SEOUL

© 2010, LL Global, Inc.®

300 Day Hill Road, Windsor, CT 06095-4761, U.S.A.

Phone: 860-688-3358 • Fax: 860-298-9555 • Web: www.limra.com

