

Individual Disability Insurance

Disability Insurance Statistics

Individual Disability Insurance from Principal Life Insurance Company helps you protect your most valuable asset - your ability to work and earn an income. The following statistics will help you understand the need for disability insurance protection.

Need for Protection

A disability can happen to anyone...at any time.

- In the last 10 minutes, 490 Americans became disabled.
- National Safety Council®, Injury Facts® 2010 Ed.
- In 2008, there were 2.1 million disabling injuries caused by a motor vehicle accident; there were 39,000 fatal motor vehicle accidents.
- National Safety Council®, Injury Facts® 2010 Ed.
- In the U.S., a disabling injury occurs every 1 second, a fatal injury occurs every 4 minutes.
- National Safety Council®, Injury Facts® 2010 Ed.
- In the home a fatal injury occurs every 12 minutes and a disabling injury every 3 seconds.
- National Safety Council®, Injury Facts® 2008 Ed.
- There is a death caused by a motor vehicle crash every 12 minutes; there is a disabling injury every 13 seconds.
- National Safety Council®, Injury Facts® 2008 Ed.
- At age 40, the average worker faces only a 14 percent chance of dying before age 65 but a 21 percent chance of being disabled for 90 days or more.
- Insurance Information Institute, www.iii.org November, 2005
- The probability of a white-collar worker becoming disabled for 90 days or longer between the ages of 35 and 65 is 27% for men and 31% for women.
- Millman, sponsored by Life and Health Insurance Foundation for Education (LIFE), "The Real Risk of Disability in the United States", 2007 (<http://www.lifehappens.org/pdf/Real-Risk-of-Disability-paper-FINAL.pdf>)
- 43% of all people age 40 will have a long-term disability event prior to age 65.
- JHA Disability Fact Book, 2008
- 51.2 million Americans have some level of disability. They represent 18% of the population.
- U.S. Census Bureau, July, 2006
- The number of disabled workers in America has risen by 35% since 2000.
- Social Security Administration, 2007
- Almost 3 in 10 workers entering the workforce today will become disabled before retirement.
- Social Security Administration, Fact Sheet, January 31, 2007
- In 2007, the employment rate of working-age people with disabilities in the U.S. was 36.9%.
- U.S. Census Bureau, American Community Survey, 2007

- A new Harvard University report reveals that **62 percent of all personal bankruptcies** filed in the U.S. in 2007 were due to an inability to pay for medical expenses.
- June 4, 2009. *The American Journal of Medicine*
- Unfortunately, most Americans have little understanding of the likelihood of experiencing a disability. A recent CDA survey of workers found:
 - 90 percent underestimate their own chances of becoming disabled.
 - 85 percent express little or no concern that they might suffer a disability lasting three months or longer.
 - 56 percent do not realize that the chances of becoming disabled have risen over the past five years.
- Council for Disability Awareness, 2007 Disability Awareness Survey

Retirement Protection and American Savings Patterns

Most Americans can't afford to become disabled.

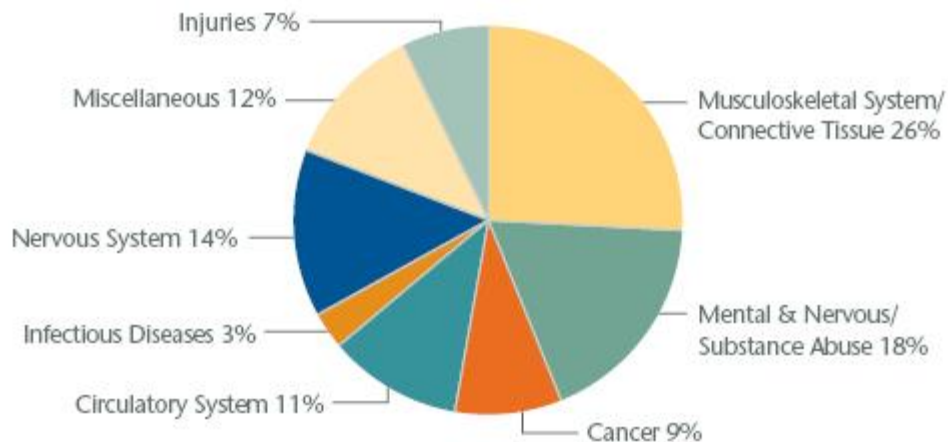
- In 2007, the median income of households that include any working-age people with disabilities in the U.S. was \$38,400.
- U.S. Census Bureau, American Community Survey, 2007
- Over 70% of working Americans do not have enough savings to meet short-term emergencies.
- National Investment Watch Survey, A.G. Edwards Inc., 2004
- Over 50% of the workforce has no private pension coverage and a third have no retirement savings.
- Social Security Administration, Fact Sheet 2007
- 71% of American employees live from paycheck to paycheck.
- American Payroll Association, "Getting Paid in America" Survey, 2008
- Only 40% of adult Americans have separate emergency savings funds.
- National survey commissioned by the Consumer Federation of America (CFA) and carried out by Opinion Research Corporation, February 2007
- More than 35% of workers with 401(k) or IRA plans have not thought about or don't know what would happen to their contributions if they were unable to earn an income for a period of time.
- Council for Disability Awareness, 2007 Disability Survey

Causes of Disability

Illnesses generally cause disabilities, not accidents.

- 90% of disabilities are caused by illnesses.
- JHA Disability Fact Book, 2008 Edition
- Over 85% of disabling accidents and illnesses are not work related.
- National Safety Council®, Injury Facts® 2008 Ed.
- While many people think that disabilities are typically caused by freak accidents, the majority of long-term absences are actually due to illnesses, such as cancer and heart disease.
- Life and Health Insurance Foundation for Education November, 2005
- For insured men and women in their prime working years (30-59), the medical conditions causing the most disabilities are cardiovascular problems, musculoskeletal conditions and cancer. One notable exception is the impact of pregnancy on female disability risk. Among women ages 30-39, disabilities due to pregnancy (mostly complications of pregnancy) are the most prominent claim type.
- Millman, sponsored by Life and Health Insurance Foundation for Education (LIFE), "The Real Risk of Disability in the United States", 2007 (<http://www.lifehappens.org/pdf/Real-Risk-of-Disability-paper-FINAL.pdf>)
- Stroke is a leading cause of serious long-term disability.
- Centers for Disease Control and Prevention, 2007

- Common causes of individual disability insurance claims are:



Source: Principal Life Disability insurance claims incurred as of March 2009. The above is for illustration purposes only and is not intended as an inclusive representation of all claims.

Disability Duration

An average disability may last longer than you think.

- The average duration of a long-term disability is 30 months.
- JHA Disability Fact Book, 2006
- Nearly 1 in 5 Americans will become disabled for 1 year or more before the age of 65.
- Life and Health Insurance Foundation for Education. November 2005
- Three out of 10 workers between the ages of 25 and 65 will experience an accident or illness that keeps them out of work for 3 months or longer.
- Social Security Administration, Fact Sheet, January 31, 2007
- Nearly 1 in 3 Americans ages 35-65 will become disabled for more than 90 days
- 2005 Field Guide to Estate Planning, Business Planning & Employee Benefits, by Donald Cady

Disability Costs

Indirect and direct costs of a disability take financial tolls on everyone.

- One work-related disabling injury costs an employer on average \$48,000.
- National Safety Council®, Injury Facts® 2010 Ed.
- Off-the-job injuries to workers cost the nation at least \$253.3 billion and 225 million days of production time in 2008.
- National Safety Council®, Injury Facts® 2010 Ed.
- The average disability absence results in payments of \$3,800, while lost productivity costs on average over \$22,800.
- Integrated Benefits Institute, IBI News September 8th, 2006
- Employers spend 4.1% of payroll on unscheduled absences.
- Marsh/Mercer Health & Benefits, "Health, Productivity and Absence Management Programs", 2006 Survey report

- In 2006, unscheduled absence cost some large employers an estimated \$850,000 per year in direct payroll.
- CCH and Harris Interactive, "2006 CCH Unscheduled Absence Survey," October 2006
- Disabling injuries and illnesses account for 55% of employee absences.
- JHA 2005 Absence Management Survey, "Big-picture benefits: Integrating FMLA and disability claims data helps reduce absenteeism," by Chris Silva, September 2006
- Just 10% of disability cases account for more than half the total medical and disability costs.
- Integrated Benefits Institute, IBI News September 8th, 2008

Misconceptions

Common back-up plans to loss of income may not be an option.

- Nearly three-fourths of disabling injuries in 2008 are not work related, and therefore not covered by workers' compensation.
- National Safety Council®, Injury Facts® 2010 Ed.
- Less than half - 35% - of the 2.8 million workers who applied for Social Security Disability Insurance (SSDI) benefits in 2009 were approved.
- Social Security Online, disabled worker beneficiary statistics (<http://www.ssa.gov/OACT/STATS/dibStat.html>)
- The average monthly SSDI benefit is \$1,064.
- Social Security Administration, Monthly Statistical Snapshot, December 2009 (http://www.ssa.gov/policy/docs/quickfacts/stat_snapshot/)
- In 2007, the percentage of working-age people with disabilities receiving SSDI payments in the US was 17.1%.
- U.S. Census Bureau, American Community Survey, 2007
- Over 6.8 million workers are receiving SSDI benefits, almost half are under age 50. This represents only 13% of the over 51 million Americans classified as disabled.
- Social Security Administration, Fact Sheet 2007



WE'LL GIVE YOU AN EDGE®

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Disability insurance has limitations and exclusions. For costs and complete details of the coverage, contact your Principal Life financial representative.

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