

Summary of key results from 2017 U.S. Group Disability Market Survey

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The 2017 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 2016 and 2017. This document summarizes key results from the survey.

In total, 25 disability insurance companies contributed data to the 2017 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
USABLE Life
Voya Financial
Zurich North America Life

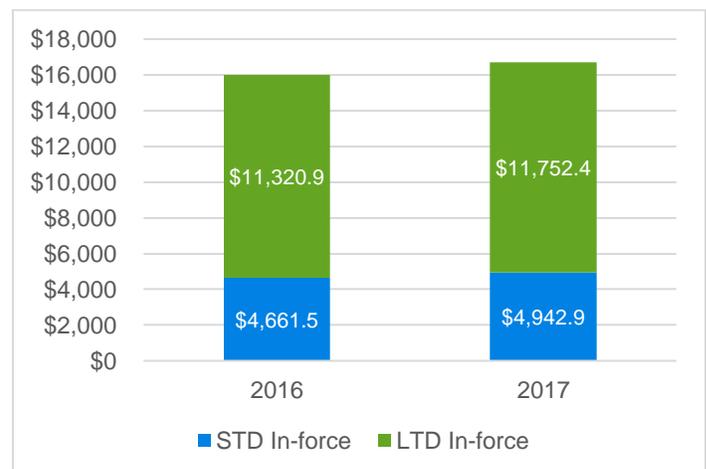
The group disability marketplace continues to consolidate. In March 2016, Sun Life Financial purchased the U.S. Employee Benefits business of Assurant, Inc. The group disability business from both Sun Life and Assurant is consolidated in this survey as Sun Life Financial. In October 2017, The Hartford entered into a

definitive agreement to acquire Aetna's U.S. group life and disability business. The group disability business from both The Hartford and Aetna is consolidated in this survey as The Hartford. In January 2018, Lincoln Financial Group entered into a definitive agreement to acquire Liberty Life Assurance Company of Boston from Liberty Mutual Insurance Group. Liberty Mutual and Lincoln Financial Group's results remain reported separately in this survey.

Total LTD inforce premium reported by contributing companies was almost \$12 billion in 2017, and total STD inforce premium was approximately \$5 billion. With the addition of six more companies to our survey this year, we estimate that this represents over 90% of the group disability market in terms of inforce business. All companies contributed data for both 2016 and 2017, so all charts and data contain the same number of companies in each year.

The combined STD and LTD inforce premium was approximately \$16.7 billion among contributing companies in 2017, versus \$16.0 billion in 2016. STD inforce premium increased by approximately 6.0% from 2016 to 2017, and LTD inforce premium increased by approximately 3.8%. The 2016 and 2017 inforce premiums are shown in Figure 1.

FIGURE 1: TOTAL INFORCE PREMIUM AMONG CONTRIBUTING COMPANIES FROM 2016 AND 2017 (IN \$ MILLIONS)



Contributors also provided data for new sales in 2016 and 2017. The combined STD and LTD premium from new sales was approximately \$2.7 billion in 2017, versus \$2.5 billion in 2016. STD premium from new sales increased by approximately 8.5% from 2016 to 2017, and LTD premium from new sales increased by approximately 6.6%, as shown in Figure 2.

FIGURE 2: TOTAL NEW SALES PREMIUM AMONG CONTRIBUTING COMPANIES FROM 2016 AND 2017 (IN \$ MILLIONS)

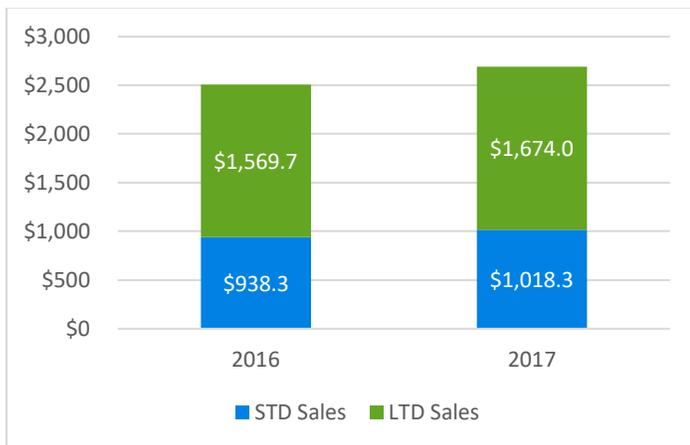


Figure 3 shows average premium per life for inforce business and new sales in 2017. Average premium per life increased on both inforce and new business from 2016 to 2017 for both STD and LTD policies.

FIGURE 3: 2017 GROUP DISABILITY AVERAGE PREMIUM PER LIFE

	Inforce PPL	Inforce PPL Growth	New Sales PPL	New Sales PPL Growth
STD	\$224	0.9%	\$186	2.0%
LTD	\$267	2.7%	\$222	3.3%

Figure 4 shows the average growth rates for case counts, premium, and covered lives from 2016 to 2017, for STD and LTD.

FIGURE 4: GROUP DISABILITY GROWTH RATES

STD	NEW SALES	INFORCE
CASES	-0.9%	0.6%
PREMIUM	8.5%	6.0%
LIVES	10.6%	5.1%
LTD	NEW SALES	INFORCE
CASES	-8.4%	0.4%
PREMIUM	6.6%	3.8%
LIVES	1.9%	1.1%

While the number of new cases sold is lower in 2017 than in 2016, the amount of premium and the number of lives covered continues to grow.

Figures 5 through 8 show 2016 and 2017 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 2017.

FIGURE 5: STD SALES PREMIUM FROM 2016 AND 2017 (\$ MILLIONS)

2017 RANK	COMPANY	2016	2017	% CHANGE
1	UNUM	\$114.6	\$162.5	41.8%
2	LINCOLN FINANCIAL GROUP	\$96.2	\$102.9	7.0%
3	CIGNA GROUP INSURANCE	\$92.5	\$100.2	8.4%
4	METLIFE	\$77.1	\$96.4	25.1%
5	THE HARTFORD	\$106.1	\$79.7	-24.9%
6	LIBERTY MUTUAL	\$42.9	\$69.4	61.8%
7	SUN LIFE FINANCIAL	\$91.3	\$63.0	-31.0%
8	GUARDIAN LIFE INSURANCE COMPANY	\$56.7	\$57.2	0.9%
9	MUTUAL OF OMAHA	\$46.5	\$55.7	19.8%
10	THE STANDARD	\$52.6	\$47.4	-9.9%
11	PRINCIPAL FINANCIAL GROUP	\$35.1	\$37.5	6.8%
12	PRUDENTIAL	\$33.6	\$31.1	-7.4%
13	RELIANCE STANDARD LIFE INSURANCE COMPANY	\$23.6	\$27.2	15.1%
14	SYMETRA	\$7.2	\$16.5	128.8%
15	ONEAMERICA	\$11.5	\$13.6	18.3%
16	DEARBORN NATIONAL	\$13.1	\$11.3	-13.2%
17	ANTHEM INC	\$8.6	\$10.0	16.1%
18	UNITEDHEALTHCARE SPECIALTY BENEFITS	\$9.4	\$9.5	0.3%
19	VOYA FINANCIAL	\$10.0	\$9.2	-7.6%
20	USABLE LIFE	\$7.0	\$7.5	7.9%
21	AXA	\$0.4	\$7.3	1692.0%
22	NORTHWESTERN MUTUAL	\$1.6	\$1.8	9.8%
23	ZURICH NORTH AMERICA LIFE	\$0.0	\$0.9	37787.3%
24	TRUSTMARK INSURANCE	\$0.5	\$0.5	-12.7%
25	THE UNION LABOR LIFE INSURANCE COMPANY	\$0.2	\$0.0	-100.0%

Unum, Lincoln Financial Group, and Cigna retain their top three spots for new STD sales premium in 2017. MetLife and The Hartford (with the addition of Aetna's sales) move up into the fourth and fifth spots.

FIGURE 6: LTD SALES PREMIUM FROM 2016 AND 2017 (\$ MILLIONS)

RANK 2017	COMPANY	2016	2017	% CHANGE
1	UNUM	\$204.6	\$234.8	14.8%
2	THE HARTFORD	\$199.0	\$231.1	16.2%
3	METLIFE	\$132.5	\$184.8	39.4%
4	CIGNA GROUP INSURANCE	\$232.4	\$172.9	-25.6%
5	LIBERTY MUTUAL	\$139.1	\$145.3	4.5%
6	PRUDENTIAL	\$75.3	\$114.3	51.8%
7	THE STANDARD	\$120.9	\$108.7	-10.1%
8	LINCOLN FINANCIAL GROUP	\$95.9	\$94.1	-1.8%
9	GUARDIAN LIFE INSURANCE COMPANY	\$63.3	\$70.4	11.2%
10	SUN LIFE FINANCIAL	\$77.2	\$58.5	-24.3%
11	MUTUAL OF OMAHA	\$44.4	\$54.9	23.6%
12	PRINCIPAL FINANCIAL GROUP	\$48.3	\$45.3	-6.3%
13	RELIANCE STANDARD LIFE INSURANCE COMPANY	\$47.3	\$41.7	-11.9%
14	SYMETRA	\$10.6	\$31.0	193.3%
15	ONEAMERICA	\$12.4	\$13.3	7.9%
16	DEARBORN NATIONAL	\$16.4	\$13.0	-20.8%
17	VOYA FINANCIAL	\$16.5	\$12.1	-26.4%
18	ANTHEM INC	\$10.9	\$12.0	10.9%
19	UNITEDHEALTHCARE SPECIALTY BENEFITS	\$11.0	\$9.2	-15.8%
20	AXA	\$0.6	\$8.8	1349.1%
21	ZURICH NORTH AMERICA LIFE	\$0.6	\$7.3	1028.1%
22	NORTHWESTERN MUTUAL	\$6.4	\$5.9	-8.5%
23	USABLE LIFE	\$4.0	\$4.3	6.8%
24	TRUSTMARK INSURANCE	\$0.1	\$0.1	-32.7%
25	THE UNION LABOR LIFE INSURANCE COMPANY	\$0.0	\$0.0	N/A

Unum retakes the number one position in terms of LTD sales premium, with Cigna Group Insurance dropping back to fourth place. The Hartford, with Aetna included, moves up to second place. MetLife moves up from fourth place to third, and Liberty Mutual drops from third place to fifth.

FIGURE 7: STD INFORCE PREMIUM FROM 2016 AND 2017 (\$ MILLIONS)

RANK 2017	COMPANY	2016	2017	% CHANGE
1	THE HARTFORD	\$707.71	\$711.97	0.6%
2	UNUM	\$640.28	\$662.34	3.4%
3	CIGNA GROUP INSURANCE	\$487.95	\$515.42	5.6%
4	LINCOLN FINANCIAL GROUP	\$373.72	\$404.08	8.1%
5	SUN LIFE FINANCIAL	\$351.23	\$354.10	0.8%
6	METLIFE	\$312.92	\$331.94	6.1%
7	GUARDIAN LIFE INSURANCE COMPANY	\$286.04	\$303.85	6.2%
8	THE STANDARD	\$270.69	\$294.76	8.9%
9	MUTUAL OF OMAHA	\$215.99	\$240.43	11.3%
10	LIBERTY MUTUAL	\$205.16	\$234.61	14.4%
11	PRINCIPAL FINANCIAL GROUP	\$170.89	\$188.44	10.3%
12	PRUDENTIAL	\$165.78	\$184.04	11.0%
13	RELIANCE STANDARD LIFE INSURANCE COMPANY	\$178.75	\$181.47	1.5%
14	DEARBORN NATIONAL	\$53.82	\$59.08	9.8%
15	USABLE LIFE	\$49.40	\$52.65	6.6%
16	ONEAMERICA	\$43.98	\$50.11	13.9%
17	ANTHEM INC	\$42.98	\$42.57	-1.0%
18	VOYA FINANCIAL	\$32.88	\$36.85	12.1%
19	UNITEDHEALTHCARE SPECIALTY BENEFITS	\$23.67	\$31.53	33.2%
20	SYMETRA	\$21.72	\$27.90	28.5%
21	NORTHWESTERN MUTUAL	\$15.61	\$16.20	3.8%
22	AXA	\$0.40	\$7.65	1790.1%
23	TRUSTMARK INSURANCE	\$5.32	\$5.15	-3.3%
24	THE UNION LABOR LIFE INSURANCE COMPANY	\$4.46	\$4.73	6.0%
25	ZURICH NORTH AMERICA LIFE	\$0.11	\$1.02	867.0%

With the addition of Aetna, The Hartford has moved ahead of both Unum and Cigna Group Insurance to take the top spot based on STD premium inforce. Lincoln Financial Group and Sun Life Financial retain their spots as fourth and fifth, respectively.

FIGURE 8: LTD INFORCE PREMIUM FROM 2016 AND 2017 (\$ MILLIONS)

RANK 2017	COMPANY	2016	2017	% CHANGE
1	UNUM	\$1,730.1	\$1,749.9	1.1%
2	THE HARTFORD	\$1,698.3	\$1,684.6	-0.8%
3	CIGNA GROUP INSURANCE	\$1,461.3	\$1,472.3	0.7%
4	METLIFE	\$1,282.4	\$1,371.7	7.0%
5	LIBERTY MUTUAL	\$770.8	\$887.3	15.1%
6	THE STANDARD	\$797.7	\$859.2	7.7%
7	PRUDENTIAL	\$631.4	\$693.3	9.8%
8	SUN LIFE FINANCIAL	\$569.5	\$543.2	-4.6%
9	LINCOLN FINANCIAL GROUP	\$536.9	\$542.1	1.0%
10	GUARDIAN LIFE INSURANCE COMPANY	\$393.7	\$423.5	7.6%
11	RELIANCE STANDARD LIFE INSURANCE COMPANY	\$416.4	\$417.9	0.4%
12	PRINCIPAL FINANCIAL GROUP	\$288.1	\$302.6	5.0%
13	MUTUAL OF OMAHA	\$261.4	\$272.8	4.4%
14	NORTHWESTERN MUTUAL	\$106.6	\$104.2	-2.2%
15	DEARBORN NATIONAL	\$72.7	\$78.9	8.4%
16	VOYA FINANCIAL	\$73.3	\$74.4	1.5%
17	ANTHEM INC	\$62.6	\$67.1	7.1%
18	ONEAMERICA	\$48.8	\$55.1	12.7%
19	SYMETRA	\$37.3	\$52.1	39.6%
20	UNITEDHEALTHCARE SPECIALTY BENEFITS	\$37.7	\$37.9	0.5%
21	USABLE LIFE	\$35.0	\$37.4	6.8%
22	ZURICH NORTH AMERICA LIFE	\$6.1	\$13.5	121.1%
23	AXA	\$0.6	\$9.3	1446.0%
24	TRUSTMARK INSURANCE	\$1.9	\$1.8	-2.7%
25	THE UNION LABOR LIFE INSURANCE COMPANY	\$0.3	\$0.2	-11.6%

Unum retains the top spot in terms of LTD inforce premium. The Hartford, with Aetna, jumps to number two. Cigna Group Insurance retains third place, pushing MetLife down two spots to number four. Liberty Mutual climbs one spot to fifth.

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 2017 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, our 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.



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