2018 Annual Survey of the
U.S. Individual Disability Income Insurance Market

Robert W. Beal, FSA, MAAA
Consulting Actuary
bob.beal@milliman.com

Tasha S. Khan, FSA, MAAA
Consulting Actuary
tasha.khan@milliman.com

Milliman, Inc.
Portland, Maine

September 2018

Table of Contents

Section I: Introduction

This report presents the results of Milliman's 2018 Annual Survey of the U.S. Individual Disability Income (IDI) Insurance Market. Milliman first conducted this survey in 2007 and has annually conducted IDI surveys and published the results since then, except for 2015. Fourteen insurance companies that are active in the U.S. IDI market provided data and other information about new business sold from 2013 through 2017, sales distributions, underwriting requirements, product offerings and pricing, favorable and unfavorable trends, and opportunities and obstacles affecting the IDI market. In addition, companies updated their status in the implementation of the 2013 IDI Valuation Table. The National Association of Insurance Commissioners (NAIC) approved the new valuation table in 2016 to replace the 1985 Commissioner's Individual Disability A and C tables (1985 CIDA and CIDC) as the basis for statutory minimum reserves for IDI policies and claims.

Scope of the 2018 IDI Market Survey

The scope of the IDI market in this survey includes traditional noncancelable and guaranteed renewable IDI policies. Policies are generally individually underwritten, with the exception of policies sold in the employer-sponsored multi-life market, where guaranteed standard issue (GSI) underwriting is common. Although the maximum benefit periods may be as short as 12 months, the most prevalent maximum benefit periods are to age 65 or longer.

The survey excludes the type of IDI plans sold at worksites to employees, where policies seldom have benefit periods longer than two years and often pay disability benefits that are due to accident only. In the worksite disability insurance (DI) market, the application typically involves a short health questionnaire and simplified underwriting, unlike the traditional IDI market, where the applications and medical underwriting are more extensive. Worksite disability policies are one of a number of insurance coverages sponsored by employers and made available to employees on a voluntary basis.

The focus of the 2018 IDI Market Survey is the last five years. In prior years, the reports contained sales data going back to 2002. These past IDI Market Survey reports are available to readers upon request.

Contributors

The table in Figure I.1 lists the 14 contributors to the survey.

Figure I.1: Contributors to the 2018 IDI Market Survey

Ameritas	Ohio National
Assurity	Principal
Guardian	RiverSource
Illinois Mutual	State Farm
MassMutual	The Standard
Mutual of Omaha	Thrivent
Northwestern Mutual	Unum

In total, these 14 companies issued IDI policies with $389 million of new annualized premium in 2017. We estimate that their total premium represents 90% of the IDI market in terms of new sales.

Reliance and limitations

In conducting the 2018 IDI 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.

This report is being made available to the general public. This report cannot be published in any other form or publication without written permission from Milliman. Milliman does not intend to benefit any third-party recipient of its work product.

Qualifications

We, Robert Beal and Tasha Khan, are consulting actuaries with Milliman. This report provides an opinion regarding trends in the individual DI market. We are members of the American Academy of Actuaries and meet its qualification standards for rendering this opinion.

About Milliman

Milliman is among the world’s largest providers of actuarial and related products and services. The firm has consulting practices in life insurance and financial services, property & casualty insurance, healthcare, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe.

milliman.com

Section II: Survey highlights

This section summarizes highlights and observations from the report. This year's survey presents the results of 14 IDI companies that contributed to the 2018 IDI Market Survey.

Highlights

Combined new annualized premium from the 14 IDI companies increased by 8.3% in 2017, compared with 1.3% in 2016. The number of new policies increased by 10.0% in 2017, compared with a decrease of 0.4% in 2016.

New annualized premium in 2018 through June 30 increased by 1.9%, compared with 9.1% for the same period in 2017. It is unlikely that the total new annualized premium for the full year in 2018 will experience an annual growth rate close to the one in 2017. A more reasonable expectation may be close to 2.0%.

The contributing companies had mixed assessments of their profitability and sales results. The median assessments changed very little from the prior survey.

Combined new annualized premiums issued to doctors and surgeons increased by 14.3% in 2017 and represents 31.0% of the total new premium, which is the highest percentage over the last five years. Doctors and surgeons continue to be largest key occupation grouping represented in new IDI business.

Combined new annualized premium issued in the individually sold market increased by 11.2% in 2017 and the new premium issued in the association market increased by 10.6%. In comparison, new premium issued in the employer-sponsored multi-life market increased by 4.5%. The strategic decision by MetLife to exit the individually sold market in 2016 and focus its IDI marketing solely in the employer-sponsored multi-life market could have contributed to the disparity in new premium 2017 growth rates among the three markets. New premium issued by MetLife is not included in any of the historical results presented in this survey.

The annual growth rates by company exhibited considerably more variability in 2017 than in 2016. The highest growth rate in 2017 was 118.6%, i.e., this company more than doubled its new annualized premium in 2017 versus 2016, compared with the highest growth rate in 2016 of 10.6%. Only three companies had negative growth rates in new annualized premium in 2017 compared with six in 2016.

The distribution of new annualized premium among the various distribution channels has remained quite stable over the last five years. On average, new premium issued by career agents comprised 43.9% over the last five years, while new premium issued by brokers comprised 40.0%.

The percentage of new annualized premium issued on noncancelable policies has been generally flat over the last five years, averaging 81.2%. However, this percentage varies significantly by market, key occupation, and distribution channel. For example, new annualized premium issued on noncancelable policies in the individually sold market averaged 71.1% over the last five years, while exceeding 90% in the association and employer-sponsored multi-life markets.

Six of the 14 companies sell virtually all of their new premium on noncancelable products (with percentages ranging from 97% to 100%), while three of the companies issue virtually none of their new premium on noncancelable products (with percentages ranging from 0% to 3%).

There was no increase in the highest maximum issue limit of $20,000 for the top medical and non-medical occupations among the 14 companies in 2017, although more companies increased their maximum issue limits to $20,000 during the year.

One company lifted the industry ceiling for the maximum participation limit offered to the top medical occupation class where group long-term disability is present, from $25,000 to $30,000. Other than this one company, the industry ceilings for the maximum issue and participation limits did not change, although a number of companies increased their maximums, with a few more reaching the current industry ceilings.

The use of pharmaceutical databases to underwrite IDI policies was reported by all 13 companies that contributed to this part of the survey.

This year's survey is the first time that all 11 of the 14 survey contributors who are active in the employer sponsored multi-life market provided their distributions of new annualized premium in this market by type of underwriting. In aggregate, employee-pay (i.e., voluntary) plans using GSI underwriting accounted for 52% of all new premium from employee-pay plans. Employer-pay (i.e., mandatory) plans using GSI underwriting accounted for 90% of all new premium from employer-pay plans.

The percentage of IDI applications issued with no modifications, i.e., issued-as-applied-for, decreased from 52.7% in 2014 to 50.0% in 2017. Over this time, the percentage of declined IDI applications increased from 14.9% to 15.7%, which accounts for only a portion of the drop in the percentage of policies that were issued-as-applied-for. Companies appear to be modifying the requested benefits or adding waiver exclusions or substandard ratings more frequently.

Ten of 13 contributing companies reported stable or improving claim experience.

Fewer companies in this survey expressed concern with aggressive competition as an unfavorable trend than in prior surveys.

Lack of diversification in the IDI market and the low awareness of the need for IDI coverage were the two largest obstacles to long-term profitability observed by the contributing companies.

Only one of the companies still plans to implement the new IDI valuation table in 2018 as companies continue to wrestle with resource issues and the complexity of the new table.

Concluding observations

The 8.3% in new annualized premium from 2016 to 2017 was likely due in large part to MetLife's decision to exit the individually sold market and focus only on the employer sponsored multi-life market. As a result, the potential IDI sales that MetLife left on the table may have shifted to other companies. Positive growth does appear to be continuing in 2018, but at a level more consistent with prior trends and with overall economic growth.

There were encouraging signs in the IDI market in addition to its overall stability. One positive change involved two IDI companies that have traditionally produced less than $10 million of new premium annually but are now reporting strong double-digit growth in 2017 and 2018. These companies are making a strategic commitment to the IDI market in response to its continued profitability.

Companies also report generally similar views of their overall profitability as in prior years, perhaps with some incremental improvements. While there are some concerns with the performance of employee-paid GSI business, it appears that results from this segment are more than offset by results from other segments, including individually underwritten and employer-paid GSI business.

Current issues that companies are addressing in this market include the implementation of the 2013 IDI Valuation Table, which is proceeding somewhat more slowly than indicated in last year's survey, and on new ideas to increase sales activity. Examples of actions in this last category include educating consumers and producers, as well as streamlining underwriting methods without sacrificing risk selection.

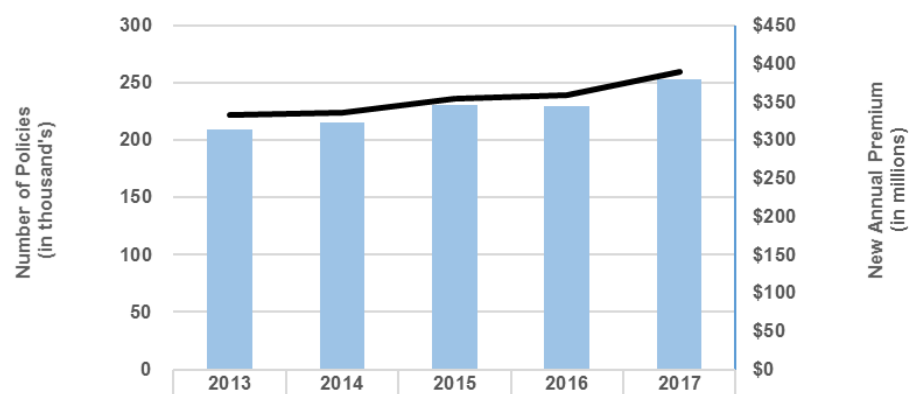
Section III: Sales results

This section analyzes trends in the new business sold by the 14 IDI contributors from 2013 through 2017.

Volume of annual sales from 2013 through 2017

The chart in Figure III.1 shows total volume of new policies and annualized premium sold by the 14 IDI contributing companies from 2013 through 2017. The combined number of new policies and the volume of new annualized premium for the 14 contributors has increased each year over the last five years. Total annualized premium in 2017 was $389 million, which is 8.3% higher than new sales reported in 2016.

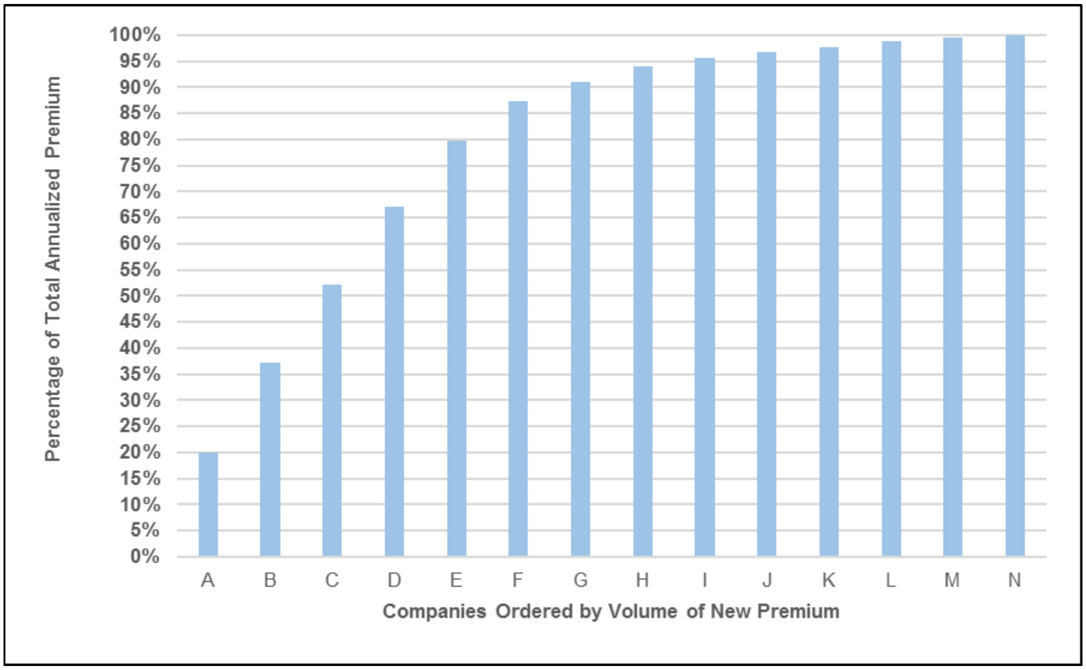
Figure III.1: New policies and annualized premium by issue year from 2013 through 2017



	2013	2014	2015	2016	2017
Policies	209	215	230	230	253
Premiums	$333	$336	$355	$359	$389

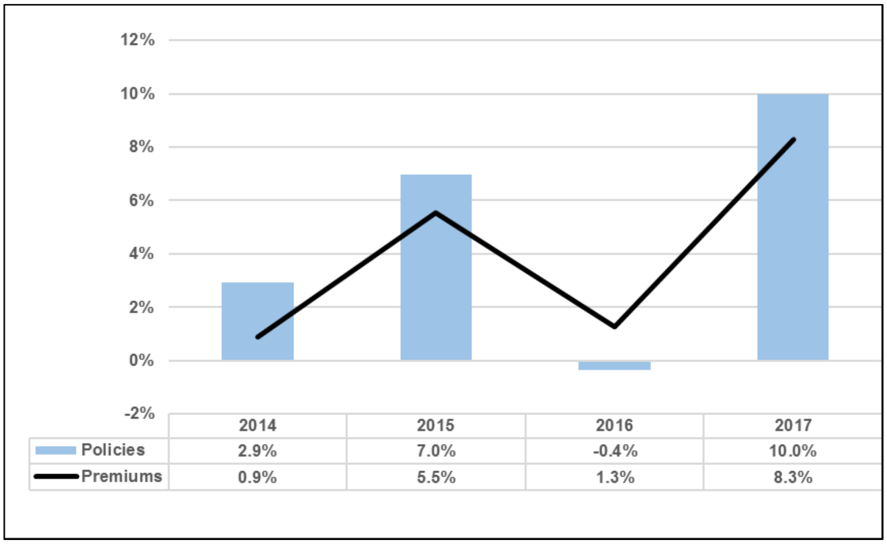
The chart in Figure III.2 shows the cumulative new annualized premium by company as a percentage of total new premium in 2017, ranking companies by their new premium (i.e., Company A had the largest volume of new premium in 2017). The top five IDI contributors in 2017 produced 80% of the total new annualized premium among the 14 companies (down slightly from 82% in 2016), and the top 10 IDI companies produced almost 97% of the total new annualized premium.

Figure III.2: Cumulative new annualized premium by company in 2017 as percentage of total annualized premium



The chart in Figure III.3 shows the annual growth rates (AGRs) in new policies and new premiums since 2014. The AGRs for new premium have been positive in every year. Except for 2016, in which the AGR in new policies was slightly negative, the AGRs in new policies have been higher than the AGRs in new annualized premium.

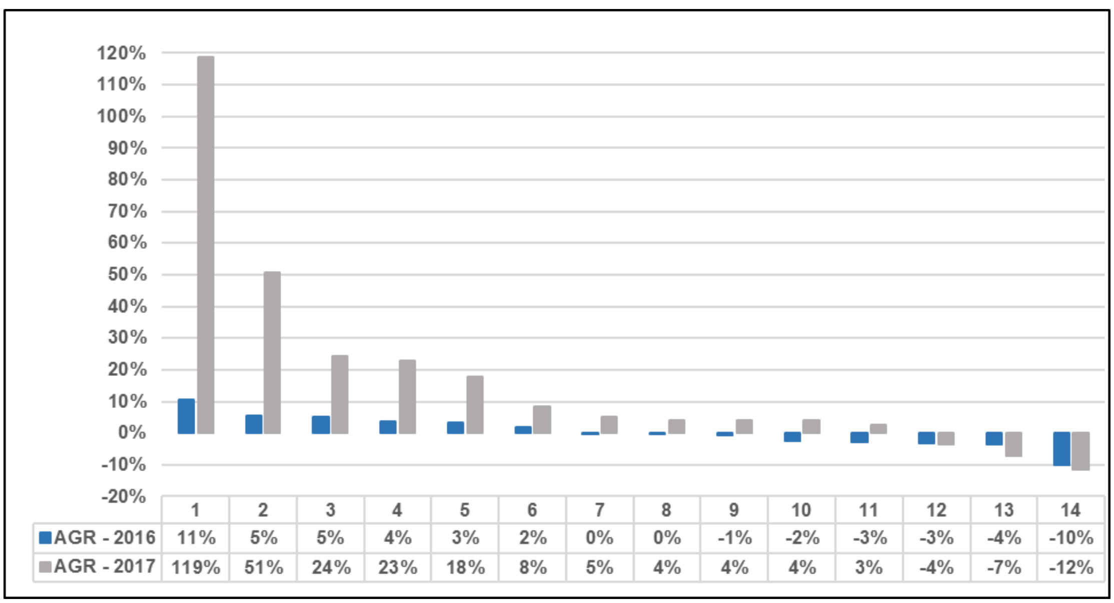
Figure III.3: Annual growth rates from 2014 through 2017



	2014	2015	2016	2017
Policies	2.9%	7.0%	-0.4%	10.0%
Premiums	0.9%	5.5%	1.3%	8.3%

The chart in Figure III.4 compares the AGRs of the 14 companies in 2016 and 2017, ordered from the highest AGR to the lowest AGR in each year.

Figure III.4: Comparison of companies' new annualized premium AGR in 2016 and 2017 ranked from highest to lowest in each year



	1	2	3	4	5	6	7	8	9	10	11	12	13	14
AGR - 2016	11%	5%	5%	4%	3%	2%	0%	0%	-1%	-2%	-3%	-3%	-4%	-10%
AGR - 2017	119%	51%	24%	23%	18%	8%	5%	4%	4%	4%	3%	-4%	-7%	-12%

The AGRs by company exhibited considerably more variability in 2017 than in 2016. The highest AGR in 2017 was 118.6%, i.e., this company more than doubled its new annualized premium in 2017, compared with the highest AGR in 2016 of 10.6%. Only three companies had a negative AGR in new annualized premium in

2017 compared with six in 2016. Five of the 14 companies issued more than $40 million of new annualized premium in both 2016 and 2017. The combined AGR for these five companies was 1.5% in 2016 and 5.0% in 2017. The two companies with the higher AGRs in 2017 had less than $10 million of new annualized premium in the prior year, indicating corporate strategies to expand their IDI lines of business.

New sales in 2018 year-to-date through June 30

Thirteen of the 14 companies provided their total new annualized premium in 2018 year-to-date (YTD) through June 30. The one company that did not report its 2018 new premium comprised less than 0.5% of the total new premium in 2017 for all contributing companies.

The total new YTD annualized premium in 2018 increased by 1.9% over the YTD new premium in 2017, which increased by 9.1% over the YTD new premium in 2016. In 2017 the YTD new premium through June represented 47% of the total annualized new premium for the full year. Thus, it appears unlikely that 2018 will experience an AGR for the full year that will be close to the 8.3% seen in 2017. Most likely, the 2018 AGR will fall closer to 2.0%.

Business products

Two common IDI products offered by companies for the business market are overhead expense (OE) policies, which reimburse insureds for business expenses incurred while they are disabled, and disability buyout (DBO) policies, which provide funds for buying out a disabled partner’s share of the business.

Ten of the 14 companies sold OE policies in 2017. The OE premium in 2017 represented 3.9% of total premium of these 10 companies. Six of the 14 companies sold DBO policies in 2017. The DBO premium in 2017 represented 1.5% of total premium of these companies.

Key occupations

Ten of the 14 companies were able to split their new annualized premium among key professional and executive occupations. The combined new premium from these 10 companies represented 97% of the combined new premium for the 14 contributors over the last five years. The table in Figure III.5 shows the combined distribution of new annualized premium by issue year from 2013 through 2017 for these 10 companies.

Figure III.5: Percentage of new IDI annualized premium by key occupation issued from 2013 through 2017

Year	Doctors and Surgeons	Dentists	Lawyers	Executives	Accountants
2013	29.8%	8.0%	7.0%	22.5%	2.4%
2014	29.1%	7.9%	7.3%	23.3%	2.4%
2015	29.1%	8.0%	6.5%	24.2%	2.2%
2016	29.4%	8.9%	6.1%	19.1%	2.0%
2017	31.0%	8.6%	6.1%	18.7%	2.0%
Average 2013 - 2017	29.7%	8.3%	6.6%	21.5%	2.2%

The percentage of new premium from doctors and surgeons was consistently in the 29% to 30% range for years 2013 through 2016 but jumped to 31% in 2017. The percentage of new premium from executives dropped noticeably in 2016 and 2017 from the level experienced from 2013 through 2015. The percentage of new premium from lawyers is lower in years 2015 through 2017 compared with 2013 and 2014. Percentages of new premium from dentists and accountants have not changed significantly over this five-year period.

The table in Figure III.6 shows the AGR for new premium from 2014 through 2017 for these key occupations.

Figure III.6: AGR in new IDI annualized premium by key occupation from 2014 through 2017

Year	Doctors and Surgeons	Dentists	Lawyers	Executives	Accountants
2014	-0.9%	0.5%	5.8%	4.9%	-1.3%
2015	5.5%	6.7%	-6.0%	9.6%	-2.2%
2016	2.7%	12.8%	-4.6%	-19.9%	-9.3%
2017	14.3%	5.7%	7.0%	6.2%	10.8%
Average AGR 2014 - 2017	5.2%	6.3%	0.4%	-0.5%	-0.8%

Doctors and surgeons along with accountants exhibited double-digit growth in new annualized premium in 2017. Eight of the 14 companies, comprising 69% of the total premium over the last five years, were able to track new premium issued to small business owners since 2013. The percentage of the combined new premium from small business owners for the eight companies averaged 14.1% over the last five years. Among the various key occupations, doctors & surgeons and dentists had the highest average AGR from 2014 to 2017, while accountants had negative growth.

Markets

The following are definitions of the three key segments comprising the IDI market:

1. Individually sold business
   This segment consists of policies sold to individuals, typically one on one through agents or brokers. The individuals' employers are not involved in the endorsement of the IDI product or the payment of the premiums. Normal individual medical and financial underwriting is typically involved.

2. Employer-sponsored multi-life business
   Employer-sponsored multi-life (ESML) business is composed of two primary subsets. In the first, referred to as "employer-pay DI," employers purchase IDI products for groups of employees in lieu of or as a supplement to group long-term disability (LTD) insurance. In the "voluntary" or "employee-pay IDI" subset, employers allow insurers to offer IDI coverage to employees on-site and to collect premiums through payroll deductions or list billing. The latter situation differs from the worksite disability market described above in the Introduction of this report because traditional IDI products, rather than short-term and simplified ones, are sold in the ESML market.

   In both employer-pay and employee-pay cases, underwriting can vary from traditional medical underwriting to guaranteed standard issue, depending upon the size of the case and the level of participation among eligible employees. Premiums for ESML groups are typically discounted 15% to 35%, depending upon the size of the case, the premium payer, or other demographic factors.

3. <u>Associations</u>
   In this segment, carriers seek endorsements from professional associations to provide IDI coverage to association members at discounted premiums. In general, the association market utilizes traditional underwriting. However, as an incentive for purchasing coverage, IDI carriers will sometimes offer some form of guaranteed underwriting (i.e., guaranteed standard amounts up to a $1,500 monthly benefit after the first 100 members sign up) in addition to a premium discount, typically 10%.

Companies generally have more favorable claim experience in the ESML market than in the individually sold or association business. Less anti-selection occurs in the ESML market than in the other markets because the decision to purchase—in the case of employer-pay business—or the available selection of policy options is at the plan level. Due to the favorable claim experience and opportunities for additional sales, the ESML market has been the focus of more aggressive marketing efforts in the IDI industry in recent years.

Figure III.7: Distribution of new annualized premium by market, 2013 through 2017

Year	Individually Sold	Employer-Sponsored Multi-life	Associations	Total
2013	54.5%	41.0%	4.5%	100.0%
2014	53.5%	41.9%	4.5%	100.0%
2015	52.4%	43.5%	4.1%	100.0%
2016	52.5%	43.1%	4.4%	100.0%
2017	53.9%	41.6%	4.5%	100.0%
Average 2013 - 2017	53.4%	42.3%	4.4%	100.0%

The table in Figure III.7 illustrates how the percentage of new annualized premium issued in the ESML market slowly increased in years 2013 through 2016 relative to the individually sold market. However, this pattern changed in 2017 as the individually sold market's share increased while the ESML market's share decreased. The jump in new premium issued in the individually sold market may be related to MetLife's 2016 decision to leave this market and focus on the ESML market.

Many of the 14 companies that do participate in Milliman's IDI Market Survey may have been able to tap into MetLife's previous share of the individual sold market. MetLife's exit of the individually sold market also may have been a major factor in the jump in the new annualized premium AGR for all markets combined for the 14 contributing companies, from 1.3% in 2016 to 8.3% in 2017. This is noted in Figure III.3.

Although the associations market represents a small percentage of total sales, the percentage of new premium sold through associations has remained between 4% and 5% over the last five years. The reader should be aware that certain companies specialize in serving the professional association market by offering conditionally renewable disability products on either individual or group platforms. These companies, which collectively represent the majority of the professional association market, are not included among the contributors to this survey.

The table in Figure III.8 provides the new annualized premium AGRs by market for years 2014 through 2017.

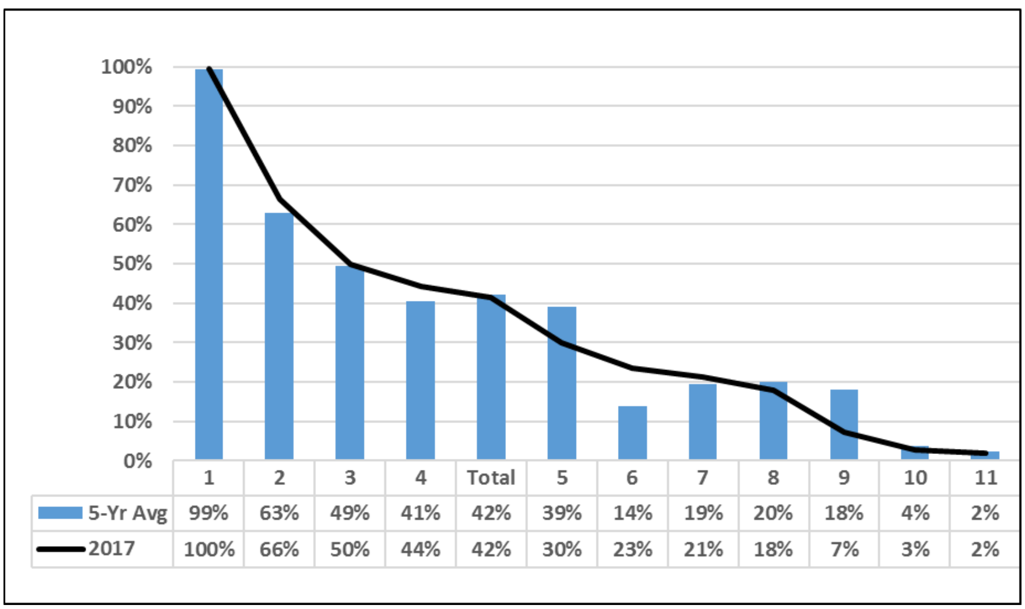
Figure III.8: AGR in new annualized premium by market

Year	Individually Sold	Employer-Sponsored Multi-life	Associations	Total
2014	-0.8%	3.1%	2.1%	0.9%
2015	3.3%	9.6%	-5.4%	5.5%
2016	1.5%	0.3%	9.2%	1.3%
2017	11.2%	4.5%	10.6%	8.3%
Average AGR 2014 - 2017	3.7%	4.3%	3.9%	4.0%

New annualized premium in the individually sold market increased by 11.2% in 2017 compared with only 4.5% in the ESML market. Notably, the AGR for the association market was 10.6% in 2017 following a relative strong AGR in 2016 of 9.2%. Because of the small size of the association market, the acquisition of a few associations by companies can cause large changes in AGRs. Interestingly, the average AGR from 2014 through 2017 for each of the three markets was very close to the 4.0% for all markets combined.

The chart in Figure III.9 compares the average percentage of new ESML annualized premium to total new annualized premium by company issued in 2017 to the average over the last five years. The companies in the chart are ordered so that Company 1 has the highest percentage five-year average and Company 11 has the lowest. The three companies that do not sell in the ESML market at all are excluded from this chart.

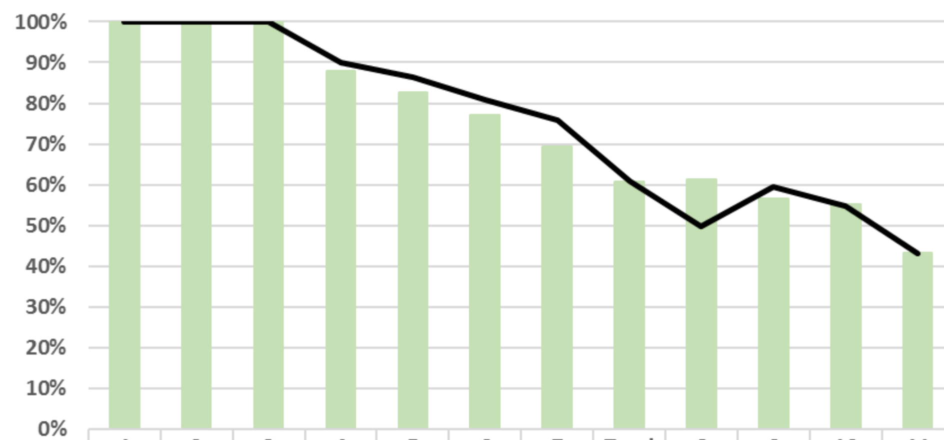
Figure III.9: Percentage of ESML premium to total premium by company: 2017 versus five-year average



The four companies with five-year average percentages greater than the average for all companies combined (42%) exhibited very little change in 2017. There was more variability among the seven companies with five-year average percentages less than the average for all companies combined. The 2017 percentages for two of these companies jumped by 9% of premium over their five-year averages, while one company's percentage dropped by 9% of premium.

The chart in Figure III.10 compares the percentage of new ESML annualized premium issued under employee-pay arrangements by company in 2017 to the average percentage over the last five years. The companies in the chart are ordered so that Company 1 has the highest percentage five-year average and Company 11 has the lowest. The three companies that do not sell in the ESML market at all excluded from this chart. Note that one minus these percentages represents the corresponding employer-pay percentages.

Figure III.10: Percentage of employee-pay to total ESML new annualized premium: 2017 versus five-year average



	1	2	3	4	5	6	7	Total	8	9	10	11
5-Yr Avg	100%	100%	100%	88%	83%	77%	69%	61%	61%	57%	55%	43%
2017	100%	100%	100%	90%	86%	81%	76%	61%	50%	60%	55%	43%

Three companies issue only employee-pay ESML plans. The average employee-pay percentage in 2017 and over the last five years for all companies combined was 61%. The average employee-pay percentages in 2017 exceeded or was the same as the five-year average for all companies except one. For this one exception, the employee percentage in 2017 dropped to 50% compared with its five-year average of 61%. It is possible that one or two very large employer-pay plans could cause this to happen, although we have not verified that this was the case with this one company.

Distribution channels

Contributors split their new annualized premium by the following four distribution channels:

1. Career agents
   These producers are career agents of the companies whose IDI products they are selling. Some companies refer to these producers other than as career agents. The companies employ the producers included in this distribution channel.

2. Brokers
   Brokers are either independent producers or career agents for companies that are different from the companies whose IDI products they are selling.

3. National accounts
   National accounts are insurance companies that enter into marketing arrangements with IDI carriers whereby their agents sell either the products of the IDI carriers, and the companies typically receive compensation in the form of marketing allowances from the IDI carriers, or the agents sell private-label IDI products, which are administered by the IDI carriers under turnkey arrangements.

4. Other producers
   Examples of other producers include personal producing general agents and members of producer organizations.

The table in Figure III.11 shows the mix of new premium by distribution channel for the 14 contributors, combined, for the years 2013 through 2017.

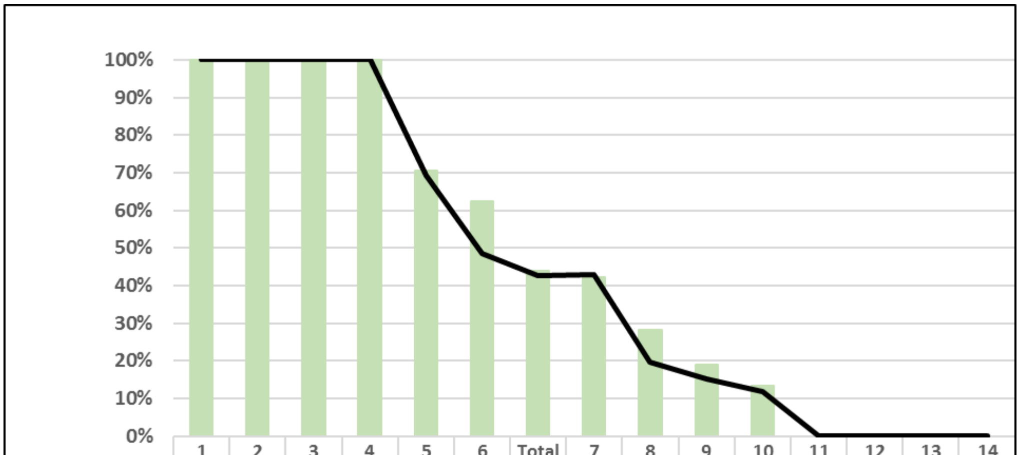
Figure III.11: Mix of new annualized premium by distribution channel issued in years 2013 through 2017

Year	Career Agents	Brokers	National Accounts	Other Producers	Total
2013	44.2%	41.8%	4.7%	9.3%	100.0%
2014	44.8%	39.8%	4.5%	10.8%	100.0%
2015	43.7%	38.5%	4.1%	13.7%	100.0%
2016	44.1%	39.7%	4.1%	12.1%	100.0%
2017	42.7%	40.5%	4.0%	12.8%	100.0%
Average 2013 - 2017	43.9%	40.0%	4.3%	11.8%	100.0%

The mix of new annualized premium by distribution channel has not changed significantly over the last five years. Career agents issued the most new annualized premium for the 14 companies, followed closely by brokers.

The chart in Figure III.12 compares the average percentage of new annualized premium sold by career agents to total new annualized premium by company issued in 2017 to the average over the last five years. The companies in the chart are ordered so that Company 1 has the highest percentage five-year average and Company 14 has the lowest.

Figure III.12: Percentage of new annualized premium sold through career agents by company: 2017 versus 5-year average

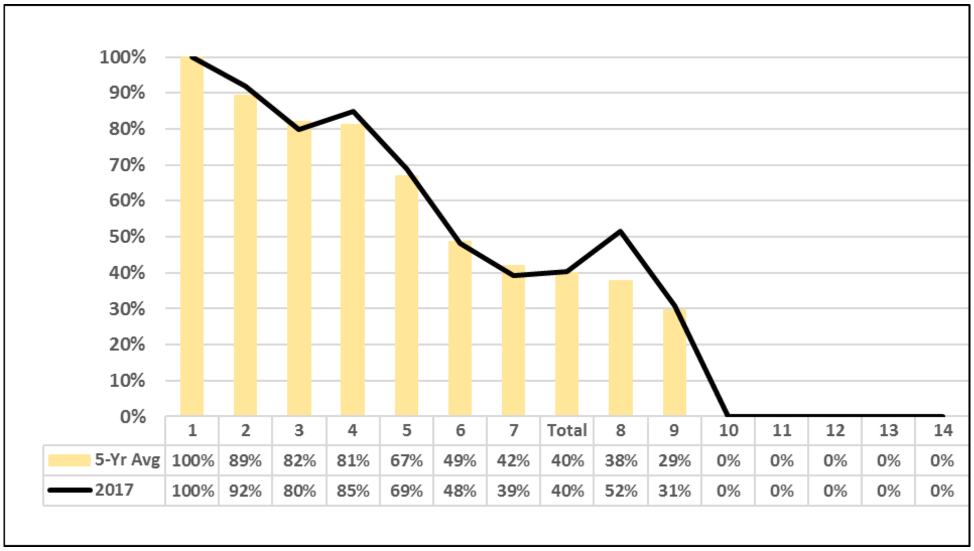


	1	2	3	4	5	6	Total	7	8	9	10	11	12	13	14
5-Yr Avg	100%	100%	100%	100%	71%	62%	44%	42%	28%	19%	13%	0%	0%	0%	0%
2017	100%	100%	100%	100%	69%	48%	43%	43%	20%	15%	12%	0%	0%	0%	0%

Four of the 14 companies sell 100% of their IDI new premium through their career agents, and four issue no new IDI premium through career agents. Five of the other six companies issued a lower percentage of their new annualized premium via career agents in 2017 than they issued on average over the last five years.

The chart in Figure III.13 compares the average percentage of new annualized premium sold by brokers to total new annualized premium by company issued in 2017 to the average over the last five years. The companies in the chart are ordered so that Company 1 has the highest percentage five-year average and Company 14 has the lowest.

Figure III.13: Percentage of new annualized premium sold through brokers by company: 2017 versus five-year average

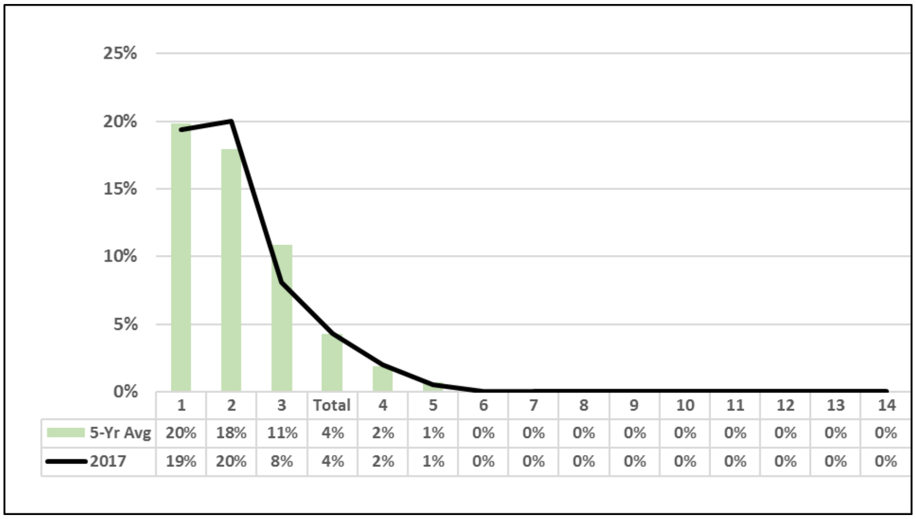


	1	2	3	4	5	6	7	Total	8	9	10	11	12	13	14
5-Yr Avg	100%	89%	82%	81%	67%	49%	42%	40%	38%	29%	0%	0%	0%	0%	0%
2017	100%	92%	80%	85%	69%	48%	39%	40%	52%	31%	0%	0%	0%	0%	0%

Eight of the 14 companies sell some portion of the new premium through brokers and at least one other distribution channel. One of these eight companies experienced a jump in 2017 in the percentage of new premium issued through brokers to 52% compared with a five-year average of 38%. One of the 14 companies only issues new premium through brokers, and five companies do not issue any new premium through brokers.

The chart in Figure III.14 compares the average percentage of new annualized premium sold through national accounts to total new annualized premium by company issued in 2017 to the average over the last five years. The companies in the chart are ordered so that Company 1 has the highest percentage five-year average and Company 14 has the lowest.

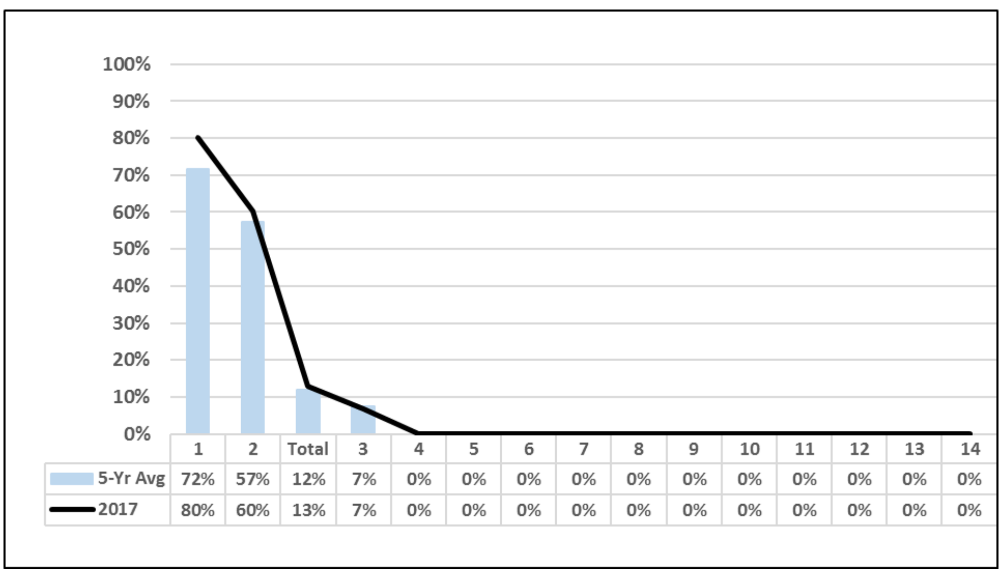
Figure III.14: Percentage of new annualized premium sold through national accounts by company: 2017 versus five-year average



Five of the 14 companies sell IDI policies through national accounts. For two of these companies, national accounts have represented approximately 20% of their new annualized premium.

The chart in Figure III.15 compares the average percentage of new annualized premium sold by other types of producers to total new annualized premium by company issued in 2017 to the average over the last five years. The companies in the chart are ordered so that Company 1 has the highest percentage five-year average and Company 14 has the lowest.

Figure III.15: Percentage of new annualized premium sold by other types of producers by company: 2017 versus 5-year average



Noncancelable trends

The table in Figure III.16 shows the shares of new IDI premium issued to *noncancelable* (noncan) policies over the last five years by market, key occupation, and distribution channel. Noncan policies guarantee renewability and premium rates for the life of the policy. As shown below, noncan policies are the predominant IDI policy form. Guaranteed renewable (GR) policies guarantee renewability during the life of the policy but premium rates may be changed on a class basis and require approval from the state insurance departments. DBO policies (discussed in the sub-section on business products) guarantee renewability as long as the underlying business relationship between the insured and the business beneficiary continues. Thus, for reporting in the Annual Statement Blank of the National Association of Insurance Commissioners, DBO policies are called conditionally renewable (CR) and not noncan or GR.

For reporting in Milliman's IDI Market Survey, DBO policies that have guaranteed premiums are generally included with the noncan business, although there may be a few exceptions. In this year's Market Survey, the focus is on noncan trends, whereas in past surveys the focus has been on GR trends. By subtracting the noncan percentages shown below from one, the reader is able to derive the corresponding GR percentages.

Figure III.16: Percentage of new annualized premium issued on noncan products

Issue Year	2013	2014	2015	2016	2017	Average 2013 - 2017
Total	81.7%	80.5%	80.6%	81.7%	81.7%	81.2%
By Market						
Individually sold	73.0%	70.3%	69.7%	70.7%	71.7%	71.1%
Association	91.0%	91.8%	94.5%	94.4%	93.8%	93.1%
ESML	92.2%	92.2%	92.4%	93.8%	93.3%	92.8%
Employee-pay	91.7%	90.4%	91.1%	93.1%	91.7%	91.6%
Employer-pay	92.9%	94.7%	94.5%	94.9%	95.8%	94.6%
By Key Occupation						
Doctors and surgeons	90.5%	90.4%	90.5%	91.2%	92.6%	91.1%
Dentists	90.7%	89.9%	90.2%	91.6%	91.0%	90.7%
Lawyers	85.8%	86.3%	85.1%	86.4%	85.5%	85.8%
Executives	84.1%	82.6%	84.0%	81.7%	86.4%	83.8%
Accountants	83.3%	78.5%	75.8%	74.7%	74.0%	77.3%
Other occupations	68.8%	66.7%	66.1%	70.9%	68.2%	68.2%
Business owners	77.9%	76.2%	77.4%	79.4%	78.3%	77.9%
By Distribution Channel						
Career agents	69.3%	67.5%	66.9%	69.3%	69.1%	68.4%
Brokers	88.1%	87.1%	87.0%	88.2%	88.7%	87.8%
National accounts	91.8%	91.4%	91.4%	91.8%	92.2%	91.7%
Other producers	97.8%	98.9%	98.7%	97.7%	98.1%	98.2%

The percentage of new annualized premium issued on noncan policies (averaging 81% over the last five years) changes little from year to year. However, differences occur among the various categories:

- Among the three markets, IDI premium issued in the individually sold market has a significantly lower noncan percentage than IDI premium issued in the ESML and association markets.

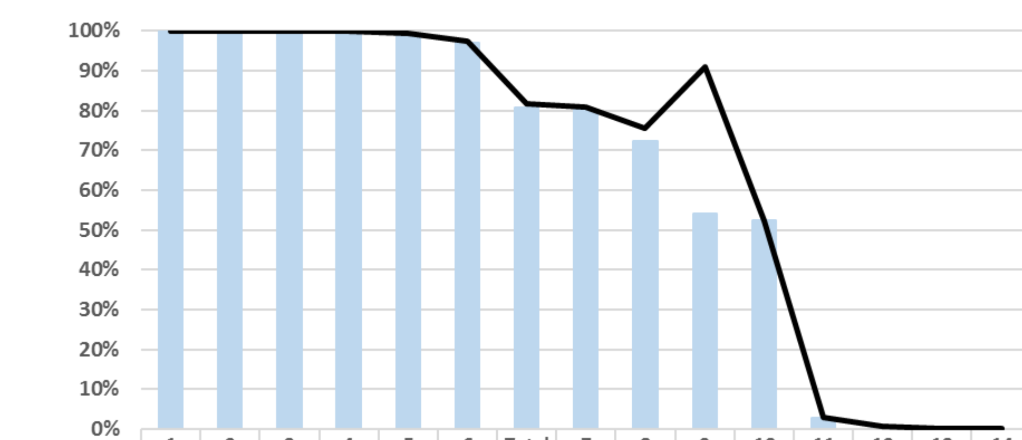
- Within the ESML market, employer-pay plans have a somewhat higher noncan percentage than the employee-pay plans.

- Among the various key occupations listed above, doctors & surgeons and dentists have the highest noncan percentages (in excess of 90%), and “other occupations” have the lowest noncan percentage (averaging 68% over the last five years).

- Among the various distribution channels, “other producers” have the highest noncan percentage (averaging 98% over the last five years) and career agents have the lowest noncan percentage (averaging 68% over the last five years).

The chart in Figure III.17 compares the percentage of new annualized premium issued in 2017 to the average over the last five years. The companies in the chart are ordered so that Company 1 has the highest percentage five-year average and Company 14 has the lowest.

Figure III.17: Percentage of new annualized premium issued on noncan products by company, 2017 versus five-year average



	1	2	3	4	5	6	Total	7	8	9	10	11	12	13	14
5-Yr Avg	100%	100%	100%	100%	99%	97%	81%	80%	72%	54%	52%	3%	0%	0%	0%
2017	100%	100%	100%	100%	99%	97%	82%	81%	76%	91%	52%	3%	1%	0%	0%

Six of the 14 companies sell primarily noncan policies, and three sell primarily GR policies. This leaves five companies that offer a mix of noncan and GR products. One of these five companies has an average noncan percentage of 54% over the last five years, but with the introduction of new IDI products, the company's noncan percentage jumped to 91% in 2017.

Section IV: Underwriting

This section discusses the current underwriting requirements of the 13 IDI companies that contributed to this part of the survey.

Issue and participation limits

The issue limit is the largest amount of monthly benefit that an IDI carrier will issue to an individual insured. The table in Figure IV.1 compares the highest, median, and lowest issue limits among the 13 contributors for the top nonmedical occupation class and for the top medical occupation class in 2017 and 2018. Figure IV.1 also shows the number of contributors that are at the highest limit.

Figure IV.1: Maximum issue limits, 2017 through 2018

Year	Top Nonmedical Occupation Class		Top Medical Occupation Class	
	2017	**2018**	**2017**	**2018**
Measure:				
Highest Limit	$20,000	$20,000	$20,000	$20,000
Median Limit	$20,000	$20,000	$17,000	$17,000
Lowest Limit	$10,000	$10,000	$10,000	$10,000
# Companies at Highest Limit	7	9	1	3

The highest maximum issue limit among the 13 companies over the last three years has remained at $20,000 for the top nonmedical and medical occupation classes for 2017 and 2018, although more companies moved up to $20,000 since the last IDI Market Survey. Two companies increased their maximum issue limit for their top nonmedical occupation class from $15,000 to $20,000, so that 10 of the 13 companies are now at the highest limit for the top nonmedical occupation class. Two companies increased their maximum issue limit for their top medical occupation class from $15,000 and $17,000 to $20,000, so that three of the 13 companies are now at the highest limit for the top medical occupation class.

The participation limit is the largest total monthly benefit amount that an IDI company will permit an insured to have from all sources of IDI and group long-term disability (LTD), including coverage from other companies. Most companies are willing to participate at higher amounts when the insured has group LTD because the LTD benefits are typically taxable and offset for Social Security and workers' compensation disability benefits.

The tables in Figures IV.2 (when group LTD is not present) and Figure IV.3 (when group LTD is present) compare the highest, median, and lowest participation limits among the 13 contributors in 2017 and 2018 for the top nonmedical occupation class and the top medical occupation class.

Figure IV.2: Maximum participation limits when group LTD is not present, 2017 through 2018

Year	Top Nonmedical Occupation Class		Top Medical Occupation Class	
	2017	**2018**	**2017**	**2018**
Measure:				
Highest Limit	$35,000	$35,000	$25,000	$30,000
Median Limit	$25,000	$20,000	$25,000	$20,000
Lowest Limit	$12,000	$12,000	$12,000	$12,000
# Companies at Highest Limit	1	1	7	1

Figure IV.3: Maximum participation limits when group LTD is present, 2017 through 2018

Year	Top Nonmedical Occupation Class		Top Medical Occupation Class	
	2017	**2018**	**2017**	**2018**
Measure:				
Highest Limit	$35,000	$35,000	$35,000	$35,000
Median Limit	$30,000	$30,000	$30,000	$25,000
Lowest Limit	$12,000	$12,000	$12,000	$12,000
# Companies at Highest Limit	3	4	1	1

For the top nonmedical occupation classes, only one company offers the maximum participation limit of $35,000 when there is no group LTD present. Four companies currently offer a maximum participation limit of $30,000 to their top nonmedical occupation classes when there is no group LTD present, and two companies increased their maximum participation limit from $15,000 to $20,000 since the last IDI Market Survey. When group LTD is present, four companies now offer the maximum participation limit of $35,000 to their top nonmedical occupation classes, compared with three reported in the last IDI Market Survey. Six companies currently offer $30,000 to their top nonmedical occupation classes.

For the top medical occupation classes, one company increased its maximum participation limit when there is no group LTD present from $25,000 to $30,000, while five companies are at $25,000. When there is group LTD present, only one company offers the maximum participation limit of $35,000 to the top medical occupation class, while five companies are at $30,000.

Replacement ratios

Replacement ratios are the maximum percentages of monthly earned income that insurers will allow to be insured on an individual life (including all sources of IDI and group LTD). Because of the different tax treatments of disability benefits, replacement ratios vary based on the payer, i.e., the insured or the employer. Disability benefits are taxable to the insured when the employer pays the premium, but they are not taxable if the insured pays the premiums with after-tax income. Consequently, companies offer higher replacement ratios in employer-pay cases than when the insured pays the premium.

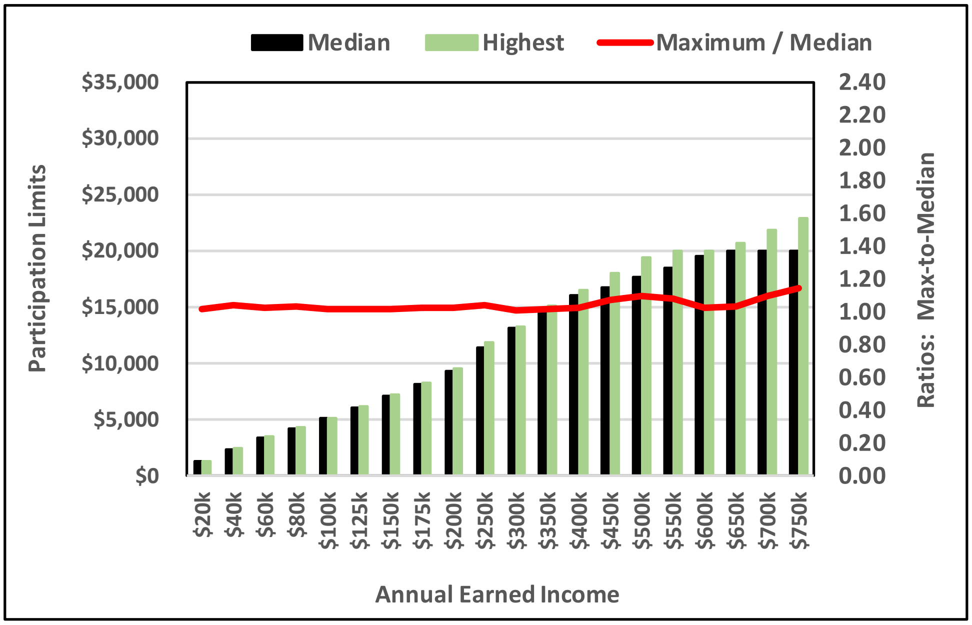
Many insurers offer higher replacement ratios when the individual is also covered by group LTD because of the benefit offset provisions that are usually contained in the group LTD coverage and the taxable nature of LTD benefits when the employer pays the premiums. These replacement ratios have increased over the past few years as competition in the ESML market has increased. Replacement ratios with LTD also tend to be flatter percentages of income levels in order to align better with LTD plan designs.

The next four sets of charts illustrate the current replacement ratios among the 13 survey contributors for a range of annual earned incomes:

- Figure IV.4 - Employee-pay policies with no group LTD
- Figure IV.5 - Employee-pay policies with group LTD
- Figure IV.6 - Employer-pay policies with no group LTD
- Figure IV.7 - Employer-pay policies with group LTD

The top figure in each set of charts compares the median and highest replacement ratios among the 13 contributors. The red lines in the charts are the ratios of the maximum participation limit to the median at the various annual earned incomes, which provide another measure of how close many of the participation limits are to the maximum. The bottom figure shows the relationship of the highest and median 2018 replacement ratios among the survey contributors to the corresponding replacement ratios in 2017. Points in these graphs that are over 100% indicate where 2018 replacement ratios have increased, and points under 100% show where they have decreased.

Figure IV.4: Ratios for employee-pay policies with no group LTD present



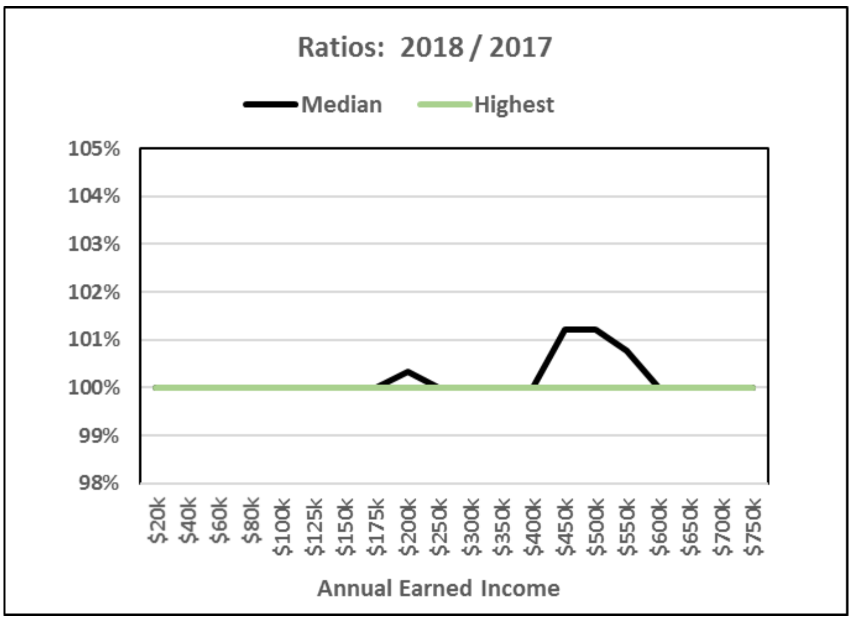
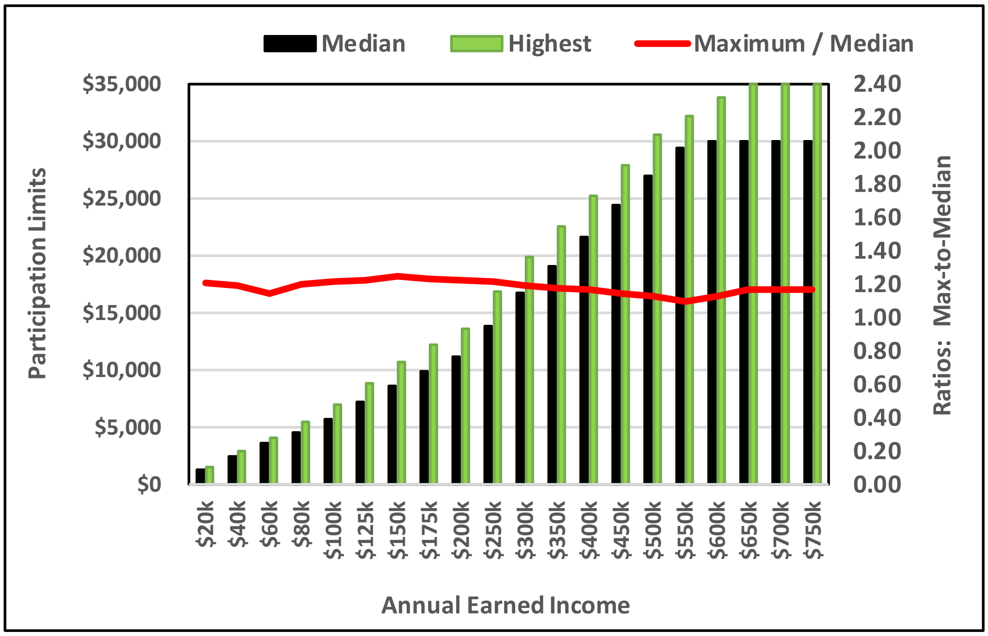


Figure IV.5: Ratios for employee-pay policies with group LTD present



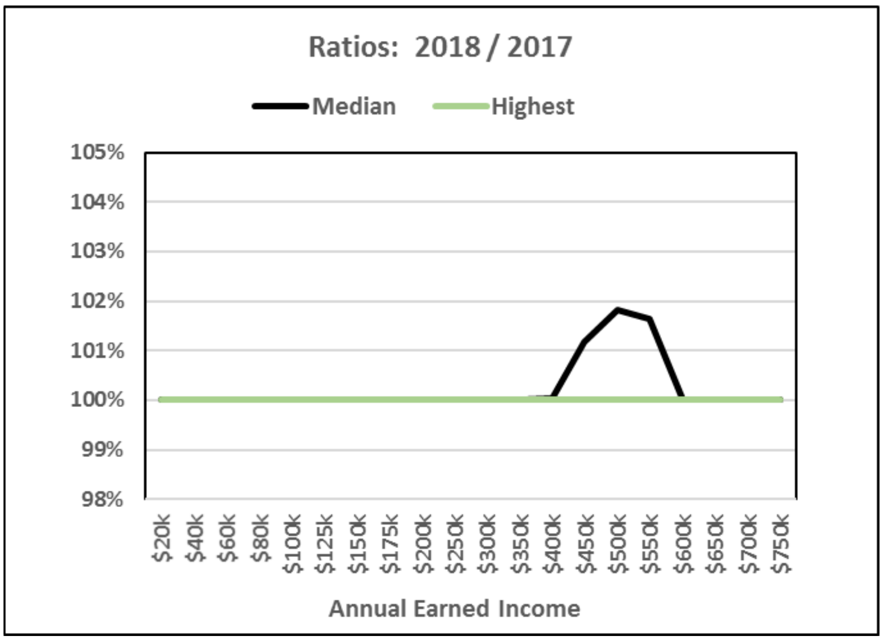
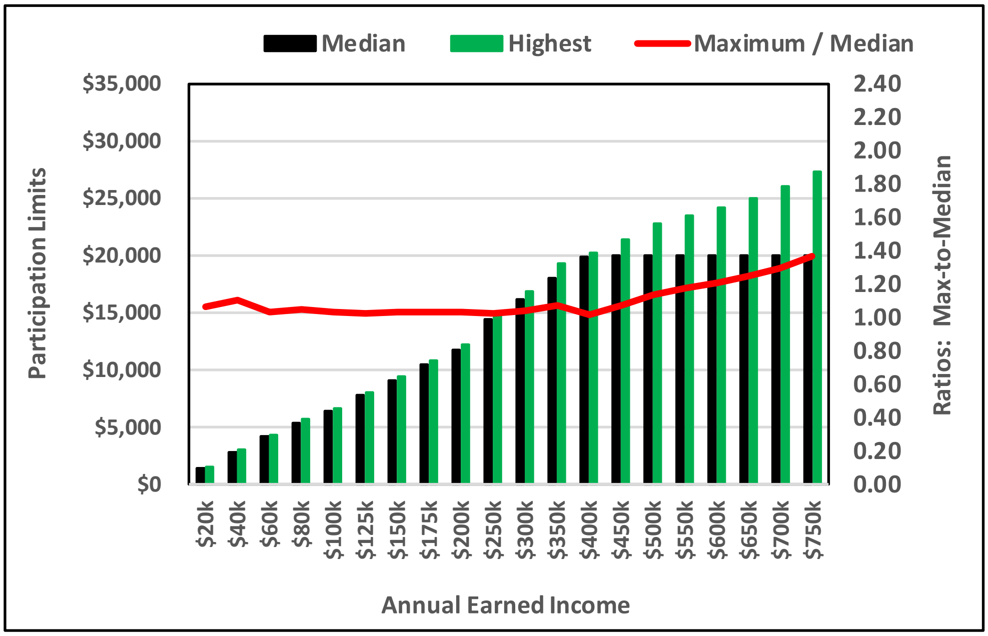


Figure IV.6: Ratios for employer-pay policies with no group LTD present



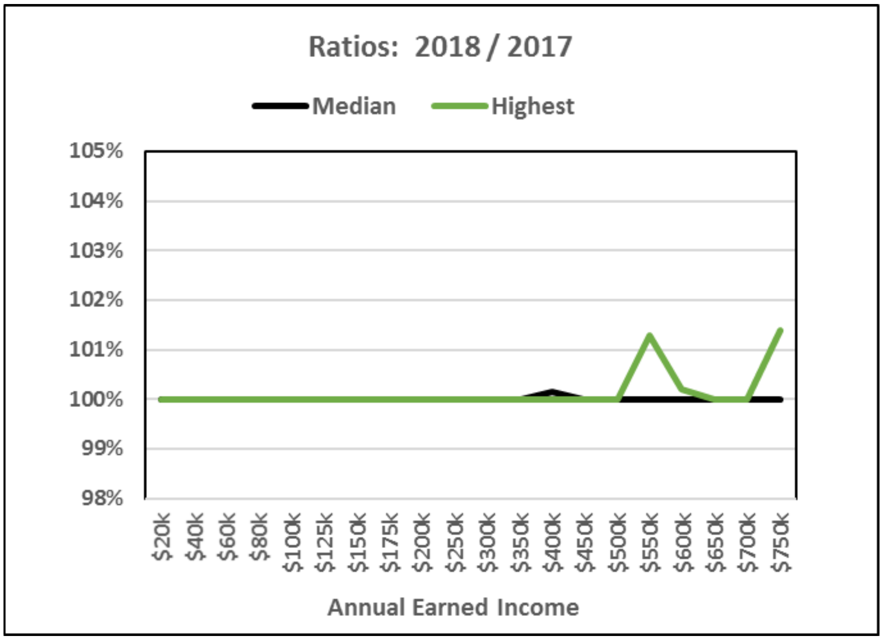
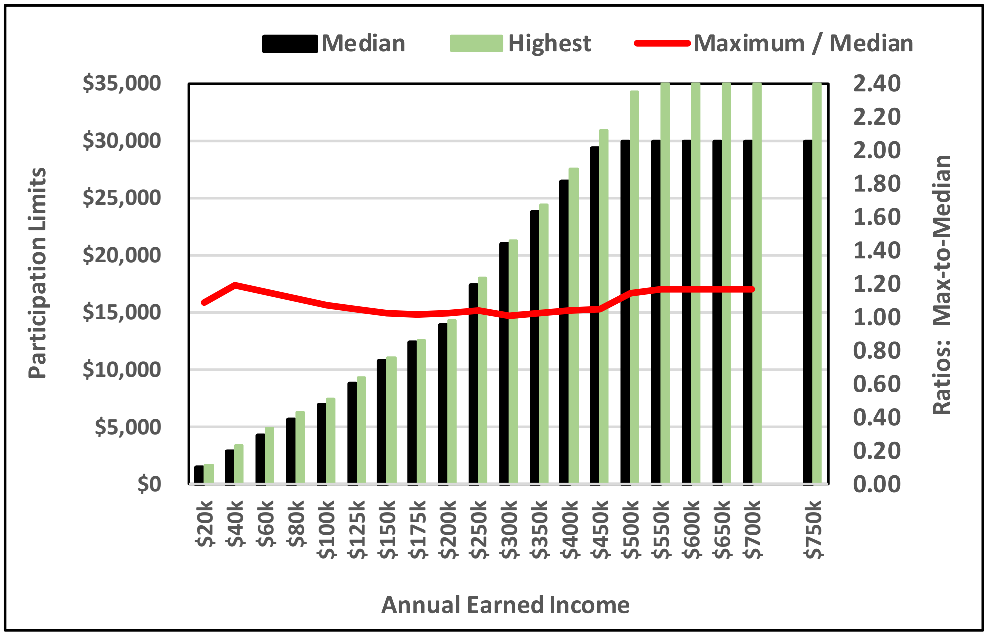
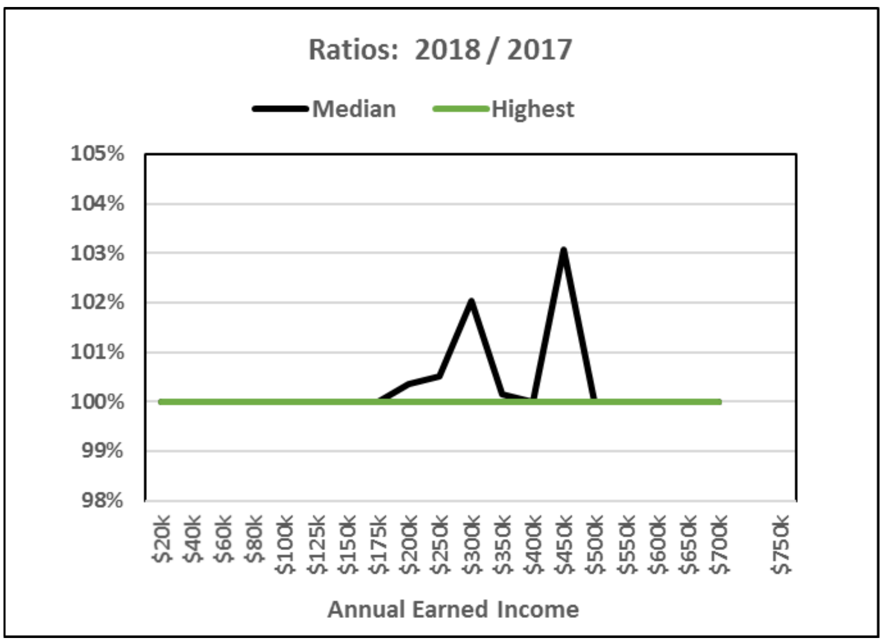


Figure IV.7: Ratios for employer-pay policies with group LTD present





The median replacement limits for employee-pay with no group LTD present changed very little since the 2017 IDI Market Survey (see Figure IV.4). The changes were mainly at annual earned incomes in excess of $400,000 and were probably due to a few companies increasing their maximum issue limits. The highest replacement limits for employee-pay with no group LTD present did not change at all.

The median replacement limits for employee-pay with group LTD present increased for earned incomes between $400,000 and $600,000 (see Figure IV.5) since the 2017 Market Survey. The highest replacement limits for employee-pay with group LTD present did not change.

The median replacement limits for employer-pay with no group LTD stayed generally flat (see Figure IV.6) since the 2017 IDI Market Survey. The highest replacement limits for employer-pay with no group LTD present increased generally for annual earned incomes in excess of $500,000.

The median replacement limits for employer-pay with group LTD present increased at annual earned income levels between $175,000 and $500,000 (see Figure IV.7) since the 2017 IDI Market Survey. The highest replacement limits for employer-pay with group LTD present did not change.

Underwriting requirements: Individually sold market

The tables in Figures IV.8, IV.9, and IV.10 show the blood testing, financial documentation, and paramedical examination requirements for the 13 contributors' normal underwriting rules in 2018. We have excluded information on EKG requirements because only four companies provided information and their limits did not change since the 2017 IDI Market Survey.

Figure IV.8: Blood testing limits in 2018

$1,500 and above, depending on age and BP. For some ages, blood is obtained on all.
$2,001
$2,500
$3,000 (3)
$3,001
$3,100
$4,000 for blood testing; $1,500 for oral fluids
Under age 45: $1,000 to $5,000 oral fluids, $5,000+ blood &urine; Over age 45: $1,000+ blood & urine
No labs for <=age 50 and <=$6,000/mo.; Labs required >age 50 or >$6,000/mo.
For ages 18-50, blood & urine required for amounts >= $5,001, for ages 51-60 for amounts >= $3,001
For ages 41-64, $2,500+; for ages 18-40, $5,001

Only one company appeared to have increased its blood testing limits since the 2017 IDI Market Survey. One company has higher limits in Puerto Rico, and another company has higher oral fluid limits in certain states. Most companies do not segment risk level by state in their blood testing limits.

Figure IV.9: Financial documentation limits in 2018

Required on all cases (2)
Required in all cases except for students, residents, and new professionals, and under simplified underwriting
$3,000 (2)
For employees: none for coverage up to $3000; W2 for higher coverage or for Puerto Rico; for business owners: varies
$5,001 (4)
$5,100
Employees up to $5,000/month - not required; employees > $5,000 and all self-employed individuals require documentation
Required when benefits applied and in force (excluding LTD) exceeds $10,000/mo.

There were few changes in the financial documentation limits since the 2017 IDI Market Survey.

Figure IV.10: Paramedical exam limits in 2018

$1,500
$2,001
$2,501
$3,000 to age 50, $2000 ages 51 and over
$3,000 for 40-45 BP of 5 years; $2,000 for 40-45 BP > 5 years; $2,500 for 46-49 BP of 5 years; $1,500 for 46-49 BP > 5 years
$3,000
$3,001
$5,001
$5,100
$11,000
Under age 45: $5,000 to $7,500 physical measurements, $7,500+ paramed; Over age 45: $1,000 to $7,500 physical measurements, $7,500+ paramed; Puerto Rico: paramed for all
Required only when traditional paper Part B completed on benefit amounts $7,501 and greater
We have been moving away from paramedical exams for the last few years.

There have not been any significant changes in the paramedical limits since the 2017 IDI Market Survey, although a few companies provided a little more detail in their descriptions.

Companies noted whether they are using or considering using tele-applications, pharmaceutical databases, motor vehicle records, and electronic underwriting engines in their underwriting. Figure IV.11 summarizes the responses of the 13 companies.

Figure IV.11: Utilization of tele-applications, pharmaceutical databases, motor vehicle records and electronic underwriting engines

Underwriting Tools	**Using now**	**Have plans in near future**	**Just beginning to think about it**	**Not considering**
Tele-applications	9	0	3	1
Pharmaceutical databases	13	0	0	0
Motor vehicle records	10	0	0	3
Electronic underwriting engines	4	3	5	1

All 13 of the IDI companies are now utilizing pharmaceutical databases in their underwriting. Ten companies utilize motor vehicle records. Nine utilize tele-applications. Four companies utilize electronic underwriting engines, and three have plans to utilize electronic underwriting engines in the near future.

Underwriting requirements: ESML market

The ESML market has three categories of underwriting, depending upon case size, participation of eligible employees, and other demographic and risk factors:

1. <u>Normal underwriting</u>
   Normal underwriting involves traditional medical and financial underwriting. We include simplified medical underwriting in this category.

2. <u>Guaranteed standard issue (GSI)</u>
   GSI underwriting involves issuing policies to employer-sponsored cases on a standard basis for all actively at work applicants, up to a specified monthly amount limit, with no medical underwriting.

3. <u>Guaranteed to issue (GTI)</u>
   GTI underwriting involves traditional medical and financial underwriting of policies in employer-sponsored cases, with a guarantee that policies will be issued to eligible employees, albeit possibly rated and/or with waived impairments.

The tables in Figures IV.12 and IV.13 show the GSI underwriting requirements for ESML cases reported by nine companies currently active in the ESML market. Figure IV.12 shows the voluntary GSI requirements typical of employee-pay cases, and Figure IV.13 shows the GSI requirements typical of employer-pay cases, which include 100% of eligible employees.

Figure IV.12: Employee-pay (voluntary) GSI requirements

Minimum Number of Lives	Maximum Issue Limits by Case Size				Participation Requirements by Case Size			
	10 Lives	50 Lives	200 Lives	1,000 Lives	10 Lives	50 Lives	200 Lives	1,000 Lives
10	$3,000	$5,000	$5,000	$5,000	100%	30%	30%	30%
10	$4,000	$5,000	$7,000	$8,000	>25% or 10 lives	25%	25%	25%
15 or 30% of total group	NA	$5,000	Case by case	Case by case	30%	30%	30%	30%
15	$5,000	$5,000	$5,000	$5,000	50%	20%	20%	20%
30	NA	$3,000	$5,000	$5,000	NA	30%	30%	30%
75 with incomes $75,000 and above	NA	NA	NA	NA	NA	NA	NA	NA
75	NA	NA	$10,000	$10,000	NA	NA	30%	25%
Approximately 75	NA	NA	NA	NA	NA	NA	NA	NA

Notes:
NA means that contributor did not provide the information.
Participation percentages apply to the number of eligible lives.

The minimum number of lives required on employee-pay (voluntary) GSI ranges from 10 to 75. The maximum GSI issue limits on employee-pay cases vary by case size, e.g., $3,000 to $5,000 for cases of 10 lives, $5,000 to $10,000 for cases of 1,000 lives. Participation requirements on voluntary cases also vary by case size—in general, the larger the case, the lower the participation requirement. In the past, a participation target of 30% was typical. As Figure IV.12 shows, minimum participation requirements now range from 20% to 30% for all but the smallest cases. There were very few changes in the GSI underwriting requirements for employee-pay cases since the 2017 IDI Market Survey. One company reduced its participation requirement on cases of 1,000 lives from 30% to 25%. Please note that NA means that the company did not provide the information.

Figure IV.13: Employer-pay (mandatory) GSI requirements

Minimum Number of Lives	Maximum Issue Limits by Case Size			
	10 Lives	50 Lives	200 Lives	1,000 Lives
5	$5,000	$8,500	$10,000	$10,000
5	$10,000	$10,000	$15,000	$15,000
5	NA	NA	NA	NA
7	$10,000	$17,500	Case by case	Case by case
10	$3,000	$8,000	$8,000	$8,000
10	$2,500	$10,000	$10,000	$10,000
10	$4,000	$7,500	$10,000	$15,000
10	NA	NA	NA	NA
15	$5,000	$5,000	$5,000	$5,000

The minimum number of lives required on employer-pay cases, where participation of eligible lives is 100%, ranges from five to 15 lives. Because of a lower risk of anti-selection, the maximum GSI limits on employer-pay cases tend to be higher than for employee-pay cases at the same sizes. One company currently offers a maximum GSI limit of $17,500 for cases of 50 lives.

Minimum case sizes for GSI underwriting for both employer-pay and employee-pay cases have generally decreased over the years. Many companies require a minimum number of participating lives in voluntary cases to ensure a high participation level in the smaller cases. For example, a company may require the larger of (1) 10 eligible lives participating or (2) 30% participation in a voluntary case before GSI underwriting is used.

The table in Figures IV.14 shows the distribution of ESML new premium for issue years 2013 through 2017 by type of underwriting split between employee-pay and employer-pay plans. These results are from all companies that are active in the ESML market today and that contributed to the new sales results in Section III.

Figure IV.14: Distribution of ESML new annualized premium by type of underwriting, issue years 2013 through 2017

Issue Year	**Employee-pay**			**Employer-pay**		
	GSI	**GTI**	**Normal and Simplified Issue**	**GSI**	**GTI**	**Normal and Simplified Issue**
2013	50.9%	1.2%	48.0%	85.7%	1.7%	12.6%
2014	50.0%	1.4%	48.6%	88.3%	1.3%	10.4%
2015	54.8%	1.1%	44.1%	89.6%	0.9%	9.5%
2016	52.2%	1.2%	46.6%	91.6%	0.9%	7.5%
2017	52.5%	1.2%	46.3%	93.1%	0.7%	6.2%
Average 2013 - 2017	**52.2%**	**1.2%**	**46.6%**	**89.8%**	**1.1%**	**9.1%**

From 2013 through 2017, GSI business averaged 52% of the employee-pay ESML new premium and 90% of the employer-pay ESML new premium. The share of employee-pay ESML new premium issued using GSI underwriting has generally increased over the last five years, although at a small pace. On the other hand, the share of employer-pay ESML new premium issued using GSI underwriting has increased at a faster pace over the last five years, from 86% to 93%.

Many companies have expressed concern with the aggressive nature of many voluntary GSI offers, i.e., higher guaranteed benefit amounts and lower participation requirements. The Individual Disability Tables Working Group (IDTWG) of the Academy of Actuaries and Society of Actuaries, which developed the 2013 IDI Valuation Table, showed that claim incidence for ESML business has been 76% of individually sold business. However, the IDTWG observed significant differences in claim incidence of ESML business by underwriting type. The lowest incidence has been on employer-pay GSI business, while the incidence rate for employee-pay (voluntary) GSI business has been on average 68% higher than employer-pay GSI, and individually billed medical ESML business has been 41% higher than the incidence for employer-pay GSI. Interestingly, the incidence for employee-pay GSI was still 8% lower than that for individually sold business.

The companies were asked to rate their satisfaction with the morbidity results of their employee-pay (voluntary) GSI cases. The table in Figure IV.15 compares the responses from the IDI market surveys in 2017 and 2018 of six companies that are active in the ESML market. Ratings are from 1 to 5 in their responses, where a rating of 1 means the company is very dissatisfied with the morbidity results, a rating of 3 means morbidity is meeting the company's expectations, and a rating of 5 means the company is very pleased.

Figure IV.15: Company ratings of their voluntary GSI morbidity

Rating	2017	2018
1 (least satisfied)	1	1
2	2	2
3	3	2
4	0	1
5 (most satisfied)	0	0
Average	**2.3**	**2.5**
Median	**2.5**	**2.5**

Three companies expressed dissatisfaction by giving ratings of 1 or 2 in both years, but the three others indicated that their experience met their expectations (a rating of 3) or better.

Simplified underwriting programs

One of the traditional impediments to IDI sales has been the extensive and time-consuming underwriting requirements, particularly when compared with individual life insurance underwriting. To overcome this obstacle, a number of IDI companies have introduced simplified underwriting programs for the less risky segments. Under these programs, many of their routine underwriting requirements (e.g., medical tests and financial documentation) were abbreviated or waived to speed up and simplify the IDI underwriting process.

Six companies described the simplified underwriting programs that they used during the last year. Figure IV.16 provides their responses.

Figure IV.16: Simplified underwriting programs

Up to age 45 and $5,000 of monthly benefit: completed application and required MIB and Rx check. All else for cause only.
Offering a knockout application for lower benefit off-the-job DI policies.
No labs or financials required if issue age <=50 (<=64 for multi-life), MIB <= $6,000/mo., issue, and participation amount <=$10,000/month.
Specific disability income products and business overhead applications that meet certain criteria will automatically trigger simplified underwriting. Issue up to $6,000 of coverage up to age 45, $3,000 of coverage up to age 50.
Individuals are eligible for a simplified DI contract ($500/$2000 monthly benefit, 90-day deductible period, 60-month maximum period and no additional riders) if (1) they are applying for or have been approved in the last 45 days for $100,000 or more of underwritten life insurance, (2) receive a standard or better rating on their life insurance and have no IDI coverage in force or pending. If they have group DI the monthly benefit reduces to $500, (3) are employed 10 hours or more per week and (4) answer "No" to eight simplified underwriting question.
Experimenting with a number of different simplified underwriting programs.

Changes in underwriting program since the last survey

Companies were asked to describe any changes in their underwriting programs since the last IDI market survey. The volume of responses was light compared with prior years. Figure IV.17 provides the three responses received this year.

Figure IV.17: Changes in underwriting requirements since the 2017 IDI Market Survey

Reduced financial documentation requirement for the BOE product, now requiring most recently filed business tax return for amounts over $10,000/month (previously had also required profit/loss statements and/or multi-year tax returns).
Financial documentation is now required if over age 50 for all benefit amounts (single-life cases) and if over age 64 for all benefit amounts (multi-life cases). Also required if the benefit amount applied for plus other IDI coverage in force or pending (excluding LTD) exceeds $10,000 a month.
Split existing products and created new versions that are split by short-term vs. long-term, where the short-term DI has greatly simplified underwriting requirements.

Underwriting decisions

Companies were asked to provide the distribution of their underwriting decisions for years 2013 through 2017 in the following categories:

- Issued as applied
- Rated and/or waived
- Modified (e.g., issued with a shorter benefit period than originally applied for)
- Declined

The table in Figure IV.18 compares the average underwriting decisions among 12 companies for all policies for which an underwriting decision was made from 2013 through 2017. Of the 14 companies contributing to the surveys, one does not provide any underwriting-related data and one did not submit underwriting decision data that was computed consistently with the other 12 companies. This analysis is intended to exclude applications with missing information or that were withdrawn by the applicants. The “issued other” category combines rated, waived, and modified underwriting decisions.

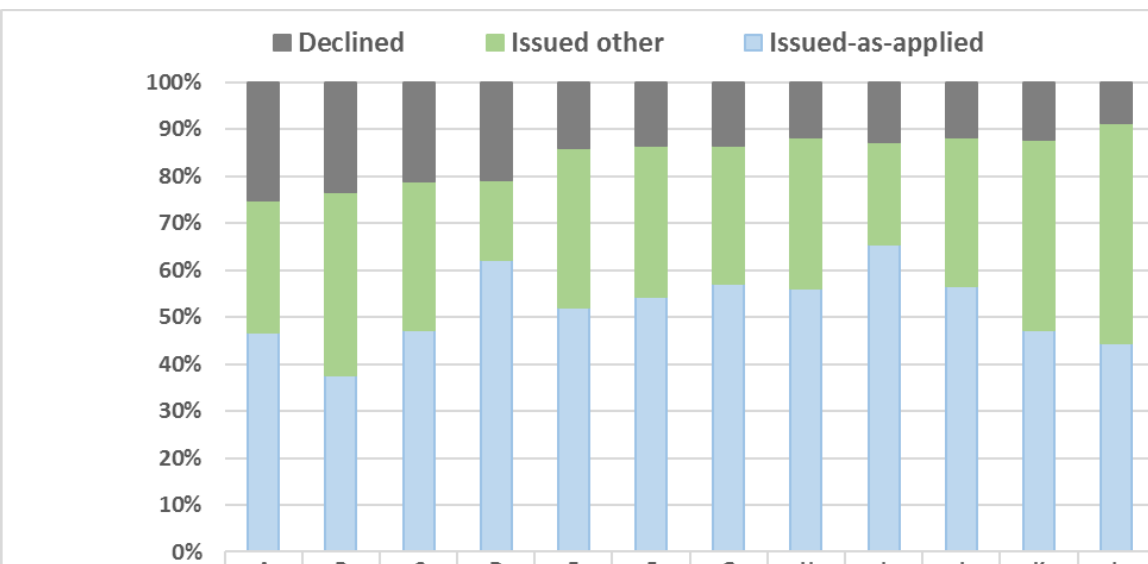
Figure IV.18: Average underwriting decisions, 2013 through 2017

Issue Year	Issued As Applied	Issued Other	Total Issued	Declined
2013	52.7%	32.4%	85.1%	14.9%
2014	53.8%	31.2%	85.0%	15.0%
2015	53.7%	31.1%	84.8%	15.2%
2016	51.1%	32.1%	83.2%	16.8%
2017	50.0%	33.4%	83.4%	16.6%
Average	**52.3%**	**32.0%**	**84.3%**	**15.7%**

The percentage of applications that were issued over the last five years, either issued-as-applied or other, decreased slightly in 2016 and 2017 as the percentage of declined applications increased.

The chart in Figures IV.19 shows the average distribution of underwriting decisions for 12 companies over the last five years. Companies have been labeled A through L and sorted so that company A has the lowest total issued percentage and company L has the highest.

Figure IV.19: Average distribution of underwriting decisions by company, 2013 through 2017



	A	B	C	D	E	F	G	H	I	J	K	L
Declined	25.1%	23.3%	21.2%	21.0%	13.9%	13.4%	13.4%	11.8%	12.6%	11.8%	12.2%	8.7%
Issued other	28.2%	39.2%	31.6%	16.7%	33.9%	32.3%	29.5%	32.2%	22.0%	31.5%	40.6%	46.8%
Issued-as-applied	46.7%	37.5%	47.2%	62.3%	52.2%	54.2%	57.1%	56.0%	65.4%	56.7%	47.2%	44.5%

The average issued as applied percentages over the last five years range from 37.5% to 65.4% for the 12 companies, the average issued other percentages range from 16.7% to 46.8%, and the average declined percentages range from 8.7% to 25.1%. These results indicate a wide range of underwriting practices among the 12 companies. For example, company L, which as the lowest average declined percentage over the five years (8.7%), has the highest average issued other percentage (46.8%), while its average issued-as-applied percentage (44.5%) is next to the lowest. This suggests that company L is less willing to issue policies as applied but is more willing than other most other companies to modify the policy benefits or apply waivers in order to preserve the sale.

Section V: Product and pricing

This section of the survey explores the range of product development and pricing activity in recent years and the availability of certain types of coverages. Thirteen of the 14 survey companies responded to the product-related section of the survey.

New product and premium rate changes since the last survey

Companies described product and premium rate changes implemented since the 2017 IDI Market Survey. Six companies reported product changes.

Figure V.1: Product changes since the 2017 IDI Market Survey

Introduced Student Loan Repayment rider; increased Business Loan Repayment Rider maximum issue limits; increased percent discount on existing 100% employer paid GLTD benefits from 25% to 30%.
Increased issue and participation limits.
Made IDI policy form introduced in 2016 (for fully underwritten sales) available for GSI sales.
Updated Buy-Sell and Key Person products.
Launched GSI version of key DI product on 6/1/2017, with previous policies no longer being sold by 1/1/2018.
Introduced new product offerings in May of 2017. Short-term Disability Income and Long-term Disability Income introduced. One- or three-year benefits for STDI, five-year and above encompassed in LTDI. Replaced previously sold DI products.

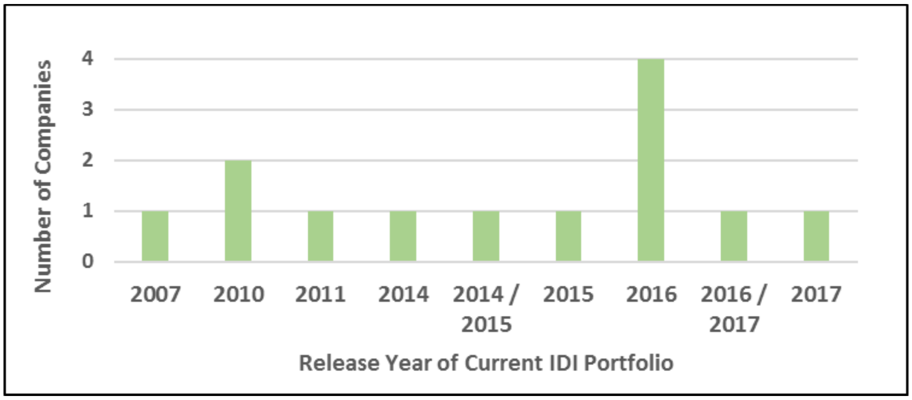
Five companies reported making premium rate changes since the 2017 IDI market survey.

Figure V.2: Premium rates changes since the 2017 IDI Market Survey

No rate changes, just a couple of occupational reclassifications (up and down).
Rate adjustment made to lifetime benefits rates.
Updated a few occupation classifications, which would affect rate levels for those occupations. The resident program discount has been changed to gender-specific rating with a 20% discount.
Introduced new premium rates and product designs on key IDI product.
New products were priced and began distribution in May 2017.

The table in Figure V.3 shows the years in which the 13 companies released their current IDI portfolios.

Figure V.3: Release years of current IDI portfolios



Six of the 13 companies released their current IDI products in 2016 and later.

Current product features

The table in Figure V.4 shows how many of the 13 companies offer various product features in their current IDI product portfolios. Companies offer these features in the base policy or add them via riders.

Figure V.4: Current IDI product features

Product Feature	Number of Companies
ADL (Catastrophic)	8
Return of Premium	3
Lifetime Sickness	1
Pension Completion	3
Critical/Serious Illness	5
Pure Own Occupation	8
Pure Own Occupation for Doctors	7

Mental/nervous limitations

The table in Figure V.5 shows how many companies include a mental/nervous (MN) limitation in their base IDI policies. The prevalent MN limitation applies to the first two years during a claim. Each line indicates whether a company has a two-year MN limitation, and if so, whether full MN coverage (i.e., over the full benefit period) is available. The numbers in paragraphs indicate how many companies had the same response.

Figure V.5: 2-Year MN limitation provisions

Does your base policy have a two-year MN limitation?	Is full MN coverage available?
Yes (5)	Yes (5)
Yes (3)	No (3)
Yes for long-term policies; no for short-term policies	No
Higher non-medical occupation classes have a five-year limitation; all other have a two-year limitation	Yes, employer-paid GSI over 10 lives only
No for individual billed policies; yes for ESML policies	Available on ESML policies
No (2)	

Eight companies include a two-year MN limitation in all of their base IDI policies, of which five allow full MN coverage in some situations (discussed below). Two companies do not include a MN limitation in their base policies. Another company indicated that it includes a two-year MN limitation in policies with long-term benefit periods but not for policies with short-term benefit periods. Another company includes a five-year limitation in policies issued to higher non-medical occupation classes and a two-year limitation in all other policies. Another company does not include the two-year MN limitation on individual billed policies but does require it on ESML policies.

A number of companies make full MN coverage available through a rider even if the base policy has a two-year MN limitation. However, this option may not be available to everyone. The table in Figure V.6 lists the segments that do not offer full MN coverage.

Figure V.6: Segments for which full MN is not available

Not available on fully underwritten IDI or voluntary GSI.
Not available for individual billed policies issued in California. Not available for certain ESML occupations (underwriting approves on case level basis)
Individual, voluntary GI, and employer-pay with less than 20 lives.
Only available for GSI cases with 20+ lives.
Not available to anesthesiologists and emergency room physicians.
Some state-specific restrictions.
A 24-month limitation is required for blue- and gray-collar occupations and our lower medical classes).

Geographical pricing

Companies were asked to list all states in which they charge premium surcharges on issued policies due to higher claim costs. Figure V.7 lists the 18 states (including Puerto Rico) for which at least one company has a premium surcharge; the number of such companies for each state; and the median, minimum, and maximum surcharges. For most companies, the premium surcharge for a state was a single percentage applied to all policies. For some companies, the premium surcharges for a state varies by a number of factors, and in these cases, the premium surcharges represent averages.

Figure V.7: Premium surcharges by state

State	Number of Companies	Median	Minimum	Maximum
California	10	27.5%	20.0%	90.0%
Florida	9	10.0%	7.5%	25.0%
Arizona	3	10.0%	10.0%	20.0%
Nevada	3	20.0%	10.0%	20.0%
Louisiana	2	10.0%	10.0%	10.0%
New Mexico	2	10.0%	10.0%	10.0%
Arkansas	1	10.0%	10.0%	10.0%
Delaware	1	10.0%	10.0%	10.0%
Hawaii	1	10.0%	10.0%	10.0%
New Hampshire	1	10.0%	10.0%	10.0%
New Jersey	1	10.0%	10.0%	10.0%
New York	1	30.0%	30.0%	30.0%
Puerto Rico	1	25.0%	25.0%	25.0%
Rhode Island	1	10.0%	10.0%	10.0%
Texas	1	10.0%	10.0%	10.0%
Utah	1	10.0%	10.0%	10.0%
Vermont	1	10.0%	10.0%	10.0%
West Virginia	1	10.0%	10.0%	10.0%

Eleven of the 13 companies had a premium surcharge in at least one state. Ten companies had a premium surcharge in California, and nine in Florida. One company sold a different product in California than in other states because California has not approved its newer product. The 10% premium surcharge in Vermont by one company is due to Vermont not approving the company's mental nervous limitation. One company has a higher premium surcharge for policies sold in the ESML market than in the individually sold market.

Premium surcharge for tobacco use

All 13 companies have a premium surcharge for tobacco use. Eight companies charge additional premium for any tobacco use.

The table in Figure V.8 shows the range of premium surcharges for tobacco use among the 13 companies.

Figure V.8: Range of premium surcharges for tobacco use

Median	25.0%
Minimum	20.0%
Maximum	35.0%

The table in Figure V.9 lists the different definitions of tobacco used by the companies.

Figure V.9: Variations in the definitions of tobacco use

Tobacco use (6)
Tobacco or nicotine use
Nicotine Use
All forms of nicotine, tobacco, and marijuana use
Cigarette, electronic cigarette, nicotine cessation products, chewing tobacco, cigars, and marijuana

Six companies continue to refer to "tobacco use," while others have expanded it to "nicotine use." One company includes marijuana, while another has expanded the definition to include electronic cigarettes.

Section VI: General trends

This section explores general trends that are indicative of the health of the IDI business. Thirteen companies contributed to this section of the survey.

Companies' satisfaction with profitability and sales results

Companies rated their overall satisfaction with the profitability and sales performances of their IDI businesses, ranking from 1 to 5, where a rank of 1 indicates that the contributor is very dissatisfied and a rank of 5 indicates that the contributor is very satisfied. Figure VI.1 compares this year's responses from the 13 companies with their responses from last year's survey.

Figure VI.1: Companies' satisfaction with their profitability and sales results

Ranking	Overall Profitability		Overall Sales Results	
	2017 Survey	2018 Survey	2017 Survey	2018 Survey
1 (very dissatisfied)	0	0	1	1
2	1	1	3	5
3	4	5	5	3
4	5	5	4	1
5 (very pleased)	3	2	0	3
Average	3.8	3.6	2.9	3.0
Median	4	4	3	3

The average overall profitability ranking decreased slightly as two companies lowered their rankings one level since last year's survey. The average overall sales results ranking increased. Four companies increased their overall sales rankings by one or two levels, and two companies decreased their rankings one or two levels.

Making the IDI sale easier

IDI coverage is difficult to sell when compared with individual life or annuity products. Many companies are looking to simplify the process with the hope of improving sales. Surveyed companies listed the actions they have taken over the last year to make the IDI sale easier. Figure VI.2 lists the responses. Companies mentioned a wide range of actions designed to facilitate the sales, issue, and underwriting processes.

Figure VI.2: Steps taken by companies to facilitate the sales process

Administrative Changes
Developed electronic policy delivery (2)
Purchased new administrative system that will automate some manual processes, allowing quicker underwriting decisions
Simplified application process
Enhanced electronic application process enhancements
Updated systems for flow-through processing on clean cases
Continued enhancements to electronic application
Introduced electronic enrollment system for GSI
Enhanced GSI administration systems
Simplified applications and underwriting programs
Underwriting Rules
Increased issue and participation limits
Simplified underwriting for ages under 45 and coverage under $5,000
Expanded simplified underwriting programs
Raised issue and participation limits
Product Changes
Unbundled product features to better tailor cost and benefits
Created a new mental/nervous endorsement to allow us to issue more contracts (by declining less for mental/nervous reasons)
Removed occupational restrictions on some riders
Modernized IDI portfolio
Increased the maximum number of endorsements allowed on a contract to four
Introduced new product features tailored to specific needs

The focus of many companies over the last year has been on implementing or improving electronic administrative processes to simplify and facilitate the issue and enrollment (in the case of GSI underwriting) processes.

Favorable trends in the IDI market

Companies listed favorable trends that they are seeing in the IDI market. Figure IV.3 shows their responses. The numbers in parentheses beside some observations indicate the number of companies that had the same or similar observations.

Figure VI.3: Observed favorable trends in the IDI market

Claim Experience
Improved claim termination rates (2)
Claim incidence rates continue to be lower
Favorable claim incidence over last six months
Favorable claims experience (4)
Stable claim incidence
Claims experience on new business within pricing expectations
Sales
Strong (favorable) sales growth (2)
Higher sales volume in the fully underwritten block
Increasing ESML activity
Sales in core market stable
Shift from medical occupation classes to non-medical occupation classes — Introduced premium loads on medical classes in 2015
Approach to broad financial risk planning vs. product sales
Distribution
Increased producer engagement in IDI (3)
Focus on training and education of agents on IDI, three in-house DI specialists to focus on DI vs. other internal life wholesalers
Increased traction through brokerage channel
Sales growth from non-traditional distribution channels
Other
Rising interest rates (2)
Tax reform
Good policy persistency
Increased corporate focus on recurring premium risk products
Decreasing time to process applications due to technology

Ten of the 13 companies have been observing stable or improving claim experience. Seven companies mentioned favorable sales growth either in total or in specific markets. Related to favorable sales, many companies observed that their producers were more engaged with the IDI products. Some companies may be succeeding in addressing one of the long-term nagging problems facing the IDI industry—namely, getting their producers' attention.

Unfavorable trends in the IDI market

Companies listed the unfavorable trends that they are seeing in the IDI market. Figure VI.4 shows the various responses. The numbers in parentheses beside some observations indicate the number of companies that had the same or similar observations.

Figure VI.4: Observed unfavorable trends in the IDI market

Market & Sales
Insufficient occupational diversity
Poor sales outside the medical and dental markets
Competing priorities with larger markets
A larger percentage of sales in the medical market than desired
Lack of new markets and low industry growth
Lower sales or not meeting expectation (3)
Unfavorable gender mix in new sales
Client belief that IDI not necessary (e.g., "I have group coverage, don't need more")
Lack of consumer awareness of product
Distribution
Lack of distribution focusing on middle income IDI clients
Agent belief that IDI not necessary or too complicated, or lack of knowledge of how to sell IDI
Lack of distribution asking consumers about income protection
Aging agent force and new agents with less emphasis on IDI products
Capacity of distribution — Competing with their focus on investment and asset management products
Aging client base with focus on retirement not protecting current earnings
Competition
Some aggressive underwriting on reduced information
Competitive landscape
Competition for medical market business
Other
Noticing a high rate of withdrawn applications prior to an underwriting decision
Low interest rates (2)
Systems limitations; hard to obtain reliable data for experience studies
Declining interest rates
Increasing IT costs
High lapse rates
Internal competing priorities
Regulatory developments — DOL ERISA claim changes, New Mexico, Massachusetts

A number of companies cite the lack of market diversity and the need to expand markets beyond medical occupations as unfavorable trends. In spite of some companies' success in engaging producers to sell IDI products (see the list of favorable trends above), some companies continue to struggle to get their producers to spend more time selling IDI products. Fewer companies than in the past noted unfavorable trends with respect to competition from other IDI companies. No company reported unfavorable claims experience.

Obstacles to the long-term financial health of the IDI market

Companies listed obstacles in the IDI market that could impede future growth and profitability. Figure VI.5 shows their various responses. The numbers in parentheses beside some observations indicate the number of companies that had the same or similar observations.

Figure VI.5: Obstacles to the long-term financial health of the IDI Market

Market
Lack of IDI product awareness and consumer education (5)
Insufficient diversity of occupation and underserved markets (3)
Inability for industry to grow overall market penetration due to not reaching new segments of consumers (2)
Low sales growth
Consumer apathy
Aging client base
Distribution
Education of producers on the need for IDI (2)
Lack of distribution growth
Agents not engaged
Aging distribution with inadequate succession planning (2)
Young producers focusing on asset management
Distribution system limitations
Competition
Possible excessive liberalization of underwriting with automation and other streamlining efforts
Making product or rate changes that do not make sense in light of company and/or industry experience
Irrational product and risk management driven by desire for top line growth
Hyper competitiveness (rates, issue limits, benefits)

Figure VI.5: Obstacles to the long-term financial health of the IDI Market (continued)

Product Innovation
Lack of product innovation
Lack of innovation with regards to product and delivery
Claims Experience
Unfavorable claim experience and claim fraud
Profitability challenges in the voluntary guaranteed issue business
Other
Low interest rates (3)
Regulatory environment
Potential future economic downswings
Regulatory climate
Increased expenses

The two largest obstacles to the long-term financial health expressed by the companies pertain to market limitations (i.e., diversification and awareness of the need for IDI products) and distribution limitations (aging or disengaged IDI producers). Some companies included the risk of competitors making inappropriate product and underwriting decisions, which appears to be the fear that the IDI market might one day return to the hyper-competitiveness of the 1980s and 1990s.

Opportunities for growth in the IDI market

Companies were asked to list opportunities for long-term growth in the IDI market. Figure VI.6 lists the various responses.

Figure VI.6: Opportunities for growth in the IDI market

Occupational
"Gig" workers and independent contractors
Young professional market
Non-medical occupations
Small business owners
Graduating students; new in professional programs
Doctors
Medical occupations
Skilled trades
White collar executives and professionals

Figure VI.6: Opportunities for growth in the IDI market (continued)

Market Segments (Other than Occupational)
Millennials
Upper class
Markets needing shorter benefit periods
Self-employed
Middle class
Business market
Higher income and middle-income market
Upper middle market sales
ESML Market
Employer-sponsored GSI
Worksite market
Multi-life GSI sales in professional non-medical employer sponsored plans
Group-IDI combinations
Employer-paid GSI
Distribution
Dedicated wholesalers specializing in IDI to simplify process and educate agents
Direct to consumer
Younger agents
Non-traditional distribution channels
Other
Expansion into New York

The wide range of listed growth opportunities in Figure VI.6 suggests that companies may not pursue the same markets in the future.

Observed changes in IDI claim patterns

While the overall financial results may indicate continued profitability for many companies, attention to changes in claim patterns can identify early indicators of future unfavorable morbidity results and enable companies to address potential claim issues before they become unmanageable. Companies were asked to describe any changes to their historical claim patterns observed since the last IDI Market Survey. Figure VI.7 lists the various responses.

Figure VI.7: Changing claim patterns in the IDI market observed since the 2017 IDI Market Survey

Favorable Changes
Decrease in new appeals
Decrease in accident claims in the first quarter of 2018
Claims patterns have been stable with some decrease in incidence
Spike in claim recoveries
Claim experience relatively stable
No change in claim pattern over the last 12 months
Unfavorable Changes
Higher claim incidence on policies with higher monthly benefits
Claimants taking longer to report claims

Compared with the other lists of observations, there were relatively few observations on changing claim patterns. Of the eight observations in the table in Figure VI.7, six pertain to stable or improving experience.

Section VII: Implementation of the 2013 IDI Valuation Table

In August 2016, the National Association of Insurance Commissioners (NAIC) adopted the 2013 IDI Valuation Table as the new statutory minimum reserve basis for IDI policies and claims, replacing the 1985 Commissioner Individual Disability A and C tables. Companies may implement the table as early as 2017, but no later than 2020. The 2013 IDI Valuation Table is more complex than the older tables, with the introduction of a separate class for medical occupations and claim incidence and termination rate modifiers. We asked the survey companies a range of questions this year regarding their implementation of the new valuation table. Thirteen companies responded with updated information. For the 14th company, we have assumed that there has been no change in implementation status since last year's survey.

Description of companies' IDI active life and claim reserve systems

Some companies have built their own active life and claim reserve systems, while others have purchased their reserve systems from software vendors or third-party administrators (TPAs). Companies acquiring software for reserve systems may be responsible for maintaining the systems themselves, or maintenance may fall totally on TPAs. Where a TPA maintains the systems, companies will still need to pass the appropriate policy and claim data to the TPA, including assignments to the new occupation class structure.

The table in Figure VII.1 describes the origin and maintenance of the active life and claim reserve systems among the survey companies. For a majority of companies, TPAs or vendors developed their reserve systems, including three companies that currently maintain the purchased systems.

Figure VII.1: Active Life and Claim Reserves

Description of Reserve Systems	Active Life Reserves	Claim Reserves
Our system was developed by our company and is maintained by our company	4	5
Our system was developed by a TPA and is maintained by the TPA	7	6
Our system was developed by a TPA (or vendor) but is maintained by our company	3	3
Total	14	14

Description of companies' IDI claim termination rate study systems

The actuarial guidelines accompanying the 2013 IDI Valuation Table require that companies measure their claim termination rate experiences relative to the new table at least annually and apply credibility adjustments to the new table's claim termination rates to reflect company experience. As a result, companies must modify their claim termination rate study systems to use the 2013 IDI Valuation Table as the expected basis. Thirteen of the 14 companies have developed their own claim termination rate study systems, and one is working to complete the system. The table in Figure VII.2 shows how many companies have already studied their own experience of claim termination rates relative to the 2013 IDI Valuation Table.

Figure VII.2: Claim termination rate experience and the 2013 IDI Valuation Table

Have studied own experience relative to 2013 IDI Valuation Table	# of Companies
Yes	7
No	3
Currently working on it	4
Total	14

Since last year, one more company indicated that it has studied its own experience relative to the 2013 IDI Valuation Table.

Implementation plans for the 2013 IDI Valuation Table

Companies are required to use the new table beginning in 2020 but may choose to implement the table as early as 2017. The table in Figure VII.3 shows the years that the 14 companies are planning to implement the 2013 IDI Valuation Table.

Figure VII.3: Planned implementation years

Year of Implementation	# of Companies
2018	1
2019	4
2020	5
Do not know	4
Total	14

In the updated survey, two companies changed their expected year of implementation from 2018 to 2019, and one company changed from 2019 to 2020. This suggests that company progress in implementing the new table has been slower than expected, at least for some companies.

Companies’ plans to implement the retroactive provision of the new regulation

When there is a new statutory minimum reserve basis adopted by the NAIC, companies apply the new basis to all IDI policies issued on or after their selected effective dates and all IDI claims incurred on or after the effective dates (regardless of the policy issue date). The new NAIC regulations allow companies to either implement the new table based on their selected effective dates (between 2017 and 2020) or use a retroactive provision that allows companies to apply the new table to all IDI policies and claims. Figure VII.4 shows whether the 14 companies are planning to invoke or are considering the retroactive provision.

Figure VII.4: Consideration of retroactive provision

Planning to Use the Retroactive Provision	# of Companies
No	4
Yes	1
Yes (claims only)	1
Have not discussed it	4
Currently discussing it	2
Will explore after valuation system is updated	1
No response	1
Total	14

Current status of companies’ implementation of the 2013 IDI Valuation Table

The table in Figure VII.5 summarizes the status of the 2013 IDI Valuation Table implementation process among the 14 companies as of March of 2018. One company noted that its TPA has completed making the necessary changes to its valuation systems, one noted that its TPA had not begun making the changes, and two companies that maintain their own systems noted that they had not begun the implementation process. The other companies or their TPAs are currently working on implementation.

Figure VII.5: Status of companies' implementation process

Our TPA has completed making changes to its valuation systems to comply with 2013 IDI Valuation Table	3
Our TPA is currently working on changing its valuation systems to comply with 2013 IDI Valuation Table	2
Our TPA currently has not begun updating its valuation systems to comply with 2013 IDI Valuation Table	0
My company has completed making changes to our valuation systems to comply with 2013 Valuation Table	0
My company is currently working on changing our valuation systems to comply with 2013 IDI Valuation Table	7
My company currently has not begun updating its valuation systems to comply with 2013 IDI Valuation Table	1
Don't know	1
Total	14

Since the 2017 survey, two companies have changed their response from "TPA is currently working on…" to "TPA has completed…" and one company changed its response from "TPA has not begun…" to "TPA is currently working on…" Additionally, one company changed its response from "TPA is currently working on…" to "Company is currently working on…" Generally, TPAs and vendors seem to have made some progress implementing the new table in their software packages over the past several months.

Companies' issues regarding the implementation of the 2013 IDI Valuation Table

The table in Figure VII.6 lists 17 issues that are complicating or delaying the implementation process among the 14 companies. Four of the issues pertain to the difficulties of prioritization and obtaining the necessary IT support.

Figure VII.7: Implementation issues

Waiting for valuation software to be updated – either by TPA or internally (3 responses)
Need to develop or update experience studies (2 responses)
Limited resources such as IT and actuarial (3 responses)
Fitting the new table structure into existing systems
Updating valuation extracts
With the expanding of classifications, researching if we have the information on our current extracts
The lack of credibility in termination rate studies and level at which to measure it
Our system does not capture claims details well, making termination rate studies challenging
Complexity
Sequencing the implementation of the 2013 IDI valuation tables with a software conversion project
Other priorities
Timing
Not far enough along with implementation to have identified issues

The issues listed above include having limited resources to devote to implementation, handling the complexities and additional data needs of the new table, and waiting for a TPA to reflect the new table in its valuation software. This issues list has not changed significantly since the 2017 survey, with companies still citing the same issues and challenges.