



Disability: A Real Risk at All Ages; Are Families Covered? The Answer is Not so Clear

By Thomas E. Workman, President & CEO, Life Insurance Council of New York, Inc.

No one wants to think about being disabled for any length of time, or what impact it will have on his or her family financially, but the probability is real at all ages. In fact, according to the U.S. Social Security Administration¹, just over one in four of today's 20 year-olds will become disabled before they retire. If you think these disabilities are covered by workers' compensation, think again. The majority of disabilities, nearly 90 percent according to LIMRA², are not work related and therefore not covered by workers' compensation. Most disabilities are borne out of illness rather than accidents.

Just more than 10 percent of New Yorkers are considered disabled³, so if workers' compensation doesn't pay, what does? Many may think about disability income insurance. Fifty-one percent of consumers polled by Life Happens and LIMRA⁴ acknowledged that they need this critical protection. However, do they have it?

In New York State, which requires 24 weeks of disability coverage, 75 percent of private firm employees have short-term disability. While this requirement is very helpful, and New York officials should be applauded, the amount of coverage may not come close to a family's weekly income. Will it be enough for a family to pay for groceries? Or, given the winter we just experienced, will the amount cover the heating bill?

Now consider what is to happen to a family when a member has a long-term

disability. According to LIMRA⁵, 34 percent of New Yorkers have long-term disability coverage and only four percent have an individual policy. Those statistics demonstrate a significant gap in coverage. Is a family to turn to the government? Social Security Disability Insurance Trust Fund pays \$1,200 on average⁶ per month. However, the average weekly salary across the state is higher than or close to the Social Security monthly payment – from \$1,674 per week for New York County to \$744 per week for King County.⁷ How are families to solve for this income cut?

The answer should be more disability income insurance coverage; not additional government funding. There are many suitable, disability income insurance options for New Yorkers to supplement their income. Such policies help protect a family's savings, pay their bills, and even help them live without assistance. May is disability insurance awareness month, but throughout the year, the industry will help people understand their individual needs and do what it can to increase the amount of protection. New York State has demonstrated the forethought to require 24 weeks of disability insurance coverage. We at LICONY would welcome public policy that supports the life insurance

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industry's efforts to have as many New Yorkers covered as possible.^[A]

Thomas E. Workman is the President and Chief Executive Officer of the Life Insurance Council of New York, Inc. LICONY is the principal voice of the life insurance industry in New York. LICONY works to create and maintain a legislative, regulatory, and judicial environment that encourages its members to conduct and grow their life insurance businesses here in New York State. For stories about New Yorkers who have benefitted greatly from purchasing the products of life insurers, go to www.licony.org, and click on "Published Articles" in the NEWSROOM box on the homepage.

- 1 U.S. Social Security Administration, Fact Sheet February 7, 2013
- 2 Facts from LIMRA, 2013
- 3 Cornell University, 2012 Disability Status Report, New York
- 4 Life Happens and LIMRA's Life Insurance Barometer Study, 2013
- 5 Estimates based on LIMRA data and Bureau of Labor Statistics
- 6 U.S. Social Security Administration, www.ssa.gov/OACT/STATS/dibGraphs.html#3
- 7 U.S. Department of Labor, Second Quarter 2013, www.bls.gov/ro2/qcew9350.htm



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