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Press Release

Milliman annual individual disability income survey indicates slack sales due to economic conditions but strong underlying profitability

Disability income market retains favorable claims experience, shows signs of future rebound in sales

Seattle – August 9, 2011 – Milliman, Inc., a premier global consulting and actuarial firm, today released results from its 2011 survey of the U.S. individual disability income (IDI) market. Fifteen insurance companies, representing 90-95% of the traditional IDI new business issued today, were asked about the business issued between 2002 and 2010, the distribution of sales among key marketing segments, current underwriting requirements, product offerings, favorable and unfavorable trends, and opportunities and obstacles in the current IDI market. Milliman has published this annual survey since 2007.

“Developing and sharing in-depth information like the IDI survey is useful in keeping this market healthy and minimizing the risk of incurring financial losses that shook this market over 15 years ago,” said Bob Beal, principal and consulting actuary in the Portland, ME office of Milliman. “The IDI market saw a significant drop in premiums between 2008 and 2009, and while that drop continued between 2009 and 2010, it was far less severe. Even with the premium drop, there is an underlying strength in claim experience and overall profitability. The ability to measure these kinds of dynamics is a key reason for conducting this annual survey.”

Some key highlights from the 2011 survey include:

- Combined premiums from new business dropped for the second consecutive year as a result of poor economic conditions. However, the drop from 2009 to 2010 (-3.4%) was significantly lower than the previous year (-12.5%) signaling that future sales may be on the rebound.
- Survey contributors reported favorable claim experience and continuing strong profitability. Although the economy has caused depressed sales, it has not resulted in any observable unfavorable claim trends.
- In spite of an overall drop in sales, new premium on policies sold to physicians continues to grow, both in absolute dollars and as a percentage of total new premium for the industry. The growing prevalence of IDI sales to those in medical occupations is similar to sales patterns prior to catastrophic financial losses of the mid-1990s.



- More aggressive competitiveness among IDI carriers in recent years has been disconcerting to many contributors who fear a return to the hyper-competitive pressures experienced during the 1980's and early 1990's.

In order to help provide transparency into the IDI market, Milliman is making the full report with almost 50 charts and tables from our survey available for free. Interested readers should contact the authors, Bob Beal (bob.beal@milliman.com or 207-771-1201) or Anne Mitchell (anne.mitchell@milliman.com or 207-771-1205), to receive the report.

About Milliman

Milliman is among the world's largest independent actuarial and consulting firms. Founded in 1947 as Milliman & Robertson, the company currently has 53 offices in key locations worldwide. Milliman employs more than 2,500 people. The firm has consulting practices in healthcare, employee benefits, property & casualty insurance, life insurance and financial services. Milliman serves the full spectrum of business, financial, government, union, education and nonprofit organizations. For further information, visit milliman.com.

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