

# CIGNA Study Reveals Employees in the Dark on Disability

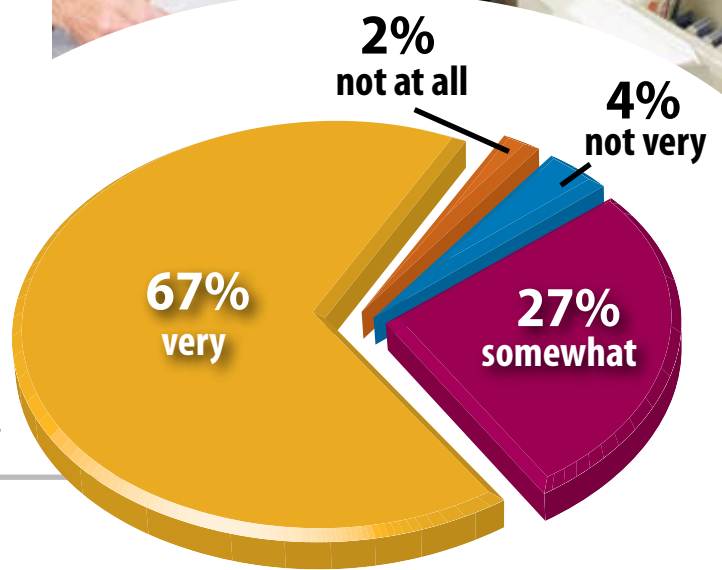
Value coverage but not clear on cost and details

*Economic downturns are a time when people really want to get their arms around their financial health and security. But a recent CIGNA study unveils that most workers in America are misinformed when it comes to how – or even if – they are financially protected if faced with a disabling illness or injury.*

The study, conducted as part of CIGNA's ongoing research into health and well-being in America, revealed that nearly all people say they value disability insurance. However, significant knowledge gaps existed in terms of workers' awareness of their personal need for coverage, as well as the cost of insurance through their employer. And, most said they are looking to employers for help and advice.

These findings uncover real opportunities for employers to help employees understand disability insurance, strengthen their financial security and build loyalty and trust.

## How valuable would it be to have disability insurance?



### Key Study Findings

## Workers Value Disability Coverage

### Employer-sponsored plans provide much-needed security

Overwhelmingly, Americans value disability insurance. According to a study conducted by Yankelovich<sup>1</sup> for CIGNA, 94 percent of respondents say they would find it valuable to have disability insurance that paid part of their paycheck if they got sick or injured and could not work.

The reality is 71 percent of American employees live from paycheck to paycheck<sup>2</sup>. Add a downturned economy to the mix and it becomes no surprise that financial vulnerability is top of mind for most Americans.

Employers can play a key role by offering disability coverage at work as a viable way to help

employees protect their financial future and sense of security. Employers should seek out disability programs with a strong return-to-work focus. Programs that help employees return to work quickly and safely can provide the best long-term value by helping them:

- get back to earning a full paycheck; and
- fulfill their sense of self-worth and emotional well-being.

In fact, 65 percent of respondents view a job as much more than just a paycheck and consider work an essential part of their sense of self-worth and emotional well-being.



## Going Without: A Risky Gamble

One-third of all Americans between the ages of 35 and 65 will become disabled for more than 90 days. Without insurance, they may be at risk for bankruptcy, foreclosure and other serious financial damage<sup>3</sup>.



## Employer-Sponsored Coverage Offers Huge Savings

Typical long-term disability coverage (that would pay 50 percent of income) offered through an employer-sponsored plan generally costs in the range of \$20 to \$25 per month – less expensive than getting similar private disability insurance outside the workplace (a range of about \$52 to \$160 per month)<sup>4</sup>.

# Many Misinformed about Disability Coverage

## Education key to closing knowledge gap

The study revealed that many people are unaware or confused about many aspects of disability coverage. Employers can play a pivotal role by offering information and access to insurance coverage that is critical to overall financial protection.

Survey responses uncovered some key areas where employees may need support.

### Believe they have it when they don't

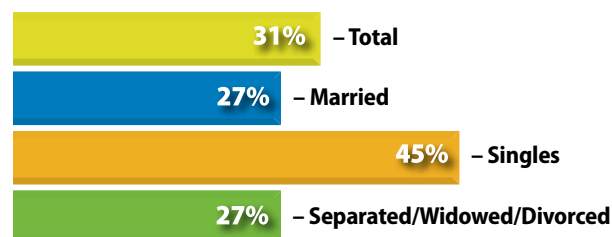
About two-thirds (62 percent) of people surveyed said they had disability coverage, and 48 percent said they have it through an employer. However, other data indicates that only about 31 percent of employees in private industry have access to long-term disability insurance through their employer<sup>5</sup>. This could very well mean some employees might think they have coverage, but don't.

### Don't think they need it

Our study revealed that 31 percent of American workers today say they don't have disability coverage. But among single/never married workers, the number was even higher, with 45 percent reporting they are not covered.

When employees support others with their income, the financial risk of being out of work can be more apparent. However, single people are also at risk. Single workers may not have other resources to fall back on, such as a spouse's or partner's income, so they could be more financially vulnerable if an injury or illness suddenly sidelines their career.

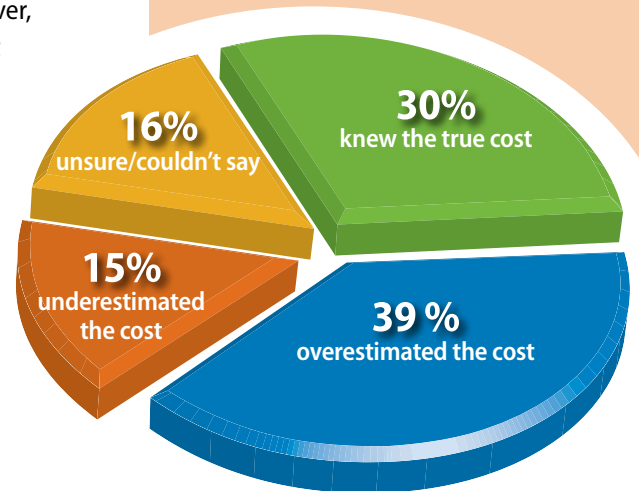
### Workers who say they do not have disability coverage



### Overestimate the cost of coverage

The majority of people surveyed – 7 in 10 – did not know the average cost for employer-sponsored disability coverage. And the majority of them overestimated the monthly cost, believing it costs two to four times more than it actually does.

### What does long-term disability coverage through an employer usually cost?



# Closing the Disability “Knowledge Gap”

Employers can enhance their disability plan communications and provide additional access to resources for their workers:

- **Host employee education sessions or enrollment meetings.** Oftentimes, your disability carrier can staff the meeting and provide helpful presentation and educational materials that explain how disability insurance works, what it costs, and how to select a plan that best fits employees’ needs.
- **Use self-running or web-based presentations.** Some disability carriers may offer self-running presentations and videos that could be set up on televisions and monitors throughout the office or posted to your company intranet site to provide ongoing educational opportunities.
- **Distribute educational materials.** If your worksite isn’t conducive to holding meetings, you may want to distribute materials in print. Employee web portals provided by a carrier can be a central source of comprehensive and customized information.
- **Target communications to specific needs.** Work with your disability carrier to tailor plan communications to specific segments within your population – young singles, baby boomers, families. When messages are more relevant, employees are more likely to hear and use the information to make informed decisions.
- **Show ‘em the money.** It goes without saying that employees value their paycheck. Consider using vehicles like paychecks, pay raises, and promotional notices to remind employees about the other “compensation” they get by pointing out the dollar value of the benefits you are providing for them.
- **Add perks to the plan.** Look for disability plans that offer low- or no-cost perks and value-added coverage. Plans should be



relevant for the different segments in your population and create additional enrollment incentives. For example, some plans offer access to valuable discounts for gym and weight management programs that younger workers may find attractive. Work/life support services could be attractive to older workers or busy families with children.

## Most Want Help Choosing Coverage

### Employers are their first stop for advice – so be prepared

When asked who they turn to for advice on disability insurance, most respondents in our survey named employers as their top resource. However, our survey also found that employees who were most financially vulnerable were the least likely to ask someone for advice on disability plans. And a fair number don’t give the disability coverage decision much thought at all. Employers who recognize and respond to employees’ concerns can reap the rewards of an increased sense of financial security among their workers.

#### Most turn to employers for advice

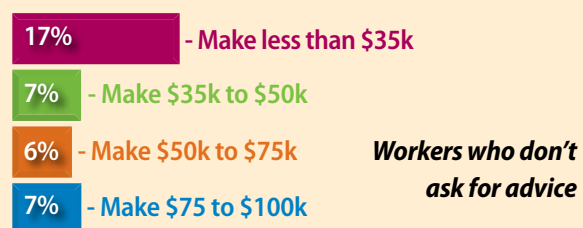
When asked who they turn to for advice on disability insurance, most respondents in our survey (43 percent) named employers as their top resource. *(multiple responses permitted)*



**Who do you turn to for advice on disability insurance benefits?**

#### Most vulnerable least likely to ask for help

Our survey found that employees who were most financially vulnerable – those making less than \$35k a year – were the least likely to ask for advice about disability benefits.



#### Nearly one in four on auto-pilot when choosing coverage.

When making decisions about disability insurance, most workers contemplate their options. But a fair number – 23 percent – put little thought into their decision.



# Beware of Insurance-ese

Comparing insurance plans can be confusing. Most policies and communications materials are full of acronyms, complicated terms and industry jargon. In fact, a recent survey<sup>6</sup> showed that 77 percent of individuals are less than sure what the terminology in their insurance policy actually means.

If employees can't understand what they're buying, many won't buy. And if they do, there's a good chance they won't correctly use their plan or get the most value from it. Work with a carrier with a strong focus on simplifying materials to make sure disability insurance is easy to use and understand. Communicating in plain language, simply and consistently, makes it easier for employees to take action.

## Preparing a strong foundation of support

A failure to understand specific plans may cause employees to make poor decisions, such as foregoing disability coverage. As the preferred source of advice, it's critical that employers think ahead and work with their carrier to prepare a yearlong communications strategy to provide the tools and resources employees need to make smart decisions. Here are a few tactics to consider:

- **Share the policy.** Make the details of the disability coverage plan known. Help employees understand provisions, waiting periods, exclusions and coverage durations. Bulletin boards or a company intranet site are great vehicles for sharing this information and making it available whenever people need it.
- **Use a variety of communication channels.** Face-to-face meetings, intranet sites, email and text messaging, posters, and payroll stuffers help ensure everyone has easy access to the information they need to maximize their available coverage.
- **Make information easy to access year-round.** Share information on intranet sites; include articles in newsletters so you keep information at the top of the mind throughout the year, not just during enrollment time.
- **Be open to questions.** People are often too intimidated to ask questions for fear of looking stupid. Take the pressure off by making sure employees understand there is never a "dumb question." Anticipate what employees' questions about disability insurance might be and provide the answers before they even have to ask. Include these answers in your communications.
- **Be clear about costs.** Make sure your communications clearly show what you're paying and what portion employees will be expected to pay. You may even want to show them what the cost for coverage would be if they were to buy coverage privately. Provide "income-needs" calculators to help them model and budget costs and compare options before they decide.
- **Offer several types of plans.** Long-term, short-term and mid-term disability policies offer varying levels of coverage for different lengths of time. Buy-up options to supplement base coverage can help employees get additional coverage. Voluntary coverage lets employees purchase insurance on their own at affordable group rates. By offering a variety of options, you can allow employees to choose the level of protection that meets their personal needs, life stage and budget.
- **Institute benefits tune-ups.** Cars need regular tune-ups and adjustments to keep running reliably, and so do benefits. Encourage employees to do annual "tune-ups" on their insurance coverages during enrollment time to make sure they take into account any changes that have occurred over the past year (promotion, recent divorce) – or will occur in the coming year (getting married, new baby) that could impact their needs for insurance, and adjust their selections accordingly.

**Summary:** Now more than ever, employees need and want the added financial security that disability insurance provides. Disability insurance is clearly a benefit that employees value and one that could be financially out of reach if they had to purchase it on their own. Offering disability coverage and educating employees about disability insurance is a viable way to help employees strengthen their financial security and build loyalty and trust. To learn more about the survey and what employers can do to make these offerings available, contact your CIGNA representative or write to [reply@cigna.com](mailto:reply@cigna.com). Additional information can also be found at <http://newsroom.cigna.com>.

1 – About the survey: The survey on disability insurance, conducted by Yankelovich, a part of The Futures Company, consisted of telephone interviews with 742 full-time employed Americans 18 years of age or older. These interviews took place Jan. 29 – Feb. 2, 2009. Data are weighted by age, gender, geographic region and race to ensure reliable and accurate representation of the population. The sampling error for this study is +/- 3.6 percent; 2 – American Payroll Association, "Getting Paid in America" Survey, 2008; 3 – PR Newswire, April 27, 2009; 4 – LIMRA International, 2008; 5 – U.S. Department of Labor, Bureau of Labor Statistics, 2007; 6 – eHealth Survey, January 2008

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