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**Overview**

**Disability Insurance Statistics Bank - Introduction**

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Individual Disability Insurance from Principal Life Insurance Company helps clients protect their most valuable asset - their ability to work and earn an income. The following statistics support and describe the need for disability insurance protection.

**Tools**

The statistics were gathered from credible third-party sources. Any materials that are created using the statistics (with the full source clearly identified) must be compliance approved by Principal Life.

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Along with these supporting facts, help your client realize their own unique chance of incurring an accident or illness with the [Personal Disability Quotient \(PDQ\) calculator](#).

Search for statistics by clicking on the categories below:

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Markets

DJIA	9797.88	▲	132.49
Nasdaq	2130.01	▲	39.09
\$P 500	1061.57	▲	17.19
PPG	27.53	▲	1.73

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**Need for Protection**

*A disability can happen to anyone...at any time.*

- At age 40, the average worker faces only a 14 percent chance of dying before age 65 but a 21 percent chance of being disabled for 90 days or more.  
- Insurance Information Institute, www.iii.org November, 2005
- A 20-year old worker has a 30% chance of becoming disabled before retirement age, and only a 17% chance of dying before age 65.  
- Social Security Administration Disability Benefits Publication; National Vital Statistics Report, 1999
- 51.2 million Americans have some level of disability. They represent 18% of the population.  
- U.S. Census Bureau, July, 2006
- The number of disabled workers in America has risen by 35% since 2000.  
- Social Security Administration, 2007
- In 2007, 12.8% of people ages 21-64 surveyed have a disabling illness.  
- U.S. Census Bureau, American Community Survey, 2007
- You have a 1 in 21 chance that you'll have a disabling accident.  
- 2005 Field Guide to Estate Planning, Business Planning & Employee Benefits, by Donald Cady
- In the U.S., a disabling injury occurs every 1 second, a fatal injury occurs every 4 minutes.  
- National Safety Council®, Injury Facts® 2008 Ed.
- In the last 10 minutes, 498 Americans became disabled.  
- National Safety Council®, Injury Facts® 2008 Ed.

- In the home a fatal injury occurs every 12 minutes and a disabling injury every 3 seconds.  
- *National Safety Council®, Injury Facts® 2008 Ed.*
- There is a death caused by a motor vehicle crash every 12 minutes; there is a disabling injury every 13 seconds.  
- *National Safety Council®, Injury Facts® 2008 Ed.*
- Almost 3 in 10 workers entering the workforce today will become disabled before retirement.  
- *Social Security Administration, Fact Sheet, January 31, 2007*
- In 2007, the employment rate of working-age people with disabilities in the U.S. was 36.9%.  
- *U.S. Census Bureau, American Community Survey, 2007*
- 43% of all people age 40 will have a long-term disability event prior to age 65.  
- *JHA Disability Fact Book, 2006*
- A new Harvard University report reveals that **62 percent of all personal bankruptcies** filed in the U.S. in 2007 were due to an inability to pay for medical expenses.  
- *June 4, 2009. The American Journal of Medicine*
- 43% of all people age 40 will have a long-term disability event prior to age 65.  
- *JHA Disability Fact Book, 2006*
- Unfortunately, most Americans have little understanding of the likelihood of experiencing a disability. A recent CDA survey of workers found:
  - 90 percent underestimate their own chances of becoming disabled.
  - 85 percent express little or no concern that they might suffer a disability lasting three months or longer.
  - 56 percent do not realize that the chances of becoming disabled have risen over the past five years.
 - *Council for Disability Awareness, 2007 Disability Awareness Survey*

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## Retirement Protection and American Savings Patterns

*Most Americans can't afford to become disabled.*

- According to the Federal Reserve, 44% of U.S. families spend more than they earn.  
- *Federal Reserve Board, Survey of Consumer Finances, 2004*
- In 2007, the median income of households that include any working-age people with disabilities in the U.S. was \$38,400.  
- *U.S. Census Bureau, American Community Survey, 2007*
- Over 70% of working Americans do not have enough savings to meet short-term emergencies.  
- *National Investment Watch Survey, A.G. Edwards Inc., 2004*
- Over 50% of the workforce has no private pension coverage and a third have no retirement savings.  
- *Social Security Administration, Fact Sheet 2007*
- 71% of American employees live from paycheck to paycheck.  
- *American Payroll Association, "Getting Paid in America" Survey, 2008*
- Only 40% of adult Americans have separate emergency savings funds.  
- *National survey commissioned by the Consumer Federation of America (CFA) and carried out by Opinion Research Corporation, February 2007*
- More than 35% of workers with 401(k) or IRA plans have not thought about or don't know what would happen to their contributions if they were unable to earn an income for a period of time.  
- *Council for Disability Awareness, 2007 Disability Survey*
- The average American savings rate in October 2008 was 2.4% of disposable personal income, compared to 1985 when the savings rate was 10.3%.  
- *A Guide to the National Income and Product Accounts of the United States (NIPA) - <http://www.bea.gov/bea/an/nipaguid.pdf>*

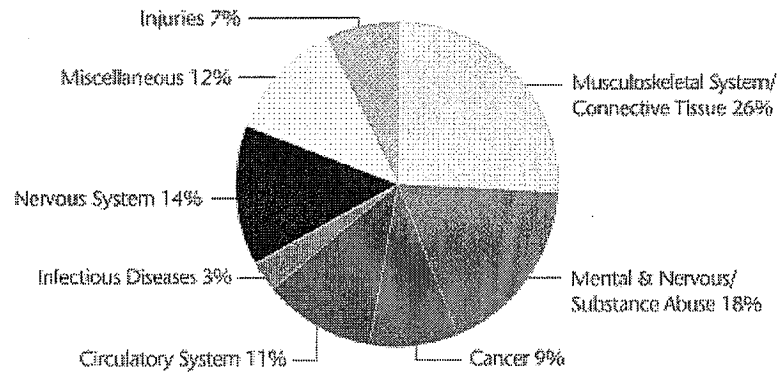
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## Causes of Disability

*Illnesses generally cause disabilities, not accidents.*

- Over 85% of disabling accidents and illnesses are not work related.  
- *National Safety Council®, Injury Facts® 2008 Ed.*
- While many people think that disabilities are typically caused by freak accidents, the majority of long-term absences are actually due to illnesses, such as cancer and heart disease.  
- *Life and Health Insurance Foundation for Education November, 2005*
- Stroke is a leading cause of serious long-term disability.  
- *Centers for Disease Control and Prevention, 2007*
- Common causes of individual disability insurance claims are:



Source: Principal Life Disability insurance claims incurred as of March 2009. The above is for illustration purposes only and is not intended as an inclusive representation of all claims.

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## Disability Duration

*An average disability may last longer than you think.*

- The average duration of a long-term disability is 30 months.  
- *JHA Disability Fact Book, 2006*
- Nearly 1 in 5 Americans will become disabled for 1 year or more before the age of 65.  
- *Life and Health Insurance Foundation for Education. November 2005*
- Three out of 10 workers between the ages of 25 and 65 will experience an accident or illness that keeps them out of work for 3 months or longer.  
- *Social Security Administration, Fact Sheet, January 31, 2007*
- Nearly 1 in 3 Americans ages 35-65 will become disabled for more than 90 days  
- *2005 Field Guide to Estate Planning, Business Planning & Employee Benefits, by Donald Cady*

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## Disability Costs

*Indirect and direct costs of a disability take financial tolls on everyone.*

- Off-the-job injuries to workers cost the nation at least \$240.3 billion and 225 million days of production time in 2006.  
- *National Safety Council®, Injury Facts® 2008 Ed.*
- The average disability absence results in payments of \$3,800, while lost productivity costs on average over \$22,800.  
- *Integrated Benefits Institute, IBI News September 8th, 2006*
- The "total costs" associated with each disability absence exceeds \$35,000.  
- *Integrated Benefits Institute, IBI News September 8th, 2007*

- Employers spend 4.1% of payroll on unscheduled absences.  
- *Marsh/Mercer Health & Benefits, "Health, Productivity and Absence Management Programs", 2006 Survey report*
- In 2006, unscheduled absence cost some large employers an estimated \$850,000 per year in direct payroll.  
- *CCH and Harris Interactive, "2006 CCH Unscheduled Absence Survey," October 2006*
- Disabling injuries and illnesses account for 55% of employee absences.  
- *JHA 2005 Absence Management Survey, "Big-picture benefits: Integrating FMLA and disability claims data helps reduce absenteeism," by Chris Silva, September 2006*
- Just 10% of disability cases account for more than half the total medical and disability costs.  
- *Integrated Benefits Institute, IBI News September 8th, 2008*

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## Misconceptions

*Common back-up plans to loss of income may not be an option.*

- More than 1 in 5 adults believe that unemployment or Social Security will cover them if they become disabled.  
- *Disability Literacy: How Consumers Rate Today, April 2005, The Hartford*
- Less than half - 39% - of the 2.1 million workers who applied for Social Security Disability Insurance (SSDI) benefits in 2005 were approved.  
- *Social Security Administration, Office of Disability and Income Security Programs*
- The average monthly SSDI benefit is \$1,004.  
- *Social Security Administration, Fact Sheet 2008*
- In 2007, the percentage of working-age people with disabilities receiving SSDI payments in the US was 17.1%.  
- *U.S. Census Bureau, American Community Survey, 2007*
- Over 85% of disabling accidents and illnesses are not work related, and therefore not covered by workers' compensation.  
- *National Safety Council®, Injury Facts® 2008 Ed.*
- Over 6.8 million workers are receiving SSDI benefits, almost half are under age 50. This represents only 13% of the over 51 million Americans classified as disabled.  
- *Social Security Administration, Fact Sheet 2007*

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## Market Opportunity

*There is a need for disability insurance.*

- Fewer than one in three (29%) U.S. workers have private long-term disability coverage  
- *National Compensation Survey, Bureau of Labor Statistics, 2006*
- 70% of the private sector workforce has no long-term disability insurance.  
- *Social Security Administration, Fact Sheet 2007*
- Only 30% of American workers in private industry currently have access to employer-sponsored long-term disability insurance coverage.  
- *National Compensation Survey: Employee Benefits in Private Industry in the United States, U.S. Department of Labor, Bureau of Labor Statistics, March 2006.*
- Only 5% of baby boomers realize they have a 34% chance of becoming disabled during their working years.  
- *Harris Interactive/AHIP, Baby Boomers' Awareness of Disability Risks, February 2008*
- Nearly six in 10 workers have not discussed how they would manage an income-limiting disability.  
- *Council for Disability Awareness, 2007 Disability Awareness Survey, 2007*

- About 43% of wealthy business owners (almost double the percentage of other affluent Americans questioned) said they would work to age 70 or later, but only one-third of these owners said they have written succession plans in place.  
- *Private Wealth magazine, April-May 2008; survey by PNC Wealth Management, Philadelphia, PA*
- Nine out of 10 working Americans believe it's important to plan ahead for an income-limiting disability, yet almost 60% have never discussed how they would pay their bills if they suddenly experienced a serious illness or injury.  
- *Council for Disability Awareness 2008 Worker Disability Planning & Preparedness Study*
- The odds of selling a product to a new customer are 15 percent, while the odds of selling to an existing customer are 50 percent.  
- *Raymond Adamson, Cross-Sell to Success, Advisor Today, March 2005*
- The top reason producers are not selling IDI is because their clients do not ask about the product.  
- *LIMRA International, "Producer Perspectives on Individual Disability Insurance", 2009*
- Forty-five percent of employees feel not at all knowledgeable about individually owned disability insurance.  
- *Principal Well-Being Index, 1QTR 2009*
- Fourteen percent of employees personally own a disability income insurance policy on themselves, a significant decrease from 1st quarter 2008 when 18% reported owning such a policy. Only 7% of employees' spouses own a disability income insurance policy.  
- *Principal Well-Being Index, 1QTR 2009*

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