



THE BIGGEST THINGS ON GROUP INSURERS MINDS

Actuaries Club of Hartford & Springfield
November 2, 2023
Matt Desfosses, ASA, MAAA
Managing Director of Guy Carpenter / Smith Group

A business of Marsh McLennan

1. Remote Work
2. Total Absence Management
3. Working Age Mortality
4. Mental Health
5. Regulatory Risks

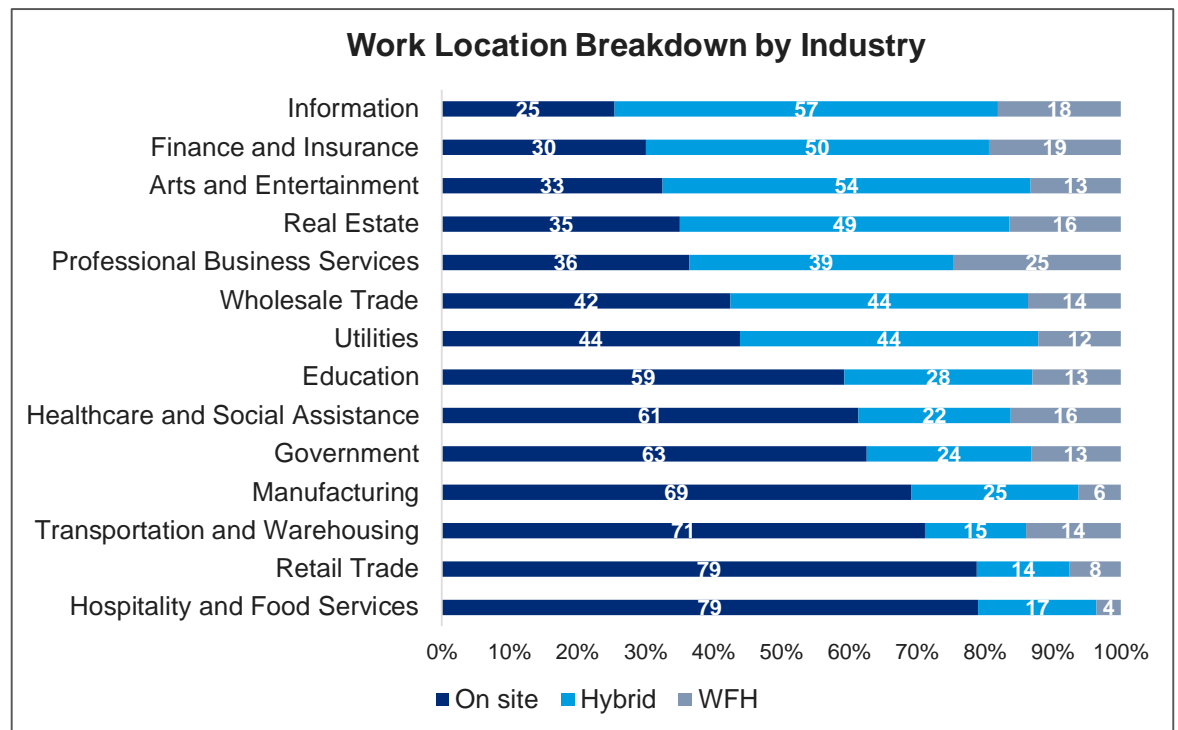
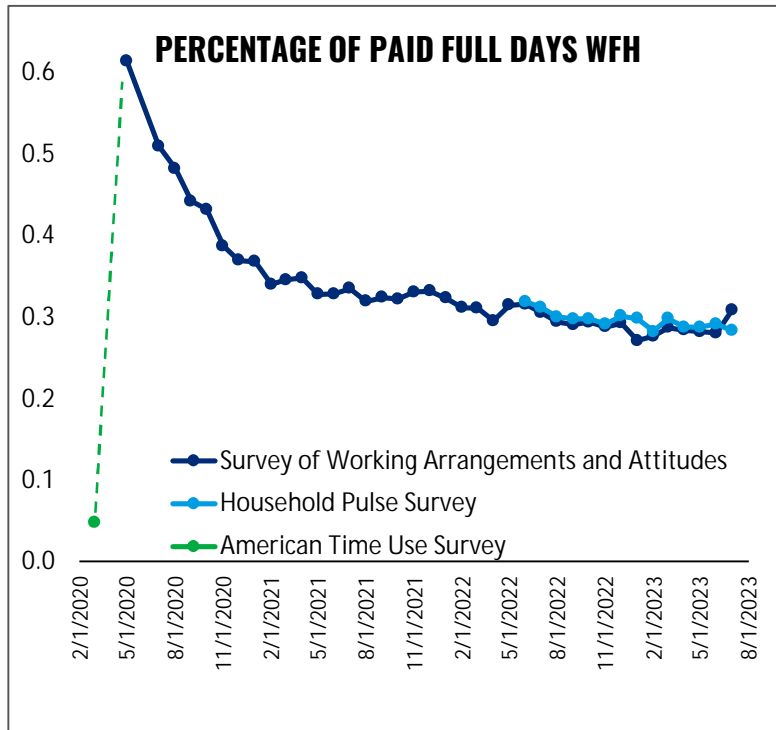
Agenda

What is Remote work?



Remote Work trends

Nearly 30% of days worked are from home in 2023, compared to 5% pre-COVID, and 43% of workers are either Hybrid or Fully WFH



Source:
 WFH Research Survey of Working Arrangements and Attitudes, September 2023, Ages 20-64 earning \$10K+, re-weighted to align with CPS age/gender/education/earnings
 Barrero, Jose Maria, Nicholas Bloom, and Steven J. Davis, 2021. "Why working from home will stick," National Bureau of Economic Research Working Paper 28731

Remote Work

- Remote work isn't new, but it definitely looks different than it did four years ago
- The war for talent
- Intuitively, Remote Work should have a positive effect on Disability claim outcomes
 - Measuring that effect is challenging
- Flexible benefits for a flexible workforce

Total Absence Management

- Employers need help managing all leaves – not just disability
 - Disability
 - Parental/Family Leave
 - Integration
- Multi-state challenges
- Scarcity of Talent ups the stakes

Rapidly Evolving PFML Landscape



Market Landscape and Trends

New statutory programs in flux

- OR PFML: Moving forward with 9/3/2023 date despite funding concerns
 - Concern that 1,000+ employers have opted for private plans versus projection of 90
- MD PFML: Officially delayed from 1/1/25 to 1/1/26 for benefits
- VT PFML: A public PFML plan had some traction despite a voluntary PFML program in place – deferred until 2024

PFML laws are accelerating emphasizing the importance of system flexibility

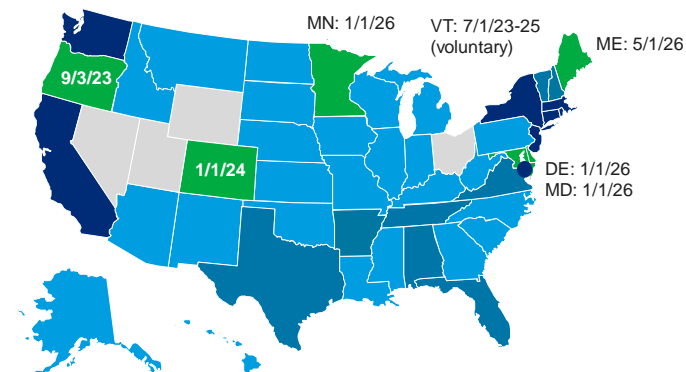
- NCOIL PFL model law is spurring the next generation of PFL products
- PFL model law creates regulatory framework for paid family leave insurance
- Model law also specifies high level minimum policy standards
- Passed in Texas, Virginia, Arkansas, Florida, Alabama and Tennessee

Existing programs continue to mature

- State legislators are continuing to debate and pass statutory PFML programs (Minnesota, Maine)
- Proposals include enhancing benefits on existing PFML programs
- MA PFML carriers are adjusting pricing levels and methodology based on revealed experience
- NH PFML has approximately 2-3% of eligible employees participating in the program



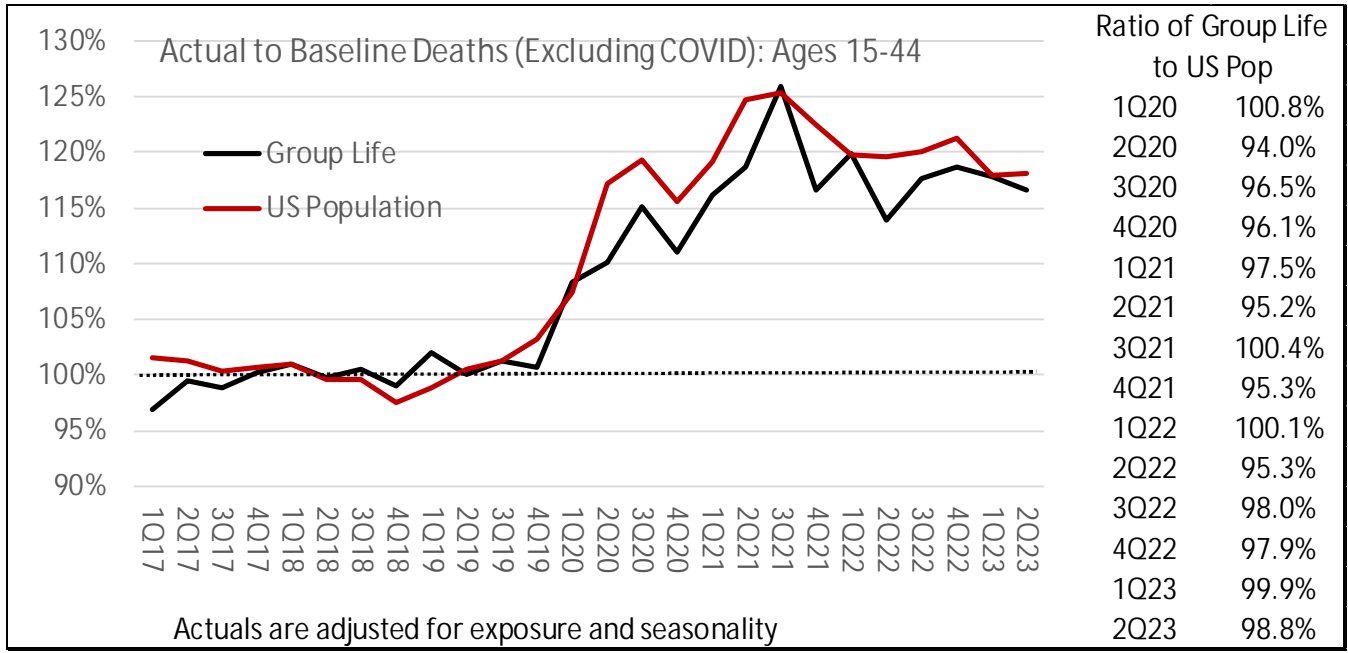
PFML Legislative Activity



Working Age Mortality

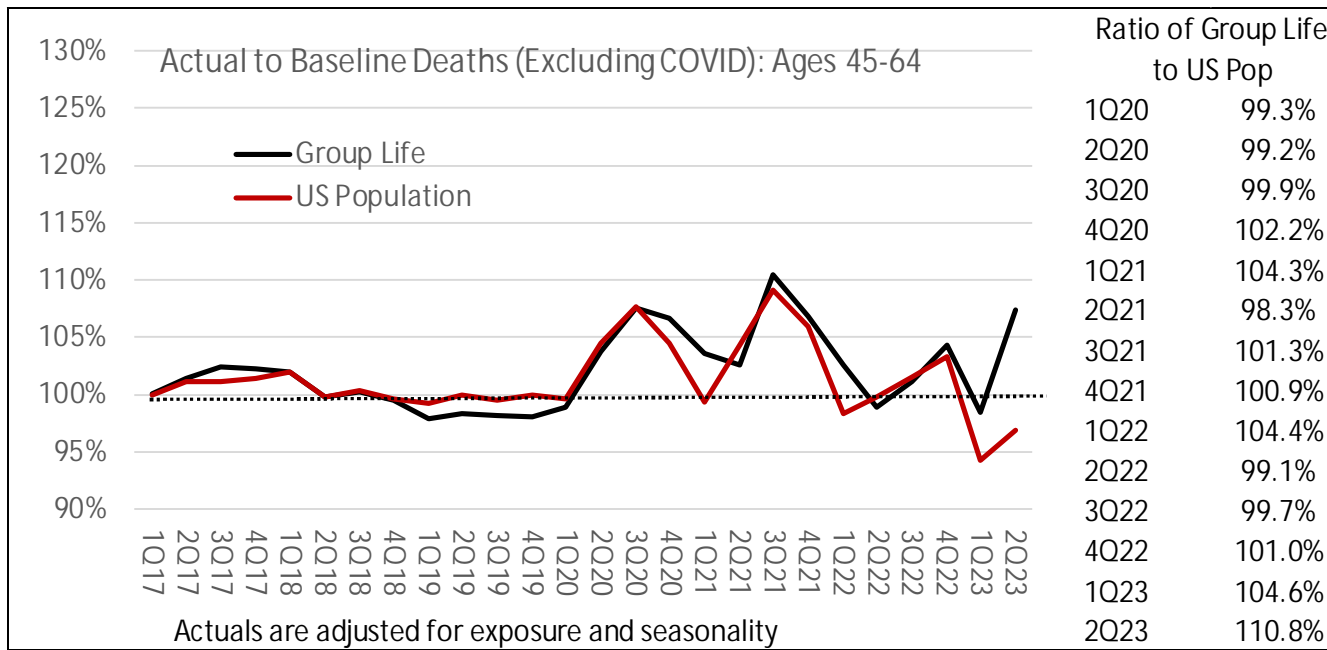
- COVID rocked mortality for all age groups – especially the older and vulnerable
- COVID is no longer a big mortality driver – “a bad flu”
- But non-COVID mortality is still a major problem for the working age population

US and Group Life Mortality



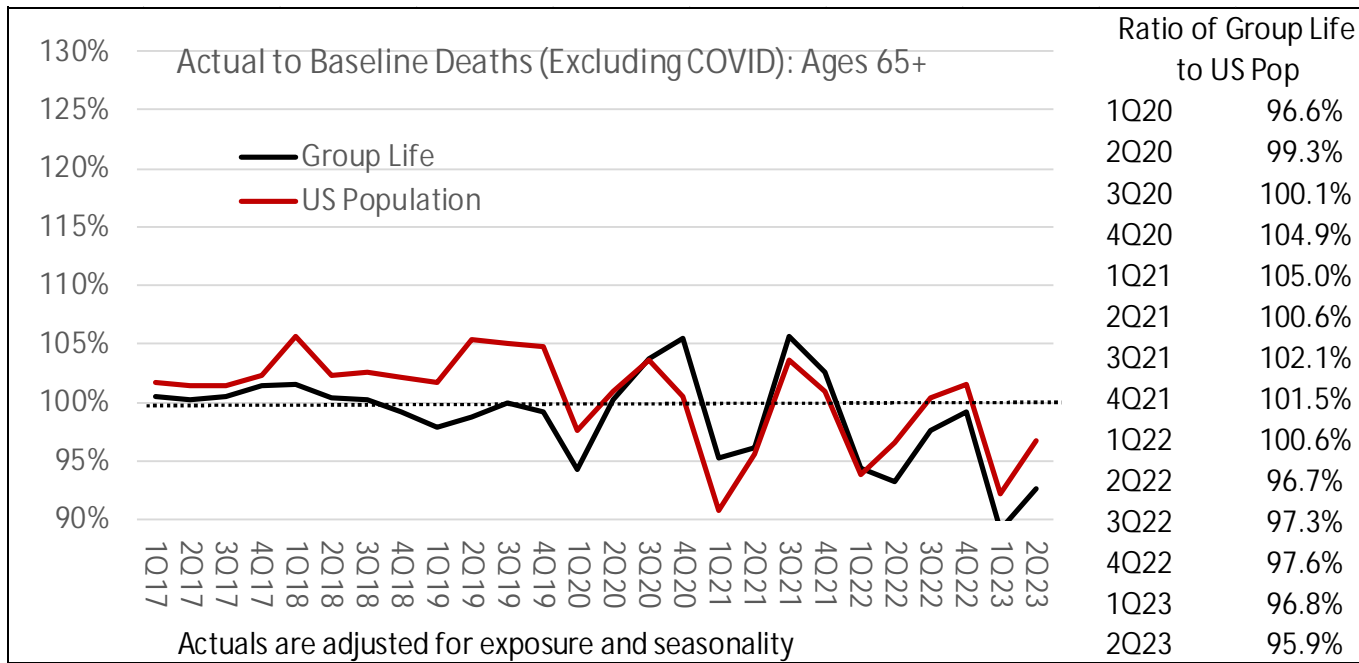
Younger age mortality has been elevated since the start of the pandemic and shows no real sign of declining

US and Group Life Mortality



Older working age mortality remains somewhat elevated?
 (although completion is uncertain for 2Q23)
 Periods of high deaths align with COVID surges

US and Group Life Mortality



Older age mortality is significantly below the baseline, and more so for Group Life

However, there may be completion issues due to slow reporting of older-aged deaths

US and Group Life Mortality

Distribution of by Cause of Death in 2022: Weighted by Count - Ages 15-64

	Group Life			US Population		
	Pct of Baseline	Percent Excess	Contrib to Total	Pct of Baseline	Percent Excess	Contrib to Total
All Other / Unknown	24.5%	22.0%	5.39%	18.3%	28.0%	5.11%
Major Cardiovascular Diseases	22.0%	2.7%	0.59%	18.0%	3.3%	0.59%
Accidents (non-motor vehicle)	5.0%	12.9%	0.64%	5.2%	8.2%	0.43%
Drug Overdose	1.7%	41.5%	0.72%	6.8%	55.5%	3.78%
Accidents (motor vehicle)	4.4%	7.1%	0.32%	4.3%	13.4%	0.57%
Liver	1.7%	17.6%	0.30%	3.7%	23.0%	0.86%
Homicide	1.5%	18.7%	0.28%	2.4%	28.2%	0.67%
Diabetes	0.6%	25.3%	0.16%	3.5%	15.0%	0.52%
Alzheimer's	0.0%	29.8%	0.01%	0.2%	15.3%	0.03%
Suicide	5.2%	-3.0%	-0.16%	5.4%	-1.1%	-0.06%
Influenza & Pneumonia	0.6%	-5.2%	-0.03%	1.3%	-7.8%	-0.10%
Cerebrovascular, including stroke	1.4%	4.7%	0.07%	2.9%	8.2%	0.23%
Respiratory	3.8%	8.6%	0.33%	4.7%	-6.2%	-0.29%
Cancer	27.3%	-12.1%	-3.31%	23.4%	-9.0%	-2.11%
Total	100%	5.3%	5.3%	100%	10.2%	10.23%

What is going on with All Other / Unknown?

Includes both missing causes (for Group Life) and Other causes

Mental Health

- Is Mental Health our biggest national crisis?
- Mental Health affects health, disability and mortality
 - All disabilities have a mental health component
- Mental Health Stigma
- The Mental Health Age Gap

Anxiety or depression in the U.S. population

One-third of the population consistently reports symptoms post-COVID



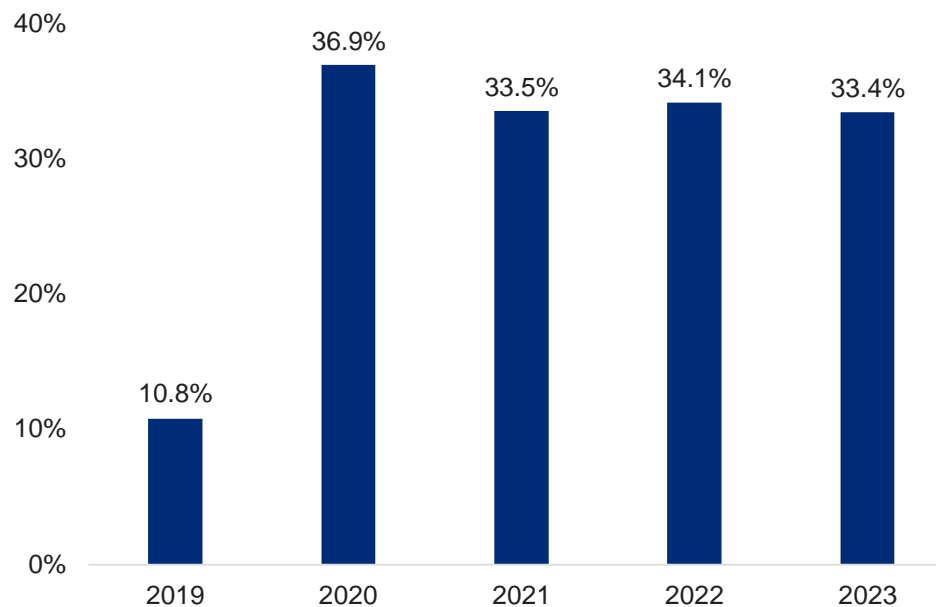
In the past 7 days, how often have you been bothered by:

Having little interest or pleasure in doing things? Feeling down, depressed, or hopeless?

Feeling nervous, anxious, or on edge? Not being able to stop or control worrying?



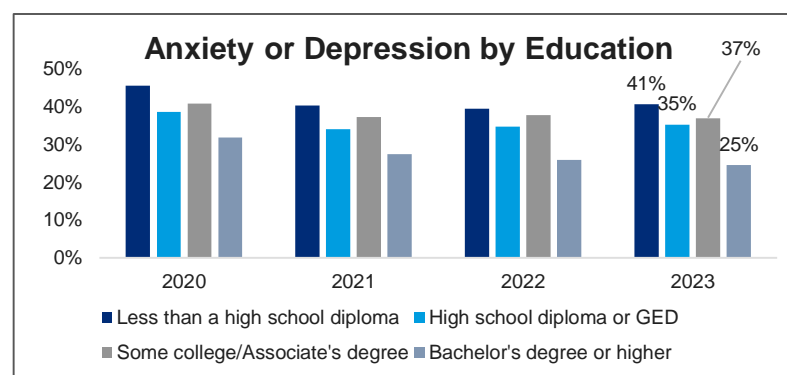
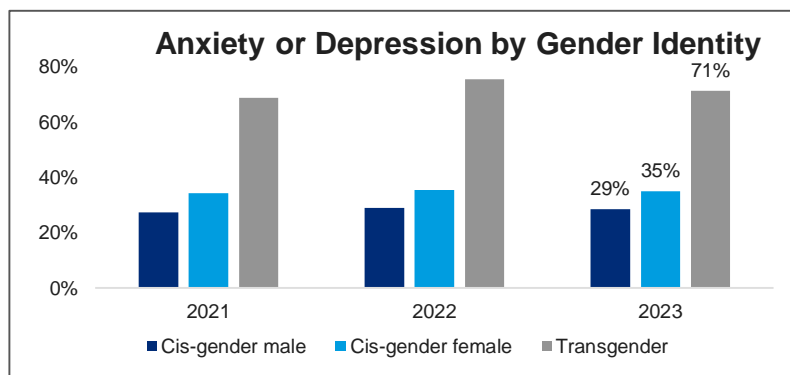
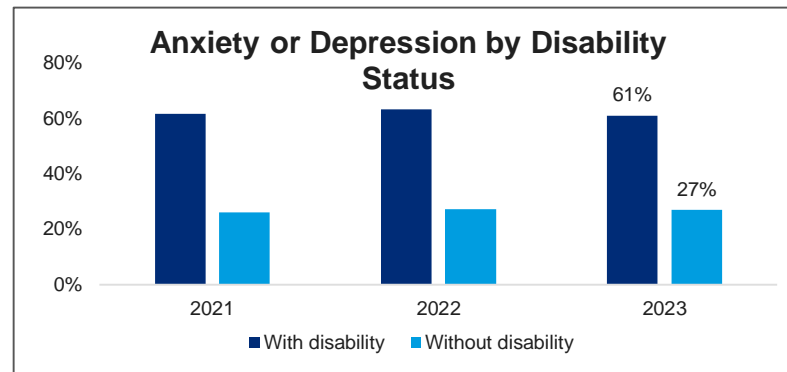
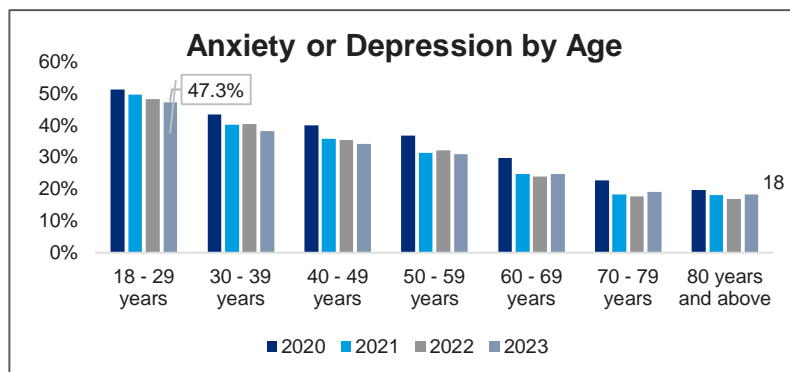
Household Pulse Survey: % reporting symptoms



Source: Household Pulse Survey <https://www.cdc.gov/nchs/covid19/pulse/mental-health.htm> (Modified version of the Patient Health Questionnaire (PHQ-2) and the Generalized Anxiety Disorder (GAD-2) scale); National Center for Health Statistics (NCHS) partnered with the Census Bureau
Sent survey by email and text message; Response rates typically 4-7%, 6.4% (60.5K responses) in Jan 2023
2019 Estimate: NHIS Data, recommended by CDC as relevant benchmark

Anxiety or Depression In the US population

Young people, disabled, less educated, women, and transgender most impacted



Source: Household Pulse Survey <https://www.cdc.gov/nchs/covid19/pulse/mental-health.htm>

Regulatory Risks

- Will Mental Health parity reach Long-Term Disability?
- Minimum Loss Ratio Regulations
- Paid Family Leave



Smith LTD Management Group, Inc. (together with its affiliate, Guy Carpenter & Company, LLC, the "Smith Group"), provides this report for general information only. The information and data contained herein is based on sources we believe reliable, but we do not guarantee its accuracy, and it should be understood to be general insurance/reinsurance information only. The Smith Group makes no representations or warranties, express or implied. The information is not intended to be taken as advice with respect to any individual situation and cannot be relied upon as such. Please consult your insurance/reinsurance advisors with respect to individual coverage issues.

Readers are cautioned not to place undue reliance on any calculation or forward-looking statements. The Smith Group undertakes no obligation to update or revise publicly any data, or current or forward-looking statements, whether as a result of new information, research, future events or otherwise.

Statements concerning tax, accounting, regulatory or legal matters should be understood to be general observations based solely on our experience as reinsurance brokers and risk consultants and may not be relied upon as tax, accounting, regulatory or legal advice, which we are not authorized to provide. All such matters should be reviewed with your own qualified advisors in these areas.

This document or any portion of the information it contains may not be copied or reproduced in any form without the permission of The Smith Group.

The trademarks and service marks contained herein are the property of their respective owners.

© 2023 Guy Carpenter & Company, LLC

All Rights Reserved