



***NYSUT Member Benefits Trust-
endorsed
LONG TERM DISABILITY***

May 3, 2008

Just The Facts

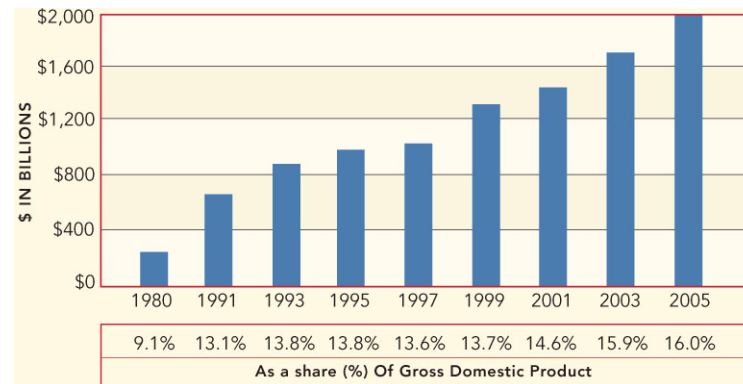
- Increasing life expectancies and the aging of the “baby boom” generation mean there will be an older labor pool.¹
- Disability claims from older workers are often due to illness, and the claim durations are longer.¹
- The greatest cost impact will be to healthcare premiums.¹
- If disabled, 7 in 10 could not cover their normal living expenses for more than six months.²
- Workers who are young, female and unmarried are even less prepared to handle their living expenses in the event of a disability.²
 - ¹ Unum “Buyers Study” page 3.
 - ² Unum “Buyers Study” page 4.

Healthcare Expenditures

Healthcare expenditures represented 16% of the gross domestic product (GDP) in 2005.¹

Healthcare spending is expected to reach \$4 trillion and 20% of the GDP by 2015.¹

¹ Unum “Buyer’s Study” page 7.



More Just The Facts

- Approximately one in three people will experience some kind of adult-onset disability between the ages of 35 and 65, such as arthritis, lupus, diabetes, spinal cord injuries, mental disorders and multiple sclerosis.¹
- 56% of U.S. adults surveyed say that they would not be able to pay their bills or meet expenses if they became disabled and could not work for a year or longer.²
- Nearly 57% of long term care claims submitted to Unum are for people under age 65 (direct reference to disability plus benefit under the NYSUT LTD plan).

Average age of those claimants is 54³

- Social Security pays a limited benefit for severe disabilities that are expected to last at least 12 months or result in death. About 2/3 of initial applications are denied and the wait for appeals may take as long as 3 years.⁴
- The average monthly Social Security Benefit is \$978.⁵

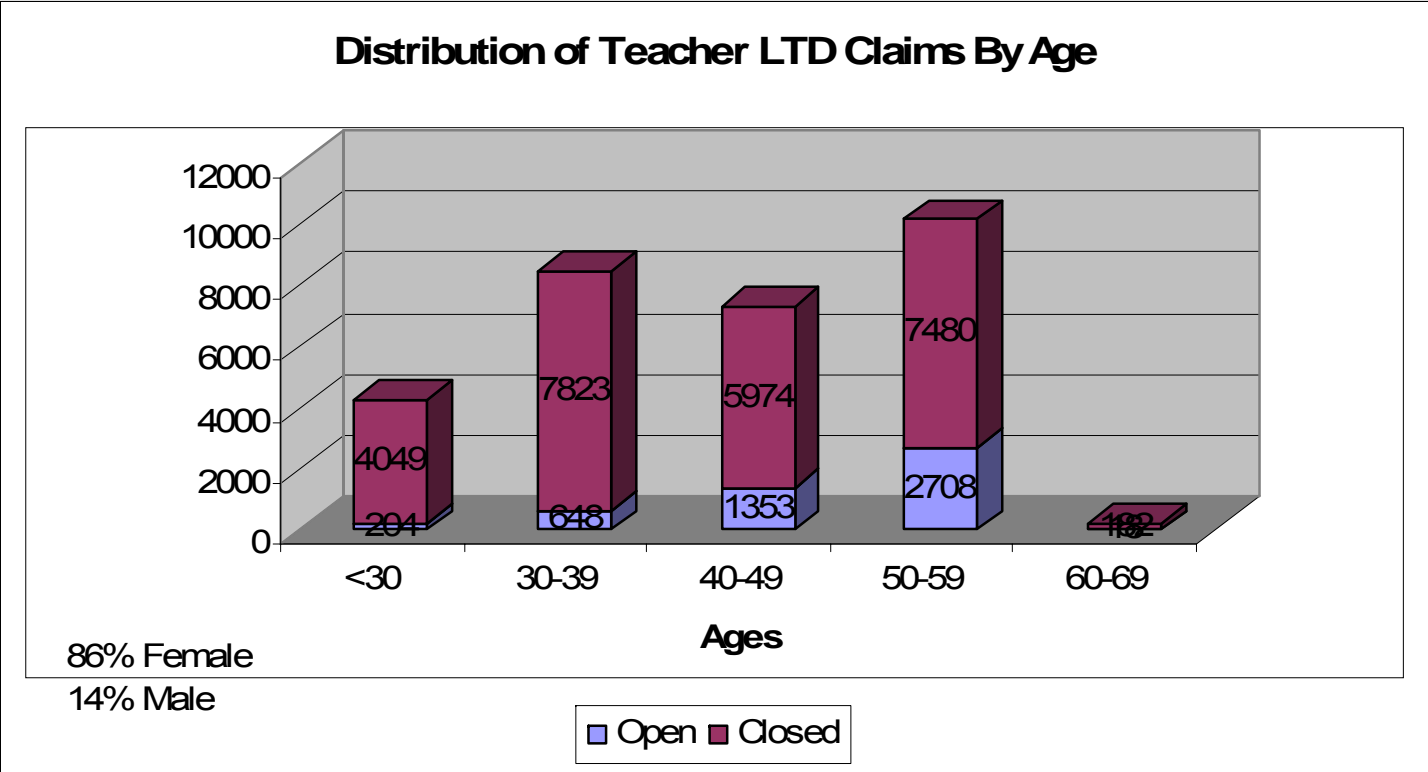
Footnotes to Slide 4

- ¹ SHRM, Job Accommodation Network Conference, speech by Steven Nissen, Director of Employee Programs for the National Multiple Sclerosis Society, August 2007.
- ² National Association of Insurance Commissioners, "Majority of Americans Unprepared for Financial Impact of Disability, February, 28, 2007.
- ³ Unum internal data from 2006 inforce block of nearly 1 million policyholders, October 2007.
- ⁴ New York Times, "Disability Cases Last Longer as Backlog Rises, Erik Eckholm, December 10, 2007
- ⁵ Social Security Administration Fact Sheet, January 31, 2007.

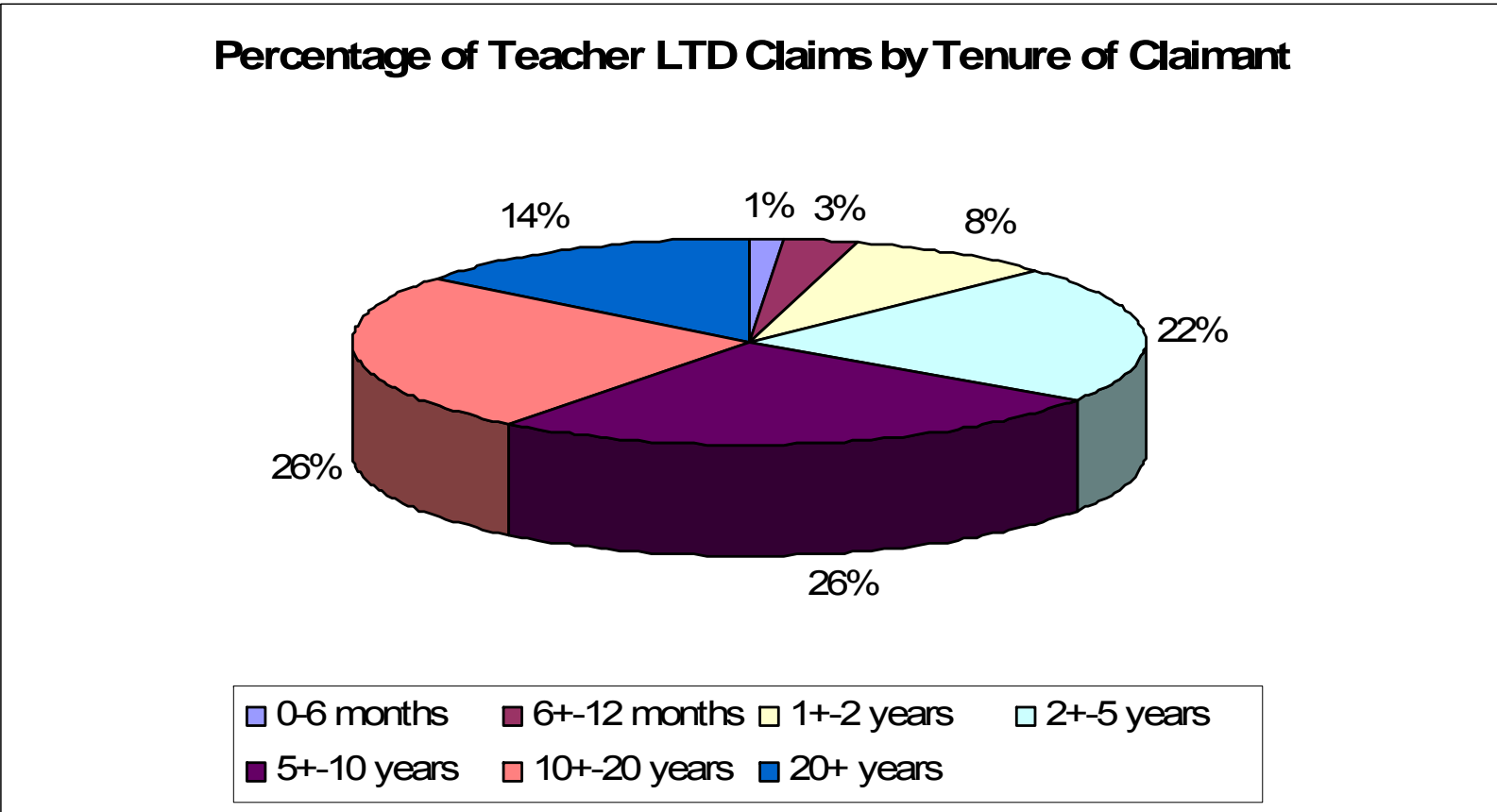
Pre-existing Conditions

- In New York, a pre-existing condition provision under a group policy is no longer an exclusion, it is a limitation.
 - A policy's pre-existing period cannot be greater than 12 months, and;
 - An Insurer can only exclude for 12 months; it can not permanently exclude for a claim when the disability continues beyond the 12 month period.
- The 12 month "tolling" period begins on the effective date of coverage. Any claim disability benefits where the condition is pre-existing and the disability is based solely on the pre-existing condition would not be paid during the tolling period.
- If the disabling condition is pre-existing and the claim is otherwise payable, payments will be initiated on the later of:
 - The end of the tolling period;
 - The end of the elimination period.

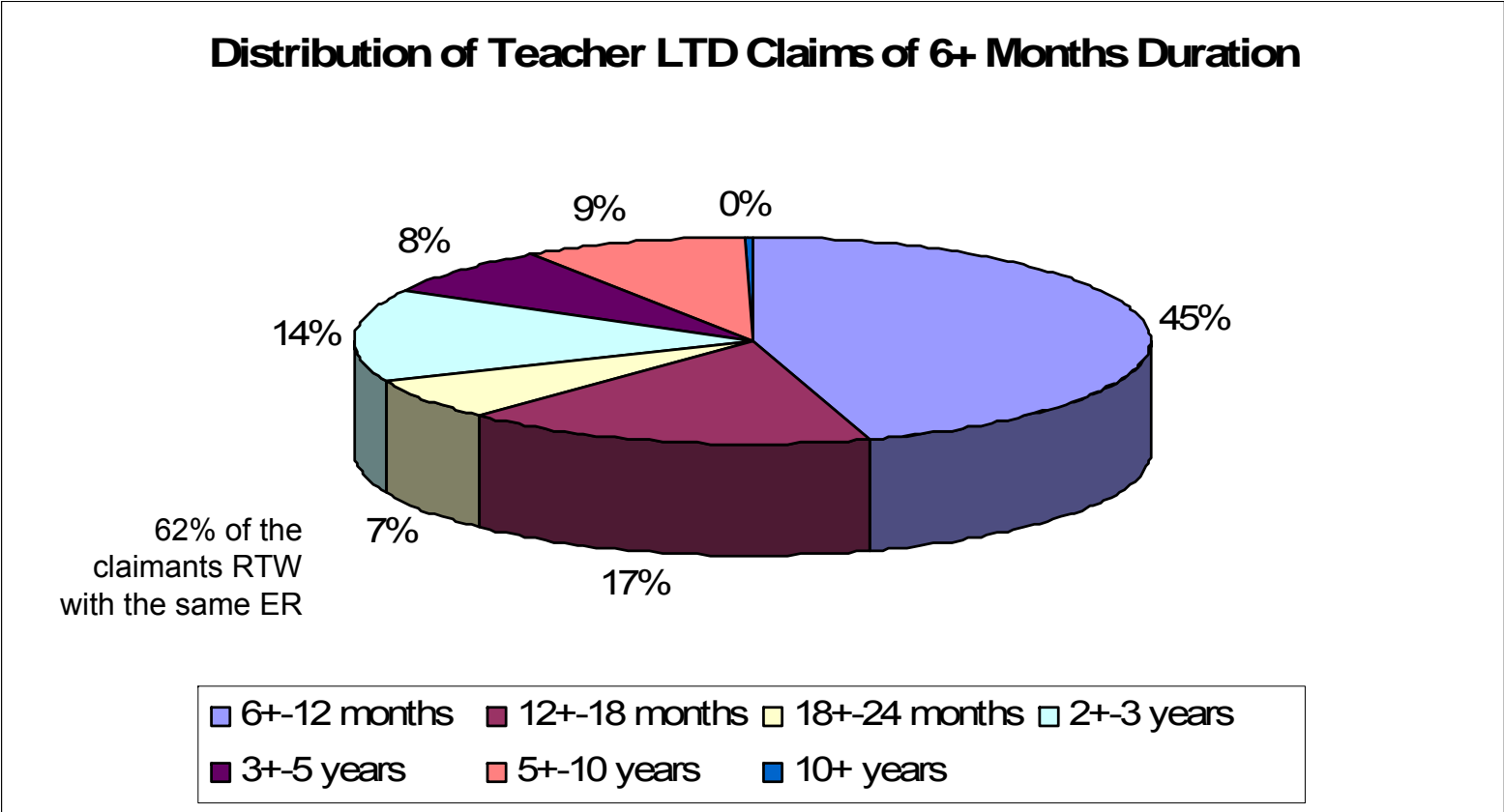
Who is the Teacher on Claim?



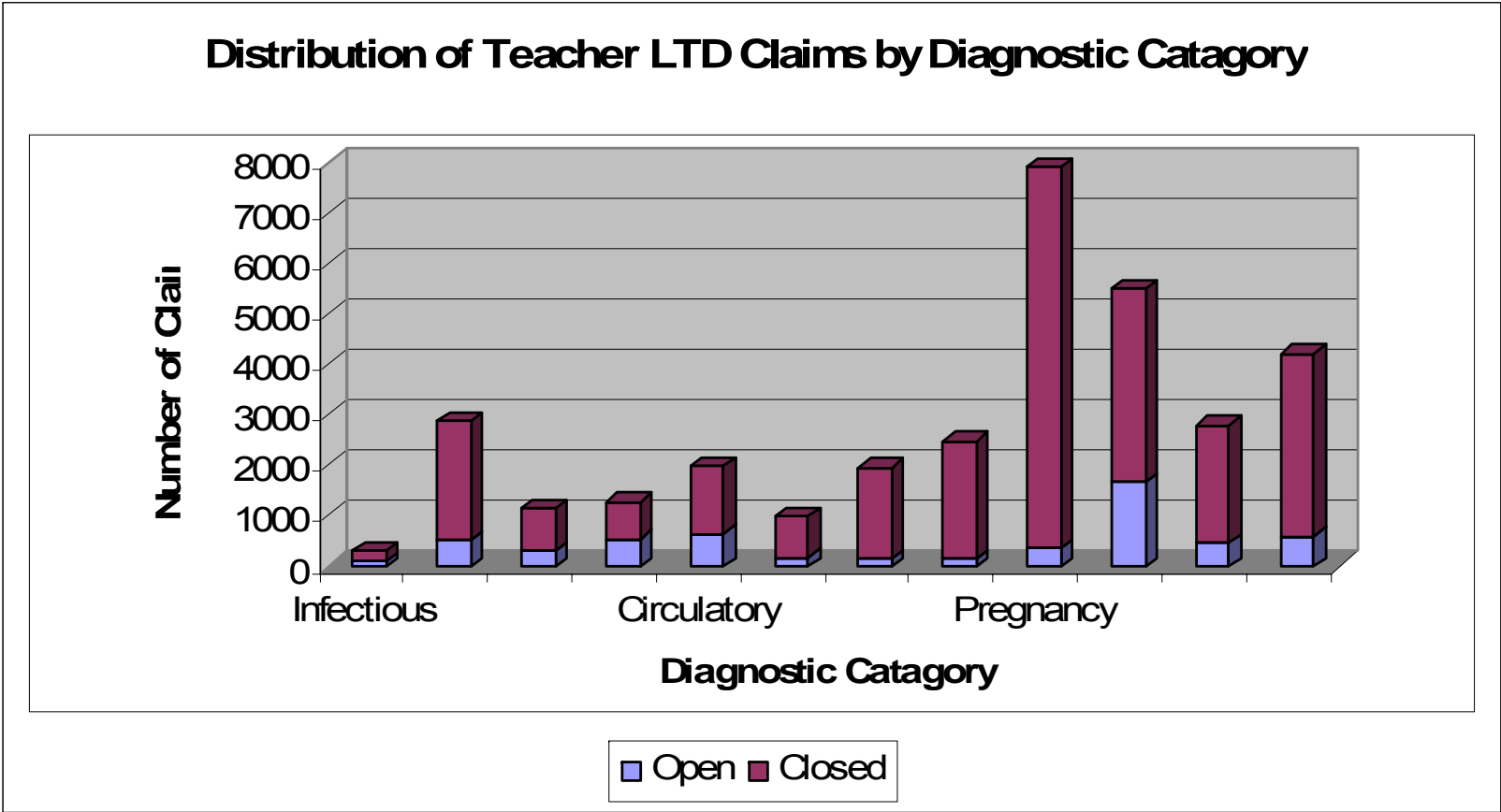
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Who is the Teacher on Claim?



Cancer Survivorship: Beyond the Disease

**“I don’t want to live forever . . .
I just want to live as long as I’m alive.”**

**– Anonymous Cancer Survivor,
Summer, 2006**

Five-year Relative Survival (%)* during Three Time Periods by Cancer Site

Sites	1975-1977	1984-1986	1996-2002
All sites	50	53	66
Breast (female)	75	79	89
Colon	51	59	65
Leukemia	35	42	49
Lung and bronchus	13	13	16
Melanoma	82	86	92
Non-Hodgkin lymphoma	48	53	63
Ovary	37	40	45†
Pancreas	2	3	5
Prostate	69	76	100
Rectum	49	57	66
Urinary bladder	73	78	82

*5-year relative survival rates based on follow up of patients through 2003.

†Recent changes in classification of ovarian cancer have affected 1996-2002 survival rates.

Source: Surveillance, Epidemiology, and End Results Program, 1975-2003, Division of Cancer Control and Population Sciences, National Cancer Institute, 2006

QWL Study: Objectives & Outcomes

The Objectives:

- Determine the key clinical, financial, vocational and emotional milestones from cancer diagnosis through a resumption of work.
- Determine the internal and external factors that influence lost time during cancer treatment and a successful resumption of work following cancer treatment.

The Methodology:

- All Unum US LTD and STD cancer claims (2001 – 2005) in the target groups were analyzed in relation to return to work (RTW) success (dependent variable) cross tabulated with a menu of independent variables (e.g. claim duration/cost, age, gender, etc.) and tested for statistical significance.
- A logistic regression analysis was completed to determine the relative influence a particular variable had on return to work outcomes.

The Outcomes:

- Improve the understanding by clinical & vocational specialists, disability benefit specialists, employers of the cancer survivor's employment options, family dynamics, work motivation and work disruptions due to cancer treatment.
- Profile the high risk factors leading to excessive lost time, reduced employment opportunities and the cost of cancer care for survivors.

Cancer Survivorship: A Unum Snapshot

- **Point of Reference:** Over the past 5 years, cancer has been the number one long term disability claim within the Unum US book of business. There has been a 16% increase in paid cancer claims from 2001 to 2005
- **Cancer Claims Account for:**
 - **Distribution:**
 - 12% of all LTD claims - 28,400 LTD claims (2001 – 2005); 31,000 STD malignant cancer claims were filed over the same 5 year period (2001 – 2005)
 - **Gender:**
 - 65% of LTD cases are female, 21% of LTD cases are breast cancer cases
 - 73% of STD cancer cases are female
 - **Age:**
 - 87% of LTD cancer cases are over the age of 40
 - 53% LTD cancer cases are between the ages 50 to 65
 - Average age STD cancer claim - 52; Average age of LTD cancer claim - 51.4
 - Age of cancer claimant trending up over 5 year time frame
 - **Claims Source:**
 - 50% of LTD cancer claims originate from employers with > 2,000 members
 - 30% come from employers with a work force size of < 500 members

Long Term Disability: Observations & Findings

- **Patterns & Profiles:**

There was a significant improvement in RTW rates by year of claim receipt.

LTD Breast cancer	14% increase
LTD Colon cancer	23% increase
LTD Prostate cancer	36% increase

RTW decreases rapidly as claimant age increases and time on claim. STD to LTD integration was a positive factor in RTW for breast cancer claimants, a negative factor for prostate cancer claimants, and made no difference for colon cancer claimants.

- **LTD RTW Predictors:**

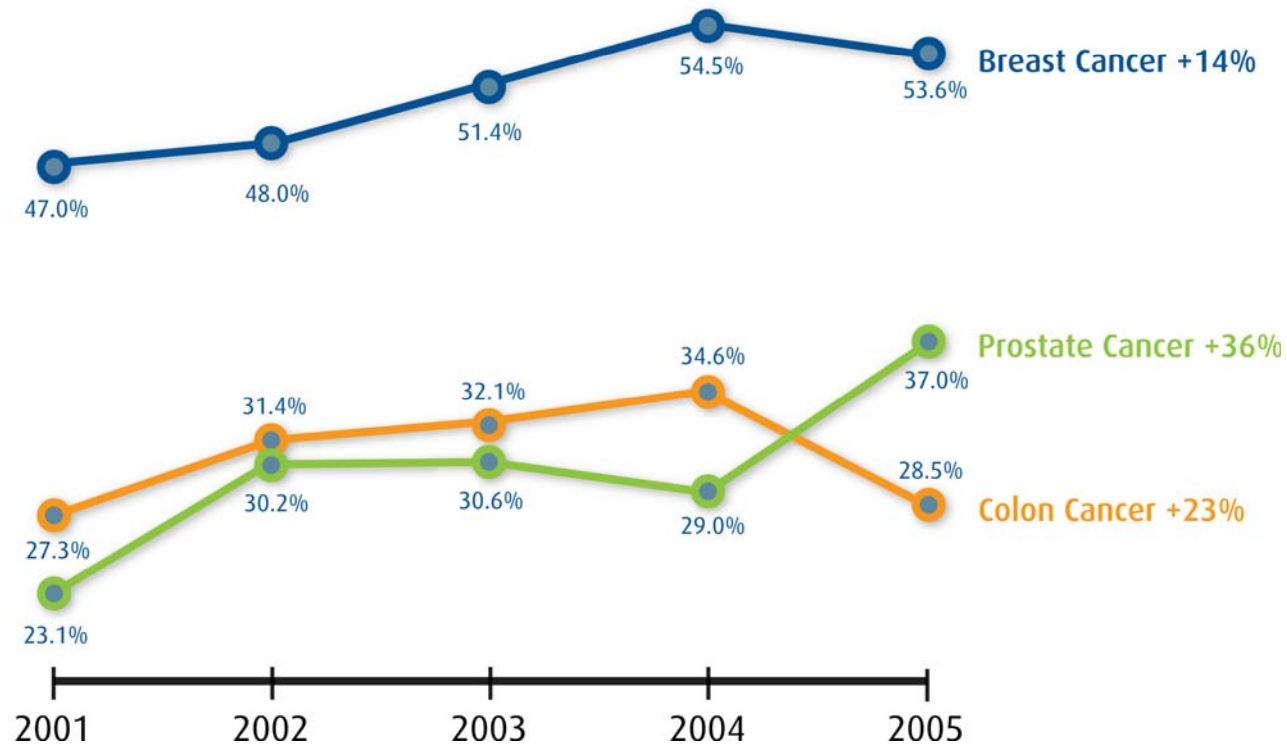
Age does predict RTW success.

Claimants with higher salaries have a greater chance of a RTW.

Females with colon cancer have 47% more likelihood of a RTW.

LTD RTW Rates

- Return to work, LTD by year of claim receipt
- Increased LTD RTW success over 5-year claims period



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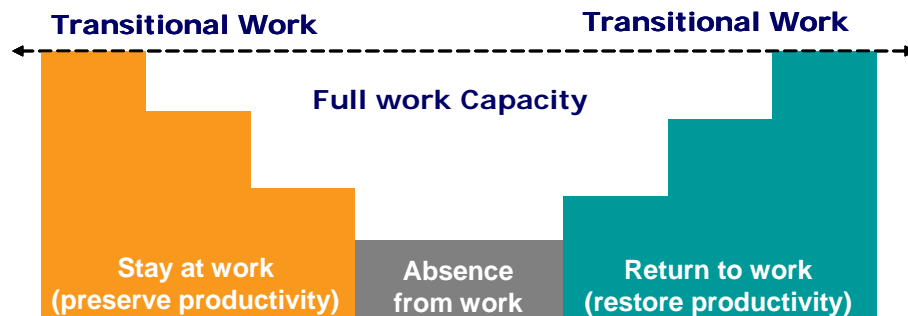
Key Employer Message: A Productivity R_x

- **Manage the productivity impact @ diagnosis:**

- Avoid premature work or career decisions. Diagnosis does not mean disability or death.
- Provide appropriate communication with co-workers.
- Give “permission” to engage in treatment.
- Understand member & caregiver presenteeism.

- **Build transitions:**

- **Expect financial gaps created by non treatment costs – fill the gaps.**
- **Explore employer-healthcare insurer partnerships that create accessibility to new therapies.**
- **Performance Management: Understand the “good” member to “bad” member progression.**



Disclosure Notice

- The First Unum Life Insurance Company's Group Long Term Disability Plan is a NYSUT Member Benefits Trust (Member Benefits)-endorsed program. Member Benefits has an expense reimbursement/endorsement arrangement of 5% of gross premiums for this program. All such payments to Member Benefits are used solely to defray the costs of administering its various programs and, where appropriate, to enhance them. The Insurer pools the premiums of Member Benefits participants who are insured for the purposes of determining premium rates and accounting. Coverage outside of this plan may have rates and terms that are not the same as those obtainable through Member Benefits. Member Benefits acts as your advocate; please contact Member Benefits at (800) 626-8101 if you experience a problem with any endorsed program.