



NEWS RELEASE

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Media Contact:
Jeanne Reynolds
(803) 213-6274
jdreynolds@coloniallife.com

Colonial Supplemental Insurance is the marketing brand of Colonial Life & Accident Insurance Company. Colonial is a market leader in providing voluntary insurance to employees and their families through the workplace, along with personal benefits communication, enrollment capabilities and a commitment to service. Colonial Supplemental Insurance products are underwritten by Colonial Life & Accident Insurance Company and include a broad portfolio of insurance coverages, such as disability, accident, life, and supplemental accident and health insurance policies. Similar products, if approved, are underwritten in New York by a Colonial affiliate, The Paul Revere Life Insurance Company.

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1200 Colonial Life Boulevard, Columbia,
South Carolina 29210 803.798.7000
www.coloniallife.com

Many Workers Don't Have Enough Insurance on Their Paychecks

As part of May's designation as Disability Insurance Awareness Month, Colonial Life & Accident Insurance Company promotes the need for workers to insure their income.

COLUMBIA, S.C. (April 23, 2007) — Income replacement is one of the top benefits needs for working Americans. "Although many employees have some sort of health coverage to help pay their medical expenses, a large number may not have insurance for their paychecks," says Monica Francis, assistant vice president of product marketing for Colonial Life & Accident Insurance Company. "But there are many employees who don't consider how they'd pay bills if they couldn't earn a paycheck for a few weeks, months or more."

A recent survey by the Council on Disability Awareness says nine out of 10 workers underestimate their own chances of becoming disabled, and nearly 60 percent of workers surveyed say they haven't discussed how they'd manage an income-limiting disability.¹ And according to a Unum Group study, an overwhelming majority of U.S. workers polled believe some level of disability income replacement is necessary, yet just over a third had the coverage.²

"Although many businesses may provide some form of group long-term disability coverage, there may be a coverage gap between the end of sick leave and the beginning of long-term disability coverage," says Francis. "Products such as voluntary short-term disability insurance can help employees fill the gap."

When looking for a voluntary short-term disability product, here are a few key coverage features employers should keep in mind:

- **Guaranteed issue.** No health underwriting questions. Employers can feel comfortable that employees can get a policy if any minimum participation and eligibility requirements are met.
- **Portability.** Because it's an individual policy, employees own it and can keep the coverage if they leave their job.
- **"Your job" definition.** Defines total disability in terms of "your job" for the entire benefit period. The trigger point for the benefit payment is the employee's not being able to do his or her own occupation.

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Some products may not pay “your job” benefits or may only pay “your job” benefits for a small time period, perhaps a year, then change to an “any job” definition.

- **Partial benefits promote return to work.** Provides partial benefits when employees who are totally disabled come back to work earlier by working fewer hours initially. Employees can ease back in to work and still receive a partial disability benefit.
- **Potential for tax savings on benefits.** When employees buy a voluntary short-term disability product at the worksite and pay for it after taxes are taken out of their paycheck, the disability coverage benefits payments aren’t taxable. However, benefits paid under an employer-funded group short-term disability product are taxable.
- **Fit with long-term disability.** A voluntary short-term disability product should fit in with an employer’s group long-term disability plan by offering a variety of elimination periods to help fill any gaps between when paid-time off or sick leave ends and long-term disability coverage kicks in.

“We support the Life and Health Insurance Foundation for Education for designating May as Disability Insurance Awareness Month,” Francis says. “We hope the campaign will help build awareness of the need for disability insurance among employers and employees.”

¹ 2007 Disability Awareness Survey, Council on Disability Awareness

² "The Disability Disconnect," 2006, Unum Group

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