



CRA Announcement Insurance Economics

CRA Charles River
Associates

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Two CRA reports made public this summer quantified, for the first time, the economic value of employer-sponsored benefits to employees, employers, and the governments in the United States and the United Kingdom.

Background

Unum, a leading employee benefits provider, asked CRA to assess the economic value of employer-sponsored benefits in the US and the UK. Economists in the Insurance Economics and the Financial Economics Practices in North America and Europe analyzed the economic value of employer-sponsored workplace benefit programs—such as disability, life, critical illness, and long-term care insurance coverage—in the US and income protection policies in the UK.

Findings

In the US, CRA found that private workplace insurance prevents as many as 500,000 families a year from impoverishment as a consequence of a disability. Despite this benefit, two-thirds of working Americans lack access to this important financial safety net. The US study found that over the span of a worker's career the value of these employer-sponsored benefits is at least US\$500,000 and can be as high as US\$1 million to an employee. These benefits save taxpayers and the government US\$4.5 billion a year. The UK report showed that income protection policies provided additional income of £5,000 per year for a worker earning £28,000 a year pre-disability or between £700 million to £1.3 billion for all covered individuals. The study found that private income protection policies save UK taxpayers £300 to £500 million per year.

The launch

In the US, Unum released the results on July 27, 2011 in Washington, DC, at a symposium entitled "PROTECT 2011: Workplace Benefits and Financial Security" hosted by The Financial Services Roundtable, American Savings Education Council, and Aspen Institute. The symposium featured CRA report authors, Vice President and Insurance Economics Practice Co-Leader **Mark Meyer** and Senior Adviser to CRA and Insurance Economics Practice Leader **David Babbel**, many government officials, and the President and CEO of Unum, Tom Watjen. The symposium also included comments from US Senators Kay Hagan (D-NC) and Bob Corker (R-TN) as well as panel sessions featuring government, industry, and public policy officials.

Unum launched the UK report at a Parliamentary breakfast on July 12, 2011. Vice President **Kyla Malcolm** presented the findings of the work alongside Jack McGarry, the Chief Executive Officer of Unum UK. Senior policymakers within both the UK Department for Work and Pensions and HM Treasury attended.

These reports were a cross-practice, cross-country collaboration for CRA. In addition to Mark Meyer, David Babbel, and Kyla Malcolm, other CRA staff who worked on this project included **Chiara Atzeni**, **Miguel Herce**, **Daniel Mower**, and **David Schramm**.

Click [here](#) to download a PDF version of the US report, "Financial Security for Working Americans: An Economic Analysis of Insurance Products in Workplace Benefits Programs." Click [here](#) to download the UK report, "Economic Analysis of Disability Insurance Products in the UK."

About CRA's Insurance Economics Practice

CRA has wide-ranging experience advising insurers, their regulators, and legislators. Our expertise includes innovation in product design and in financial, operations, and enterprise risk management.

We meld insights from the economics analysis of academia with industry, actuarial, consumer, regulatory, and Wall Street perspectives. Clients come to us with their toughest challenges. In return, we deliver fact-based analysis, practical recommendations, and expert testimony that enable insurers to meet complex business challenges and resolve high-stakes litigation.

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