

I'd like to thank the Chairs and the Members of Committee for the opportunity to testify today. My name is Tim Smith and I am a Vice President of Government Affairs for Unum Group.

A Fortune 500 company, Unum is a market leader in disability, group life, long-term care and voluntary benefits. We have been the number one group long-term disability carrier in the US for 32 consecutive years. In Connecticut, we protect more than 50,000 hard-working residents just through our group disability insurance product. We pay approximately \$39 million in group disability benefits to Connecticut residents per year with a high level of customer satisfaction. Based on our national survey results:

- 98% of our customers are likely to recommend Unum to others
- 94% of employers give our customer service team positive marks
- 9 out of 10 claimants say their claims were handled favorably

I think we would all agree that economic times are tough. In addition, American's savings rates have in recent years dropped to historic lows. This creates a degree of financial vulnerability that means the majority of the workforce is unprepared for the expenses that come with injury or illness. Many people are asking themselves:

- Can my family's wallet survive if I have a serious illness?
- If I got hurt, would it hurt my bank account, too?
- What would my family do without my income?
- Do I have benefits that could offer financial help for me and my family if I couldn't work?

With these pressing issues facing working people and their families in today's economy, private disability insurance provides a critical safety net that otherwise would not exist. Disability insurance allows sick or injured people to buy food, and pay their mortgages and other bills when they are out of work due to illness or injury.

It is in this context that I want to discuss the impact of banning Social Security offsets in group disability insurance policies would have on many of working people and their families in Connecticut. 84% of all disability insurance coverage is purchased at work. As mentioned previously more than 50,000 people in Connecticut have Unum group disability coverage. Although my focus is on group disability policies, costs for individual policies could go up under these circumstances as well.

Group disability insurance is primarily sold to employers who purchase it as a benefit for their employees. Sometimes employers pay all the cost of this insurance; in other instances, employees share in the cost, or assume the entire cost.