

Trends in Long-Term Disability insurance



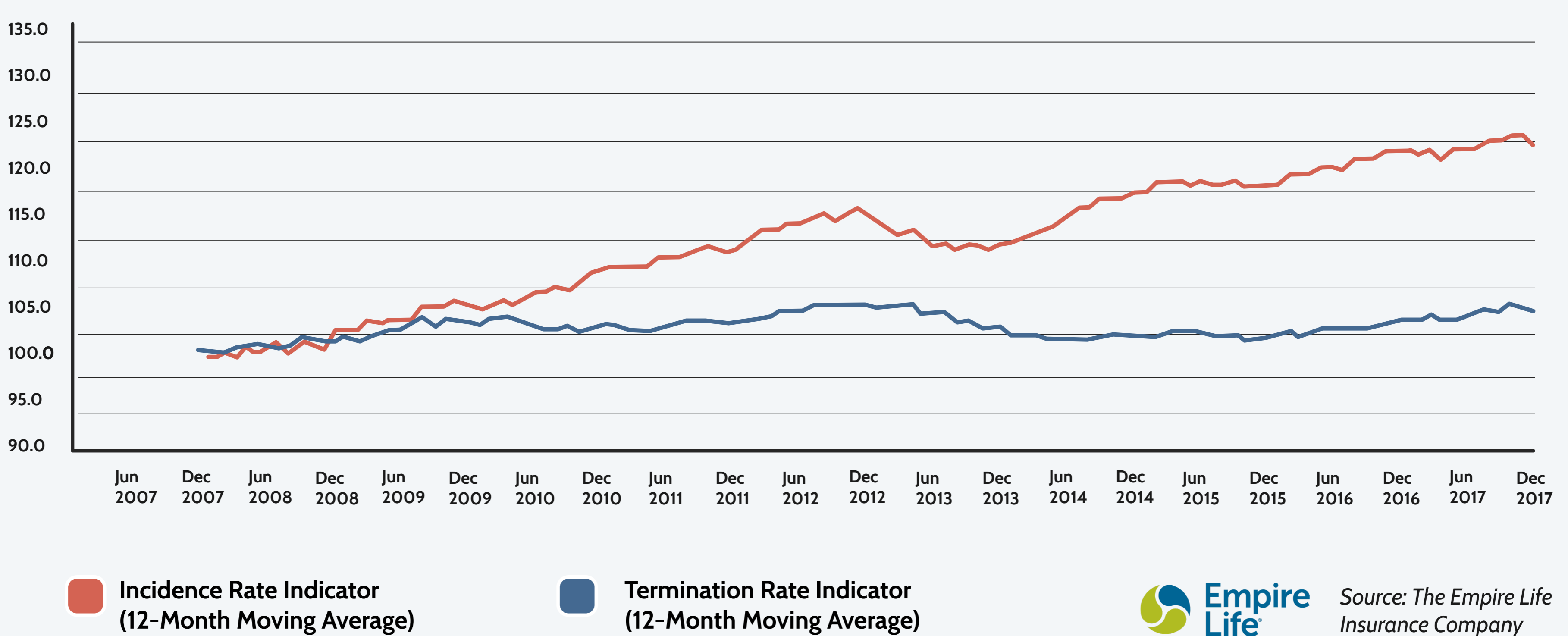
Our goal is to be as transparent as possible about our business and the insurance industry on the whole. That's why we need to talk about a troubling industry trend: increasing disability claims.

Disability claims are on the rise in Canada

The number of Canadians claiming disability insurance, known as the “[incidence rate](#)”, has been increasing year-over-year.

These increases aren't unique to any age range, industry, occupation, or province. It's a broad, widespread trend with all the evidence pointing to a **continuing increase**. In addition, claims are not terminating at the same pace as incidence rates, leading to more open claims overall.

Incidence Rate Indicator vs. Termination Rate Indicator



So... Why are disability claims in Canada increasing?

It's an interesting question, with many possible answers — an aging workforce, deteriorating mental health, lack of physical activity — and more. But the real answer is: they're all the right answer because they are all having an impact on disability.

1. More mental health claims

According to the Mental Health Commission of Canada, mental health accounts for 70% of total disability costs, with one in three workplace disability claims in Canada relating to mental illness. The mental health crisis in Canada has been a growing trend since well before the pandemic made things worse.

In addition, reduced stigma around mental health may be further contributing to increases in these kinds of claims as Canadians become more comfortable talking about their mental health. This impact can be seen in the demographic changes in mental health claims. Where in the past these claims were predominantly seen in women, we are seeing more mental health claims by men as well.

Though the full effects of the reduced stigma and the pandemic on mental health remains to be seen, the forecast for Canadians' mental health is not looking bright.

2. Workforce at full capacity

Due to the continued tight labour market, many employers are making do with the bare minimum of staff to stay open. And with employees working at full capacity, this can lead to [higher employee burnout and turnover](#). And ultimately may flow through a long term disability benefit.

This added pressure only makes returning to work more daunting. Employees whose mental health worsened as a result of feeling overwhelmed will likely not be able to return to work in an even more high pressure environment.

There is some good news though, as the higher interest rates over the last year have helped increase the reserves and mitigate the rise in incidence rates.

Speak with your group insurance advisor about your options.