

DISABILITY

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CLAIMS INSIGHT

*Reactions to trauma:***Appropriate treatment fosters return to normal function**

By Tim Lang, PsyD and Mark Raderstorf, M.A.



The attacks on September 11 left indelible images of mass destruction clearly etched into the minds of Americans. Many individuals were exposed to the tragedies either directly, due to close proximity to the epicenters in New York, Washington, D.C. and Pennsylvania, or indirectly through repeated exposure to news footage. This article addresses a possible reaction to these events: Post Traumatic Stress Disorder (PTSD), and the circumstance that may lead to a disability claim.

Post-traumatic Stress Disorder (PTSD) is an anxiety disorder that often ruins relationships, affects occupational functioning and, in more extreme cases, leads to thoughts of death or completing a suicide. To meet the diagnostic criteria for PTSD, an individual must witness or be a victim of an event that seriously threatens his or her physical well being or livelihood and which also is outside the normal experience of most individuals. Clearly, using this definition, the catastrophic events of September 11 left an unusually large number of Americans susceptible to PTSD.

The symptoms of PTSD, initially considered a normal response to a traumatic event, become a significant mental health concern if they continue approximately 30 days after the event. One symptom of PTSD is

recurring distressing recollections of the event in question. Often nightmares, thoughts, and even hallucinations or flashbacks occur. Words, smells, or sights that remind the individual of the event often spark these recollections. These reactions to the trauma often lead to poor sleep, decreased concentration, irritability and hyper alertness. If the symptoms dissipate within 30 days, then the appropriate diagnosis is Acute Stress Disorder, not PTSD.

The symptoms of PTSD can affect job performance. Early intervention, including timely identification and treatment, is important for recovery. Research indicates that intervention within 48 to 72 hours of a trauma greatly reduces the likelihood of PTSD.

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ACTUARIAL INSIGHT

Disability Insurance in the Wake of the

By John Have



After the September 11 attacks on the WTC and the Pentagon, terrorism has been added as a significant insurance risk – not only for Americans but also for Canadians and everyone around the world. The targets were obviously selected for the highest amount of impact – financially, visually and emotionally. While there were few direct claims, I expect the largest impact for disability insurers is yet to come in the form of indirect claims – whether caused by increased stress or the economic downturn in some industries and occupations.

Population surveys in Canada have shown significant increases in stress and anxiety levels since September 11 with people worried about their personal safety, possible financial impacts, continuing anthrax threats and other possible terrorist activities. In a recent survey of the Canadian general adult population, four percent reported their anxiety had reached a high enough level to require medical attention. One can't help but wonder how many will continue to have problems which will last beyond a three

month elimination period and be severe enough to prevent them from working. Even if only 2.5 percent of the four percent (one per thousand) were that severe and prolonged, it would represent a 16-50 percent increase in new claims (on average, depending on industry, typical annual LTD incidence rates are two to six per thousand). In Canada, there are no special limitations allowed for mental and nervous disorders.

Obviously it is premature to speculate on the eventual extra claims, but it

certainly demonstrates a potential impact which needs careful watch. One should keep in mind that this survey was based on the general population (not insured). It is also possible that these same anxiety victims may have become mental and nervous disorder claimants later anyway - the recent events may have simply triggered their problems earlier.

Canadian insurers are generally paying claims related to the attacks without applying the war exclusion. In the past, application of the war

September 11, 2001 Attacks

Observations:

- Some insurers are also offering additional help to the victims' families when requested such as counseling and advice on a 24/7 basis.
- Canadian underwriters and actuaries are wondering whether their premium rates and guarantees can withstand this heightened level of terrorist threat. Any industry and/or occupation or even location identified as potential targets, plus those financially affected or involved in security, may need a second look before offering new or renewed Group LTD coverage. Some industry and occupation factors may need to be increased.
- Coverage for industries with significant international travel will need careful underwriting in order to fully understand the risk. Many group LTD insurers in Canada were already in the midst of reviewing their rates as a result of recent increases in claims and lower interest rates - the terrorist attacks and continuing threat will serve to confirm that such rate increases may be required.

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These four factors may help predict the severity of an individual's stress symptoms:

1. Intensity

Individuals who are exposed to severe trauma are likely to have more intense symptoms than those who have witnessed less severe events.

2. Duration

Individuals who experience repeated exposures to trauma (recurring abuse, multiple attacks, etc.) are expected to be affected more negatively than those who have witnessed one event.

3. Proximity

Individuals who are closer to a traumatic event are expected to have more significant symptoms than those further removed from the event.

4. History

Individuals who have experienced personal previous trauma are at higher risk for having more negative symptoms than someone who has never experienced a trauma before.

Although a diagnosis of PTSD requires direct exposure to trauma, some individuals who never experience a direct exposure to life threatening events may become so fragile that they are unable to work. For example, a postal worker in Spokane, WA, may be alarmed by news stories about postal workers exposed to anthrax and develop an Adjustment Disorder with Anxious Mood (ADAM). The symptoms may be intense enough to impair productivity and result in Short Term Disability (STD). However, an LTD claim is not expected for this type of diagnosis because the symptoms are absent once the threat, in this case anthrax, is removed. Similarly, an individual in New Jersey may develop symptoms from the events at the World Trade Center due to the individual's close proximity to and familiarity with New York City. However, as with the example of the postal worker in Spokane, the symp-

exclusion has normally required that the act of war be sponsored and declared by a country and that claims be directly caused by the act of war. That limited application may need to be updated and broadened to include terrorism. Hence, legal departments are busy reviewing their insurance policies to determine how limitations and exclusions can be added, should the need arise if terrorist attacks escalate, and their companies decide to limit coverage.

For other observations, see the chart on page 3.

I expect that any exclusions and limitations for terrorism will most likely be applied on the P&C side of the business first, with the Life and Health side following suit in order to avoid an unbalanced approach and any possible legal challenges that may follow. Even then,

I expect these exclusions will only limit claims where the cause is directly related to terrorist acts. These will most likely not limit post traumatic stress / anxiety type claims unless causality is very immediate, sudden and obviously entirely related to a single terrorist event. ■



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toms should not be long-lasting if the individual receives timely and appropriate treatment for secondary trauma.

Fortunately, there are treatments available that greatly reduce the symptoms common with PTSD. Medication management may include Trazodone, Ambien, or Sonata to induce normal sleep patterns and anti-anxiety and anti-depressant medications, such as Paxil, Zoloft, and Celexa to alleviate depressed mood, overwhelming anxiety, decrease irritability, and assist with better concentration. Most individuals will return to full function in a period of weeks with the appropriate medications. If an individual does not experience significant improvement of symptoms after two or three months, a psychiatric referral is appropriate.

In addition to medication management, psychotherapy can be a critical variable. Most individuals show significant improvement in symptoms and return to their prior level of functioning within three months of psychotherapy. If an individual does not show significant improvement in five or six sessions, a consultation between the treating psychiatrist and the therapist should occur.

Three therapies have proven particularly helpful in the treatment of PTSD.

- **Exposure-based therapy** exposes the individual to stimuli related to the traumatic event.
- **Cognitive behavioral therapy** challenges the patient's irrational thoughts in order to move the patient to a more functional lifestyle.
- **Eye movement desensitization response (EMDR) therapy** uses hypnosis-related techniques to help the individual process the traumatic events so that they are no longer emotionally volatile and overwhelming.

Some individuals with PTSD may require hospitalization. This usually occurs when an individual experiences significant changes in basic areas of functioning such as sleep, eating, energy, poor concentration, or suicide thoughts. Individuals with these impairments are at risk for work related injuries, strained relations with family and/or coworkers and a significant decline in productivity. Hospital stays are typically three to five days and treatment is symptom-focused in the

absence of other mental health factors that affect progress. Medication, psychotherapy, a cohesive and supportive family system help normalize symptoms of trauma.

No American remained unmoved by the events of September 11. However, while most Americans slowly recovered and returned to their prior level of productivity some individuals experienced more lasting symptoms. Fortunately, PTSD remains rare because few people are exposed to events as traumatic as the September 11 attacks. Having a basic understanding of common stress reactions and treatment strategies will help when reviewing claims for level of severity and appropriate treatment. ■

Tim Lang, PsyD is a consulting psychologist with Behavioral Management, Inc. He is a former U.S. Army Psychologist, and spent a tour of duty in Bosnia where he assessed and treated numerous soldiers for PTSD and Acute Stress Syndrome.

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Individuals who have experienced personal previous trauma are at higher risk for having more negative symptoms than someone who has never experienced a trauma before.



Upcoming Disability Insurance Meetings

Following is a partial list of industry meetings dealing with a variety of disability insurance topics. If you know of any other disability insurance conferences that could be added to our list, please let us know.

CONTACT	LOCATION	DATE
INTERACTIVE DISABILITY FORUM		
Contact: Ina Levasseur (207) 756-8551	Lake Buena Vista, FL	February 3-6, 2002
EASTERN CLAIMS CONFERENCE		
Contact: Steve Allen (508) 751-7440	New York, NY	March 3-5, 2002
JHA DYNAMICS OF DISABILITY		
Contact: Marcy Updike (207) 874-2261	Fort Meyers, FL	March 6-8, 2002
CLHIA – ANNUAL CLAIMS SECTION MEETING		
Contact: Irene Klatt (416) 777-2221	Québec, QU	May 14-17, 2002
INSURANCE REHABILITATION STUDY GROUP		
Contact: Dan Abramowski (612) 342-7212	Las Vegas, NV	March 11-14, 2002
CASE MANAGEMENT SOCIETY OF AMERICA (CMSA)		
Contact: CMSA (770) 447-4418	Orlando, FL	June 11-15, 2002
CANADIAN INSTITUTE OF ACTUARIES		
Contact: Joanne St. Pierre www.actuaries.ca (613) 236-8196 x106	Halifax, NS	June 27-28, 2002
ING RE ROSE® SEMINAR		
Contact: Mark Taylor (612) 342-7694	Minneapolis, MN	July 28-31, 2002

UNDERWRITING INSIGHT

Underwriting "Nine-Eleven"

This article was written as a result of conversations with a number of key Disability Industry decision makers. We thank all of you for your contributions.

From the very first pictures on the television it was clear that something terrible had occurred, but it wasn't clear initially just how much our world would be impacted. We all learned in bits and pieces over the next few hours and days just what had happened. Individually we are still trying to sort out just what it all means. Whether you were there, or saw it on TV, and regardless of whether or not you knew any of the victims, we have all been affected.

With the immediate shock past, and after some time to reflect, those of us who work in the disability insurance industry need to determine what it means to our business. Just the residual effects are surfacing in bits and pieces as we try to make sense out of them the best we can. It's already a cliché to say that nothing is the same as it was before this act of terror, and that is true of our business as well.

One of the first dilemmas to arise from a disability insurance perspective is which of those losses are occupational and which ones are not? Physical injuries were limited but what about stress? For a stress claim to be legitimate did a person need to be an eyewitness or was media observation a legitimate cause?

Obviously we need to look beyond the short term and evaluate the potential for Long Term Disability Claims. In how many cases, and how far into the future, will we see Post Traumatic Stress Disorder (PTSD) claims? Given the nature and extent of the media coverage, I don't know that everyone will need

to have been physically present in order to support a stress reaction claim.

Most of the disability insurance policies in the industry have war risk exclusions, but can they be exercised in an act of terrorism? Even if the wording includes undeclared war, were these acts of war? Assuming the policy wording is adequate to exclude coverage, how does that fit with public policy and consumer confidence? Does anyone's policy specifically exclude terrorist acts? Should they? Would such policies be accepted in the market?

What are the rate considerations of this event? It's fair to say that disabilities due to acts of terrorism have been so few that they are not in our loss experience. Will such losses become more commonplace? Will biological chemical or nuclear terror present greater and more potentially catastrophic events in the future?

As we start to think in broader terms, there are the questions of how many people are out of work as a result? Will there be a long-term impact on the national economy? With the economy already on shaky

ground, are we about to experience increasing disability losses due to high unemployment?

There are many new risks that we need to think about. Here are a few to consider:

- The ecological impact on lower Manhattan and possible long-term health risks
- Determining the industries at risk and new growth industries that may emerge as a result
- The security of the workplace and business records

We live in interesting times. As an industry, the only certainty is the uncertainty of the future as we once knew it. Given this uncertainty, underwriters need to think about the world in different terms than they did before September 11. The number of questions asked about a risk may not change that much, but the kind of questions will certainly change. Moreover, the types of risks underwritten will not change very much but the way each is perceived will never be the same. ■



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RESEARCH UPDATE

Terrorism and Disability Insurance – Looking Ahead

By Ray Ayotte

Since September 11, ING Re has had numerous opportunities to informally discuss the impact of this tragedy with disability insurance carriers. We took advantage of these discussions to conduct informal polls to gauge what carriers are planning to do differently in light of this tragedy. Here are some questions we explored:

1. Are you planning to make any changes to your STD and LTD contracts?

The unanimous response was that no contractual changes are being planned at this time. This was confirmed at the recent Group Underwriters Association (GUAA) Meeting. Carriers are not planning to add a terrorism exclusion to their contracts, or for that matter, to remove the war exclusion.

2. Are you planning to introduce any new manual rating adjustments (city, employee concentrations in one building, industry, etc.)?

Again, no changes are being reported at this time. The answers to this question surprised us; as mentioned in the UNDERWRITING INSIGHT article in this issue, this may be an area deserving of scrutiny. If acts of terrorism are not specifically excluded in LTD contracts, high concentrations of employees in one location with a common employer may present above average exposure, depending on the industry.

3. Comment on the expected impact to your STD and LTD claims due to this incident from such conditions as Anxiety, Adjustment Disorders, Post Traumatic Stress Disorders (PTSD), or similar psychiatric conditions?

A number of carriers expect an increase in incidence and duration for subjective and psychiatric claims, particularly

carriers with exposure in the lower Manhattan district. Other carriers felt the impact would be minimal.

4. Do you believe your claims organization is prepared for the impact from PTSD and other conditions listed in #3?

All carriers indicate that their claims staffs are prepared for increased incidence of PTSD claims. Strategies to prepare involved special staff training in handling the claims described above, adding dedicated psychiatric claims units, and increasing the number of psychiatric consultants.

From the above comments, it appears that the group disability insurance industry will not be seriously affected by this tragic event. This experience does, however, present a unique opportunity to review and evaluate a number of aspects of group disability insurance risk taking that may not have been considered before September 11. ■



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