

Are you prepared to recruit a highly trained and qualified workforce?

This growth engine for the economy faces recruiting challenges. Baby boomers are retiring, young employees aren't interested in manufacturing careers and there's a current shortage of skilled workers.¹

The manufacturing industry snapshot is a supplement to the Unum Buyers Study, which analyzes the impact of changing trends in workplace demographics on today's benefit strategies.

Key Insights



- Employers in this industry pay an average of 80% of employees' premium contributions for health care, the highest of any non-governmental sector, yet the majority (80%) report a current shortage of qualified job applicants with the necessary educational backgrounds and skills.²
- Manufacturing employers, more than any other, provide the highest levels of benefits for employees. They must continue to do so to compete for qualified workers.

An insider's look at manufacturing industry buying trends

Long Term Disability Insurance

- In a growing trend, just over half of sales to manufacturing companies opted for employer-paid plans last year—a decrease compared to inforce business.
- Over the past three years, 72% of employers have chosen the 2-year residual definition of disability.

Short Term Disability Insurance

- There is no clear trend away from employer-paid STD plans.
- Benefit amounts have increased over the past three years, with 55% of employers selecting monthly benefit levels greater than \$500.

Life Insurance

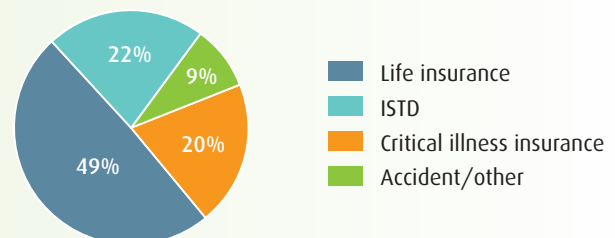
- The most common design offered was a salary multiple benefit (62% of cases); multiple amounts offered were nearly even between five times salary and one year's salary.

Voluntary Products

- Because this industry's voluntary sales have held steady, manufacturing employees are more likely to be interested in these benefits. Offering voluntary benefits is also an excellent recruitment tool.

Voluntary Insurance

Most popular offerings as percentage of total new premium for 2005. Voluntary disability experienced the greatest growth in 2005, with 30% more policies issued than in 2004.



Most Common Group Plan Designs*

Long Term Disability Insurance

Definition of disability: 2-year own-occ with residual
Maximum monthly benefit: \$5,000
Elimination period: 90 days
Benefit percentage: 60%

Short Term Disability Insurance

Definition of disability: total
Maximum weekly benefit: \$1,000
Elimination period: 0 days injury/7 days sickness
Benefit percentage: 60%

Life Insurance

Benefit amount: \$10,000 flat amount

Group Long Term Care Insurance**

Funding: employee-paid
Benefit amount: \$2,000 to \$6,000 per month
Benefit duration: three or five years
Options:

- pays 100% of monthly benefit for professional home care or 50% for total choice home care
- inflation protection

Recommended Voluntary Coverage

- Accident insurance
- Specified critical illness insurance
- Voluntary life insurance
- Individual short term disability insurance

Points To Consider

Voluntary Products

- Accident insurance — popular with male employees — is a good option in this industry, where men comprise 68% of the workforce. Family coverage offers benefits to dependent children.
- Specified critical illness is often purchased by blue collar employees.
- Some manufacturing groups may not have a group STD plan in place. In these instances, individual STD can be an important addition to the benefit plan.

LTC Plans

- Even though voluntary LTC is more typical in this segment, the employer-funded plan is a good option to present to the employer.



For more in-depth information on benefits strategies that address emerging trends, visit www.unum.com/buyerstudy.

1, 2 National Association of Manufacturers, "Keeping America Competitive: How a Talent Shortage Threatens U.S. Manufacturing," May 2003.

* Data is a cumulative description of all group sales between 2003 and 2005. There may be variations based on case-size or geographic regions. Larger cases may offer richer plans.

** Plans most commonly seen in our current inforce block of business.

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