

Health Promotion and Prevention

In 1998 Options and Choices, Inc (OCI) completed an analysis of the Wellpower Fitness Facility usage and the impact on medical costs and absenteeism. OCI analyzed medical and demographic data for 1996 and 1997 (indemnity and Point of Service data) and found that Fitness Facility members have fewer medical coverage claims, fewer repeat claims, fewer claimants and are in better health than non-members. After controlling for demographics, Fitness Facility members have nearly \$60/member/month less group health costs than non-members. Fitness Facility members have \$720 per year lower medical claims costs than non-members. This is equal to a savings of \$1,017,360 a year or \$2.86 saved for every dollar invested. To determine if medical usage changed after joining the Facility, OCI separated out the data on members before and after joining the Facility and found that these new Fitness Facility members file almost 50% fewer claims after joining the Fitness Facility and that medical insurance usage is approximately \$750,000 per year lower than before joining the Facility. This is equal to \$348/year/member lower medical claims costs and \$1.38 saved for every dollar invested. In addition, employees use fewer sick days per month after joining the Fitness Facility, reducing the overall number of sick days taken by more than 12 percent - a savings of four days per member per year in lost productivity resulting in a productivity savings of \$768,642 or \$2.16 for every dollar invested. Membership in the Fitness Facility reduced the number of employees taking sick days by more than 40 percent.

Survey Data

In 1996 and 1997 Wellpower sent a survey assessing health behaviors to all UNUM employees. The response rates was 50 percent. UNUM has surveyed employees several times since 1985, allowing for trend analysis. Tests of significance were completed using the t-test to test the difference between two population means and the difference between two population proportions (z statistic). A summary of findings follows:

Exercise

Exercise levels have increased significantly among Maine employees since 1991, when 41percent reported exercising three or more times per week. In 1997, 47 percent reported this level of exercise. Thirty-five percent said they did not get regular exercise, compared to 60 percent of American adults who are not regularly physically active. The percent of women who exercise regularly has increased significantly since 1991, while men have kept their exercise levels fairly constant. Across all of UNUM, 50 percent of employees report exercising 3 or more times per week - well above the national rate.

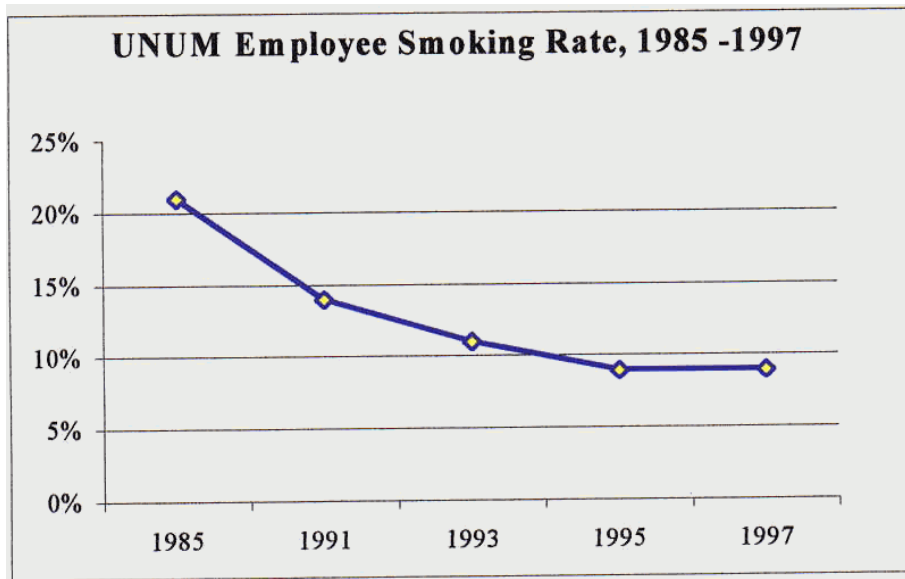
Smoking

UNUM'S smoking rate is ten percent. Since 1985, the smoking rate for UNUM America field and Maine based employees has decreased significantly. Among Maine employees the smoking rate has decreased 57 percent,

from 21 percent in 1985 to 9 percent in 1997. Among UNUM America field employees the smoking rate has decreased 56 percent, from 25 percent in 1985 to 11 percent in 1997. UNUM'S smoking rate is well below the national rate of 25 percent.

Stress

Women report higher levels of stress than men. Since 1985 there has been a significant decrease in the percent of employees who report being under stress "all or most of the time" from 33% in 1985 to 28% in 1997.

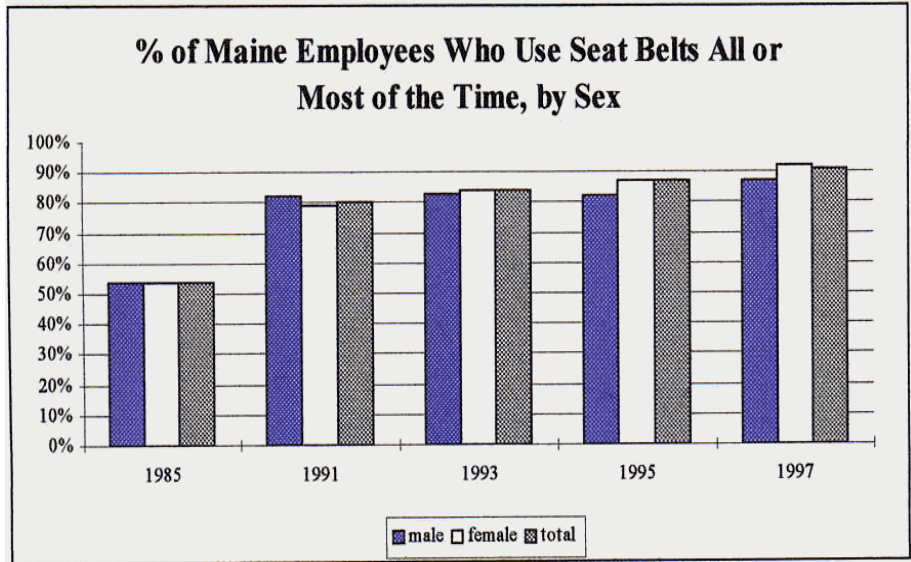


Weight

Twenty-five percent of UNUM employees are overweight or obese based on Body Mass Index," 23 percent of the women and 30 percent of the men. In the United States, 33 percent of adults are overweight or obese based on Body Mass Index, 31.9 percent of the women and 34.1 percent of the men."There is a significant relationship between being overweight and exercise. Employees who were sedentary were much more likely to be overweight or obese than employees who exercised three or more times a week.

Cholesterol

Across UNUM in 1997, seven percent of employees reported high cholesterol (≥ 240 mg/dL). In the United States 19.5 percent of adults have high cholesterol.



Seat-belts

The regular use of seat belts by employees has increased significantly since 1985. Among Maine employees seat belt use has increased 68 percent! In 1997 ninety-one percent of Maine employees used seat belts, compared to 49.9 percent of the Maine population. Among UNUM America field employees seat belt use has increased 27 percent. In 1997 ninety-three percent of these employees used seat belts. Across UNUM ninety-two percent of employees use seat belts all or most of the time.

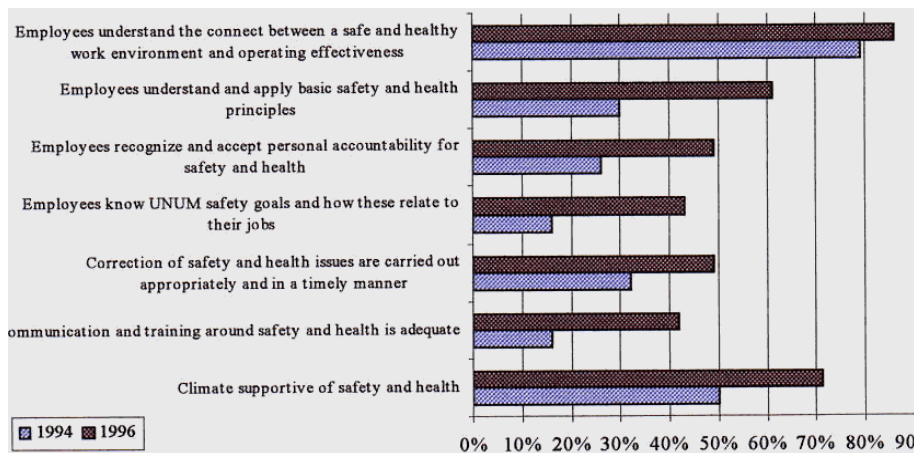
Wellpower Participation and Benefits

Participation in Wellpower varies significantly by location, with the Maine participation rate at 56 percent compared to field participation at 42 percent. South Carolina based employee participation in Wellpower was 72 percent. These differences reflect the location and convenience of the programs. In most businesses women were more likely to participate in Wellpower than men. UNUM saved a \$145,000 in workers compensation charges in 1998 by providing aggressive and timely onsite occupational treatment in Maine, this savings does not include savings due to shortened treatment duration, savings in lost time and in preventing work disruption. For every dollar invested in the Occupational Health Clinic UNUM saved \$1.90. In 1998, one year early, UNUM was recommended for the prestigious Occupational Health and Safety Administration (OSHA) Voluntary Protection Program Star Level, the first office environment in the country to do this. This Voluntary Protection Program designation recognizes the positive impact UNUM's Safety Program has on the rate of work related injury and illness within the company. For instance; The average rate of lost workday claims for the insurance industry is .8 per 100 employees. UNUM's lost workday claims rate is .3 per 100 employees or 62.5 percent lower than expected." UNUM'S average number of lost work day claims per year is 27. The average insurance company experiences 72 lost work day claims per year.

Compared to other insurance companies, UNUM has 45 fewer lost work time claims per year. According to the National Council on Compensation Insurance's (NCCI) 1993-1994 data, the national average direct cost of a lost time workers compensation claim for the financial industry is \$19,074. Using this data, UNUM'S Occupational Health and Safety Program saves \$858,330 per year indirect lost time costs. For every dollar invested in occupational health and safety UNUM saves \$2.00. The Experience Modification Factor is another measure developed independently by NCCI standards. UNUM'S experience modifier is .59 with 1.0 considered average.

UNUM'S Experience Modifier is forty-one percent below average. Finally, employee surveys in 1994 and 1996 of perceptions of UNUM'S safety and health efforts have demonstrated a significant change in the percentage of employees who feel communication and training around safety and health is adequate (16% in 1994 and 42 percent in 1996), that UNUM provides a climate supportive of safety and health initiatives (50% in 1994 and 71 percent in 1996) and that employees understand and apply basic safety and health principles (30% in 1994 and 61% in 1996). These changes are reflected in UNUM's excellent safety and health results.

UNUM Employees Who Agree With Safety and Health Statements



Disability management

In 1998, UNUM'S disability management efforts resulted in 91 percent of the employees with disabilities staying at work through reasonable accommodations (flex time, assistive technology, job redesign and job placement). By preventing these 72 employees from going out of work on disability UJM saved at estimated \$1,777,000 in lost productivity and short term disability costs. In 1998 seven employees entered UNUM'S Disability Placement Program. This Program is designed for employees who have been out of work on Long

Term Disability and are attempting to return to work. Six of these seven employees were successfully placed in full time jobs at UNUM, an 87 percent placement ratio.