

Disability insurance options

Disability insurance solutions for individuals, business owners and employees - Your income means independence for you and your family, and you rely on it for so many things. It's an investment that helps protect your most important asset, your income, throughout your working years.



Personal



Individual disability | Provides monthly benefits to help cover daily living expenses and stays with you no matter where you work as long as you pay the premiums. When you purchase individual disability insurance, you're not only taking an important step toward securing your income during working years, you're giving yourself a plan to help keep your life going during a period of disability.

Individual disability retirement security | Helps clients continue saving for retirement. In the event of a disability, benefits are paid to an irrevocable trust where the funds are invested and distributed to the client upon reaching retirement age.

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Business



Overhead expense | Provides reimbursement for business expenses, helping keep the business open and operating.

Business loan protection | Covers loans taken out for business-related expenses.

Key person replacement | Provides a benefit to a business in the event of a key employee's disability

Disability buy-out | Funds a buy-sell agreement to buy out a disabled owner.

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Employee Benefits



Executive carve out | Helps employers offer individual disability insurance to employees — on an employer-paid or voluntary basis

Group accident only disability | Pays for disabilities caused by accidents (not illness) and generally costs less than policies that cover both accidents and illness.

Group short-term disability | Provides immediate coverage typically from your first day of disability and can pay benefits until your long-term coverage begins to pay.

Group long-term disability | Base level disability coverage, usually paid for by the employer, that typically pays out after 90 or 180 days of disability.

Common disability terms

As you learn more about protecting your income, you may come across some language you're not familiar with. This guide can help explain those and other terms, so you can make well-informed decisions.



Definition of disability | The guidelines used by the insurance company to determine if you're disabled and eligible to receive money from your disability policy.



Elimination period | Often called a "waiting period," it's the number of days you'll wait before receiving monthly payments.



Benefit period | This is how long you receive money from your disability policy while you're not able to work.



Benefit payment | The money you receive each month, "like a paycheck," to help replace your lost income when you're unable to work.



Insured | The person who's protected by the insurance policy. In most cases, this is you.



Non-Cancelable | The policy can't be canceled, premiums can't increase and benefits can't be reduced as long as premiums are paid.



Rider | A feature you can add to your policy to enhance benefits.



Premium | It's what you pay each month for coverage while you're healthy and working.



Underwriting | Guidelines the insurance company follows to see if you qualify for income protection, how much you can buy and what it'll cost.



Claim | This is the process of communicating your disability with the insurance company. Most commonly this requires paperwork from both you and your physician.



Guaranteed Renewable | The policy is guaranteed renewal and obligates the insurer to continue coverage as long as premiums are paid.

Common rider terms

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Automatic Increase Benefit | This rider automatically increases your monthly benefit every year (usually 5%) for a five year period. Some carriers will allow you to renew the five year period with financial underwriting. You can decline the automatic increase two times.



Benefit Update | This is a no-cost rider available on individual disability policies when you purchase 75% or more of the eligible benefit amount. This rider allows you to increase your policy in the future without any medical questions.



Catastrophic Disability | This rider pays additional monthly benefits for truly catastrophic claims. An example is needing assistance with daily living activities such as: eating, transferring, bathing, toileting, continence or cognitive impairment.



Definition of Disability | The guidelines used by the insurance company to determine if you're disabled and eligible to receive money from your disability policy.

What is a Rider?

A rider is a feature you can add to your policy to enhance benefits.



Cost-of-Living (COLA) | This rider increases your monthly benefit to fight inflation while receiving benefits on claim.



Residual Disability | This rider pays you a percentage of your benefit if you are partially disabled. The amount is calculated based on your loss of income, duties, and/or time.



Own Occupation | As long as the insured is unable to perform the duties of his or her regular occupation(s) at the time of disability, the insured will be considered eligible to receive the full benefit under the policy plus wages from another profession.

The need

Why it's important to your financial security...

Everyone has unique needs, but most of them have one thing in common – they earn an income that needs to be protected.



Disability insurance is the foundation of financial security.

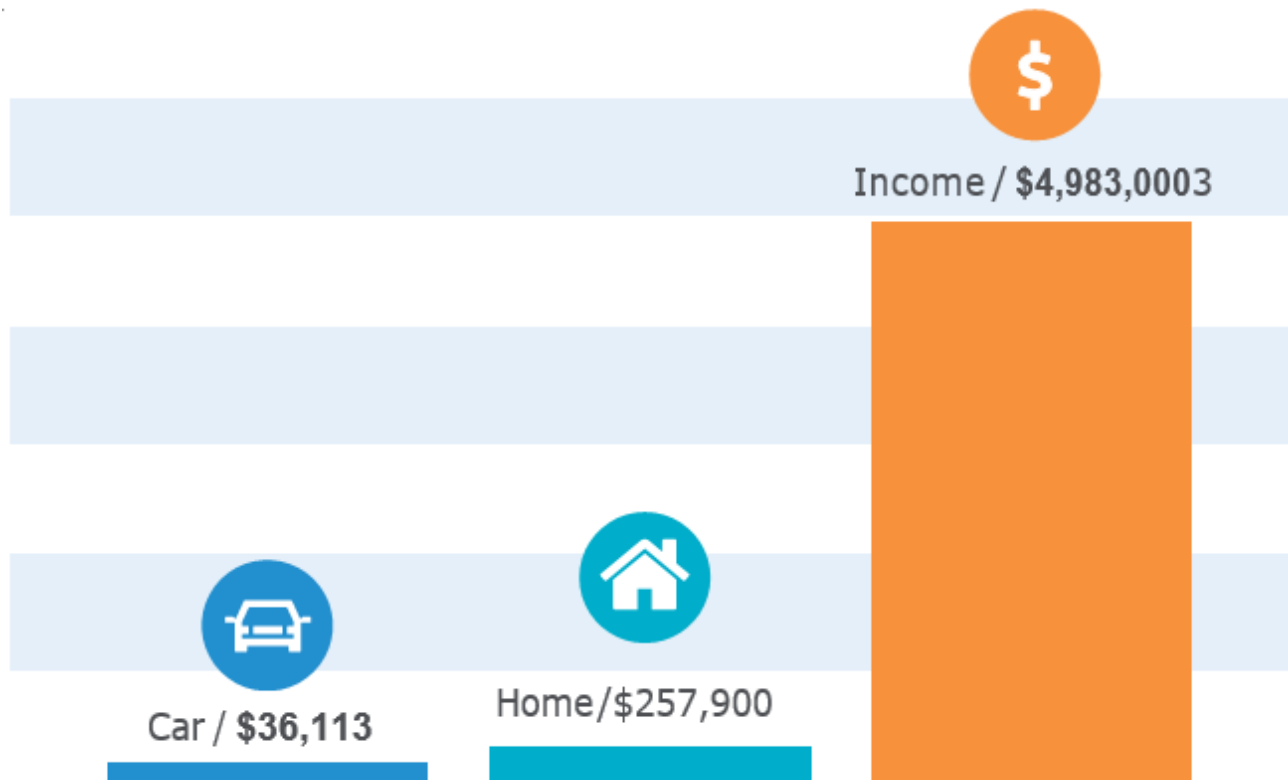
Your income allows you to do the things you love today and plan for the future. Let us help you take steps to protect your financial foundation with disability insurance.



Protecting income from a disabling illness or injury can help pay the bills – including home and life insurance premiums – until they're able to earn an income again.

The need

You protect your home and car, but how about the asset you rely on most — your income?



Average new car price, Kelley Blue Book, December 2017.

U.S. Existing Single-Family Home Sales Price, YCharts,
https://ycharts.com/indicators/sales_price_of_existing_homes. As seen on 06/2018.

Projected cumulative income of a 35-year-old earning \$6,250/month (\$75,000 annually), assuming a 5% annual increase to age 65.

The need

Protect your future earnings



Have you thought about how much your income could add up to?

Protect what you've worked so hard to earn.



For example, a 35-year-old who's now earning \$75,000 could expect to earn

\$5 million

by age 65.

Potential earnings to age 65 (with 5% annual salary increases)

| Annual Income | | | | | |
|---------------|-------------|-------------|-------------|--------------|--------------|
| Age | \$50,000 | \$75,000 | \$100,000 | \$150,000 | \$200,000 |
| 30 | \$4,516,000 | \$6,774,000 | \$9,032,000 | \$13,548,000 | \$18,064,000 |
| 35 | \$3,322,000 | \$4,983,000 | \$6,644,000 | \$9,966,000 | \$13,288,000 |
| 40 | \$2,386,000 | \$3,580,000 | \$4,773,000 | \$7,159,000 | \$9,545,000 |
| 45 | \$1,653,000 | \$2,480,000 | \$3,307,000 | \$4,960,000 | \$6,613,000 |
| 50 | \$1,079,000 | \$1,618,000 | \$2,158,000 | \$3,237,000 | \$4,316,000 |
| 55 | \$629,000 | \$943,000 | \$1,258,000 | \$1,887,000 | \$2,516,000 |
| 60 | \$276,000 | \$414,000 | \$553,000 | \$829,000 | \$1,105,000 |

What will your future hold?

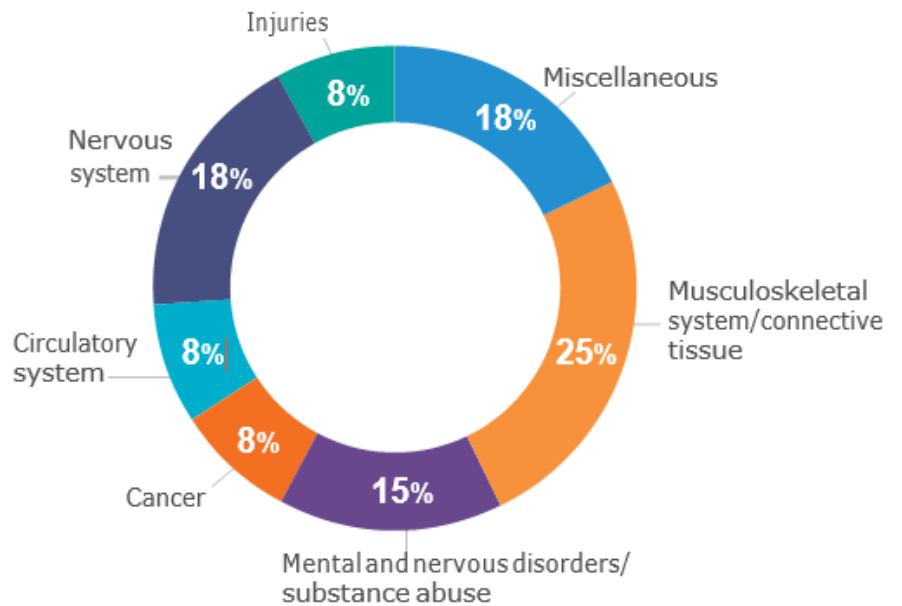


You can't predict the future, but you can make decisions today to protect against the real-world risks of tomorrow.

> Here are common conditions that have affected others' ability to work:

Source: Principal Life disability insurance active claims as of May 2018. The above is for illustrative purposes only and is not intended as a complete representation of all claims.

Common conditions



Disability underwriting

When submitting a case for underwriting, share with us as much information as you can, focusing on these three key areas:



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Occupation | The occupation class determines your premium amount and maximum monthly benefit amount. Job duties, rather than title, are key when classifying an occupation. Consider managers. Are they managing in an office with general office duties and no manual labor? Or are they managing at a shipping company, but the majority of their time is spent lifting boxes and using heavy machinery? Those with no manual duties would get higher occupation classes with lower rates.



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Income/financial background | Disability insurance is meant to replace a portion of lost income, while providing motivation to return to work. We'll need to review their financial documentation to ensure we're not giving them too much or too little coverage.



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Medical history | Disability underwriting involves morbidity risk, the assessment of medical impairments that can result in prolonged disability. Having an understanding of basic conditions can set expectations when you help a client apply for coverage. For instance, if your client has one of these conditions, proceed with underwriting, but set the expectation that the coverage could be rated*, ridered*, or declined:

- Anxiety or other mental/nervous conditions
- Back related conditions
- Carpal tunnel syndrome or arthritis
- Emphysema
- Heart attacks
- Hepatitis
- Kidney disease
- Obesity
- Pancreatitis
- Seizures or stroke

*Means a client could get coverage, but for an additional cost than originally presented or could have an exclusion for a certain condition added.



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Working with business owners? | We consider additional factors, such as:

- Number of employees
- Number of years in business
- Owner duties

Common terms and examples of disability claims diagnoses



| Claim Diagnosis Category | Lay Language Description | Specific Examples |
|---|---|--|
| Diseases of the Musculoskeletal System and Connective Tissue | Muscle, Back and Joint Disorders | Arthritis, Herniated or Degenerated Disc, Back Pain, Spine/Joint Disorders, Cartilage Sprain, Tendonitis, Fibromyitis, Osteoporosis, Rheumatism, Scoliosis, Sciatica |
| Diseases of the Nervous System and Sense Organs | Spine and Nervous System Related Disorders | Multiple Sclerosis, Epilepsy, Paralysis, Alzheimer's, Parkinson's Disease, Amyotrophic Lateral Sclerosis (ALS), Bell's Palsy, Guillain-Barré Syndrome, Eye Disorders including Diabetic Retinopathy and Macular Degeneration, Ear Disorders including Balance Related Disorders like Ménière's Disease |
| Diseases of the Circulatory System | Cardiovascular and Circulatory Diseases | Hypertension, Heart Disease, Heart Attack, Stroke, Aneurysm, Coronary Artery Disease, Phlebitis |
| Cancer and Neoplasms | Cancer and Tumors | Breast Cancer, Prostate Cancer, Lymphoma, Hodgkin's Disease, Leukemia, Tumors |
| Injuries and Poisonings | Accidents, Injuries and Poisonings | Fractures, Sprains and Strains, Dislocations, Contusions, Burns, Poisoning, Allergic Reactions |
| Mental Disorders | Mental Illness and Behavioral Disorders | Depression, Schizophrenia, Drug/Alcohol/Substance Abuse, Bipolar Disorder, Anxiety, Obsessive Compulsive Disorder |
| Diseases of the Respiratory System | Respiratory System Disorders | Influenza, Pneumonia, Asthma, Bronchitis, Emphysema, Pulmonary Fibrosis, Cystic Fibrosis, Chronic Obstructive Pulmonary Disorder (COPD) |
| Symptoms, Signs and Ill-Defined Conditions | Ill-Defined or Subjective Conditions | Headache, Insomnia, Coma, Chronic Fatigue Syndrome, Sleep Apnea, Seasonal Affective Disorder, Anorexia, other symptoms without a diagnosis |
| Infections and Parasitic Diseases | Infectious and Parasitic Diseases | Food Poisoning, HIV/AIDS, Hepatitis, Meningitis, Salmonella, Tuberculosis, Polio |
| Diseases of the Digestive System | Digestive System Disorders | Gastric Ulcers, Gastritis, Appendicitis, Hernia, Irritable Bowel Syndrome, Cirrhosis of the Liver, Crohn's Disease, Diverticulitis, Ulcerative Colitis, Dental Disorders, Temporomandibular Joint (TMJ) Disorders |
| Endocrine, Nutritional and Metabolic Diseases, and Immunity Disorders | Nutritional, Metabolic, Regulatory and Immunity Disorders | Diabetes, Malnutrition, Obesity, Gout, Cystic Fibrosis, Thyroid Disorders |
| Diseases of the Genitourinary System | Genital and Waste Removal Disorders | Uterine Prolapse, Cervicitis, Menopausal Symptoms, Kidney and Bladder Disorders, Genital Organ Disorders, Kidney Failure, Enlarged Prostate, Prostatitis, Urinary Tract Infections, Endometriosis |
| Complications of Pregnancy, Childbirth and the Puerperium | Pregnancy and Complications of Pregnancy | Normal Delivery, Caesarean Section, Complications of Pregnancy, Toxemia, Ectopic Pregnancy, Pre-Term Complications |
| Diseases of the Skin and Subcutaneous Tissue | Skin Conditions and Disorders | Eczema, Dermatitis, Cellulitis, Psoriasis, Sebaceous Cyst |
| Congenital Anomalies | Inherited Conditions | Congenital Anomalies, Spina tend, Down's Syndrome, Inherited Heart Valve Malfunction |
| Diseases of the Blood and Blood-Forming Organs | Blood-Related Disorders | Anemia, Hemophilia, Sickle-Cell Disease, Diseases of the Spleen |

Request a proposal



Underwriting for disability insurance is often different from other forms of insurance. Underwriters take into consideration medical, occupational and financial information. It is important that we confirm as much information as possible prior to the development of quotes in order to deliver accurate coverage and to prevent unpleasant surprises during underwriting.



Client information

Why is this important?



[Email or Call Us When You're Ready](#)

Monthly fixed costs
Reasonable premium target
Client meeting time

How much disability insurance you need depends on your finances, savings, and how comfortable you are with taking risks to save money on insurance. The biggest factors in the cost for your disability insurance coverage are the monthly benefit and benefit period. If we know your monthly fixed costs and a reasonable premium target, we can create a policy that fits your needs. Knowing your meeting time allows us to prioritize requests and make sure you have what you need in a timely manner.

Full name

First, middle (if applicable), and last name.

Company name

If you own a business it helps us research potential discounts.

State

Insurance rates are state-priced and regionally priced.

Gender

Insurance rates are formulated by gender.

Date of birth

Insurance rates are formulated using age.

Tobacco use

Insurance rates are formulated by tobacco usage.

Annual income
(all sources last 2 years)

Insurance amounts are based on NET income (for business owners, income after expenses (for W2 employees it is total gross income).

Inforce disability coverage

This policy will coordinate with any inforce disability coverage you may already have in place. If you have group coverage through your employer we will want to know the replacement %, benefit cap, and taxability of the coverage. (Who pays for the coverage?)

Occupation and job duties

Your job title and job duties will determine your occupation classification (similar to a life insurance rating) If you are a business owner, we need to know # of employees, years of ownership, % of ownership, and a breakdown of daily duties. This information can drastically change the premiums and discounts available. Include average hours worked per week.

Applied or applying for life insurance in past 6 months

If so, we may be able to coordinate some aspects of underwriting to make for a more streamlined process.

Height / weight
Health history / concerns
Medications /dosage
Hobbies / exercise routine

Are there any other characteristics we should know about you that may impact their underwriting experience. A healthy lifestyle can also help secure the best pricing.

