



**RAMPART
AGENCY**
INSURANCE SERVICES

DI UNDERWRITING GUIDELINES

Financial Underwriting Overview:

The amount of money your client earns will determine the amount of monthly benefit he/she can obtain. In addition to submitting proof of income, your client will also have to report any unearned income, liquid assets and bonus or commission income.

Here are examples of entities and the appropriate tax documentation that underwriters will require to financially qualify your client for coverage:

ENTITY	TAX FORM
Employee (non owner)	W@ or YTD paystub. 1040 with all schedules
Sole Proprietor	1040 with all schedules, specifically Schedule C
Partner	1040 with all schedules and K-1
Owner S-Corp	1040 with all schedules, 1120S & K-1
Owner C-Corp	1040 with all schedules, 1120 & K-1
Commissioned Sales People	1040 with all schedules and Schedule C or K-1

How much DI insurance can your client qualify for?

Percentage of Earned Income: Typically, a company will offer an applicant income replacement anywhere between 50 and 70% of pre-tax earnings.

Unearned Income (Investment Earnings) / Net Worth: To avoid over-insurance, insurance companies may reduce the maximum monthly benefit they offer if the applicant has a substantial amount of unearned income or very high Net Worth. Applicants with extensive net worth or unearned income may not be eligible for coverage or may be offered policies with reduced benefits, longer elimination periods or shorter benefit periods.

Other Disability Coverage in force: Existing Group Long Term Disability and individual DI count toward the maximum benefit one can obtain.

Occupational Underwriting Overview:

Your clients' occupation, job duties and tenure will determine what kind of DI insurance he/she can buy and how much the policy will cost. Occupational classes are assigned based on the requirements of the job and the risk which that job poses to the applicant's health and the insurance claims experience. Higher risk occupations are assigned a higher premium and lower risk occupations generally have a lower premium.