



DISABILITY INCOME GUIDELINES

Underwriting Guidelines

Medical Underwriting Overview

Medical conditions and health history are used to evaluate the likelihood of becoming disabled in the future. Medical underwriting for DI is very different from Life insurance

Mortality vs Morbidity – Life underwriters considers health information that could impact the likelihood of dying (mortality). DI underwriters consider health conditions that can potentially cause someone to become disabled (morbidity).

The following medical conditions are examples of what may receive closer examination by a DI underwriter:

Back Disorders	Diabetes
Mental Nervous Disorders	Kidney Conditions
Heart Conditions	Neurological Conditions
Knee Disorders	Cancer
Shoulder Disorders	Multiple Sclerosis
Eye Conditions	Pregnancy/C-Section/Infertility

POTENTIAL UNDERWRITING OUTCOMES

Issued as Applied Standard Rates The applicant is issued a policy with the best possible premium with no reduction of benefits or exclusion riders

Issued with an Exclusion Rider A medical condition or impairment has been identified and future claims resulting from that condition or impairment would not be covered.

Issued with Benefits that are Modified The Benefit Period could be reduced, a longer Elimination Period or reduced Monthly Benefit amount could also apply.

Declined The risk based on medical history would not make it possible to offer the applicant a policy.

Financial Underwriting Overview

The amount of money your client earns will determine the amount of monthly benefit they 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.

Tax documentation that may be required to financially qualify your client

ENTITY	Documentation*
Employee (non owner)	W2/YTD Paystub – 1040 w/all schedules
Sole Proprietor	1040 w/all schedules, specifically Schedule C
Partnership	1040 w/all schedules and K-1
Owner S-Corp	1040 w/all schedules, 1120S and K-1
Owner C-Corp	1040 w/all schedules, 1120 and K-1
Commissioned Sales	1040 w/all schedules and Schedule C or K-1

*Based on Product, Carrier and Underwriter’s Discretion could change

How Much DI Insurance can you client qualify for?

Percentage of Earned Income Typically a company will offer income replacement of 50% - 70% of pre-tax earnings.

Unearned Income/Net Worth To avoid over insuring carriers may decline coverage, reduce the maximum monthly benefit, give longer Elimination Periods or shorter Benefit Periods if the applicant has a substantial amount of Unearned Income or a very high Net Worth.

Existing Group LTD and IDI count toward the maximum benefit offered.

Occupational Underwriting Overview

Your clients’ occupation, job duties and tenure will determine what kind of DI Insurance they 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.