

Disability Income Insurance SALES KIT



In this kit:

FAQs | Producer guides | Consumer guides | Quote request form

PINNEY
INSURANCE

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> Sales Ideas

TIPS FOR SELLING PRIORITY INCOME PROTECTION® AS MORTGAGE PROTECTION

Your clients' house is probably the largest purchase they have made. But, it's not just four walls and a roof. It's a home, a safe haven from the world's distractions and the place where memories are made. Their income makes it possible.

THE NEED

Ask your middle-income clients, *“What’s your plan to pay for your mortgage, along with all your other bills, should you be unable to work due to illness or injury?”*

Some may be prepared. They’ve planned and scrimped and saved. Considering that nearly 70 percent of Americans have less than \$1,000 in savings and more than one-third have no savings at all,¹ people in this group are outliers.

Others may say, “I’d find a way to make it work if something happens.” Clients with this mindset believe they’ll find a way to make ends meet. The problem is, many are less able to weather fluctuations in their income than they imagine.

TODAY’S REALITY

The average homeowner spends nearly \$1,500 per month in housing costs.² That’s roughly one-third of the pre-tax income for an average household income of \$53,000. Adding in the other bills (groceries, health care, transportation, credit card debt, etc.) and many are feeling the pinch, including 36 percent who have either stopped saving for retirement or accumulated credit card debt in the past three years just to pay their mortgage.³

THE SOLUTION

A conversation about disability income insurance may be needed.

- > Discuss financial pain points and gaps. People often overestimate their ability to cover unexpected disruptions in their pay schedule off the job.
- > Disability insurance *is* mortgage protection should an illness or injury keep your clients from working.



We’re recommending Priority Income Protection® and so should you. An affordable and easy-to-understand disability insurance policy that delivers portable coverage in days, PIP is ideal for middle-income earners who want to protect their investment.

And thanks to streamlined underwriting and an easy quote e-App, you don’t have to be a DI expert to position it!

Get started! Go to mutualofomaha.com/pip for details.

[Marketer Name]
[Marketer Phone Number]
[Marketer Email Address]

¹ gobankingrates.com/personal-finance/data-americans-savings/

² census.gov/quickfacts/table/PST045216/00

³ MacArthur Foundation, “How Housing Matters,” May, 2016.

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TIPS FOR SELLING DISABILITY INSURANCE

Young Couples: Important Prospects for Income Protection

Start the conversation about disability income insurance with young couples who have bought a home or are starting a family. It's the best time for them to build a foundation of financial protection.

THE NEED

Individuals in this age group have a lifetime of earning potential. Income is their most important asset. Their lifestyle and long-term financial plans depend on it.

An illness or injury that keeps your client from working can quickly impact other assets such as savings and retirement funds. These resources could be depleted depending on the time needed for recovery and return to work. It may take years to rebuild these assets.

WHO TO PROSPECT

- > Single, full-time wage earners
- > Those who have bought a home or started a family
- > Primary wage earners in families
- > Your current Life insurance clients

SOLUTION

- > Talk to clients about the value of their ability to earn an income. Explain what's at risk, potentially a lifetime of earnings, should they lose that ability because of an illness or injury
 - > Show how disability income insurance can pay them an income while they recover to help pay expenses and protect their other assets
 - > Disability insurance rates are based in part on occupation risk classification, but also on age and health. So you can offer real savings to clients in their 20s and 30s, ages when people generally are in good health
- > Remember, you have flexible ways to create full coverage or supplement existing group coverage for your client using one of our Disability products



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TIPS FOR SELLING PRIORITY INCOME PROTECTION® DISABILITY INSURANCE

The statistics are prevalent and alarming. Many middle income earners’ financial situation is delicate. Jumping from lily pad to lily pad, they live paycheck to paycheck – working hard, paying bills and keeping the household in good order. Despite their hard work, there isn’t much left at the end of the month and one slip-up can be disastrous. *Then what?*

THE NEED

Nearly one in three Americans will have a need for disability insurance at some point during their careers. Additionally, most are under-prepared for a disruption in their pay.¹

- > The typical household cannot replace one month of income with liquid savings.
- > One in 3 American families reports having no savings at all.

Should your clients be unable to work due to illness or injury, it’s likely their savings wouldn’t last long for things such as mortgage, groceries, utilities...or much else off the job.

Help put your clients on solid ground and protect their most important asset: their paycheck.

SOLUTION

Provide your clients a PIP quote. By providing up to 70 percent of net income, it can help keep them afloat should they be unable to work. And the maximum monthly benefit of \$4,000 means it’s designed for middle-income earners.

WHO TO PROSPECT

PIP is ideal for middle-income earners who want:

- > Simple, affordable coverage without a medical exam or rider options.
- > A short application.
- > Portable coverage in days.
- > A maximum monthly benefit of \$4,000.

Get started! Go to mutualofomaha.com/pip for details.



[Marketer Name]
 [Marketer Phone Number]
 [Marketer Email Address]

¹ Pew Charitable Trust, “The Role of Emergency Savings in Family Financial Security,” November, 2015.

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TIPS FOR SELLING DISABILITY INSURANCE

Return of Premium Can Help Clients Commit

Some clients may understand the need for disability income insurance, but still resist purchasing DI because they don't want to "lose" those premium dollars if they never use the coverage. Offer a way your client can get back a percentage of their premium dollars (less any claims paid).

THE NEED

Cost-conscious clients need to see the advantages of purchasing a product they may never use:

- > They need to "justify" the purchase by getting something tangible in return
- > They may see the need to protect their income, but as a "value-minded" consumer, they need something more to help them commit to the purchase

WHO TO PROSPECT

- > Full-time employed individuals, issue ages 18-57
- > Target occupations include, but are not limited to executives, managers, attorneys, physicians, chiropractors, computer programmers
- > Individuals who may be willing to pay more for disability income protection to get a return on their dollars if they don't use the policy

SOLUTION

Offer the Return of Premium (ROP) Rider* on a short-term or long-term DI policy.

- > This "money-back DI" solution provides a lump sum return of a specified percentage of premiums paid (80 percent or 50 percent) less any benefits paid at the end of each term (usually 10 years)
- > Premium savings can be applied to this optional rider



Although policy premiums will be higher with ROP, emphasize the "value" of being able to use the returned amount any way your client wishes. Perhaps they can make a lump-sum payment on a mortgage or add to a retirement fund. Remember, you are offering something "tangible" they may find attractive. Be sure they understand the returned premium amount would be less any DI benefits paid.

Remind your client of the real value of protecting their lifestyle and providing for their family should a disabling illness or injury keep them from earning an income.

* Not available in all states. Please see complete ROP requirements in the Disability Income Product and Underwriting Guide.

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TIPS FOR SELLING DISABILITY INSURANCE

Reach Out to Self-Employed Clients

Self-employed individuals are solely dependent on their ability to keep working. Loss of income due to a disabling illness or injury, even for a few months, may close the door on their dream of being a self-employed business owner.

THE NEED

For self-employed individuals, allocating a portion of their income toward disability income protection is essential in protecting their lifestyle and business goals.

WHO TO PROSPECT

- > Clients who are sole proprietors, independent contractors, in a partnership or closely held corporation and who have a 20 percent or more ownership in a business
- > Target occupations include, but are not limited to: chiropractors, computer programmers, accountants, those in skilled trades, independent sales professionals

SOLUTION

The flexibility of our DI Choice portfolio of products allows you to tailor coverage to fit any situation and budget for self-employed prospects: Accident only, Short-term and Long-term coverage.

In certain cases, self-employed clients may need Business Overhead Expense insurance that can pay the operating costs of their business when they are unable to work.

YOU HAVE VALUED BENEFITS TO OFFER IN THESE CASES:

- > Newly self-employed clients may qualify for income protection benefits based on 50 percent of their prior year W-2 income. (Clients who have been self-employed fewer than 12 months, in the same occupation or line of work as previously employed. Please see complete requirements in the Disability Income Product and Underwriting Guide.)
- > Those who are self-employed for two or more years may qualify for our **15 percent premium savings**. The savings also will be applied to all policy riders except for three:



Hospital Confinement Indemnity Benefits Rider, Accident Medical Expense Benefits Rider, and Critical Illness Benefits Rider.

- > Work with small business clients as you would with your other individual DI prospects. Determine their income protection need based on their monthly living expenses. Discuss optional elimination and benefit periods that will provide an appropriate level of protection within their budget.

AS YOU TAILOR THEIR DI BASE POLICY AND DESIRED RIDERS, HERE ARE POTENTIAL DISCUSSION POINTS THAT MAY BE HELPFUL:

- > Long-term Disability includes a Proportionate Disability Benefit. That means it will pay a proportionate amount of the total disability monthly benefit for a loss of monthly income of at least 20 percent
- > The Extended Own Occupation Disability Definition Amendment Rider can extend coverage for their “own occupation” past two years to the duration of the benefit period

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TIPS FOR SELLING DISABILITY INSURANCE

Business Owners Have Multiple Needs for Disability Insurance

You have something to offer almost any small business owner, especially in businesses with 50 or fewer employees. Generally, these companies have three areas of need for disability insurance: business operation protection, business owner income protection and employee income protection.

THE NEED

- > **Business Operation** – Most small businesses rely on the day-to-day involvement of the owner. An owner's absence because of a disabling illness or injury could impact business operations, making it difficult to meet expenses
- > **Owner's Income Protection** – If the business owner couldn't work due to a disabling illness or injury, not only would their business operation be impacted, but the drop in his or her personal income could create a financial hardship for their family
- > **Employees' Income Protection** – About 100 million workers are without private disability income insurance.* Many of these workers are in small- to mid-size businesses. They need an opportunity to protect their most important asset – their income

WHO TO PROSPECT

- > Small- to mid-size businesses: sole proprietorships, partnerships, LLCs, S or C Corporations
- > Limited geographic locations (simplifies multi-life employee enrollment)
- > Businesses that have had past success (good participation) with employee voluntary insurance programs

SOLUTION

- > Show business owners how to protect their business with Business Overhead Expense disability insurance. The policy can pay monthly expenses, up to \$20,000 per month, to help keep the business running when the owner becomes disabled. Owners can select a benefit period of 12 or 18 months.



- > Discuss the importance of disability income protection for themselves and their employees. The DI Choice at Work product portfolio offers three product solutions and three underwriting programs. Together, they give you flexibility to tailor an affordable plan for the business owner's personal needs and those of his or her employees
- > To help meet business budget concerns, multi-life disability insurance can be offered to employees on a voluntary basis (employee-paid) or premiums can be paid by the employer as part of an employee benefits program

* Source: U.S. Social Security Administration, Fact Sheet February 7, 2013



Sales Idea: General Contractor

Market Watch

Small business owners are an integral part of the nation's economy and individual disability insurance sales, as they rank in the top occupations seeking coverage.¹ Each situation is typically different, so fact-finding about your potential client's business is critical when trying to get a sale.

Reviewing both your client's personal and business expenses is essential to providing the right amount of coverage when they need it most.



Rank in the top 5 in occupations seeking disability coverage¹

Client Scenario

Robert is a 52-year-old general contractor out of Sugarland, TX. He has spent the past 10 years growing his business and being a father (in no particular order). He is a single dad with two kids, and work-life balance can be as challenging as changing building codes and permit approvals. Robert's net annual income is \$46,000 a year, and his business has a net income of \$100,000.

Occupation Class: 4A (Business Owner Upgrade) | Non-smoker

Concerns

As the sole provider for his children, Robert's risk is real if he gets injured on the job. He has 15 years left on a \$250,000 mortgage. His children are about to enter college. He has taken on some credit card debt to fund equipment and supplies needed between jobs.

Solution

Protecting Robert's business is essential to the financial security of his family. Robert applies for an individual disability insurance plan with a **monthly benefit of \$2,800 for two years** with a **90-day elimination period** to cover his salary needs. He also takes out a monthly benefit of **\$15,000 in Business Overhead Expense** disability income insurance to cover the operational expenses of his business. If something were to happen to Robert, this would allow him to hire someone to keep his company running while he is getting back on his feet.

\$66.50 per month

for his Century+ Individual Disability Insurance policy

+

\$165.88 per month for Business Overhead Expense, 1-year benefit, **or \$231.48 per month** for Business Overhead Expense, 2-year benefit

¹ | Milliman, 2017 Annual Survey of the U.S. Individual Disability Income Insurance Market, October 2017.

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Policy Form Nos. I H0920 and A-D106 underwritten by Assurity Life Insurance Company, Lincoln, NE.
15-338-022501-18



Sales Idea: Electrician

Market Watch

There are over 660,000 electricians in the United States.¹ This profession is expected to grow 9% over the next 10 years.¹

At Assurity, we have underwritten this occupation for years and have found it be a great way to expand revenue channels for those who are genuinely in need.



660,000+ in the U.S.¹



9% expected growth over the next 10 years¹

Client Scenario

Brian is a 43-year-old electrician in Topeka, KS. He makes a living working with architects on commercial jobs building electrical systems. Brian and his wife have a household income of \$105,000 and one child at home. They have worked hard to make sure their retirement years are golden by putting all they can into savings and their 401(k)s. Brian's annual salary is \$52,000. **Occupation Class: 2 | Non-smoker**

Concerns

Owning a home, the most common way Americans build wealth,² is something Brian and his wife have achieved. He truly believes in protecting this asset. They have 20 years left on their \$175,000 mortgage. If Brian were unable to work due to an accident or illness for an extended period, their savings would be depleted quickly.

Solution

Brian is not easily sold but protecting what he feels is his greatest asset, his home, is key to the sale. We suggest a simplified approach and our **Simplified Disability Insurance** plan fits the bill. Brian applies for a Simplified Disability Income policy with a **\$1,000 monthly benefit over two years** with a **60-day elimination period** to cover his mortgage. To overcome the objection, "what if I never use it," we add a **Return of Premium rider** to round out the coverage.

\$102.15 per month

for his Simplified Disability Income policy with riders.
Just about the cost of the family monthly cable bill.

¹ | [Bureau of Labor Statistics, U.S. Department of Labor, Occupational Outlook Handbook, Electricians, 2016.](#)
Based on the 10-year period 2016–2026.

² | [CNBC, Total US household debt soars to record above \\$13 trillion, February 13, 2018.](#)

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Policy Form No. I D0710 and Rider Form No. R I0713 underwritten by Assurity Life Insurance Company of Lincoln, NE.
15-341-022501-18



Sales Idea: Registered Nurse

Market Watch

Registered nurses can be in need of individual disability coverage just like their medical doctor co-workers.

There are nearly 3 million registered nurses in the United States.¹ This profession is expected to grow 15% over the next 10 years.¹

Registered nurses employed in the state and federal government can make underwriting trickier, but Assurity has the product and processes to help expedite the sale.



Nearly 3 million in the U.S.; expected to grow 15% over the next 10 years¹

Client Scenario

Taylor is a 32-year-old registered nurse in Morgantown, WV. At the local VA hospital, she sees the impact of disabilities on her patients every day. Taylor is married and pregnant with her first child. Her annual salary is \$78,000. **Occupation Class: 3A | Non-smoker**

Concerns

As the primary breadwinner in her family, Taylor's income is vital for the stability of the household. She and her husband live in a \$180,000 home with 20 years left on the mortgage. She has 10 years left on her \$650 monthly student loan payment. They have accumulated about \$12,000 in credit card debt. With a household income of \$160,000, and a debt-to-credit ratio bordering on 35%, financial flexibility is more limited as they look to move into a new house for their growing family.

Solution

Protecting Taylor's paycheck will be a competing priority with other bills now and in the future. Taylor applies for an individual disability insurance plan with a **monthly benefit of \$2,700 for two years** with a **90-day elimination period** to cover her basic needs. To customize her coverage, she opts for the **Supplemental DI rider*** and **Residual Disability Benefit rider**.

\$45.69 per month

for her Century+ Individual Disability Insurance policy with riders, \$2,700 max monthly benefit for a Federal Government Employee.

¹ | [Bureau of Labor Statistics, U.S. Department of Labor, Occupational Outlook Handbook, Registered Nurses, 2016.](#)

Based on the 10-year period 2016–2026.

* | *SDIR known as Social Insurance Substitute Rider (SISR) in New York.*

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Policy Form No. IH0920 and Rider Form Nos. R11602 and R10929, underwritten by Assurity Life Insurance Company, Lincoln, NE. Policy Form No. IH1605 NY and Rider Form Nos. R11611 NY and R11624 NY, underwritten by Assurity Life Insurance Company of New York, Albany, NY.

15-340-022501-18



Sales Idea: Physical Therapist

Market Watch

There are about 240,000 physical therapists in the United States.¹ This profession is expected to grow 28% over the next 10 years, which is much faster than the average for all occupations.¹

Physical therapists frequently help patients with health problems, and see the need for disability insurance coverage first-hand.



about 240,000 in the U.S.¹



28% expected growth over the next 10 years¹

Client Scenario

Amber is a 31-year-old physical therapist from Carson City, NV. She is married with a toddler at home. She received her Doctor of Physical Therapy (PDT) degree five years ago and loves helping people in her job. Amber's annual salary is \$85,000. **Occupation Class: 3A | Non-smoker**

Concerns

Amber and her husband earn \$165,000 in household income. But like 69% of all Americans, they have less than \$1,000 in their savings account.² She and her husband own a \$265,000 home. In addition to \$1,000 in daycare expenses, the family has other monthly expenses, including their mortgage and \$8,000 in credit card debt. Amber sees what conditions cause disabilities at work every day and realizes it can happen to anyone, at any age, at any time. If Amber were to lose her source of income due to an accident or illness, the family would need help to pay all of their bills.

Solution

Amber wants to protect her paycheck and understands the value of getting this coverage at her age. She has issued an individual disability insurance policy providing her a **monthly benefit of \$4,430 over two years** after a **90-day elimination period**. To get the most coverage for her dollar, she opts for the **Supplemental DI rider**.*

\$65.41 per month

for her Century+ Individual Disability Insurance policy with riders.

¹ | [Bureau of Labor Statistics, U.S. Department of Labor, Occupational Outlook Handbook, Physical Therapists, 2016.](#)
Based on the 10-year period 2016–2026.

² | [Council for Disability Awareness, Protect Your Lifestyle with Disability Insurance, 2017.](#)

* | SDIR known as Social Insurance Substitute Rider (SISR) in New York.

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15-342-022501-18



Sales Idea: Real Estate Agent



Market Watch

There are over 440,000 real estate agents in the United States.¹ This profession is expected to grow 6% over the next 10 years.¹ Real estate agents with over 16 years of experience typically earn the most money.²

So when targeting this occupation, ask how long they have been on the job to help you assess their purchasing power. The majority of real estate agents are female homeowners with a college education.² 46% of these professionals pay for their medical expenses out-of-pocket.³



440,000+ in U.S.¹



6% expected growth over the next 10 years¹



46% pay medical expenses out-of-pocket³

Client Scenario

Jessica is a 36-year-old real estate agent. She started her career right out of college and never dreamed she would still be at it. Jessica is recently married and an independent agent in Bloomington, IL. She has built her client base over the years, and her annual salary is \$125,000.

Occupation Class: 4A | Non-smoker

Concerns

If an illness struck, paying off debt and not working is a concern for Jessica. She and her husband just bought a \$300,000 home. She has five years left on her \$350 monthly student loan payment. She pays \$550 a month for her luxury car lease. As an independent agent, the cost of health care is high. Even though her household income is \$200,000, they're dependent on her salary to make ends meet, while saving for the future.

Solution

Protecting Jessica's paycheck should be a priority for her in any sound financial plan. She takes out an individual disability insurance plan with a **monthly benefit of \$6,040 over five years** after a **90-day elimination period**. To get more coverage for her dollar, she opts for the **Supplemental DI rider*** and an **Own Occupation rider**.

\$126.63 a month

for her Century+ Individual Disability Insurance policy with riders.

About the cost of a premium cup of coffee a day.

¹ | [Bureau of Labor Statistics, U.S. Department of Labor, Occupational Outlook Handbook, Real Estate Brokers and Sales Agents, 2016.](#)
Based on the 10-year period 2016–2026.

² | [National Association of REALTORS, 2017 Member Profile.](#)

³ | [Real Estate Express, Health Insurance for Real Estate Agents, January 18, 2018.](#)

* | *SDIR known as Social Insurance Substitute Rider (SISR) in New York.*

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15-339-022501-18

How Much Does DI Cost?

Perhaps, more than most other type of insurance, disability-income insurance has a variety of factors which influence the final premium. Each of the following factors will determine the actual cost:

Age: The older the applicant, the higher the premium will be. The minimum age for applying is 18 and the maximum age is usually 60.

Sex: Unlike life insurance, female rates are higher per unit of coverage than those for male applicants.

Smoker vs. Non-smoker: Those who smoke can expect to pay as much a 25 percent more for the same protection as a non-smoker.

Benefit Amount: Disability policies are typically issued with a specific monthly benefit amount, e.g., \$3000/month. Unless specifically stated in the policy language, these policies do not coordinate with Social Security benefits (they pay in addition to the Social Security benefit, which usually takes a long time to get paid, if ever). As benefit amounts increase, premiums increase accordingly. Most disability companies will not issue policies with benefit amounts of more than 60 percent of an individual's gross income.

Benefit Period: Disability policies can be written to accommodate various benefit periods. Typically, most companies offering this type of coverage provide two-, three-, five- and 10-year benefit periods. In addition, there are longer benefit periods such as “to the age of 65, 66 and 67,” which are designed to coincide with the implementation of full Social Security benefits. Some older plans offered lifetime benefits, but it is hard to find those plans today. The longer the benefit period, the higher the cost will be.

Elimination Period: Sometimes this factor is referred to as the “waiting period.” It refers to the period of time before benefits are paid. Most commonly, these periods are 30, 60 or 90 days. Waiting periods of 180 and 365 days are also available. The cost per unit of coverage decreases as the elimination period increases.

Occupational Class: Most disability companies have four, five or six occupational classes into which each applicant is assigned. Those who are in professional occupations (i.e., attorneys, CPAs and architects) will be placed in the highest classification and, therefore, will have a lower cost per unit of coverage. The physician classification will vary by carrier – some rate them at the highest classification, while others place them a notch or two below the top class. Conversely, an applicant in a blue-collar-type job will pay more per unit of coverage. All companies offering disability insurance use occupation manuals to determine the class into which an applicant will fall. The majority of these classifications are based on the carrier’s claim experience for these job categories.

Benefit Features: Some companies offer policies that are self-contained, meaning that the pricing is based on all the benefit features included in the policy. On the other hand, there are companies that will let you build your own policy to suit your needs and affordability. In this case, various benefit features (such as a better definition of disability) will be listed separately, as will their respective cost. This allows you to add or delete a feature based on need and/or cost.

Ratings: Some applicants may have a pre-existing health problem that may cause the insuring company to place an extra rating on the policy. This is to protect the company against the extra risk it is assuming. These ratings can range from 25 to 100 percent.

Given that there are so many different factors influencing the rate for any one individual, it is little wonder that there is no simple answer to the question of “How much does disability income insurance cost?” However, as a general rule, you should plan on premiums being in the 1.5 to 3 percent of gross income range.

But the true cost of disability income insurance lies in the value of the product and the total benefit that may be available. For example, calculate what the total monthly benefit will be if you were to purchase a policy tomorrow and go on claim the very next month. The figure will be very significant – perhaps into the millions. Then calculate the first annual premium for all coverage and divide it by that significant total benefit and you get a "tiny" cost that will be less than most term life insurance premiums per \$1,000 of death benefit. Remember, you could pay the first premium on your disability income plan and a few months from your purchase date suffer a serious and totally disabling condition for the balance of your life (or at least to age 65). **Individual DI is the basis for a financially secure future!**

Our recommendation is that you seek out a member of NAHU who can assist you in obtaining quotes from several reputable disability insurance companies.

Questions You Should Ask Your Health Insurance Agent about Disability Insurance

Q. What benefit amount do I qualify for based on my current my income?

- A. Your benefit amount is based on a percentage of your income. Typically this will be in the 60% range of adjusted gross income and can be a tax-free benefit.

Q. What is the elimination (waiting) period? What is the difference in cost by shortening or lengthening that period?

- A. The elimination period refers to the length of time you must be disabled before benefits begin. It can be 30, 60, 90, 180 or 365 days. The longer the elimination period, the lower the cost will be. One point to keep in mind is that individual DI policies usually pay the claimant at the end of each month – so if you have a 90-day elimination period, you will not receive your first claim check until the 120th day (or around this time).

Q. What is the benefit period?

- A. The benefit period refers to the length of time that the benefit is paid once you have satisfied the elimination period and are on claim. Policies commonly pay for two, five or 10 years and to age 65, 66 or 67. Obviously, the longer the benefit period, the higher the cost will be.

Q. Does my benefit coordinate with other insurance benefits (such as workers comp or Social Security)?

- A. Many individual policies do not coordinate with workers compensation or Social Security. These policies are generally offered to mostly white-collar-type occupations and more highly compensated individuals. In other occupations, and in most group disability insurance, there may be coordination with other disability benefits. This has the positive effect of lowering premiums.

Q. What is the definition of disability in the contract? Does this definition change after a period of time?

A. The definition of disability is one of the most important elements in the policy. Definitions vary from each disability company, and sometimes even within the same company. There are definitions that cover specific job duties, any job duties, or loss of income only. Consequently, it is essential that you seek the advice of a professional DI advisor to guide you through the variations and the potential positive and negative features.

Q. Do I need to be totally disabled to receive a benefit, or does my policy contain a partial benefit provision?

A. Many of the quality individual disability policies on the market today provide for Residual, or partial, disability benefits. Sometimes this feature is included in the policy; in others, it is added by rider. In both instances, the plans provide that a proportionate benefit is paid based on a percentage of your loss of income. For example, a 50% loss of income during a partial disability would result in a benefit of 50% of your regular monthly benefit. The residual-type benefit is usually paid to age 65 as long as the insured continues to sustain an income loss.

Q. What optional benefits are available to me?

A. Many companies offer an array of options that can be added to the policy. Each of these additional features will have its own cost. This approach offers great flexibility in designing a plan to suit your particular needs. Some of the optional features are the aforementioned residual rider, an own-occupation rider (enhances the definition of disability in the policy), a non-cancelable rider (provides for level premiums during the duration of the policy), a future purchase option rider (guarantees your right to purchase additional amount of protection without evidence of medical insurability) and cost of living rider (designed to protect your benefit from the erosion of inflation).

Q. What is the rating of the carrier?

A. There are various rating agencies that are independent and that assign ratings to insurance companies based on an in-depth study of their operations and financial stability. Some of the more widely known agencies are A.M. Best, Standard & Poor's, Fitch and Moody's. The rating is typically assigned in the form of letters, e.g., AAA or A+. Each company's website will have a link to its ratings. Financially sound companies are an important factor in deciding the company with which you chose to do business.

Q. What is the reputation of the carrier as it relates to paying claims?

A. Since this is a subjective question, we recommend checking with your state Department of Insurance for the complaint record of a particular company you are considering. Most Departments of Insurance keep records of this type and it is considered public information.

Q. What occupational classification have I been placed into? Can this change if I change occupations?

A. The nature of the work you do is a critical factor in determining the premium you will pay for your policy. Those engaged in manual labor will pay higher premiums for each unit of coverage than those in professional careers and administrative-type work. Each company maintains an occupational manual into which they have listed many different occupations. Based on this listing, an occupation code will be assigned to that individual and the subsequent rate will be determined accordingly. Once an individual policy is issued, the company cannot change the classification. If you move to a less risk-oriented occupation, you can apply for a classification change and, possibly, a reduction in premium.

Q. How long will it take to get a policy issued?

A. The length of time for the issue of a policy will vary depending on the number and nature of additional requirements for that particular case. Companies may wish to acquire medical records for previous medical issues and sometimes this process can take many weeks. Generally, you can expect a disability policy to be issued within four to six weeks.

Q. What exclusions are in my policy?

A. Exclusions in disability policies are those situations or events under which the policy will not pay a claim, and are usually few in number. Most often the exclusions apply to disabilities arising as a result of a crime, self-inflicted injuries, war or military action. Be sure to check any DI proposal for these exclusions so you are fully informed as to what is not covered.

What Type of DI Policies Are Available?

What types of disability policies are available?

There are several types of disability policies that are available; they each have their own unique characteristics and pricing. Here are the most common:

Guaranteed Renewable: These policies contain provisions that guarantee that the policies will be renewed by the insuring company for the benefit period for which the policy has been issued. For example, a policy issued with a benefit period of "to age 65" will be renewed at least to age 65, provided the premiums are paid in a timely manner. This means that the insuring company can make no changes in the policy after issue and only the insured has the right to terminate the policy. The rates for these policies may be increased, but only if done so on all policies in that class within the state of residence. In other words, an individual may not be singled out for a rate increase. Some companies guarantee the rate for the first three years of the policy.

Non-Cancelable: The renewal provisions for this type of policy are very similar to the guaranteed-renewable policy, except that the premium for the non-can policy cannot be changed during the renewal period, which is typically "to age 65." Premiums for this type of policy will be higher than guaranteed-renewable policies.

Optionally Renewable: Rarely seen any more, these policies were made available quite a few years ago. They can be terminated by the issuing company and, while low in cost, should be avoided for the obvious reason of the vulnerability of the insured.

Group Long- and Short-Term Disability Plans: These are most frequently found in employer-employee business environments and, in many cases, are paid either in full or in part by the employer. The short-term plans are typically written with shorter elimination periods (such as seven, 15 or 30 days) and no more than a 13- or 26-week benefit period. The long-term plans are typically written with a 30-day or longer elimination period, and range from a two-year benefit period all the way "to age 65" (which is the most frequently seen benefit period). There are usually very few optional benefits available with these types of plans. In a growing number of circumstances, these plans can be voluntary, in which case the employee pays all or a large portion of the premium.

Voluntary Job-Site Disability Plans: The majority of these plans are offered through an employer but paid for by the employee. Typically, there is a short presentation and employee enrollment on the job site. The benefit periods are typically shorter in duration, although some plans are now offering longer benefit periods. While low in cost, benefit amounts are normally less than that offered through individual policies. As an economical alternative to other, higher-priced individual plans, these plans may be a good choice for hourly workers.

When considering which plan might be the best for you, we recommended you seek the advice of a qualified professional member of NAHU.

Individual disability insurance

What you need to know to sell

Marketing guide



As a financial professional, you play an important role in helping clients understand the risks to their financial security and getting them the protection they need.

This guide will help you get into the income protection market by outlining:



Available solutions

Principal® offers one of the most comprehensive suites of individual disability insurance (IDI) solutions in the industry and has solutions for individuals, business owners and employees.

Get to know our IDI product portfolio

Personal	Individual Disability Income (DI)	Provides monthly benefits to help cover daily living expenses
	DI Retirement Security	Helps clients continue saving for retirement
Business	Overhead Expense (OE)	Provides reimbursement for business expenses, helping keep the business open and operating
	Business Loan Protection ¹	Covers loans taken out for business-related expenses
	Key Person Replacement ¹	Provides a benefit to a business in the event of a key employee's disability
	Disability Buy-Out (DBO)	Funds a buy-sell agreement to buy out a disabled owner
Employee benefits	Executive Carve-Out	Helps employers offer income protection to employees — on an employer-paid or voluntary basis
	Executive Bonus	
	General benefit offering	

For detailed information, check out our products and services guide (JJ1146; JJ1205 for California) or visit: advisor.principal.com > [Products](#) > [Disability Insurance](#) > [Disability Income](#)

Starting the conversation

Many financial professionals have found success starting conversations with clients about personal income protection and then moving to business solutions. That shows how wide open the disability market opportunity can be. After all, almost everyone in the working population needs to protect their income, especially those who:

- Are age 30 to 55
- Earn at least \$40,000 per year
- Work at least 20 hours per week
- Work in occupations with little to no manual duties

How to get started

Most people have never been approached about disability insurance and don't know they need it. Whether you're talking to individuals, business owners or their employees, it's important to establish the need for coverage. Your job is to help them along the "path to purchase"—from awareness to buying (and then referring you to others!).

Use:

- ✔ Visuals to illustrate the need
- ✔ Needs-based language
- ✔ Materials that are about clients and the benefits they receive

Rather than:

- ✘ Wordy documents
- ✘ Technical jargon
- ✘ Lists of policy details



Get started by using our consumer-friendly tools designed to help nurture a consumer along the purchasing path (order KIT4343; KIT4365 for California).



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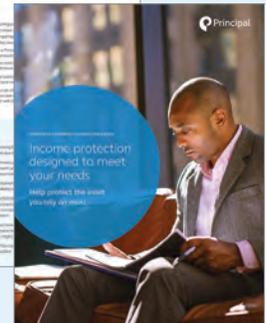
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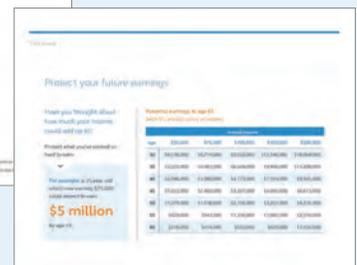
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Or, if you like options, check out our series of one-page sales ideas (order JJ1151).

It's a collection of sales approaches commonly used by financial professionals just like you!



As you go through the purchase path with clients, be ready to answer common concerns. Remember, disability insurance is new for most people, so education is key!

Top concerns

How you can help

What is disability insurance?

It helps protect your income if you're too sick or hurt to work. The monthly benefits help you pay your bills while you recover.

Why do I need it?

We certainly hope your good health continues, but also realize we can't predict the future. Plus, disabilities are more likely to be caused by an illness rather than an injury. Preparing today for the unexpected is a smart decision.

Don't I have that through work?

Coverage through your employer is a great start, but it may not be enough to cover your existing expenses, plus the new ones you may incur if you become disabled.

Is it affordable?

Individual disability insurance from Principal is flexible to meet different needs and budgets. If you'd like a better idea of how much coverage you need and how much it costs, visit principal.com/calculatemyneed.

How does it work?

If you become too sick or hurt to work, Principal will pay you monthly benefits "like a paycheck" to help cover everyday expenses.

Looking to open doors with business owners?

Offer our complimentary services:

- **Informal business valuations** — Help owners find out what their business is worth. Having a current value can help with planning discussions.
- **Buy-sell review** — Clients with buy-sell agreements can make sure their agreement is current and has proper funding in place.

A buy-sell solution for single business owners.

Our one-way buy-out funds a transfer between an owner and a key employee. (Policy HH794 only)

Understanding underwriting

As a financial professional, you play a big role in the IDI underwriting process at Principal. When submitting a case for underwriting, share with us as much information about the client as you can, focusing on these three key areas:

1 | Occupation

The occupation class determines your client's 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.

Working with business owners?

Principal underwrites a business owner's occupation differently than the competition. We consider additional factors, such as:



Income



Number of employees



Number of years in business



Owner duties

2 | 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.

3 | Medical history

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
- Cancer
- 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.

For more information about our underwriting programs (and tips for smoother processing!), go to: advisors.principal.com > [New Business](#) > [Guidelines & Underwriting](#) > [Disability Insurance Underwriting](#)

Want to make underwriting easier?

Check out our **simplified** offering that helps streamline the application process. It features:

- **Limited underwriting**
 - No routine medical requirements²
 - No financial verification³
- **For Individual DI, benefit amounts up to:**
 - \$6,000/month issue limit
 - \$10,000/month participation limit (excluding group long-term disability insurance)
- **An accelerated underwriting decision once the application and TeleApp**
(a 15-minute telephone medical interview) are completed and received

What is TeleApp?

Over 95% of our IDI business uses our TeleApp service to complete “Part B” — the medical portion of the application. A Principal professional calls clients and asks the confidential medical questions needed to complete part of the application. **Just call 888-TeleApp (888-835-3277) to schedule an interview.**

Working in the employee benefits market? Check out our multi-life underwriting programs:

“Basic” multi-life

Available when any three employees with a common employer purchase coverage.⁴ Employer involvement is not required. Simplified and full underwriting are available.

Guaranteed Standard Issue (GSI) program

A solution geared to groups of employees who don’t need to provide medical requirements. Discounts are available based on the number of employees participating. Employer participation is needed.

Fallback GSI

Allows employees to qualify for the maximum benefit available based on underwriting. If an employee doesn’t meet underwriting qualifications, a GSI benefit is still available. Discounts are based on the number of employees participating.

Bonus: When using multi-life underwriting for DI insurance, at least a 20% discount is available (based on gender-neutral rates) when at least three employees purchase coverage.⁴ And, in certain states, spouses can buy coverage at a discount, too!

For additional details, check out the employee benefits profile (JJ1726).

Closing the sale

Here are some best practices for closing IDI sales with clients:

Prepare for meetings

- Run several proposals to offer choices. Three seems to be the “magic” number to be helpful, but not overwhelming.
- Have the needed forms with you, as well as the phone number for TeleApp and medical examiners. Learn more about what you need to bring. See our administration guide (JJ1858).

Want to reduce your paperwork?

Try our electronic application system — eApp. It lets you submit business online. It makes things easier for you and your clients. Learn more about this tool with our Q&A (JJ2186).

While meeting with clients

- Ask if anything’s changed since you last met.
- Confirm they’re ready to proceed.
- Explain the benefits of the policy, not just the product features or riders. Keep it simple.

Make sales

- Ask for the sale: “Do you want to proceed with the application?”
- For clients hesitant to buy or with objections, address those concerns. Find tools at principal.com/idisalestools.
- If they’re ready, walk them through the application.

Close the discussion by asking if they have any questions about the policy or what happens next. Explain that you’ll submit the signed application and should get a response from Principal in a few days.

Looking for a real-life example?

Check out our case studies brochure (JJ1673) to see how other financial professionals have approached IDI sales.



Key success factors

Make these behaviors part of your everyday routine:

- **Hone your presentation style.** Develop a conversation plan and practice it to sound more natural. The more you sell disability insurance solutions, the easier it becomes.
- **Provide options.** Showing different price points gives clients the power to choose.
- **Share real life stories.** If you don't have a personal story, we offer several real-life testimonials that show how having disability insurance can make a big difference in people's lives. (advisors.principal.com -> Product -> Approaches)
- **Share the promise being made.** Your clients are purchasing the promise that Principal will be there when they experience the unexpected.



Most important: Buy a DI insurance policy yourself. Owning disability protection helps you talk to clients with confidence and conviction.

Tips for finding prospects — get started today!



1

Start with your current clients.

Cross sell income protection or ask for referrals to others.

2

Get active in your community. Establish a personal brand that sets you apart as a trusted resource.

3

Host a networking event with your local Chamber of Commerce to get in front of small-to-medium sized businesses.

4

Talk to employers about reviewing their benefits offering.

See the next page for more examples



Review your recent cases and look for opportunities to offer IDI

Existing client scenarios	Recommended solution
Personal needs	
Experiences a life change such as marriage or home purchase	Individual DI to protect against the loss of an income
Maxes out individual DI insurance	DI Retirement Security to protect ability to save for retirement
Contributes to a 401(k) plan, IRA or mutual funds	DI Retirement Security
Covered by a group LTD policy through employer	Individual DI supplemental policy to protect a larger portion of income
Business needs	
Wants to enhance employee benefits package	An employer-paid or voluntary multi-life individual DI solution
Wants to ensure continuation of business	Establish and/or review buy-sell agreement and properly fund it with Disability Buy-Out insurance
Wants to keep business open if one of the owners is disabled	Overhead Expense insurance to reimburse business expenses and Key Person Replacement ¹ to cover temporary staffing needs and revenue replacement
Wants to retain executives and enhance their benefits package	An employer-paid individual DI solution available only to the executives
Has key person life insurance	Key Person Replacement disability insurance ¹
Has a business loan obligation	Overhead Expense policy with a Business Loan Protection rider ¹

¹ Not available in California. Not approved in all states. Go to www.principal.com/distateapprovals for more information

² No blood, urine, exams, EKGs or APSs required unless a significant medical condition is reported by MIB, significant medical information is obtained from the TeleApp or other available information, or any other disability coverage has been issued or applied for on a nonmedical basis. Applications could be rated, ridered or declined based on all underwriting information available; this is not a guaranteed issue program. Urine/HIV test is required in Maine. Subject to issue and participation limits and minimum premium requirement. Financial documentation required for select occupations. Program available for issue ages 18 to 50 for single-life cases, up to 64 for Multi-Life DI. In California, there are no labs required for Simplified Single-Life cases up to \$6,000/month, but an APS and financial documentation are required. For Simplified OE and DBO, the A occupation is not available.

³ Financial documentation is required if applying for more benefit than the Simplified limits - this applies for new applications and adjustments, and for the following occupations (regardless of amount applied for): real estate agent/broker, mortgage originator/broker, real estate attorney, residential construction contractor and real estate developers. In California financial documentation is required for all single-life cases. And for simplified DI multi-life when all three applications are not submitted together, we'll require APSs and financials on the first two applications, but not for any additional applications.

⁴ Discount can be given when three or more employees with a common employer are covered. The Multi-Life discount is not available for Key Person Replacement or Disability Buy-Out policies written in Ohio. This includes any Multi-Life discount given for fully underwritten, Simplified Multi-Life and Guaranteed Standard Issue cases. Policies taken on these products will not count toward the three-lives qualification for Multi-Life in Ohio. For three or more dental or medical residents/fellows/interns/students from the same institution, use the Multi-Life Resident discount (based on sex-distinct rates) and excludes staff physicians.



[principal.com](https://www.principal.com)

Disability insurance from Principal® is issued by Principal Life Insurance Company, Des Moines, Iowa 50392-0001.

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This is an overview of the benefits of disability insurance, but there are limitations and exclusions. For cost and coverage details, contact your Principal financial representative.

Please remember to abide by the company's policy on disclosure of compensation. You can obtain more information, as well as a sample disclosure form, at [principal.com](https://www.principal.com).

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Income Protection: Start the Conversation



To prepare you, here are 5 conversation starters to help you talk about disability insurance with your clients.



1

Every day I talk to clients about what matters to them the most – family, education, health and adventure. Money isn't first on the list. Yet we both understand a steady paycheck supports those things that matter. That's what I want to talk to you about protecting. Disability insurance helps protect your income – and the life you've built – if an illness or injury keeps you from working.

2

Your income helps pay for your family's basic needs and the fun little extras. What would happen if your paycheck stopped? It's a lot to think about. What if your paycheck stopped because an illness or injury kept you from working? That's even more to think through. Disability insurance can help protect your income and keep your life, and your finances, on track.

3

You protect your car, your home and other things you value with insurance. They're important to you, so you want to be able to replace them if something happens. Think about your income the same way. If an injury or illness keeps you from working – and earning a paycheck – disability insurance can help replace the income you and your family depend on.

4

Money helps support the people we care about. It can help pay for your child's education, pay for a family vacation, and one day, help you enjoy retirement. If your paycheck stops, your lifestyle and your goals may get put on hold. Disability insurance can help protect the life you've built and your dreams for the future.

5

If you couldn't work because of an illness or injury, what would happen? For many families, if paychecks stop so does the ability to pay bills. When you should be recovering, you might be thinking about how you'll make ends meet. I'd like to talk to you about a source of income you can count on – it's called disability income protection.

Be ready to discuss 5 common objections about income protection and how you might turn each into an opportunity.



1

“We’ll use our savings.”

Relying on savings is a good approach for the short term. However, in some cases, depending on how long a disability lasts, savings could be wiped out in a few weeks or a few months. On top of your regular monthly expenses, there could also be medical bills. **Disability insurance offers an affordable way to provide a source of income** you can count on until you can work again.

2

“I have disability through work.”

Coverage through work is a great start. Typically group coverage pays 60% of your income, but don’t forget that money is taxable. Your group policy and an individual disability policy together may **provide you a more adequate monthly income amount to help you cover your bills.** Let’s get details on your work coverage – when it would start, how much it would pay and for how long – and make sure you have the coverage you need.

3

“I’ll apply for Social Security disability.”

This may be an option, but it’s hard to get approved. In 2017, only about 1 in 3 people who applied even received disability benefits from the government.¹ And they get less than \$1,200 a month from Social Security.² If you were able to qualify, would that be enough to take care of your family?

4

“I don’t think I’ll use it.”

We hope you don’t need it. But the facts are 1 in 4 of today’s 20-year-olds will become disabled before they reach age 67.³ **Another fact: injuries, not accidents, account for 9% of disabilities.**⁴ If you rely on your paycheck, let’s protect it with disability insurance.

5

“It’s too expensive.”

Typically disability insurance costs between 1 and 3 percent of your salary, like the policy we talked about today. **Where will the money come from if you’re sick or injured and unable to work?** Not having disability coverage could cost you even more. For dollars a day, you’ll have the protection you need to keep your family and your lifestyle going if something happened.

1 | [U.S. Social Security Administration, Selected Data from Social Security’s Disability Program, 2017.](#)

2 | [U.S. Social Security Administration, The Facts About Social Security’s Disability Program, 2018.](#)

3 | [U.S. Social Security Administration, Fact Sheet, 2018.](#)

4 | [Council for Disability Awareness, Disability Statistics, 2018.](#)

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Individual disability insurance

Develop your approach

Even though individual disability insurance (IDI) may not be as familiar as other products, like life insurance or employee benefits, IDI is just as — or even more — important. Remember to ask clients about their income and business protection — and then recommend IDI solutions to help meet their needs. The tips and script suggestions below can help you start that conversation.



Tip 1 Help clients see the **big picture** by saying:

- › Like most insurance policies, it's purchased when you're young and healthy and don't expect anything bad to happen. But if it does, disability insurance is there to help.
- › Medical insurance is a great benefit that pays your doctor, but what about a benefit that pays you if you become too sick or hurt to work?
- › It's easy to think of your regular expenses when planning for the future. But what about the new expenses that come with being too sick or hurt to work, like insurance co-payments, medical expenses, in-home care and a possible increase in health insurance premiums (i.e. COBRA)? Can you afford to pay these new expenses for six months, a year or longer?

Tip 2 Make it **personal** for clients by saying:

- › Do you know anyone who's suffered from back problems, heart disease or cancer? Chances are you do. Did they have a back-up plan for their unexpected illness or injury? Don't wait until it's too late. Protect your income now, while you're still healthy and able to work.
- › Take a moment and write down the names of three people who could financially help you if times get tough. Would they be willing to help take care of your expenses for six months, a year or longer? Take the stress off your family and friends by putting a back-up plan in place with disability insurance if the unexpected happens tomorrow.
- › You may know someone who's had an online fundraiser or bake sale. Many times, these events are to help those who've encountered a disabling illness or injury. It's up to each of us to make sure we have the right protection in place, so we're not put in an uncomfortable situation if times get tough.

Tip 3

Show clients what disability insurance is **worth** by saying:

- › Do you know your earning potential over the course of your lifetime? For example, if you're a 35-year-old making \$75,000 annually, assuming a 5% annual increase to age 65, that could add up to \$4,983,000 over your career.
- › Many people are willing to buy a protection plan on their TV or warranty on a car – are you one of them? Your income is worth so much more than these items – and the very thing that buys these items, so protecting it is very important. And now's the time to protect your income while you're healthy and working.
- › You protect things like your home and car with insurance, but what about the one thing that makes all of it possible – your income? Disability insurance provides monthly benefit payments if you're too sick or hurt to work. And it typically costs 1% – 3% of your annual income.

Tip 4

Show clients why they may need **more coverage** than they think by saying:

- › If you had to go home tonight and tell your spouse that your pay was reduced by 40% for the rest of your career, how would that conversation go? That could happen if you became disabled with only a group long-term disability policy through your employer. Supplementing your group coverage with disability insurance can provide even more protection if you become too sick or hurt to work.
- › When's the last time you looked at your personal disability insurance plan? What you put in place years ago may not be enough to cover today's expenses if you become too sick or hurt to work. So, let's take a look at how disability insurance can help protect you in the future.



[Learn more](#) | Contact your local representative.



principal.com

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Get to know 10 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.



 **Income protection** | It's better known as disability insurance. Think of it like a back-up plan to help protect your income. You'll receive a set amount each month if you're too sick or hurt to work.

 **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 payments¹.

 **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.

 **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.

Let's 
connect

If you have questions as you explore protecting your income, contact your financial professional or go to [principal.com](https://www.principal.com).

¹ You begin receiving benefit payments one month after you satisfy the elimination period.



[principal.com](https://www.principal.com)

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Disability insurance has limitations and exclusions. For costs and coverage details, contact your local Principal Life representative.

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Disability Income Insurance

Learn the truth. Know the risk. Protect your income.



How would you keep it going if you were out of work because of an illness or injury?



“IT’S LIKELY
TO HAPPEN,
BUT NOT
TO ME.”

REALLY? THAT’S WHAT
MANY PEOPLE THINK,
BUT THE FACTS DON’T
SUGGEST IT:

Over 37 million Americans are
classified as disabled. More than
50 percent of them are in their working
years.¹

1 in 8 workers will be disabled for five
years or more during their working
careers.¹



WHAT PEOPLE THINK

When it comes to thinking about disability and its financial impact, most people just haven't *really* thought about it. The Council for Disability Awareness studied workers' perceptions of disability and how prepared they are to deal with a loss of income. Here's what they found:

- Most working Americans think their own chances of experiencing a long-term disability are lower than the average workers¹
- 36 percent of those in their 20s said their primary source to replace lost income would be sick leave and vacation benefits, but were unsure how much it would really cover²
- 65 percent admitted they couldn't survive an income loss for more than a year, but didn't have a clear plan on how they would get by¹

LEARN THE TRUTH

Maybe you've never thought about your income this way, but it's your most valuable asset. It helps pay bills, living expenses, and insurance. It's spent on recreation, vacations, education. It helps build up savings and contributes to retirement plans. And, your income is used for so many things in between! Your lifestyle, financial plans, everything you work for depends on your ability to earn an income.

That's why it's important to know the facts about disabilities and what you can do to protect your income.

TRUTH IS:

- Most disabilities don't happen at work and more than 90 percent are caused by illness, not injury¹
- Social Security Disability Insurance may not be there when you need it. More than 65 percent of initial benefit applications were denied in 2012¹

The facts alone don't tell the whole story. A disabling injury or illness may have a very personal impact on you and your family. Suddenly, the future seems unpredictable, the calendar changes and immediate concerns are the focus. Recovery becomes the "new normal." At a time like this, when life feels off track, it can make all the difference to know the bills can be paid; that you have a way to *keep it going*.



keep it going!

People look forward to payday!

¹ Council for Disability Awareness, *Disability Statistics*, July 2015

² CDA Consumer Disability Awareness Study, *America's Income Protection Picture*, 2015

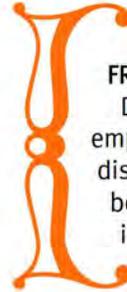
CAN YOU COUNT ON THESE RESOURCES?

The Council for Disability Awareness compiled a list of common notions about how people would cope with the costs of unexpected disability and what resources they may have available to them:



IS VACATION TIME AN OPTION?

That might work for an injury that heals quickly. But your time might be used up in a month or less. The average individual disability claim lasts over 2 ½ years.¹



WILL DISABILITY COVERAGE FROM WORK COVER YOUR NEEDS?

Do you know how it pays? Some employer plans cover only short-term disability or they don't begin paying benefits for 90 days or more. And, if you leave the company, you're no longer covered.



WILL YOUR SPOUSE'S INCOME BE ENOUGH? If you and your spouse both work, your household will at least have some income if you had to stop working. Even so, does your spouse make enough that it wouldn't be a problem to lose your entire salary? For many people, the answer is 'no.'



ARE YOU WILLING TO TAP INTO SAVINGS? Do you really want to use hard-earned savings to pay day-to-day living expenses and medical bills? Without an income, you won't be able to save for retirement at the rate you previously were or at all.



ARE YOU COUNTING ON WORKERS' COMPENSATION? Only 10 percent of disability cases are caused by eligible on-the-job injuries.¹



WILL SOCIAL SECURITY AND MEDICARE COVER YOU? Half of all people are declined when they first request these benefits. The average payment is under \$1,130 a month.¹ Medicare doesn't cover long-term care unless it's deemed medically necessary. Medicaid does cover long-term care, but only for low-income earning people.³



HOW WILL YOU MAKE ENDS MEET? Becoming disabled adds extra costs for health care, medical supplies, and support. You may not realize all the added expense during a disability.



WILL YOU BE ABLE TO BORROW MONEY? Your chances of borrowing money from a financial institution could be slim because you won't have an income. If you borrow from family or friends, this could add more pressure on you at a time you need to focus on recovering.



¹ Council for Disability Awareness, *Disability Statistics*, July 2015
³ *Medicare & You Handbook* (2015)

Know the Risk

The risk that matters most is *yours*. Everyone's financial situation is different, so it's important to gain perspective on what's at stake when *your* income isn't protected. That means looking at your current situation and considering what you would need today if you were to become unable to work. Think about all the things that make your life comfortable thanks to your income.

No one can predict the timing or severity of a disabling illness or injury. So, as you take these steps, consider both short-term and long-term needs.

Step 1

Determine your expenses.

You can download an expense worksheet at www.mutualofomaha.com/keepitgoing.

Step 2

Know what employer-provided benefits you could count on (sick days, vacation, group disability payments, if applicable).

Step 3

Identify the gap in coverage (additional money needed to cover your expenses).

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Cindy's Wake Up Call



Cindy decided to change careers after years in corporate information technology. At the age of 46, she earned her culinary degree and now works as a chef in a local restaurant. Happy that she followed her dreams, she accepts long, stressful days on her feet. "Cooking is a physical challenge because there is almost always no rest during the day," Cindy said. "I am constantly moving around the kitchen, carrying large, heavy pots...it's hard work but never dull!"

It was when Cindy's sous chef Greg had to take time off work because of an accident during a ski trip that she contemplated her own situation. Greg broke his foot and tore his ACL and according to his doctor, he would be out of work at least three months, after which he may be able to return to the kitchen part time until he was able to take on the full demands of his job. For Greg and his family, being off work that long meant no income. The first thing Greg thought was how he would keep everything going for his family if there wasn't money coming in. "I felt a lot of anxiety and stress knowing my income wouldn't be there," Greg said. "We needed my paycheck."

Greg discovered health insurance would take care of most of the medical costs but not all so there would be medical expenses to pay. Using his modest savings to cover bills and living expenses would set his family back. His wife's income would help, but as a substitute teacher her income was inconsistent and depended on being called to work. No doubt Greg and his family would struggle financially during his recovery.

Cindy's wake up call came during conversations with Greg. He said he couldn't believe he was off work – he didn't think it would ever happen. He told Cindy that having a way to protect his income would have been smart but he never really thought about it. "I sort of took Greg's experience as a sign," Cindy said. "I don't want anything to happen to me during my working years but if something does, I will have a protected income."

(This story portrays a situation our customers may have faced or could face. It does not represent an actual person.)



Your Income Protection Options

Perhaps you haven't really thought about protecting your income until now. Your income means independence for you and your family, and you rely on it for so many things. Good thing there are options available to help you protect it.

Individually-owned disability insurance stays with you no matter where you work as long as you pay the premiums. It's an investment that helps protect your most important asset, your income, throughout your working years.

Short-Term Disability – can provide immediate coverage from your first day of disability and can pay benefits until your employer-provided coverage begins to pay.

Accident Only Disability – pays for disabilities caused by accidents (not illness) and generally costs less than policies that cover both accidents and illness.

Long-Term Disability – is comprehensive, with optional benefits to help tailor coverage and can provide benefits for several years, even to age 67.

When you add a disability income insurance policy purchase, 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. Learn the truth, know the risk and help protect your income with disability income insurance.

About Mutual of Omaha Insurance Company (Mutual of Omaha)

Mutual of Omaha was founded on a simple principle: to provide financial security and care in difficult times. For more than 100 years, we have put that principle into action. When you're considering a disability income insurance policy, it's important to select a company that's stable and financially sound. Mutual of Omaha has a long history in the insurance industry — we've been paying claims to customers since 1909. Our longevity, financial strength and experience in helping people means you can count on us.

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Disability income insurance underwritten by:

MUTUAL OF OMAHA INSURANCE COMPANY

3300 Mutual of Omaha Plaza

Omaha, NE 68175

mutualofomaha.com

800-775-6000

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WILD KINGDOM

The disability income benefits provided will be individual coverage, not group coverage. Disability income policy form numbers D81, D82, D83 or state equivalent. (In FL, D81-21283, D82-21284, D83-21285; in ID, OR and Texas, D81-20896, D82-20898, D83-20900; in NY, D81-21098, D82-21100, D83-21102; in NC, D81-21008, D82-21010, D83-21012; in OK, D81-21014, D82-21016, D83-21018; in PA, D81-21080, D82-21082, D83-21084; in WA, D81-21038, D82-21040, D83-21042.

In New York, these policies provide disability income insurance only. They do not provide basic hospital, basic medical or major medical insurance as defined by the New York State Department of Financial Services. The expected benefit ratio for policy form numbers D81-21098, D82-21100 and D83-21102 is 55 percent. The ratios are the portion of future premiums, which the company expects to return as benefits when averaged over all people with these policies.

These policies have exclusions and limitations. Products may not be available in all states. For costs and complete details of coverage, contact your licensed insurance agent/producer. Mutual of Omaha Insurance Company is licensed nationwide.

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Years in occupation	
Years with current employer	
Daily Duties:	
% of time working at home	
Foreign Travel (where and how long?)	
Annual Income:	
Last Year's Income:	
Previous Years' Income:	
Unearned Income:	
Monthly Benefit Desired:	
Existing DI benefit (Replacing?):	
State DI?	
Benefit Period Desired:	
Waiting Period Desired:	
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