

Step Four >> Field Underwriting!

Take an active role in the field underwriting process.

Your ability to identify a potential DI candidate will alleviate many headaches down the road.

MEDICAL UNDERWRITING

DI experts often say, “Money doesn’t buy disability insurance, your health buys it.” Several medical questions can be found on the application. Depending on the amount of coverage, an Attending Physician Statement may be ordered, along with health exams to include a blood and/or urine test.

Pre-existing health conditions may be excluded or your application for coverage may be rated, postponed, or declined. It is always good to have realistic expectations about these past health issues. Be prepared and remember that there are hundreds, if not thousands, of disabling illnesses or injuries that can result in a DI benefit.

If you do have a pre-existing condition, keep in mind that your DI coverage might not cover that one condition, but your policy may be absolutely vital to securing your financial well-being if any other unrelated health issues suddenly appear in your life.

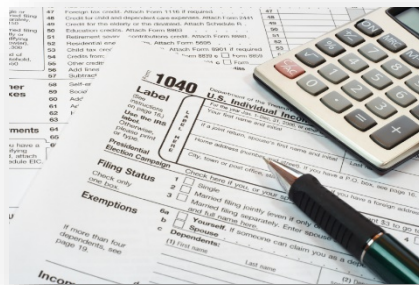
Simplified Issue and Guarantee Issue programs may be an option for certain employee groups, and these channels should be examined.

FINANCIAL UNDERWRITING

Both low incomes (below \$24,000/year) and very high incomes (\$1,000,000+ per year) may present some opportunity for a more creative solution outside of the typical disability insurance spectrum.

Sometimes a quick W2 or paystub will suffice. Other cases may require two to three years of tax returns, such as for business owners or government employees.

Investment income or income from other sources will also play a role in the insurability of the applicant. Not everyone has the same need for DI — and that’s perfectly okay — as long as we can identify the complication ahead of time.



OCCUPATIONAL UNDERWRITING

Not all occupations have the same rates. A roofer and a dentist and an attorney all have different specialties and different incidences of claims. Therefore, they all have different rates.

Not all occupations are insurable by disability income carriers. Some special-risk companies focus on offering coverage for extra-risky occupations.

Upgrades and discounts may be available for some business owners.

Starter programs and simplified underwriting may be available for some students and new professionals.

It always pays to know which carriers will be best for your particular case. Working with a DI specialist will give you a significant advantage.

Six Words Can Help You Sell

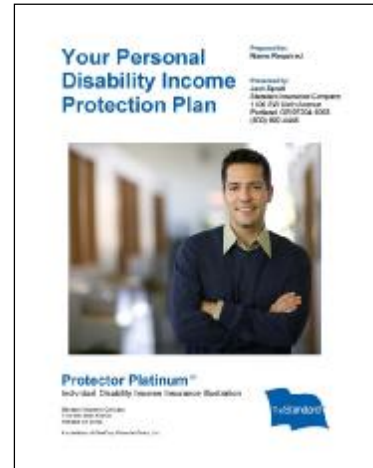


The phrase *Your Personal Disability Income Protection Plan* appears on the cover page of each illustration from The Standard. In six steps, here is how you can use it to help you sell Protector PlatinumSM disability income insurance.

Step 1: Your

Disability income insurance is all about your customer and his or her future. Each individual is as unique as a fingerprint. In the conversation with your customer, uncover what he or she really wants in life and is working towards. Key questions include:

- What makes you unique?
- What drives you?
- What imprint would you like to make in life?



Step 2: Personal

This is where your interaction goes beyond the surface in all aspects. Key questions are:

- Why did you choose your profession and what makes you different from others in your line of work?
- What is important to you in life: family, success, reputation, work/life balance or hobbies?
- What are your passions?
- Do you see any obstacles to your success?

Step 3: Disability

Next, show the customer page two of the illustration. Use the graph to talk about how long a disability lasts. Key questions are:

- What do you know about the impact of a disability?
- Do you know anyone who is disabled or who has felt the financial impact of disability?
- Does it surprise you that the average disability lasts around five years?



Step Four: Income

Income is your customer's greatest asset. The income stream while the customer is able to work is likely the largest resource insurable during a lifetime. To determine the amount of disability income insurance to offer, insurers look at prospects' "yet worth" and what would be lost if a disability were to happen during their working years. Key questions are:

- How important is a continual uninterrupted stream of income to support your standard of living?
- Are your income and the ability to earn your income your most valuable assets?

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B170, (B170AMR in New York only)

Six Steps To Selling IDI
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Step 5: Protection

No one can protect your customer from a disabling event. However, they can prepare for it, by protecting their financial security.

Key questions are:

- Do you see the value in protecting your income against the event of a disability?
- Do you feel exposed to a risk of potential harm to your dreams?
- Are you interested in creating the peace of mind that protecting your income can create?

Step 6: Plan

Everyone has a plan even when they're not aware of it. Having no plan is still a plan. Self-funding to prevent or minimize income loss resulting from a disability is the most common one. The goal of discussing plans is to have insurance viewed as the most sensible plan in terms of cost and timing.

Before you present the insurance approach, first play out the self-insurance plan your customers already have. You might say, "Let's pretend that you experience a typical disability and can't earn your usual income. Most disabilities occur between the ages of 50 - 55 and last for five years. How much would you need to set aside to self-fund your ability to meet your financial obligations?" (To estimate, multiply monthly income needs by months of disability, then divide by the number of working years remaining before age of disability.)

"Here is an example of a 35 year-old, estimating a disabling event at age 55:

\$3,000		60 months		by 20 years		\$9,000 to save
monthly	x	(average length of=	\$180,000	÷	(years before =	annually, \$750
income need		claim)		disability)		each month

If you knew in advance that you'd experience a situation like that would you be able to save the \$750 a month to self-fund your disability?"

What's wrong with a self-funded plan? Timing! What if the disability happens at age 45 instead? What if the disability lasts longer than five years?

"What if I could show you a plan that costs around \$75 a month and will pay the needed \$3,000 for as long as your disability lasts? What's more, you'd be protected immediately, even if a disability occurred the day after you purchase the policy and lasted the rest of your working career?"

Next, show page 4 of the illustration and circle the monthly premium and total annual benefits available. Then show them the total benefit available on page 3 so that they can see just how valuable this coverage can be.



This process of selling IDI allows income interrupted by disability to be seen as a problem for which insurance is the only viable solution. This also avoids "definition-paralysis." The remaining pages of the illustration are then left behind as support material. The definitions reaffirm the sale, they do not create it.

Practice these six steps to selling just as any sports professional would practice before game time. Once you're comfortable, you can approach anyone with this simple question, "What Is *Your Personal Disability Income Protection Plan?*"



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Disability Insurance and Federal Taxes

Disability Income

Organization Form	Coverage For	Premium Paid By	Owner/Beneficiary	Premium	Tax Treatment	Benefits
Individual	Individual	Individual	Individual	Not Deductible (IRC Sec. 213) and (IRC Sec. 262)		Tax Free (IRC Sec. 213) and (IRC Sec. 262)
Sole Proprietorship	Sole Prop.	Sole Prop.	Sole Prop.	Not Deductible Business Expense (IRC Sec. 213) and (IRC Sec. 262)		Tax Free (IRC Sec. 104(a)(3))
	Employee	Employer	Employee	Deductible Business Expense Not Taxable Income to Employee (IRC Sec. 162) and (IRC Sec. 106)		Benefits Reported as Income
	Employee	Employer	Employer	Not Deductible Business Expense (IRC Sec. 265)		Tax Free to Sole Proprietor
Partnership	Partner	Partnership	Partner	Not Deductible Business Expense (IRC Sec. 262) and (IRC Sec. 162)		Tax Free (IRC Sec. (a)(3))
	Employee	Employer	Employee	Deductible Business Expense Not Taxable Income to Employee (IRC Sec. 162) and (IRC Sec.106)		Benefits Reported as Income (IRC Sec. 105)
	Employee	Employer	Partnership	Not Deductible Business Expense (IRC Sec. 265)		Tax Free to Partnership (IRC Sec. 104(a)(3))
Corporation	Employee	Corporation	Employee	Deductible Business Expense Not Taxable Income to Employee (IRC Sec. 162) and (IRC Sec. 106)		Reported as Income (IRC Sec. 105)
	Employee	Corporation	Corporation	Not Deductible Business Expense (IRC Sec. 265)		Tax Free to Corporation (IRC Sec. 104(a)(3))
	Employee	Employee, via Executive Bonus	Employee	Executive Bonus is Tax Deductible to the Business & Reported as Income to Employee (IRC Sec. 162)		Tax Free (IRC Sec. 104(a)(3))

Business Overhead Expense

Organization Form	Coverage For	Premium Paid By	Owner/Beneficiary	Premium	Tax Treatment	Benefits
All Forms of Eligible Business	n/a	Sole Proprietor or Business	Sole Proprietor or Business	Tax Deductible (Rev. Rule 55-264, 1955-1 CB 11)		Reportable as income. However, overhead expenses that are deductible as ordinary business expenses will, to the extent deductible, offset the reportable benefits.

Disability Buy-Out

Organization Form	Coverage For	Premium Paid By	Owner/Beneficiary	Premium	Tax Treatment	Benefits
Sole Proprietorship	Sole Prop.	Sole Prop.	Sole Prop.	Non Deductible (IRC Sec. 213)		Tax Free (IRC Sec. 104(a)(3))
Partnership Entity Buy-Out	Partnership	Partnership	Partnership	Non Deductible (IRC Sec. 265)		Tax Free (IRC Sec. 104(a)(3))
Partnership Cross-Purchase	Partner	Partner	Partner	Non Deductible (IRC Sec. 213)		Tax Free (IRC Sec. 104(a)(3))
Corporation Stock Redemption	Corporation	Corporation	Corporation	Non Deductible (IRC Sec. 213) Not Taxable to Shareholder Rev. Ruling 59-184, 1951-1 cb 65		Tax Free (IRC Sec. 104(a)(3))
Corporation Cross-Purchase	Stockholder	Stockholder	Stockholder	Non Deductible (IRC Sec. 213)		Tax Free (IRC Sec. 104(a)(3))

DI QUOTE REQUEST FORM

Last Name:	
First Name:	
DOB:	
Smoker?	
Self-Employed? (how long?)	
Gov't Employee? (Fed/St/Local?)	
Occupation Title:	
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:	
Riders Desired:	
Partial Disability?	
Rate Guarantee?	
Own Occupation?	
COLA?	
Future Increases?	
Multi-life Discount (3+ lives)?	
Health and additional info:	

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