

# Know the Basics of Underwriting



Disability income protection eligibility and policy coverage is determined by your client's occupation, medical history and income.

## The Need:

Many of your clients may not think of their income as their most important asset. But it's important to ask them what they would do if they were to become sick or injured and unable to work. How would they pay the bills? Could they maintain their way of life?

When you are helping your clients think about income protection, you should make sure you have these three essential pieces of information to share with underwriting:

### 1. Occupation

You'll need to know your client's occupation to help underwriters know the level of risk associated with the job.

- Occupation risk classification is a primary factor in determining policy plan, benefits and premium.
- It's not just the job title – always discuss full details of your client's job duties to help you determine the right occupation risk.
- The most hazardous duties performed by your client should determine the occupation classification chosen.

### 2. Medical History

Knowing your client's medical history can help underwriters make accurate and quick decisions about coverage and benefits.

- Be sure to complete information about your client's medical conditions, past and present, including type of treatment, medications, surgeries and testing.

- Based on health history, a policy can be issued in three ways: as applied for, with a premium increase, and/or with exclusion riders regarding a health condition.
- Working together with you, we want to issue disability income protection for your client. In order to make an offer of coverage, we may adjust monthly benefit amounts, riders, elimination periods and/or benefit periods.

### 3. Income

Your client's income is the primary factor in determining the right maximum benefit amount.

- Approximately 50%-70% percent of annual income can be insured against a future disability. (A 100% replacement of income would not give your client any incentive to return to work.)
- Always ask about other disability plans your client may have in force at the time of application. Benefits can be coordinated to help avoid over-insurance and problems during a claim.
- Underwriting may ask for documentation such as tax returns and paystubs to verify the income shown on the application.