



Questions for Pre-Screening Disability Income Insurance Prospects

Use questions to pre-screen your prospective clients. This will provide a starting point for determining disability income insurance eligibility.

Individual Disability
Underwriting
800.378.6058

Sales and Marketing
800.992.4446

*Income documentation
will be required for all
applications.
See table on Page 2.

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- ❶ What are your duties at work?
- ❷ Do you work in your home? If yes, what percentage of your duties are performed there?
- ❸ Do you participate in any activity that might be considered hazardous (this includes work related or recreational activities)?
- ❹ Are you self-employed? For how long? How many employees do you have? What is your percentage of ownership of the company?
- ❺ Do you use any tobacco products or nicotine substitutes?
- ❻ Is your weight average for your age and height?
- ❼ Is there anything significant about your health history? Do you take any medication?
- ❽ Have you ever taken an antidepressant medication or received counseling for any reason?
- ❾ What is your taxable earned income* for this year? Last year?
- ❿ Do you now have group or individual disability income coverage?

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INCOME DOCUMENTATION IS REQUIRED FOR ALL DISABILITY INCOME APPLICANTS.

Income documentation required for the business entity involved as shown below:

ENTITY	DEFINITION OF INCOME	DOCUMENTATION REQUIRED*	COMMENTS AND SUGGESTIONS
Non-owner employee	Gross salary or wages; gross commissions less expenses.	Complete 1040 tax return, W-2s and 1099s of proposed insured individuals. -OR- If income is from salary only , provide copy of paystub showing a minimum of six month's year-to-date income.	For joint returns, include insured individual's W-2s to separate each applicant's income. If 1099 income, include related Schedule C. If income (salary) has increased for the current year, a copy of paystub giving year-to-date income may allow increased insurance eligibility. Employer pay limits allowed if applicable.
Owner of Sole Proprietorship	Net profit of the proprietor.	Complete 1040 tax return and Schedule C.	Employer pay limits not allowed.
Owner of Sub-chapter S Corporation	Proportionate share of the S-Corporation net profit.	Complete 1040 tax return, Schedule E, Form 1120S, Schedule K-1(1120S) and W-2s of proposed insured individuals.	Employer pay limits allowed if applicable and owns 2% or less of S Corporation.
Regular C Corporation Shareholder	Gross salary: Proportionate share of the C Corporation net profit.	Complete 1040 tax return, Form 1120, W-2s and 1099s of proposed insured individuals.	Employer pay limits allowed if applicable.
Partnership	Proportionate share of the partnership net profit.	Complete 1040 tax return, Schedule E and Schedule K-1(1065).	Employer pay limits not allowed.
LLC or LLP	See comments and suggestions.	See comments and suggestions.	Limited liability companies are hybrid entities intended to combine pass through income tax treatment of a partnership with the limited liability of a corporation. The type of business tax return filed for the LLC or LLP will govern the income documents required. Depending upon which business return is filed, refer to the appropriate requirements above for regular corporations or partnerships.

Note that for **some occupations**, the occupation rating schedule in the Individual Rate Manual requires documentation of **more than one year's earned income** to qualify for an occupation classification. Examples include stockbrokers, real estate and insurance producers.

*The Standard reserves the right to require additional financial information on all applications regardless of amount, if necessary to reach an underwriting decision to secure reinsurance. The Standard also reserves the right to limit or modify insurance regardless of earned income, other financial information or other insurance in force.

Unearned income from securities, real estate, royalties, pensions, board and living quarters allowances, travel expense allowances, gratuities and other similar sources of remuneration will not be included in determining insurable earned income.

Cash flow generated from depreciation expenses will not be included when determining insurable earned income.

While eligibility for disability income insurance is based upon an individual's earned income according to issue and participation limits, significant **unearned income** and/or **net worth** may be considered as a form of other insurance and may affect the underwriting decision. Since unearned income, and the assets that may be converted to income, are not dependent upon the applicant's job performance and continue after disability, the amount of benefits may either be declined or reduced, in proportion to the amount of unearned income/net worth.

Generally, fringe benefits are not included in determining earned income. However, **pension** and **profit sharing** contributions by some applicants may be recognized as earned income. Included are those in the following categories: sole proprietors, partnerships, sub-chapter S corporations, professional corporations and small corporations not exceeding 10 stockholders. The amount of pension and profit sharing contribution recognized will generally be limited to the lesser of the amount of the contribution or 25% of earned income, provided that documentation is provided regarding the type of pension plan and the amount contributed. Pension contributions for corporations larger than 10 stockholders, or if the applicant is not active in the business, are not eligible.

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