

# Disability Underwriting Tips



There are three essential questions to ask when qualifying clients for disability insurance.

## Will the client qualify based on the carrier's health requirements?

- Was the client ever declined for a life, health or disability policy? When and why?
- Is the client currently under treatment or taking medications — including over-the-counter medications? Scheduled for hospitalization, surgery or diagnostic tests? Provide dates and describe diagnosis, treatment, medications and prognosis. An application will require physicians' full names, addresses and phone numbers.
- Has the client needed medical attention during the last five years? If so, provide details.
- Provide the client's height and weight. Specify pounds gained or lost in preceding 12 months.
- Has the client had a request for a follow-up exam or procedure that has not been completed.

## Will the client qualify financially?

- The client must be able to verify earned income for the past two years as follows:
  - Employee: W-2 and IRS 1040 or paycheck stub.
  - Sole proprietor: IRS Schedule C and IRS 1040.
  - Partnership: IRS 1065 and IRS 1040.
  - C-Corp: IRS 1120 and W-2.
  - S-Corp: IRS 1120 S, IRS 1040 and W-2.
- If employed and paid monthly, weekly or hourly, earned income is W-2 wages after pre-tax deductions.
- If paid on commission (through a W-2) earned income is W-2 wages after pre-tax deductions less renewal commissions.
- If paid on commission (through a 1099) earned income is pre-tax net earnings less renewal commissions.
- If business owner or professional in private practice, earned income is the amount remaining after expenses such as rents, depreciation, utilities, transportation, inventories, etc. Provide the amount on Line 31 of IRS Schedule C.
- The client must document unearned income from investments, rental properties, royalties, etc.
- What's the monthly benefit payable?
- Does the client have current in-force DI coverage?
  - If yes, is it individual or group?
  - What is the monthly benefit?
  - Is there a cap?
  - Is it taxable?

## Will the client qualify based on his or her occupation?

- What is the client's job title? Describe daily tasks performed on the job. Is he or she in an office? Managerial? Administrative? Technical? Sales? Does his or her job involve physical or manual labor? Travel? If the client is self-employed, where is his or her office? Is it in the client's home? If so, what percentage of time is spent outside of the home conducting business?
- To qualify for coverage, the client must work full time (20 or more hours weekly).

Contact GPAgency 800.283.8376, and let us help you protect your clients' income.

