

# Program Profile

## IDI SIMPLIFIED UNDERWRITING

### OVERVIEW

Simplified underwriting for Individual Disability Insurance (IDI) from Principal Life Insurance Company helps you close business faster.

It streamlines and accelerates the underwriting process by eliminating routine medical requirements<sup>1</sup> and financial verification (for annual incomes less than \$150,000).<sup>2,3</sup>

Maximum benefit amounts are capped, but all other policy features, riders and discounts remain available. Plus, you receive full commissions.

It's available for:

- **Individual Disability Income (DI) insurance** (including **Core Value Income Protection<sup>SM</sup>**) – Protects the ability to work and earn an income.
- **Overhead Expense (OE) insurance** – Reimburses business owners for covered business expenses.
- **Disability Buy-Out (DBO) insurance** – Funds a buy-sell agreement to purchase a disabled business owner's interest.
- **Key Person Replacement (KPR)<sup>4</sup> insurance** – Provides funds to help offset the loss of a key employee due to a total disability.

## Did you know?

- Principal Life's IDI underwriting services receive a **90% SATISFACTION RATING**.<sup>5</sup>
- **MORE THAN 95%** of Principal Life's IDI cases use TeleApp, improving underwriting efficiency by **25%**.<sup>6</sup>

### PRODUCT AND UNDERWRITING

#### ISSUE GUIDELINES

	DI	OE	DBO	KPR
Maximum Monthly Benefit	\$4,000 (single-life) \$6,000 (multi-life)	\$10,000	\$360,000 aggregate	\$360,000 aggregate
Maximum issue ages <sup>7</sup>	50 (single-life) 64 (multi-life) <sup>8</sup>	50	50	50
Occupation classes	All	All (A not available in CA)	All (A not available in CA)	3A and above
Elimination periods	All (30-day not available in CA)	All	All	All
Benefit periods or factors <sup>9</sup>	All	All	All	All
Your occupation periods	All	All	All	All
Rates	<ul style="list-style-type: none"> <li>• Sex distinct (single-life; unisex in MT)</li> <li>• Unisex (multi-life)</li> </ul>	Sex distinct (Unisex in CA)	Sex distinct (Unisex in CA)	Sex distinct

#### FEWER UNDERWRITING REQUIREMENTS

- Part A and C of the application and a TeleApp medical interview<sup>3</sup>
- No blood, urine, EKGs, APSs or prescription history check<sup>1</sup>
- No financial verification (for annual incomes less than \$150,000)<sup>2</sup>

## DISCOUNTS

Certain discounts can be used together, providing even greater savings.

### Individual DI Insurance

- Affiliation<sup>4</sup> – 10%
- Association – 10%
- Multi-Life<sup>10</sup> – 20%
- Mental/Nervous and Substance Abuse Disorders (MNSA) Rider<sup>11</sup> – up to 10%
- Select Occupation<sup>12</sup> – 10%

### OE insurance

- Association<sup>4</sup> – 10%
- Multi-Life<sup>10</sup> – 20%
- Select Occupation<sup>12</sup> – 10%

### DBO insurance

- Association<sup>4</sup> – 10%
- Multi-Life<sup>10</sup> – 20%
- Select Occupation<sup>12</sup> – 10%
- Preferred Business Owner<sup>13</sup> – 5%

### KPR insurance

- Multi-Life<sup>10</sup> – 20%
- Select Occupation<sup>12</sup> – 10%

**TIP:** *The 20% Multi-Life Discount is available when three or more employees with a common employer purchase any combination of Principal Life IDI solutions.<sup>10</sup>*

## SAMPLE MONTHLY PREMIUMS

	DI \$4,000 monthly benefit	OE \$10,000 monthly benefit	DBO \$360,000 lump sum benefit	KPR \$360,000 aggregate benefit
Male	\$108	\$52	\$135	\$92
Female	\$183	\$79	\$192	\$181

Assumptions: Michigan resident, age 35, non-tobacco, 5A occupation class.

DI: HH750 policy, 90-day elimination period, to age 65 Your Occupation and Your Benefit period, Residual Disability and Recovery Benefit rider.

OE: 12-month Benefit Factor, 90-day elimination period, Residual Disability Benefit rider.

DBO: 365-day elimination period, lump sum benefit.

KPR: 90-day elimination period, combination of monthly and lump sum benefits.

## COMPETITIVE ADVANTAGES

### Benefit Update rider opportunities

Take advantage of the Benefit Update (BU) rider with Simplified DI, OE and DBO policies to provide your clients with an attractive combination of base benefits and growth potential.

- BU is available as a no-cost rider<sup>14</sup> on DI, OE and DBO insurance policies.
- The rider allows clients to purchase increased benefit amounts every three years without providing proof of medical insurability. Advance update options are available in certain situations.
- Any BU increases are simply an amendment to the policy. The original policy's contract and provisions remain unchanged.

### Multi-Life Cases – Employee Benefits

Employers with as few as three employees can enhance their benefits packages by offering Individual DI insurance using the Multi-Life discount and Simplified underwriting.

- A 20% premium discount is available.<sup>15</sup>
- Employees may qualify for benefits of up to \$6,000 per month. Future benefit increase riders help grow benefits as employees' incomes grow – without having to prove medical insurability.
- Employers can choose how premiums are paid – by the employer, by the employee or a combination of both.
- Employers simply submit an employee census and employees complete the TeleApp medical interview.

**TIP:** *DI Retirement Security often uses a streamlined underwriting process, too. It's a great way to help clients protect their ability to save for retirement and complement their Individual DI coverage.*

## SALES IDEAS

Use these sales ideas to position Simplified underwriting solutions with clients:

### Mortgage protection

Simplified DI is a great way to help clients hold on to one of their biggest assets – their homes. The benefits provided by a Simplified DI policy can help clients cover their mortgage, premiums for home owner's insurance and monthly utility bills.

### Student loan protection

For many recent college graduates just starting their careers student loan payments are a significant financial responsibility. Simplified DI is a fast and easy way to help young professionals protect their credit. It provides the benefits needed during a disability to continue making student loan payments.

**TIP:** Talk to these clients about **Core Value Income Protection**. This packaged, streamlined solution is often ideal for younger clients. And, if affordability is a concern, discuss the option of having their parents help pay all or a portion of the premium.

### Business owner triple threat protection

A disability poses a triple threat to business owners. It affects personal income, the ability to keep a business open and operating, and the business investment. Simplified underwriting helps with protection that addresses all three of these concerns. Plus, the quick application process means business owners spend less time on paperwork and underwriting so they have more time to focus on their business.



### LEARN MORE

Watch a one-minute video to see how Simplified underwriting works. Scan this code with your smartphone or go to [principal.com/diyoutube](http://principal.com/diyoutube).



## SUBMITTING BUSINESS

In most cases, Simplified underwriting takes place automatically when basic requirements are met. However, to make sure Simplified underwriting is used, follow the steps below:

- 1 Complete Parts A and C of the application and any required forms.
- 2 Obtain appropriate signatures.
- 3 Schedule a TeleApp interview. Indicate that it is a Simplified application and no additional medical requirements are needed.
- 4 Submit the application along with the cover page, Producer Report and any required forms or financials.

### TeleApp

Simplified underwriting uses TeleApp, Principal Life's time-saving telephone medical interview service. Over the phone, trained Principal Life professionals guide clients through confidential questions needed to complete the medical portion (Part B) of the application. The average interview takes 15-20 minutes.

- TeleApp is provided at no cost to you.
- Interviews can be scheduled in advance or held immediately.
- It improves policy issue time and reduces the amount of paperwork.

**Bonus:** If you sell life insurance from Principal Life, you can request a **Combination TeleApp** to help streamline the underwriting process for clients applying for both coverages.

### TELEAPP



- **888-TeleApp** (888-835-3277)
- Monday – Thursday: 7 a.m. to 10 p.m. CT  
Friday: 7 a.m. to 7 p.m. CT
- [principal.com/TeleApp](http://principal.com/TeleApp)



## FOR MORE INFORMATION

Contact your local representative.

Not all benefits, features and riders are available in all states or to all occupation classes.

<sup>1</sup> 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 non-medical basis. Prescription history check may be required for physicians. 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 ME. Subject to Issue & Participation limits and minimum premium requirement. A blood profile and urinalysis are required if the Benefit Update rider is selected for dental or medical students, residents, interns or fellows.

<sup>2</sup> Financial documentation required if annual income is above \$150,000 and for the following occupations (regardless of income): Real estate agent/broker, mortgage loan originator/broker, residential construction, real estate developer, attorney specializing in real estate and residential construction.

<sup>3</sup> OE, DBO and KPR supplements must be completed and received.

<sup>4</sup> Not available in CA. Not approved in all states. Visit [www.principal.com/distateapprovals](http://www.principal.com/distateapprovals) for more information.

<sup>5</sup> Principal Life 2013 Individual Disability Insurance Producer Survey.

<sup>6</sup> Principal Life internal sales data.

<sup>7</sup> Issue age may vary based on occupation class.

<sup>8</sup> Higher issue ages may be available based on underwriting approval.

<sup>9</sup> May vary based on issue age, occupation class and/or state availability.

<sup>10</sup> Multi-Life Discount is available when three or more employees with a common employer purchase Individual Disability Insurance. Discount not available for business products in OH.

<sup>11</sup> The MNSA rider is required for single-life policies in CA, FL, LA, and NV. It is not available for single-life cases in any other states except when elected through association cases or when certain riders are placed on a policy for select occupations. For multi-life cases, the rider is required in CA and optional in all other states. The rider is not available in VT. The discount amount varies in TX. This rider is always required when using the Core Value Income Protection sales program.

<sup>12</sup> Eligible occupations vary by product and by state for Individual DI insurance. Not available on DBO HH794 policies.

<sup>13</sup> Only available on HH794 policies. Not approved in all states. For more information, go to [principal.com/distateapprovals](http://principal.com/distateapprovals).

<sup>14</sup> Subject to underwriting guidelines. Benefit Update is not available when using the Core Value Income Protection sales program. A blood profile and urinalysis are required if the Benefit Update rider is selected for dental or medical students, residents or fellows.

<sup>15</sup> A greater discount may be available based on the number of lives.



WE'LL GIVE YOU AN EDGE®

Principal Life Insurance Company, Des Moines, Iowa 50392-0002, [www.principal.com](http://www.principal.com)

Policy and rider descriptions are not intended to cover all restrictions, conditions or limitations. Refer to policies and riders for full details. Riders are subject to state availability. Some riders are subject to additional premium. Disability insurance has exclusions and limitations.

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