

Individual disability insurance

# What you need to know to sell

Marketing guide



As a financial professional, you play an important role in helping clients understand the risks to their financial security and getting them the protection they need.

This guide will help you get into the income protection market by outlining:



# Available solutions

Principal® offers one of the most comprehensive suites of individual disability insurance (IDI) solutions in the industry and has solutions for individuals, business owners, and employees.

Get to know our IDI product portfolio		
Personal	Individual Disability Income (DI)	Provides monthly benefits to help cover daily living expenses
	DI Retirement Security	Helps clients continue saving for retirement
Business	Overhead Expense (OE)	Provides reimbursement for business expenses, helping keep the business open and operating
	Business Loan Protection <sup>1</sup>	Covers loans taken out for business-related expenses
	Key Person Replacement <sup>1</sup>	Provides a benefit to a business in the event of a key employee's disability
	Disability Buy-Out (DBO)	Funds a buy-sell agreement to buy out a disabled owner
Employee benefits	Executive Carve-Out	Helps employers offer income protection to employees — on an employer-paid or voluntary basis
	Executive Bonus	
	General benefit offering	

For detailed information, check out our products and services guide (JJ1146; JJ1205 for California) or visit: [advisor.principal.com](https://advisor.principal.com) > [Products](#) > [Disability Insurance](#) > [Disability Income](#)

## Starting the conversation

Many financial professionals have found success starting conversations with clients about personal income protection and then moving to business solutions. That shows how wide open the disability market opportunity can be. After all, almost everyone in the working population needs to protect their income, especially those who:

- Are age 30 to 55
- Earn at least \$40,000 per year
- Work at least 20 hours per week
- Work in occupations with little to no manual duties

## How to get started

Most people have never been approached about disability insurance and don't know they need it. Whether you're talking to individuals, business owners or their employees, it's important to establish the need for coverage. Your job is to help them along the "path to purchase"—from awareness to buying (and then referring you to others!).

### Use:

- ✔ Visuals to illustrate the need
- ✔ Needs-based language
- ✔ Materials that are about clients and the benefits they receive

### Rather than:

- ✘ Wordy documents
- ✘ Technical jargon
- ✘ Lists of policy details



**Get started** by using our consumer-friendly tools designed to help nurture a consumer along the purchasing path (order KIT4343; KIT4365 for California).



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JJ2153



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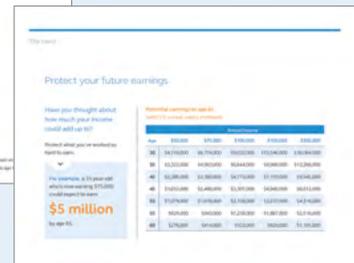
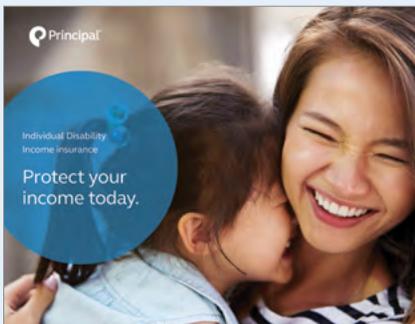
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**Or, if you like options,** check out our series of one-page sales ideas (order JJ1151).

It's a collection of sales approaches commonly used by financial professionals just like you!



As you go through the purchase path with clients, be ready to answer common concerns. Remember, disability insurance is new for most people, so education is key!

## Top concerns

## How you can help

### What is disability insurance?

It helps protect your income if you're too sick or hurt to work. The monthly benefits help you pay your bills while you recover.

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### Why do I need it?

We certainly hope your good health continues, but also realize we can't predict the future. Plus, disabilities are more likely to be caused by an illness rather than an injury. Preparing today for the unexpected is a smart decision.

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### Don't I have that through work?

Coverage through your employer is a great start, but it may not be enough to cover your existing expenses, plus the new ones you may incur if you become disabled.

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### Is it affordable?

Individual disability insurance from Principal is flexible to meet different needs and budgets. If you'd like a better idea of how much coverage you need and how much it costs, visit [principal.com/calculatemyneed](https://principal.com/calculatemyneed).

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### How does it work?

If you become too sick or hurt to work, Principal will pay you monthly benefits "like a paycheck" to help cover everyday expenses.

## Looking to open doors with business owners?

Offer our complimentary services:

- **Informal business valuations** — Help owners find out what their business is worth. Having a current value can help with planning discussions.
- **Buy-sell review** — Clients with buy-sell agreements can make sure their agreement is current and has proper funding in place.

### A buy-sell solution for single business owners.

Our one-way buy-out funds a transfer between an owner and a key employee. (Policy HH794 only)

# Understanding underwriting

As a financial professional, you play a big role in the IDI underwriting process at Principal. When submitting a case for underwriting, share with us as much information about the client as you can, focusing on these three key areas:

## 1 | Occupation

The occupation class determines your client's premium amount and maximum monthly benefit amount. Job duties, rather than title, are key when classifying an occupation. Consider managers. Are they managing in an office with general office duties and no manual labor? Or are they managing at a shipping company, but the majority of their time is spent lifting boxes and using heavy machinery? Those with no manual duties would get higher occupation classes with lower rates.

## Working with business owners?

Principal underwrites a business owner's occupation differently than the competition. We consider additional factors, such as:



Income



Number of employees



Number of years in business



Owner duties

## 2 | Income/financial background

Disability insurance is meant to replace a portion of lost income, while providing motivation to return to work. We'll need to review their financial documentation to ensure we're not giving them too much or too little coverage.

## 3 | Medical history

Having an understanding of basic conditions can set expectations when you help a client apply for coverage. For instance, if your client has one of these conditions, proceed with underwriting, but set the expectation that the coverage could be "rated/ridered\*" or declined:

- Anxiety or other mental/nervous conditions
- Back related conditions
- Carpal tunnel syndrome or arthritis
- Cancer
- Emphysema
- Heart attacks
- Hepatitis
- Kidney disease
- Obesity
- Pancreatitis
- Seizures or stroke

\*Means a client could get coverage, but for an additional cost than originally presented or could have an exclusion for a certain condition added.

For more information about our underwriting programs (and tips for smoother processing!), go to: [advisors.principal.com](https://advisors.principal.com) > [New Business](#) > [Guidelines & Underwriting](#) > [Disability Insurance Underwriting](#)

## Want to make underwriting easier?

Check out our **simplified** offering that helps streamline the application process. It features:

- **Limited underwriting**
  - No routine medical requirements<sup>2</sup>
  - No financial verification<sup>3</sup>
- **For Individual DI, benefit amounts up to:**
  - \$6,000/month issue limit
  - \$10,000/month participation limit (excluding group long-term disability insurance)
- **An accelerated underwriting decision once the application and online Part B are completed and received**

## Why online Part B?

Your clients are able to complete “Part B”—the medical portion of the application—online. This simplifies the process and can speed up policy issue.

Working in the employee benefits market? Check out our multi-life underwriting programs:

### “Basic” multi-life

Available when any three employees with a common employer purchase coverage.<sup>4</sup> Employer involvement is not required. Simplified and full underwriting are available.

### Guaranteed Standard Issue (GSI) program

A solution geared to groups of employees who don’t need to provide medical requirements. Discounts are available based on the number of employees participating. Employer participation is needed.

### Fallback GSI

Allows employees to qualify for the maximum benefit available based on underwriting. If an employee doesn’t meet underwriting qualifications, a GSI benefit is still available. Discounts are based on the number of employees participating.

**Bonus:** When using multi-life underwriting for DI insurance, at least a 20% discount is available (based on gender-neutral rates) when at least three employees purchase coverage.<sup>4</sup> And, in certain states, spouses can buy coverage at a discount, too!

For additional details, check out the employee benefits profile (JJ1726).

# Closing the sale

Here are some best practices for closing IDI sales with clients:

## Prepare for meetings

- Run several proposals to offer choices. Three seems to be the “magic” number to be helpful, but not overwhelming.
- Have the needed forms with you, as well as the phone number for TeleApp and medical examiners. Learn more about what you need to bring. See our administration guide (JJ1858).

## Want to reduce your paperwork?

Try our electronic application system — eApp. It lets you submit business online. It makes things easier for you and your clients. Learn more about this tool with our Q&A (JJ2186).

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## While meeting with clients

- Ask if anything’s changed since you last met.
- Confirm they’re ready to proceed.
- Explain the benefits of the policy, not just the product features or riders. Keep it simple.

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## Make sales

- Ask for the sale: “Do you want to proceed with the application?”
- For clients hesitant to buy or with objections, address those concerns. Find tools at [principal.com/idisalestools](http://principal.com/idisalestools).
- If they’re ready, walk them through the application.

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**Close the discussion** by asking if they have any questions about the policy or what happens next. Explain that you’ll submit the signed application and should get a response from Principal in a few days.

## Looking for a real-life example?

Check out our case studies brochure (JJ1673) to see how other financial professionals have approached IDI sales.



## Key success factors

Make these behaviors part of your everyday routine:

- **Hone your presentation style.** Develop a conversation plan and practice it to sound more natural. The more you sell disability insurance solutions, the easier it becomes.
- **Provide options.** Showing different price points gives clients the power to choose.
- **Share real life stories.** If you don't have a personal story, we offer several real-life testimonials that show how having disability insurance can make a big difference in people's lives. ([advisors.principal.com](https://advisors.principal.com) -> Product -> Approaches)
- **Share the promise being made.** Your clients are purchasing the promise that Principal will be there when they experience the unexpected.



**Most important: Buy a DI insurance policy yourself.** Owning disability protection helps you talk to clients with confidence and conviction.

## Tips for finding prospects — get started today!



1

### Start with your current clients.

Cross sell income protection or ask for referrals to others.

2

**Get active in your community.** Establish a personal brand that sets you apart as a trusted resource.

3

**Host a networking event** with your local Chamber of Commerce to get in front of small-to-medium sized businesses.

4

**Talk to employers** about reviewing their benefits offering.

See the next page for more examples



**Review your recent cases and look for opportunities to offer IDI**

Existing client scenarios	Recommended solution
<b>Personal needs</b>	
Experiences a life change such as marriage or home purchase	Individual DI to protect against the loss of an income
Maxes out individual DI insurance	DI Retirement Security to protect ability to save for retirement
Contributes to a 401(k) plan, IRA or mutual funds	DI Retirement Security
Covered by a group LTD policy through employer	Individual DI supplemental policy to protect a larger portion of income
<b>Business needs</b>	
Wants to enhance employee benefits package	An employer-paid or voluntary multi-life individual DI solution
Wants to ensure continuation of business	Establish and/or review buy-sell agreement and properly fund it with Disability Buy-Out insurance
Wants to keep business open if one of the owners is disabled	Overhead Expense insurance to reimburse business expenses and Key Person Replacement <sup>1</sup> to cover temporary staffing needs and revenue replacement
Wants to retain executives and enhance their benefits package	An employer-paid individual DI solution available only to the executives
Has key person life insurance	Key Person Replacement disability insurance <sup>1</sup>
Has a business loan obligation	Overhead Expense policy with a Business Loan Protection rider <sup>1</sup>

<sup>1</sup> Not available in California. Not approved in all states. Go to [www.principal.com/distateapprovals](http://www.principal.com/distateapprovals) for more information

<sup>2</sup> No blood, urine, exams, EKGs or APSs required 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 nonmedical basis. 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 Maine. Subject to issue and participation limits and minimum premium requirement. Financial documentation required for select occupations. Program available for issue ages 18 to 50 for single-life cases, up to 64 for Multi-Life DI. In California, there are no labs required for Simplified Single-Life cases up to \$6,000/month, but an APS and financial documentation are required. For Simplified OE and DBO, the A occupation is not available.

<sup>3</sup> Financial documentation is required if applying for more benefit than the Simplified limits - this applies for new applications and adjustments, and for the following occupations (regardless of amount applied for): real estate agent/broker, mortgage originator/broker, real estate attorney, residential construction contractor and real estate developers. In California financial documentation is required for all single-life cases. And for simplified DI multi-life when all three applications are not submitted together, we'll require APSs and financials on the first two applications, but not for any additional applications.

<sup>4</sup> Discount can be given when three or more employees with a common employer are covered. The Multi-Life discount is not available for Key Person Replacement or Disability Buy-Out policies written in Ohio. This includes any Multi-Life discount given for fully underwritten, Simplified Multi-Life and Guaranteed Standard Issue cases. Policies taken on these products will not count toward the three-lives qualification for Multi-Life in Ohio. For dental or medical residents/fellows/interns/students from the same institution, use the Multi-Life Resident discount (based on sex-distinct rates) and excludes staff physicians.



[principal.com](https://www.principal.com)

Disability insurance from Principal® is issued by Principal Life Insurance Company, Des Moines, Iowa 50392-0001.

Not for use in New Mexico. For producer information only. Not for use with consumers or the public.

This is an overview of the benefits of disability insurance, but there are limitations and exclusions. For cost and coverage details, contact your Principal financial representative.

Please remember to abide by the company's policy on disclosure of compensation. You can obtain more information, as well as a sample disclosure form, at [principal.com](https://www.principal.com).

**Not FDIC or NCUA insured**

**May lose value • Not a deposit • No bank or credit union guarantee  
Not insured by any Federal government agency**

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