Individual disability insurance

Selling in the income protection market

Marketing guide





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

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

Available products and solutions

Starting the conversation

Tips to navigating the underwriting process

Closing the sale

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[1]	Covers loans taken out for business-related expenses
	Key Person Replacement[1]	Provides a benefit to a business in the event of a key employee's disability
	Disability Buy-Out (DBO)[2]	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:
advisors.principal.com > Products > Disability Insurance >

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 can benefit from protecting their income. Consider those who:

- Are age 30 to 55
- Earn at least $70,000 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:	Rather than:
Visuals to illustrate the need	Wordy documents
Needs-based language	Technical jargon
Materials that are about clients and the benefits they receive	Lists of policy details

For consumer-friendly tools designed to help nurture a consumer along the purchasing path, visit advisors.
principal.com > Products > Disability Insurance

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 and determine what bills to pay.
Why do I need it?	We certainly hope your good health continues, but also realize no one can 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.
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 any new ones you may incur if you become disabled.
Is it affordable?	Individual disability insurance from Principal offers the flexibility required to meet different needs and budgets. If you'd like a better idea of how much coverage is the best fit for you and how much it costs, visit principal.com/calculatemyneed.
How does it work?	If you become too sick or hurt to work, Principal will pay you monthly benefits to replace a portion of your income and 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 businesses with one owner.

Our one-way buy-out funds a transfer between an owner and a key employee. (Policy HH794[1] 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 as much information with us 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 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[3]" 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

For more information about our underwriting programs (and tips for smoother processing!), go to:

advisors.principal.com > New Business > Guidelines & Underwriting > Disability Insurance Underwriting

Want to make underwriting easier?

For Individual DI benefit amounts up to $10,000/month and applicants age 50 and under, check out our streamlined underwriting process:

- No routine medical requirements[4]
- No additional financial verification[5]
- 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.[6] Employer involvement is not required.

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.

Buy-up GSI

All employees still receive a base GSI benefit and qualify for maximum available benefits based on underwriting. Even if they don't meet underwriting qualifications, all employees are still guaranteed the base benefits.

Bonus: When using multi-life underwriting for DI insurance, at least a 20% discount is available when three or more employees purchase coverage.[6] And, in certain states, spouses can buy coverage at a discount, too!

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 Part B 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, and it makes things easier for you and your clients. Learn more about this tool with our Q&A (JJ2186).

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.

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.
- If they're ready, walk them through the application.

Close the discussion

Ask 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.

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. Share a personal story if you have one or tell someone else's. These help people relate to situations they could see themselves in.

Share the promise being made. Your clients are purchasing the promise that Principal will be there when they experience the unexpected.

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

Most important



Looking for a real-life example?

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

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

Existing client scenarios	Recommended solution
PERSONAL NEEDS	
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
BUSINESS NEEDS	
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 bull-sell agreement and properly fund it with Disability Buy-Out[2] insurance
Wants to keep business open if one of the owners is disabled	Overhead Expense insurance to reimburse business expenses and Key Person Replacement[1] 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[1]
Has a business loan obligation	Overhead Expense policy with a Business Loan Protection rider[1]

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 and midsize businesses.

4

Talk to employers about reviewing their benefits offering.

[1] Not approved in all states. Go to www.principal.com/distateapprovals for more information.

[2] Not available in Massachusetts.

[3] A client could get coverage, but for an additional cost than originally presented or could have an exclusion for a certain condition added.

[4] Unless a significant medical condition is reported by MIB, significant medical information is obtained from the Part B or other available information, or any other disability coverage has been issued or applied for on a non-medical basis. Applications could be rated, ridered, or declined based on all underwriting information available; this is not a guaranteed issue program. An Attending Physician Statement is also required in California for all amounts and in New York for amounts over $6,000 per month.

[5] Financial documentation is required for business owners at benefit amounts of $6,000/month and above. Financial documentation is also required for all single life cases in California, as well as for the following occupations: real estate agent/broker, mortgage loan originator/broker, residential construction, and real estate developer. For real estate agents/brokers, two years of financials will be required.

[6] Discount can be given when three or more employees with a common employer are covered. The Multi-Life discount is not available for Overhead Expense, 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 (excludes staff physicians).

Principal®

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Insurance issued by Principal Life Insurance Company®, a member of the Principal Financial Group®, Des Moines, IA 50392.

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This is an overview of the benefits of disability insurance, but there are limitations and exclusions.

Guarantees are based on the claims paying ability of Principal Life Insurance Company. An Informal Business Valuation is not a substitute for a formal valuation nor does it establish a value for tax purposes.

DI Retirement Security is issued as a non-cancelable, guaranteed renewable, individual disability income insurance policy. It is not a pension or retirement program or a substitute for such a program. DI Retirement Security is not available for anyone who is over insured based on Principal Life's current Issue and Participation guidelines. It may not be available, or the benefit amount may be reduced for certain occupations if there is existing DI coverage with lifetime benefits. Additional underwriting guidelines may apply.

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