



Individual Disability Income Insurance

Understanding Underwriting

A disability can happen to anyone at anytime. Make sure you've protected your ability to work and earn an income with Individual Disability insurance from Principal Life Insurance Company. It's ideal if you:

- Are between 30 and 55 (typically available to those 18 to 64)
- Earn a minimum income of \$30,000/year
- Meet Principal Life's underwriting guidelines for occupation, income and medical history

Key factors

The following risk factors are important when being underwritten for individual disability insurance:

- **Income/financial background** – To help identify the maximum benefit amount you're eligible to receive, an in-depth evaluation of income is done.
- **Occupation** – Your occupation helps determine the premium rate, as well as the maximum benefit amount you're eligible to receive. Below are examples of each of Principal Life's occupation classes:
 - A – shipping and receiving clerk, press worker
 - 2A – bank teller, trucking manager (office duties only)
 - 3A – administrative assistant, bookkeeper
 - 4A – computer programmer, executive earning over \$45,000/year for the past two years
 - 5A – attorney, executive earning over \$60,000/year for the last two years
- **Personal life/hobbies** – Driving record, hazardous sport(s), foreign national and residency status can be factors for determining eligibility.
- **Medical impairments** – A thorough evaluation of medical history is done. Some conditions can trigger a decline of coverage, a modification to the policy or an additional premium charge.

CONDITIONS THAT MAY RESULT IN A DECLINE OF COVERAGE ¹	CONDITIONS THAT MAY RESULT IN A POLICY MODIFICATION ¹
<ul style="list-style-type: none"> • Anxiety/stress or other mental/nervous conditions (if within one year of diagnosis and treatment) • Cancer • Cirrhosis • Chronic Fatigue • Crohn's Disease • Emphysema • Epilepsy • Juvenile Diabetes • Kidney Disease • Heart Attack • Hepatitis • Multiple Sclerosis • Pancreatitis • Rheumatoid Arthritis • Seizures • Stroke • Systemic Lupus • Ulcerative Colitis • Sleep Apnea (if within three years of diagnosis and treatment) 	<ul style="list-style-type: none"> • Anxiety/stress or other mental/nervous conditions (if past one year of diagnosis and treatment) • Back strain/sprain or other back-related conditions • Carpel Tunnel Syndrome • Adult Onset Diabetes • Sleep Apnea (if more than three years since diagnosis) • Weight

Understanding the need

Know the facts before deciding to purchase:

Myths: *“I can buy it later.” “It costs too much.”*

Fact: The average annual cost of a policy is one to three percent of what you earn. As for waiting, since people usually don’t get healthier as they grow older, you run the risk of not being eligible for coverage or having your coverage ridered to exclude a condition. Also coverage will cost more later.

Myth: *“It won’t happen to me – I expect to stay healthy.”*

Fact: The reality is that the rate of disabilities has gone up dramatically, while the rate of deaths has decreased.²

Myth: *“I have enough disability coverage through my employer.”*

Fact: Group long-term disability insurance is a great start. It typically covers 60 percent of your gross income, but keep in mind the benefits are usually taxable. Could you survive a 42 percent pay cut (after taxes) if you became disabled? What would you do if you lost your group disability benefits?

Myth: *“Social Security will take care of me.”*

Fact: The Social Security Administration initially denies about 65 percent of all claims³. Also it pays benefits for total and permanent disabilities only.⁴

Why individual disability income insurance with Principal Life?

Your policy is backed by the financial strength and support of a leading U.S. insurance company. Principal Life is a member of the Principal Financial Group® (The Principal®) and has the depth of resources and understanding to help secure financial futures.

FOR MORE INFORMATION

Contact your local representative.

¹ List is not all inclusive.

² National Underwriter, May 2002; The JHA Disability Fact Book – 2003/2004 Edition – Need for Disability Insurance.

³ Social Security Forum, Volume 21, No. 5 – May 1999 (for fiscal year 1998)

⁴ Guide to Social Security and Medicare, 28th Edition, April 2000.



WE’LL GIVE YOU AN EDGE®

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Disability insurance has limitations and exclusions. For cost and complete details, contact your Principal Life representative.