



# M. Brown & Associates, Ltd.

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## (RFP) Request For Proposal: DISABILITY INSURANCE

Date: \_\_\_\_\_ Need By: \_\_\_\_\_ PickUp \_\_\_\_\_ Mail \_\_\_\_\_ Email \_\_\_\_\_ Fax \_\_\_\_\_

Broker: \_\_\_\_\_ Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_ Mailing Address: \_\_\_\_\_

Client: \_\_\_\_\_ M or F Date of Birth: \_\_\_\_\_ Tobacco: No Yes Type: \_\_\_\_\_

State where client lives: \_\_\_\_\_ State where app will be signed: \_\_\_\_\_

### PAGE 2 OF THIS FORM (PRE-SCREENING ISSUES) MUST BE SUBMITTED FOR AN ACCURATE PROPOSAL.

Current In-Force Coverage Amount: \$ \_\_\_\_\_ Current Type: Individual or Group - Paid by: \_\_\_\_\_

Occupation: \_\_\_\_\_ Exact Duties: \_\_\_\_\_

Personal taxable earned Income on last year's tax return: \_\_\_\_\_ Has this been consistent for several years? \_\_\_\_\_

Percent of: \_\_\_\_\_ Admin \_\_\_\_\_ Manual \_\_\_\_\_ Supervisory (over whom) \_\_\_\_\_

Business Owner or Self-Employed: If yes: Percent ownership _____	Yes _____ No _____ How long as owner? _____	For all W-2 employees: Private Sector? _____ or Public Sector? _____ [Federal, State, County, Municipal, Local]
Type of Business Entity: _____ Sole Proprietor _____ Partnership _____ S-Corp _____ C-Corp _____		
Number of Employees in firm: _____	How old is this business: _____	

Policy types: Individual Disability Income Business Overhead Expense Disability Buy Out

### INDIVIDUAL DISABILITY INCOME

Desired Monthly Amount or Maximum \_\_\_\_\_

Elimination Period (days): 30 60 90 180 365 730

Benefit Period: 2 year 5 year Age 65 Lifetime (if available)

Optional riders:  -Residual  -Future Purchase Option  -COLA  -Non-can  -Other: \_\_\_\_\_

### BUSINESS OVERHEAD EXPENSE

Monthly Amount(s): \_\_\_\_\_ Elimination Period: 30 60 90 Days

Benefit Period: 12 months 18 months 24 months

Optional Riders: Residual Future Purchase Option: \_\_\_\_\_ Other: \_\_\_\_\_

Has a certain premium been budgeted or planned? \_\_\_\_\_

Special Requests: \_\_\_\_\_

## **QUESTIONS FOR PRE-SCREENING DISABILITY INSURANCE PRODUCTS**

1. Describe the occupation and the exact duties.

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2. Where is the work performed? [office at home, office away from home, lab, in the field, at client's work site, etc.]

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3. Other activities, hobbies, or avocations that might be considered hazardous (work-related and/or recreational)?  
[SCUBA, racing, climbing, flying, etc.]

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4. If self-employed:

a. How long? \_\_\_\_\_

b. Percent ownership? \_\_\_\_\_

c. Number of employees? \_\_\_\_\_

5. Is ratio of height and weight normal? \_\_\_\_\_

6. Any significant medical history, chiropractic visits? Surgeries (past or planned)?

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7. List all medications:

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8. Any current or past treatment (medication and/or counseling) for depression, anxiety stress, or any other mental/nervous history?

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9. Amount of taxable/earned/documented income reported on last year's tax return?

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10. Is there any current group Long Term Disability (LTD) or any individual Disability Income (DI) in force? Please specify how much monthly benefit of each.

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a. Do you want to replace current coverage? \_\_\_\_\_

1. Show same amount? \_\_\_\_\_

2. Show maximum amount: \_\_\_\_\_

b. Do you want to show the additional amount, keeping current coverage? \_\_\_\_\_

11. Any other comments, underwriting concerns, other details?

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**INCOME DOCUMENTATION IS REQUIRED FOR ALL DISABILITY INSURANCE APPLICANTS.**

Documents required depend on the business entity involved as shown below:

ENTITY	DEFINITION OF INCOME	DOCUMENTATION REQUIRED*	COMMENTS AND SUGGESTIONS
<b>Non-owner employee</b>	Gross salary or wages; gross commissions less expenses.	Complete 1040 tax return, W-2s and 1099s of proposed insured. -OR- If income is from <b>salary only</b> , provide copy of paystub showing a minimum of six month's year-to-date income. -OR- If 1099 income, include related Schedule C.	For joint returns, include proposed insured's W-2s to separate the insured's income from the spouse's. If income (salary) has increased for the current year, a copy of paystub giving year-to-date income may allow increased insurance eligibility. Employer pay limits <b>allowed</b> if applicable.
<b>Owner of Sole Proprietorship</b>	Net profit of the proprietorship.	Complete 1040 tax return and Schedule C.	Employer pay limits <b>not allowed</b> .
<b>S Corporation Shareholder</b>	Proportionate share of the S-Corporation net profit.	Complete 1040 tax return, Schedule E, Form 1120S, Schedule K-1(1120S) and W-2s of proposed insured.	Employer pay limits <b>allowed</b> if applicable <b>and if insured owns 2% or less of S Corporation</b> .
<b>Regular C Corporation Shareholder</b>	Gross salary: Proportionate share of the C Corporation net profit.	Complete 1040 tax return, Form 1120, and W-2s of proposed insured.	Employer pay limits <b>allowed</b> if applicable.
<b>Partnership</b>	Proportionate share of the partnership net profit.	Complete 1040 tax return, Form 1065, Schedule E and Schedule K-1(1065).	Employer pay limits <b>not allowed</b> .
<b>LLC or LLP</b>	See comments and suggestions.	See comments and suggestions.	Limited liability companies are hybrid entities intended to combine pass-through income tax treatment of a partnership with the limited liability of a corporation. The type of business tax return filed for the LLC or LLP will govern the income documents required. Depending upon which business return is filed, refer to the appropriate requirements above for regular corporations or partnerships.

Note that for **some occupations**, the occupation rating schedule in the Individual Rate Manual requires documentation of **more than one year's earned income** to qualify for an occupation classification. Examples include stockbrokers, real estate and insurance producers.

Unearned income from securities, real estate, royalties, pensions, board and living quarters allowances, travel expense allowances, gratuities and other similar sources of remuneration will not be included in determining insurable earned income.

While eligibility for disability income insurance is based upon an individual's earned income according to the policy's issue and participation limits, significant **unearned income and/or net worth** may be considered as a form of other insurance and may affect the underwriting decision. Since unearned income, and assets that may be converted to income, are not dependent upon the applicant's job performance and continue after disability, benefits may either be declined or reduced, due to unearned income/net worth.

Generally, fringe benefits are not included in determining earned income. However, **pension and profit sharing contributions** by some applicants may be recognized as earned income. Eligible applicants include those in the following categories: sole proprietors, partnerships, S corporation shareholders, professional corporations and small corporations not exceeding 10 stockholders. The amount of pension and profit sharing contribution recognized as earned income will generally be limited to the lesser of the amount of the contribution or 25% of earned income, provided that the applicant receives documentation regarding the type of pension plan and the amount contributed. Pension contributions for corporations larger than 10 stockholders, or where the applicant is not active in the business, are not eligible for consideration as earned income.

Cash flow generated from depreciation expenses will not be included when determining insurable earned income. Depreciation is generally a covered business overhead expense. That expense may be covered by purchasing business overhead expense (BOE) insurance, if the client is eligible for BOE insurance.