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CLU, ChFC, RHU, is the founder and principal of San Diego-based Disability Insurance Services.

Steenerson never intended to land in the insurance business. He grew up in rural Minnesota and attended a military academy. In his senior year of high school, he completed a vocational test which indicated that his number one career choice should be working as an insurance agent. A few short years later, he was recruited by The Paul Revere Life Insurance Company. During his first year, he won the national brokerage rookie of the year award. During the next 17 years, his success and responsibility levels grew.

By 1997, Steenerson established Disability Insurance Services, realizing that it was increasingly difficult for one carrier to meet a variety of income protection needs.

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How To Secure More DI Approvals In Less Time

You successfully secured an appointment, made the case for disability insurance, overcame the price objections and submitted the application. Now all that's left to do is sit back and wait for the commission, right?

Unfortunately, many agents find that submitting the application is the first in a series of grueling underwriting steps that end with long and confusing client conversations about exclusions, class changes and premium hikes.

What's a hardworking agent to do? In five words: Give underwriters what they want.

What Do Underwriters Want?

It's really quite simple. **They want accurate information** in three critical areas: (1) current income, (2) occupational class, and (3) medical history.

Secret One. Ask the right income questions and then carefully manage expectations. A good rule of thumb for determining a benefit amount is to calculate 60 percent of a client's gross income. However, the gross income level may not be what it seems. The key is to ask your client to come to the appointment with answers to these crucial questions:

- ✓ Are you self-employed or do you work for someone else?
- ✓ If you work for someone else: What percentage of your income is from base pay? What percentage is from commissions or bonuses?

If 100 percent is from base pay: What are your documented gross earnings for the past six months? Get one pay stub that shows six months of history or the multiple paychecks needed to document six months. Last year's 1040 form and supporting W-2s may also be used.

If there is a mixture of base pay, commission and bonuses, what did your 1040 tax form show for your annual earnings at the end of last year? This is normally reported on page one as W-2 earnings.

✓ If self-employed: What did your 1040 tax form show for your net annual earnings at the end of last year, as reported on Schedules C or E plus W-2, if applicable? How about the year before?

Use last year's W-2 figure as the gross pay to estimate the benefit amount. If the client earns \$75,000 per year, the monthly gross income is \$6,250 and the 60 percent ballpark would be \$3,750.

From there, explain that each carrier applies maximum benefit levels, based upon the client's occupational class and medical history. In this example, most carriers would provide a maximum base benefit amount of \$2,780 and a Social Security income rider (SSI) of \$1,170, resulting in a total benefit amount of \$3,950—pretty close to the 60 percent ballpark. However, that's assuming a typical occupational class and medical history.

When meeting with your client, it's best to stay general until you have been

informed of his actual earned income.

Secret Two. Obtain a clear understanding of the client's occupational duties. This is a big pitfall for many agents. They write down the client's job title without asking questions about the duties performed—but the duties performed determine the occupational class and the premium charged.

For example, one agent submitted an application for an oil company owner. Initially, that would suggest a 5A class with the most favorable rates. However, after learning the job duties, the underwriters determined that the applicant was really an owner-operator of a gas station, with an A classification. This occupational class change more than doubled the price of the DI plan!

Lesson learned: Always look at the duties, not the title!

Secret Three. Be thorough with medical information. This is no time to be shy; tell your client that it's important to be forthcoming about any and all medical conditions. The client can either give you the information directly or use the telephone

application option to provide his medical information to the carrier. It's best to know about medical impairments up front so that you can shop for coverage from carriers that accept medically impaired risks if necessary.

Not recommended:

- Copying medical information from old medical exams from prior files.
- Assuming no change in medical history without specifically asking the questions.
- Providing only the last name of doctors consulted without phone numbers and addresses.

• Providing only sketchy information about treatment, dates, prescriptions and recovery or resolution.

Strongly recommended:

- Tell your client that taking five minutes to carefully record up-to-date medical information today will save weeks in the underwriting process.
- Ask every question on the medical section of the application, even if the client is being examined.

• Allow your general agent to cut down on the time it takes to get an attending physician statement (APS) by providing the information needed up front without waiting for the exam.

• When a question is answered "Yes," get the dates treatment was provided, medicines prescribed and the issue resolution. Also include the name and contact information for the practitioner consulted.

Three Secrets Add Up to Underwriting Success

When it comes to making friends with underwriting, there truly are no shortcuts. Each of the three secrets has one common ingredient: thorough and accurate information. *Increased preparation leads to increased approval rates every time.*

Don't be afraid to ask your clients for the necessary documentation. Yes, it can be uncomfortable. But remember, they provide a lot more information than that every time they apply for a home loan. Considering the potential risks and the potential benefits, it's well worth the time. 🌐