

Underwriting and Policy Issue

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Underwriting and Policy Issue

Important Information for Producers

The following pages outline important information concerning application completion and will assist in processing applications in the shortest time possible. Your review of this section will also give you an understanding of the rules and procedures regarding applications processing. Please read it carefully.

Application

Importance of Careful Completion

The application for insurance must be completed with care since it is the basis of the contract that The Standard establishes with the policyowner. If it is not clear and complete, it may be necessary to return the application to obtain missing or incomplete information.

A currently licensed producer who is also appointed with The Standard, and no other person (except an approved examiner), must complete and sign the application and any application supplements in the presence of the proposed insured unless authorization to do otherwise was received from the home office. The soliciting producer (the producer who completes the application) must personally ask all questions of the proposed insured and sign as the witnessing producer, unless the home office authorizes otherwise.

Proper application completion is one of the most important factors in the processing and ultimate issue of a policy. The home office underwriter will rely on and must make decisions based on information provided in the application. It is important that accurate, first hand information is provided. The quality and detail of the information supplied has a direct impact on whether additional information must be

secured from outside sources and contributes greatly to favorable time service and expense control.

General Instructions

The application is a legal document and becomes part of the policy. Many of the legal rights of both the proposed insured, proposed policyowner (if different) and The Standard are governed by the application should legal problems subsequently arise.

To meet minimum requirements, an application must comply with the following:

- All forms are to be completed and all questions are to be asked in the presence of the proposed insured unless authorization to do otherwise is received from the home office.
- Dark ink is required.
- The application must be completed and signed in a state in which both the producer and The Standard are licensed to write disability insurance. The producer must be appointed with The Standard.
- Applications should not be written on proposed insureds, or with proposed policyowners, who are not permanent, legal residents in the United States.
- All questions must be answered completely. An answer too lengthy for the space provided may be continued on a clearly identified, dated, signed sheet of paper and sent with the application.
- Answers must not be whited out or written over. To make a correction, draw a single line through the error. Corrections are not to be initialed by the producer. Corrections are to be initialed by the proposed insured and, in third-party applications, by the policyowner.

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General Instructions (continued)

- Signatures on an application must be original and signed in longhand by the producer, the proposed insured and the policyowner, if other than the proposed insured. Tracings, copies, signature stamps or facsimiles of any kind are not acceptable.
- The Standard does not accept or allow a person with power of attorney, of any type, to apply for insurance on behalf of another person.
- With the exception of the TeleApp process (see section on the next page), all questions must be asked, answered and completed before the application is signed. Under no circumstances are blank applications to be signed.
- If required by the specific wording of an application question, the producer must not omit history or facts, even if the history or details may seem unimportant. The producer must bring to the attention of The Standard any information that may affect either The Standard's liability or judgment in making an underwriting decision.
- Submit income documentation with all applications except those that qualify under [Simplified Underwriting](#) or Students and New Professionals.
- Applications must be forwarded to the appropriate sales office for submission to the home office.
- Applications received in The Standard's home office more than 30 business days after the date of the application may be returned and a new, current application may be required.
- The Disclosure Notice must be given to the applicant, and the Agreement and the Authorization portions must be dated and signed, at the same time the application is completed.
 1. The Authorization portion must be signed and dated with all applications. The home office cannot process any application for which the authorization has not been signed. An application must not be taken if the proposed insured wishes to restrict or modify the authorization in any way.
 2. The Disclosure Notice must be given to the applicant even though it is not anticipated that an investigative consumer report (inspection report) may be required. This form is in compliance with applicable law and notifies the proposed insured that an investigation may be conducted. It also gives information regarding the Personal History Interview and provides written notice concerning the Medical Information Bureau (MIB).
- The premium paid must be in accordance with The Standard's rules. Paid applications must meet all requirements necessary for completion of the Disability Insurance Conditional Receipt. Refer to [Premium Payment](#) section of this manual.

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General Instructions (continued)

- The Producer's Information Report portion of the application packet must be completed in full. If the producer is aware of information that may affect the underwriting decision, such information should be included in the producer's report. The quality of business and the claims experience of cases written by a producer will be influenced by the producer's field selection standards and field underwriting. The Standard expects the producer to report both unfavorable and favorable features of the risk.
- A copy of the sales illustration should accompany each application. This facilitates processing by both Underwriting and Policy Issue.
- The Application Supplement for Business Protector, Form 2967, must be completed if the application is for the business overhead expense policy.
- For Business Equity Protector (BEP), a disability buy-out plan, application supplements Form 7202 (Confidential Disability Buy-Out Fact Sheet) and Form 7204 (Certification of Disability Buy/sell Agreement) must be completed at the time of application. If no buy/sell agreement is in effect at the time the policy is issued, a disability buy/sell agreement must be in effect by the policy's first anniversary date if the policy is to continue beyond that date.
- The date shown on the application must be the date the application was completed. This date may not be changed under any circumstances. Disability policies are not dated back to save age or for any other reason.

TeleApp Process

The TeleApp process allows the producer to skip the lengthy medical questions of the disability insurance application (DIAPP). With TeleApp, the medical history portion of the DIAPP (typically pages 4 and 5) are completed by a licensed medical professional in a phone interview with the proposed insured.

To use the TeleApp process:

- Use the DIAPP and all other forms in the Application Packet for your state.
- Complete all application questions except the medical questions on pages 4 and 5 of the DIAPP form. (You might need to check your state version to see which pages are medical only)
- You and your customer must complete the financial questions and submit the required income documentation, as the TeleApp vendor (LifePlans, Inc.) will not ask these questions.
- You must obtain detailed information for numbers 1 – 4 on the Discussion Topics form (included in the application packet). The information to be discussed includes:
 1. The proposed insured's height and weight.
 2. The proposed insured's significant health history requiring hospitalization, long term treatment and/or surgery and any prescription or over the counter medications.
 3. Whether the proposed insured is taking any anti-depression or anxiety medication or seeing any counselors and, if so, the reason(s).
 4. Any use of tobacco products or nicotine substitutes.

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TeleApp Process (continued)

- Record responses to the topics either on the Producer Information Report form or on the Discussion Topics form itself. Then submit them with the application and all other applicable forms in the Application Packet.
- If your customer discloses medical history in discussing the topics above, contact your underwriter at The Standard before you submit the application. This will help The Standard to manage your customer's expectations with regard to their application.

The Standard's home office or an authorized representative of The Standard will order a telephone interview once the completed application and the discussion topics information have been received.

Please let your customers know that LifePlans, which will conduct the telephone interview, will contact them to schedule an interview. Since the interviews are completed by nursing personnel, your customers will not be able to call LifePlans to complete their interviews. This practice ensures that a nurse is available and your customer is fully prepared for the interview.

Please ask your customer to be ready with details of medical history, including names of physicians, dates and medications.

Age

The age to be shown on the application for The Business Protector and The Business Equity Protector is the age, at the nearest birthday, as of the policy's anticipated effective date. For Protector Platinum and The Protector+, use applicant's true age as of the anticipated effective date. Disability Policies are not dated back to save age or for other reasons. (See [Policy Effective Date](#) section for a possible exception.)

Occupation and Duties

The application should show the business in which the proposed insured is engaged and the occupation and duties. General terms such as "salesman," "executive" or "clerk" should not be used without further description. The application requests the specific occupational duties and the percentage of time spent at each duty. The occupation class will be assigned based upon the actual duties.

EXAMPLE: The insured's title is president of a construction firm. Duties include carpentry and framing on a regular basis. The insured will be classified as a carpenter and not as an executive.

Since the duties of the proposed insured – not the title, training or background – are the primary determinant of occupation class, a complete and accurate description of duties will, in most cases, provide the home office underwriter with sufficient information to properly classify, without having to ask for further details. An explanatory note in the Producer Information Report portion of the application will help in this regard, if there is any question as to the proper classification of the occupation.

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Previous Unfavorable Action

If there is any serious question about the eligibility of the proposed insured, or it is learned that the proposed insured has been previously declined or offered a modified or rated policy, the producer should call the home office underwriter. The underwriter will advise as to whether the application should be submitted, or whether modifications, exclusions or a rating may be anticipated. Also refer to Medical Impairments, in the [Underwriting the Individual](#) section of this manual.

Policy Applied For

The application must provide complete information regarding the insurance that is applied for, including the amount, benefit period, waiting period and any optional benefits.

Attention must be given to issue limits that may vary by occupation class, age and The Standard's relation to income limits. (See the [Disability Insurance Products](#) section of this manual for further details.)

Replacement/Reduction of Other Disability Income Coverage

- Replacement regulations in some states require that disclosure or replacement forms be completed. The writing producer is expected to be familiar with the replacement regulations for the states in which he or she does business.
- Any questions regarding replacement/reduction in the application, and in the Producer's Information Report portion of the application, must be answered in all cases. Where replacement/reduction is intended or contemplated, The Standard's rules and those of any applicable state must be satisfied.
- If disability insurance in force with another company is to be replaced or reduced, the following statement will be included in the policy acceptance for the new policy with The Standard:
 - This policy is offered on the understanding and agreement that (coverage with the other company) will be permanently (terminated / reduced) within 45 days if this policy is accepted. If (termination / reduction) does not occur as agreed, I understand that this policy may be rescinded and will become void from the beginning and premiums returned.
- If replacing disability insurance in force with The Standard, the following statement will be included in the policy acceptance for the new policy:
 - This policy is offered on the understanding and agreement that policy # (old policy ID) will be permanently terminated effective with the effective date of this policy. In no event will this policy pay in addition to the coverage that is to be terminated. I authorize Standard Insurance Company to terminate policy # (old policy ID) immediately on their receipt of this signed policy acceptance at Standard Insurance Company's home office.
- Replacement or reduction of insurance with The Standard may result in the following:
 1. The Standard may reduce the commission paid on the new application according to our rules and procedures.
 2. Commissions may also be adjusted if disability income insurance with The Standard is reduced or lapses before or after the new application.
- Also refer to Over-insurance and Replacement, in the [Underwriting the Individual](#) section of this manual.

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Application

Aviation

In cases where the aviation question on the application is answered “yes,” complete and submit an application supplement, Form 2825. Generally, disability income insurance will be issued to applicants with aviation activities unless they are either employed as a pilot or crewmember or their income or occupation is dependent upon maintaining a FAA certification.

We do not offer disability income insurance on airline pilots, flight attendants or other crewmembers, and air traffic controllers.

Avocations and Hazardous Sports

Some avocations present an extra disability risk. For those who participate or intend to participate in auto racing, parachute jumping, skydiving, hang gliding, scuba diving, rock climbing or any other hazardous sport or avocation, an application supplement is required. Form 11951 should be completed for underwater diving. Form 9946 is for other hazardous sports. An exclusion endorsement may also be required. Other cases may be declined. A home office underwriter should be contacted for probable underwriting action.

Signature and Owner

The owner named on the application must be the insured, except on applications for business products:

- The Business Protector may be owned by the insured, or by the insured’s business entity.
- The Business Equity Protector may be owned by the business entity for an “entity purchase” buy/sell agreement, by another principal in the business for a “cross purchase” buy/sell agreement, or by the trustee of a “trusted buy/sell agreement.”

- The complete signature of the proposed insured and the owner (if other than the proposed insured), is required both in the Agreement section of the application and on all other forms and application supplements, when specified.
- The Standard has the right, in its sole discretion, to refuse to offer a policy to an applicant.
- If a company is to be the policyowner, the following format is suggested:

(signature of authorized company representative)

Signature of Owner (if Other than Proposed Insured)

(Name of Company)

By: (Name of authorized company representative and title)

Print Name and Title of Owner

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Application

Special Requests and Instructions

Use the remarks and special instructions area in the Producer's Information Report or the Remarks area of the application to provide special requests or instructions.

Alternate or Additional Policies

Alternate or additional disability income policies are not issued. Each application is underwritten for the specific benefit amount, waiting period, benefit period and benefit riders for which the applicant applies.

Incomplete Applications

A period of 90 days from the date of the application is allowed for processing an application. Those not completed within this period will have the premium, if any, returned and the home office file will be closed as Incomplete. Depending upon circumstances specific to a case, premium may be returned and an application may be allowed to remain pending for a longer period to complete the underwriting evaluation.