

What is Modified Guaranteed Issue (MGI)?

You are three times more likely to become disabled than you are to die before age 65 (Health Industry Association of America, 2000). Because of this, medical underwriting for Disability Insurance is extremely stringent. Just because you were rated “preferred” for your life insurance policy, doesn’t mean your disability coverage won’t contain a waiver, exclusion or have a rate increase based on your medical history.

The Financial Services Institute’s (FSI) Disability Program is offering products through 3 different carriers either Guaranteed Issue (GI) or Modified Guaranteed Issue (MGI). Below is a summary of how the GI and MGI Programs work for each carrier.

Guardian Group LTD Guaranteed Issue

Guardian’s Group LTD coverage is offered true GI.

- There are no medical questions, exams, medical reports, or MIB searches.
- The coverage has a 12/24 preexisting conditions limitation. A pre-existing condition is an injury or sickness, whether diagnosed or misdiagnosed and any symptoms of it, for which during the 12 month look-back period you: 1) receive advice or treatment from a doctor 2) undergo diagnostic procedures other than routine screening in the absence of symptoms or suspicion of disease process by a doctor 3) are prescribed or take prescription drugs 4) receive other medical care or treatment, including consultation, from a doctor.

The look-back period is 12 months from the latest of 1) the effective date of coverage under this plan 2) the effective date of a change that increases the benefits payable by this plan, and 3) the effective date of a change in your benefit election that increases the benefit payable by this plan.

No benefits are payable for a disability caused by, contributed to, by, or resulting from a preexisting condition, unless the disability starts after the date you have been covered under this plan for 24 months in a row.

- Your benefit is issued for 60% of your net business income up to the maximum benefit you select (\$2,500, \$5,000, \$7,500, or \$10,000). The preexisting conditions limitation applies to the Group LTD coverage for 24 months.
- ✓ If you select a benefit level less than \$10,000 per month, you can increase the benefit level to a higher amount in the future. However, the **increased benefit** would be subject to a preexisting conditions limitation.

Example:

1. You qualified for \$10,000 per month of benefit when you enrolled in the program.
2. You chose a \$5,000 per month Group LTD maximum benefit so you could buy the maximum \$5,000 of Principal MGI coverage.
3. Your circumstances changed and your income went up so 4 years later you want to increase your benefit. You now qualify for \$15,000 per month of benefit. You choose to increase the Group LTD maximum to \$10,000 per month. The extra \$5,000 of Group

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coverage would be subject to a 24 month preexisting conditions limitation. The original \$5,000 of Group benefit would not.

Principal Modified Guaranteed Issue

Principal's MGI allows you to obtain coverage up to the maximum monthly MGI benefit, without having to take a medical exam, blood, urine test, or provide detailed medical history.

The amount of coverage you can apply for under the MGI Program is based on your age, as described below.

Age 55 and under:

- \$5,000 per month of Disability Income, plus
- \$5,000 per month of Overhead Expense, plus
- Up to \$2,050 per month DI Retirement Security

Age 56 through 60:

- \$5,000 per month of Disability Income

If you are interested in obtaining coverage above the MGI monthly maximum or would like to add riders and/or future increase options not included in the MGI offer, you are not taking a risk by going through medical underwriting. If, during the underwriting process, Principal Life decides based on your medical history to place a waiver or exclusion on your policy it will NOT apply to the MGI benefit.

As long as you can answer "no" to the questions below and qualify financially, your MGI benefit will be issued.

1. In the past 6 months:
 - a. Have you missed 3 consecutive days of work?
 - b. Have you been homebound or hospitalized, been restricted from any activities, or been partially disabled from work?
 - c. Have you received, applied to receive, or are currently receiving disability benefits?
2. Do you need either human assistance or adaptive equipment to perform any daily activities of: bathing, bowel or bladder function, dressing, eating, toileting, or transferring?
3. Do you have any short or long term memory problems?

Even if you do have to answer "yes" to one of these questions, check with a DSI advisor, as you may still qualify for coverage. For example, if you had the flu 3 months ago and missed 4 days of work, you don't qualify for the MGI Benefit. However, if this is your only medical issue, you CAN be issued a policy and it will include the premium discount.

If you answer yes to the following question, your MGI benefit will be issued, but it will contain a waiver(s) excluding coverage for the medical condition disclosed.

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- Do have a medical condition that is currently or could in the future affect your ability to hear in one or both ears, see in one or both eyes, speak, or use both hands, both feet or one hand or one foot?

Your policy will be issued with a 12/12 Pre-existing Conditions Limitation. This provision works as follows:

We will not pay any claim for a Disability or loss which:

1. Begins within 12 months after the effective date of coverage(s); and
2. Results from a pre-existing condition.

Pre-existing condition means a condition:

1. For which medical treatment, testing or medication was recommended by a Doctor or received from a Doctor within a 12 month period prior to the effective date of coverage(s); or
2. Which has caused symptoms within the 12 month period prior to the effective date of coverage(s) which would cause an ordinarily prudent person to seek diagnosis, care, or treatment.

Lloyd's of London/Hanleigh Management Inc. MGI

The Lloyd's product which is underwritten and issued through Hanleigh Management Inc, Lloyd's Correspondent, is offered MGI but the terms of their MGI offer are slightly different than Principal's.

If you are **under age 65**, coverage is offered on an MGI basis. If you are age 65 through age 69, coverage is available with medical underwriting.

If you can answer the following questions "no," you qualify for a total combined monthly and lump sum benefit up to \$2,000,000 of disability coverage at the discounted rates.

- Have you missed 3 consecutive days of work in the past 6 months?
- Are you currently partially disabled or have you been partially disabled in the past 6 months for 3 consecutive days (partially disabled is defined as "your ability to work is or has been restricted")?
- Have you been hospitalized in the last 6 months and/or are you home bound?
- Are you currently receiving disability income benefits or have you received disability income benefits in the past 6 months?
- Have you been treated for or diagnosed with any of the following conditions: HIV, Stroke, MS, Diabetes, Heart or circulatory disease, Parkinson's disease, and/or a condition that could lead to blindness?

Answering yes to one of these questions does NOT mean a policy will not be issued, even if you have a significant medical issue. An underwriter will evaluate your medical condition and determine:

1. If you still qualify for the discounted rates and 5 year renewable policy
2. If you qualify for coverage at higher rates and/or with a waiver for a specific condition

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3. If your policy is renewable in 1 or 3 years, rather than 5 years
4. If you are a decline for coverage

Lloyd's has a 3/12/12 preexisting conditions limitation. This means if your disability begins during the first 12 months the policy is in force and the disability is caused or contributed to by a preexisting condition, the disability will not be covered.

A preexisting condition means a condition for which: (1) medical advice or treatment was recommended by or received from a Physician during the 3 months period preceding the effective date of this coverage; or (2) symptoms were present during the 12 months period preceding the effective date of this coverage that would cause a reasonably prudent person to seek advice or treatment from a Physician.

For a personalized premium quote and a complete summary of the program offering (including policy definitions, details of the MGI qualification requirements and underwriting rules) click [Request a Quote for Myself](#) or call Disability Specialists, Inc. (DSI) at (888) 279-8348 (7:00 am – 4:00 pm Mountain Time).