

Help your clients get more coverage with less hassle.

Use this guide to help them take advantage of valuable Benefit Updates.

The Benefit Update (BU) rider from Principal® provides a great way for clients to keep their individual disability insurance (IDI) policy benefits up-to-date with changes in their lives—without requiring them to answer any medical questions.

The BU process is easy:

Clients are notified of BU opportunities in multiple ways¹—postcards, emails² and letters.

Requirements for clients to receive benefit increases are streamlined.

Producers are kept informed throughout the process with email notifications and through the IDI BU Activity Report.³

Get the information you need from the BU Activity Report.

This report helps identify and manage existing clients who may have opportunities to increase their income protection. Access the report³ at: principal.com/BUActivityReport.

From the report, you can:

- View copies of client correspondence.
- Use the provided tools to reach out to clients and help them get the BU process started.

Producers can sign up to receive alert notifications of BU activity (e.g., application status, requirements requested/received, offer extended, etc.) for their clients' inforce policies. Alerts are available for Disability Income (DI), Overhead Expense (OE), and Disability Buy-Out (DBO). Sign up for email alerts by logging into **advisors**.

principal.com (My Settings > Manage My Alerts and Email Preferences > Disability Insurance > Email Alerts > Benefit Update).

Details of the BU communication and review process

	BU Activity Report status	Action	How to help
90 days before target date*	Eligible to apply.	N/A	<ul style="list-style-type: none"> Contact clients and explain the importance of the opportunity. An email template is available in the BU Activity Report. Get the BU application started through eApp.³
	Underwriting: No offer—maximum benefit on the policy. Client notification mailed.	<ul style="list-style-type: none"> If an offer can't be made because the client is at their maximum issue and participation limit, we send a letter. The rider remains on the policy, as long as this isn't the last BU opportunity due to age. 	
60 days before target date*	Eligible: Initial client notification mailed.	<ul style="list-style-type: none"> For DI policies—a postcard is mailed with a link to our online web form/application. For business policies (OE, DBO)—a letter is mailed with a paper application. 	View the correspondence on the BU Activity Report and follow up with your clients to discuss.
45 days before target date*	N/A	For DI policies—we send the client an email reminder (if we have an email address on file and the application hasn't been received).	N/A
30 days before target date*	Eligible: Final client notification mailed.	A final letter is sent with a BU paper application, if we haven't received the application.	Use the tools available on the BU Activity Report to reach out to clients and help them get the process started with eApp. ³
Completed application	Application received: Underwriting in progress.	N/A	N/A
	Application received: Additional information requested.	We may contact the client if additional information is needed to process the application. ⁴	<ul style="list-style-type: none"> Help collect additional requirements. Check the Pending Business Report⁵ to see updated information.

* Target date is defined as 30 days prior to the policy anniversary date.

	BU Activity Report status	Action	How to help
Did not complete application	Rider removed from the policy: Application/additional underwriting requirements were not received.	If we haven't received the requested information by the target date, the BU rider is removed from the policy.	Follow up with your client to discuss and determine if the BU rider should be reinstated or if other products/solutions could be offered.
Offer is determined	Offer: Eligible for an increase. Client notification mailed.	An offer letter is sent once all paperwork/requirements are received. ⁶ The letter: <ul style="list-style-type: none"> Shows current and proposed benefit amounts. States the effective date and how to accept an increase. Provides premium for accepting 100% and 50% of the increase. Explains the status of other future increase opportunities, if applicable. 	<ul style="list-style-type: none"> Remind clients that if they accept less than 50% of the eligible increase, the rider is removed from the policy. Help clients who want to accept the offer finalize the process.
	Underwriting: No offer—maximum benefit on the policy. Client notification mailed.	If an offer isn't made, we send a letter explaining the situation. The letter: <ul style="list-style-type: none"> Notes if this BU opportunity is the last available due to the client's age and whether the rider has been removed from the policy. Explains the status of other future increase opportunities, if applicable. 	Talk with clients to see if there are other financial needs.
Client responds to offer	Offer: Policyholder accepted offer and payment was received. Client notification mailed.	If client accepts at least 50% of the offer and pays the premium, an acceptance letter and updated data pages will be sent to the customer.	Talk with clients to see if there are other financial needs.
	Policyholder declines offer, and the BU rider is removed from the policy. Payment not received for increase.	If client declines to accept at least 50% of the offer or pays the previous premium, a decline letter and updated data pages will be sent to the customer.	

About the BU rider

A few details to keep in mind about this highly competitive and valuable feature:

- Benefit reviews are held at 3-year intervals to help keep the policy up-to-date.
- No evidence of medical insurability is required to receive an increase; financials are not always required.⁶
- Benefit Update rider is capped at a maximum of \$20,000/month benefit.
- The client must accept a minimum of 50% of the benefit increase offer to keep the BU rider on the policy.
- First-year commissions are paid on new premiums resulting from benefit increases.

The BU rider also offers advance increase options⁷ for:

- Individual DI insurance policies if the client's age is 18-51, and:
 - › Group long-term disability coverage is lost or reduced.
 - › The client has at least a 20% sustainable increase in earnings (50% required in some states⁷) since their last adjustment.
- DBO insurance policies if there has been at least a 20% increase in the buy-out expense since the last adjustment to increase the maximum aggregate benefit.⁸

¹ Multiple modes of communication are for DI insurance only; not available for business products (letter communication only).

² When an email address is on file with Principal and approved for marketing purposes. Those in the state of New Mexico are not included.

³ You must be contracted with Principal to have access. Call 800-554-3395 for assistance with your username and password.

⁴ An underwriter will send notification to the producer by email and sends the client direct correspondence within 2-3 business days.

⁵ Available through our financial professional website—advisors.principal.com (login required).

⁶ Financials are not required for individual DI insurance if the client's income is equal to or less than \$200,000.

⁷ Advance update options are available, but rules may vary. In approved states, in most cases, if clients take an advance update, they can also take their next scheduled update.

⁸ Benefit Update Valuation rider in approved states for DBO insurance (policy HH794). Maximum issue age may be based on sales program or concept (e.g., One-Way Buy-Out). Visit principal.com/distateapprovals for details.



principal.com

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