

An **Educational** Guide
for Financial Professionals

2009 DI Enhancements

Making a great thing even better



Insurance Strategies

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We'll help you get there.®



We are pleased to present the 2009 Enhancements
for Disability Income Insurance (DI).

Contents

- 1 | Disability Income Enhancements for 2009
- 2 | Enhancements Detail
- 4 | Applying the 2009 DI Enhancements

Positioning ourselves for future growth and success

At Massachusetts Mutual Life Insurance Company (MassMutual), we are always looking for ways to make our products better. Better products for our clients, and more competitive products for our agents.

The product improvements detailed here are intended to not only provide our clients with a better product – they are designed to help make it easier for you to do business with us.

These enhancements represent another milestone in our ongoing efforts to continuously review our product portfolio, identify enhancements, and implement improvements.

These improvements build upon the underwriting enhancements we introduced in 2008, and position us very well for future growth and success.

We appreciate your continued support of MassMutual's disability income insurance products and services.

2009 Disability Income Insurance Enhancements

- Increased Maximum Issue and Participation Limits
- Higher Buy-Sell Limits for select medical occupations
- FIO Rider Maximum pool amount increased (except in CA)
- Higher Maximum Participation Limit for Radius Executive Select
- Various Replacement Ratios have increased in the "Issue Limits Charts"
- Changes to Financial Underwriting Guidelines



2009 DI Enhancements Detail

Increased Limits

Increased Maximum Issue and Participation Limits

We have increased I&P Limits for select occupation classifications.

Increased Maximum Issue and Participation Limits

Occ Class	Previous Issue Limit	Previous Participation Limit	New Issue Limit	New Participation Limit
5A	\$15,000	\$20,000	\$20,000	\$30,000
4A	\$15,000	\$20,000	\$17,000	\$25,000
3D	\$7,500	\$10,000	\$10,000	\$15,000

Increased limits not available in CA, PR, FL, where limits remain at \$15,000/\$20,000 for 5A and 4A. Limits above reflect issue ages 18-60. For more details on I&P Limits, please refer to the Issue and Participation chart, DI1057.

Higher Buy Sell Limits for select medical occupations

Increased Buy Sell Limits for 3P and 3S occupation classifications. These occupation classifications will now match limits available for 5A and 4A occupations. New maximum limit for 3P and 3S occupation classes are more than doubling, increasing from \$1,000,000 to \$2,500,000 (depending upon waiting period and the payout method chosen).

New, higher pool limits available with Future Insurability Option (FIO) for Radius® and MaxElect®^{1,2,3}

Maximum FIO pool amount is now doubled to \$10,000, up from \$5,000.

Higher Maximum Participation Limit for Radius Executive Select^{4,5,6}

New higher maximum participation (IDI/Association) limit for Radius Executive Select. Maximum participation limit is now \$35,000 per month, up from \$30,000.

Increased Replacement Ratios

Issue Limit Charts updated

Our Issue Limits Charts are being updated to provide clients with higher available monthly benefit amounts. With these updates, corresponding replacement ratios are increasing accordingly.

Issue Limit Charts

Non Taxable Issue Limit	Taxable Issue Limit
With no GLTD – All amounts increasing	With no GLTD – All amounts increasing
With GLTD – Amounts up to \$100K increasing	With GLTD – Amounts up to \$100K increasing

Increased limits not available in CA, PR, FL, where limits remain at \$15,000/\$20,000 for 5A and 4A. Limits above reflect issue ages 18-60. For more details on I&P Limits, please refer to the Issue and Participation chart, DI1057.

¹ Not available in CA.

² Issue ages 18-55.

³ Available for an additional cost.

⁴ Not available in CA/FL/PR.

⁵ Issue ages 18-60.

⁶ Available to 5A/4A occupational classes only. Not available to physicians and dental specialists.

* Does not apply to FERS employees.

Updates to Underwriting Guidelines

Financial underwriting guidelines

We have updated the financial documentation requirements for select coverage amounts.

For individual, fully underwritten business, W-2 employees with no business interests:

- No financial documentation will be required for amounts applied for and in force up to \$3,000.
- In CA, FL & PR, we will require only a W-2 or current pay stub for amounts applied for and in force under \$10,000. We will no longer require two most recent 1040 forms.

For fully underwritten business above the approved Guaranteed Standard Issue (GSI) amount:

- For amounts applied for and in force up to \$15,000 we will use the company provided census (one year).
- For amounts applied for and in force above \$15,000, we will use two years' census information; a statement of net worth will be required for cause only.

Working from Home guidelines

Updated to require only 1 year of self employment and working from home (3 years required previously). In addition, the prior restriction of at least 50% of duties outside the home is no longer applicable. Must be in similar occupation to previous work experience and a minimum of one year of business tax returns and/or profit & loss statements, will be required.

Net Worth guidelines

A statement of Net Worth will be required only in situations where a client's net worth exceeds \$6,000,000, doubled from current guideline of \$3,000,000. A statement of Net Worth will still be required on all Radius Executive Select applications.



PERS guidelines*

The Public Employees Retirement System guidelines have been updated to reflect a flat 40% offset in determining base coverage (individual issue limit minus 40% after tax). This change makes it easier for producers to offer DI to prospects in a consistent manner, regardless of individual state and/or local PERS coverage levels.

Multi-Life Guaranteed Standard Issue

Additionally, we have made several recent enhancements to our underwriting guidelines for smaller groups within our Employer Pay market segment. The changes are as follows:

- Pre-Existing Condition Limitation (PECL) requirement eliminated for 10-14 lives for select groups.
- GLTD requirement eliminated for 10-19 lives for select groups.
- Employer paid medical groups minimum number of lives reduced to 10 for select groups.

Applying the 2009 DI Enhancements to your practice

Many of the 2009 DI Enhancements can have an immediate impact on your practice. Below are highlights of a few of the enhancements, and suggestions on how you can begin incorporating them right away.

Replacement ratios are increasing

By increasing the individual issue limits on our *Issue Limit Charts*, you can now help clients protect a larger percentage of their income. The following is an example of how our new limits are increasing:

Non Taxable Limit Chart – no Group LTD

Earned income	Old individual limit	New individual limit
\$50,000	\$2,620	\$2,950
\$100,000	\$4,840	\$5,050
\$150,000	\$6,600	\$6,825
\$200,000	\$8,000	\$8,300
\$300,000	\$10,750	\$11,500



This is a particularly important update for producers whose client base may not yet be earning high incomes. Generally speaking, the lower the client's annual income, a higher percentage of their monthly income can now be protected.

Increased Issue and Participation Limits

We have increased the maximum Issue and Participation Limits (I&P) for 5A, 4A and 3D occupation classifications.

- An immediate opportunity exists in reviewing your existing client roster and identifying those clients who are currently 'maxed-out' on their coverage. Through the Right-to-Apply provision of the contract, those clients could increase their disability coverage accordingly.
- For new prospects, especially those who make more than \$600,000 per year, the higher I&P Limits will allow you to provide a greater amount of available monthly benefit. These new I&P limits are among the highest in the industry.
- For your very high income earning clients (\$800,000+), Radius Executive Select now has a maximum Individual and Association participation limit of \$35,000 for those who qualify.
- For clients who continue to be 'maxed-out' on their coverage but still seek more disability coverage, a great opportunity exists to bring RetireGuard® to their attention. RetireGuard, available at an additional cost, allows you to help clients protect their ability to continue making contributions that would have been made to a client's eligible defined contribution plan if he/she had not become disabled. RetireGuard coverage can be added *above* the maximum I&P Limits available.

For more details on I&P Limits, please refer to the Issue and Participation Chart, DI1057.

FIO Maximum Pool Increase

The Future Insurability Option (FIO) is ideal for clients who expect their income to increase significantly in the years to come. The FIO allows clients to easily increase their coverage to match their current income – without additional medical underwriting required; client must financially qualify.

With the increase in the FIO pool from \$5,000 to \$10,000, a producer can incorporate this enhancement into their practice in a number of ways:

- Provide clients with a larger FIO pool amount, giving them more ‘room’ for their income to grow. For example, a client making \$100,000 in annual salary with a base coverage of \$5,000 per month, may qualify for an FIO pool of \$10,000. This larger FIO pool amount can increase their DI coverage to match an equivalent future annual salary of more than \$400,000.
- For cost conscience clients, a producer may be able to design a DI solution that has a ‘little less’ base, and a ‘little more’ FIO.
- For in-force business with an existing FIO, use the annual FIO exercise period to promote the Right-to-Apply (RTA) provision of the contract. Use RTA to increase coverage while client is healthy; use FIO when client’s health begins to deteriorate.

Generally speaking, the FIO Maximum Pool Limit increase may be appropriate for any client or prospect with base monthly benefits in excess of \$2,500!

Additionally, like the Automatic Additional Benefit Increase rider (a no cost rider that increases the client’s base coverage by 3% per year), with an FIO rider, the client also receives annual correspondence from MassMutual regarding their coverage. With these two riders included on each DI policy issued, the agent is provided with two opportunities each year to discuss not only the client’s current DI coverage, but other protection opportunities that may exist.

Working from Home guidelines

Our updated Working from Home guidelines may be particularly important in today’s unstable economic environment. Many prospects, perhaps through involuntary unemployment or other cost cutting measures, may have started their own home based business. With our streamlined guidelines, you can now begin discussing DI coverage with these prospects after only *one year* of self employment.

DI coverage may also be extremely important to these prospects as many of them may be currently self-insuring. These guidelines also present a great opportunity for you to reach out to those work-from-home prospects you may have already spoken to, but were unable to provide them with a DI solution.

Updated financial documentation requirements

We’ve streamlined our financial underwriting guidelines to make it easier for you and your clients to apply for DI coverage.

For W-2 employees with no business owner interests, we require no financial documentation for those seeking up to \$3,000 monthly coverage (in-force and applied for) of individual DI. This makes it easier for both you and the client to begin the underwriting process.

This is a particularly important feature for those clients who may not yet be comfortable providing detailed financial information to an agent.

The 2009 DI Enhancements represent the combined efforts of many dedicated professionals involved in product management and review, risk assessment and evaluation, new business and underwriting, sales and marketing. The results of this extensive collaboration were further confirmed and vetted through on-going consultations between MassMutual business partners and our field advisory committees. And through this consultation and partnership, you can rest assured your voice has been heard.

Building upon the current momentum of the 2008 DI Enhancements

MassMutual's commitment to policyholders and distribution partners is to offer quality products and services.

To ensure that we continue this long term commitment, we have built upon the 2008 enhancements for 2009. Combining two years of enhancements provides ease of doing business and a better product portfolio that you need for your clients and to be successful.

2008 DI underwriting enhancements

Increased 5A / 4A issue and participation limits for California and Puerto Rico.⁷

Limits increased to \$15,000 and \$20,000

Upgrades to select occupational classes.⁸

Select executives and medical and dental specialties occupational classes upgraded.

Increased business overhead expense limits based on benefit periods.

Higher limits for all occupation classes.

New business owner benefit increase program.⁹

Maximum benefit coverage to equal 'Net Earned Income' plus 20%.

Enhanced business owner upgrade program.⁹

Simplified criteria means more small business owners can qualify.

Improved young professional program.¹⁰

New higher limits and addition of RetireGuard® availability.

Easier RetireGuard® calculations.¹¹

No need to decrease base coverage amounts equal to retirement plan contributions.

Updated Voluntary Group LTD buy-up guidelines.¹²

No longer require offset for Voluntary Group LTD buy-ups on fully underwritten business.

Updated temporary visa guidelines.

More individuals now eligible while applying for permanent status.

All of the 2008 Enhancements have now been updated in our various systems and illustrations; no longer requiring manual work-arounds. See DI15001 for detailed information on these enhancements.

⁷ For fully underwritten and employer paid cases only. Issue ages 18-60.

⁸ Available on New Business only.

⁹ Not to exceed maximum issue and participation limits. Not available to medical and dental markets and those working at home.

¹⁰ CAT Rider is not available in CT and CA. RetireGuard rider not available in CA and NJ.

¹¹ Annual employee contributions are capped at the maximum defined contribution limits for 401(k) and 403(b) plans.

¹² Available on fully underwritten business only.

