

Disability income insurance in a gig economy

▶ Collecting the correct information about the gig worker's health, occupation and income is crucial to getting them the right coverage.

By Rick Cordaro

Gig workers make up a growing portion of the workforce. During Disability Insurance Awareness Month, it's important to understand the opportunities presented by the gig economy.

Your client's health, occupation and earned income are the three pillars of the traditional underwriting process for disability insurance.

Health is obvious — does your client have a prior medical history that could influence the ability to secure disability insurance coverage? Things such as musculoskeletal issues or mental/nervous conditions for which they are currently receiving treatment? How about current medications or chronic issues that are problematic?

Occupation, again, is not hard to determine. Insurance carriers' characteristics frequently determine the carrier of choice. Some carriers love to write policies on those individuals who take a shower before they go to work as opposed to the clients who take showers when they get home from work.

Earned income is the big issue disability insurance underwriters face with many gig workers. By definition, a gig worker is paid based on the completion of a project or task. They are not paid an hourly wage or salary. These individuals are considered quasi-independent contractors and are not subject to certain labor laws such as minimum wage or sick leave. Gig workers are required to provide their own health insurance and unemployment insurance and cover the employer portion of Social Security taxes.

Disability income insurance is intended



to insure an individual's "earned income." For the gig worker, income will be defined by net income, after business expenses, but before taxes. For a gig worker with three to four years of history, this would not cause much of an issue. Stability would need to be demonstrated, along with solid validation that the gig worker is working a minimum of 30 hours per week.

For a field underwriter, the role of the agent is paramount. You will need to collect important data to assist the underwriter. Here is some information that is helpful to gather when working with the gig worker.

» **Basic information:** Name, date of birth, resident state, gender, nicotine use, other coverage currently in force.

» **Work environment information:** Current occupation and daily duties; hours worked along with where the client performs most of their duties; prior work experience.

» **Financial information:** Occupation and earnings from jobs prior to becoming a gig worker. Any prior education or training that is related to the gig work. Do they have a contract from the individuals or companies to whom they will offer their services? Providing this contract will be helpful for the underwriter.

» **Medical information:** Is the client currently on medications? Have they consulted a physician in the past five years? Height and weight information also would be helpful.

After you have gathered all this information, you then should share it with an underwriter prior to taking a formal application. Commonly referred to as an informal evaluation, this process will assist with any client conversations you have to help manage any future expectations if you were to submit a formal application.

As always, it is important to build a strong relationship with your underwriting team. Gig workers tend to know other gig workers in their communities. Having the knowledge and confidence to offer these individuals the right income-replacement policies opens a remarkable opportunity for referral business. 

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