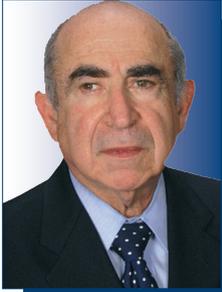


Disability Insurance Insights...



**EUGENE
COHEN**

began his insurance industry career in Cleveland, OH, with a company that specialized in disability income protection.

In 1981 Cohen founded the Eugene Cohen Insurance Agency, Inc., Skokie, IL, which specializes in DI, life, LTCL, fixed annuities, and impaired risk cases. The agency is a member of LifeMark Partners, NAILBA, the IDIS and is a founding member of The Plus Group.

Cohen received the W. Harold Petersen Lifetime Achievement Award from the IDIS and NAILBA's Douglas Mooers Award for Excellence.



**MICHAEL
COHEN,**

CLU is president of the Eugene Cohen Insurance Agency, helping brokers, general agents, broker/dealers and financial advisors serve their clients.

Cohen has served on carrier advisory boards and organization boards of directors. He is a member of the Risk Appraisal Forum.

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How To Prepare To Sell Your First DI Policy

Share The Love This Valentine's Day For Disability Insurance

It's the month of February which means another Valentine's Day. A month to show your love for the important things in your life. Of course, this means showing your love to your family, your clients and yourself! Making sure you and your clients have the right products is another way to show your love. Your clients who are working and yourself most likely need disability insurance.

Why disability insurance? We all have fixed expenses that need to be paid if we can't work due to an extended sickness or recovery from an accident. At the very

minimum, there are certain expenses that are a must for anyone to have covered. These would include the rent or mortgage, utilities, car payments and insurance, and the cost of food.

There are of course other important fixed expenses that can be covered as well. What are your fixed expenses? Take a few minutes to jot down the expenses you have and ask yourself how many months could you pay the expenses with your current assets? A few months perhaps or maybe you can last a few years? Now think about this for your clients as well. For most people,

having a disability policy that provides a monthly income would be much preferable to the stress of seeing one's savings be depleted.

So now you need a quote for you or your client. There are three parts of underwriting when seeking your first individual DI illustration. Part one, the Occupational Class. For an individual quote, a rate class will need to be chosen. With most companies, the higher the number the better the rate class and the lower the premium. For example, with one company, a 6A may be the best rate class with the lowest cost per unit, while a 1A may be the most expensive rate class. If the occupational class is not quoted correctly then you may be showing the client rates that are too low or too high. Also, certain riders or policy limitations may be tied into the rate class as well. So making sure, as much as possible, that the correct occupational class is being shown is important.

You need to know the occupation and job duties. For some occupations it's pretty obvious, but for others it may not be so clear. Understanding someone's job duties, such as the percentage of administrative, supervisory, sales, and manual duties would be important to someone assisting with the illustration.

Part two of the quote process is to understand the income and how much maximum coverage can be quoted. Companies that

focus on individual disability insurance will have an issue and participation limit. The issue limit is based on a percentage of earned income that is made during the year. It's important to use the net income, which would be the income after business expenses but before taxes.

If someone actively works as a business owner of a pass-through entity, such as an LLC or S-corp, then most companies allow the amount of income (or loss) being passed through to be added to the W-2 income as well.

We mentioned issue limits, but what about participation limits? Companies will limit the total amount of monthly benefit that a client can buy of disability insurance with all companies. This is to prevent someone from having more income on claim than if they were working. Therefore, it's important to know how much individual and group disability coverage someone has in force so that the monthly benefit amount of the new quote can be adjusted accordingly.

Lastly, if your client has unearned income, say from a trust, pension, or investment income from having a very high net worth, some of that income may be reviewed by the underwriter as well.

Part three of the quote request is to know the health history of your client. There are some conditions that may not be insurable with traditional individual DI companies and a specialty company may be recom-

mended, assuming the client can obtain coverage at all.

Asking the traditional pre-screening questions, such as if someone's been diagnosed with any diseases or conditions that have ever required treatment, including any psychotherapy, would be important.

Also, an individual disability insurance underwriter has the ability to exclude singular or multiple pre-existing conditions, such as a portion of the back or a knee. Therefore, it's important to ask your client about any muscular or skeletal issues someone currently has or has had in the past. In addition, knowing their medications can be helpful to determine if a client has a condition that may be an issue in underwriting.

You are almost there! Once you get the illustration, be sure to review the disability policy before you discuss the insurance with the client. It's always helpful to review the illustration and how the policy works with the resource that provided you the quote.

Also, never just forward an illustration to a client via email and expect your client to call you to review. Always make an appointment to review the illustration together. It's important to review the need for disability insurance and why this product is so important to the planning process.

Share the love of disability insurance this February with the ones you love. 🌍