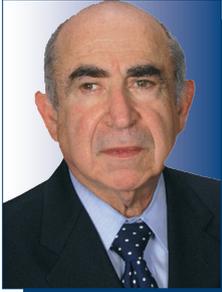


Disability Insurance Insights...



**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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An Interview With Eugene Cohen— Individual Disability Income Protection: Need Motivates Action!

*2009 Honoree International DI Society
W. Harold Petersen Lifetime Achievement Award*

*2015 Honoree of NAILBA's
Douglas Mooers Award for Excellence*

With the help of Victor Cohen, this is part of our ongoing series with Eugene Cohen, founder of the Eugene Cohen Insurance Agency, Inc. From time to time, we will feature an interview with Eugene, who has dedicated almost 60 years of his life to learning, teaching, and supporting brokers in the agency's quest to help consumers protect their income from the tragic effects of a disability.

Disability insurance (DI) is one of those products that can change the trajectory of an individual and a family's life and is crucial for every financial planner and insurance professional to learn about and offer to clients.

Victor: Thank you again for the opportunity to talk DI with you, Eugene. Very much appreciated.

Eugene: Thank you, Victor.

Victor: We have had many conversations about disability insurance now and I am always struck by your sincere, heart-felt passion about the importance of DI. Where does that come from? That passion?

Eugene: I started in the business as a life and health agent years ago and quickly decided to specialize in disability income protection because I saw the importance of income.

When you buy or lease a car, they want to know your income. When you buy a home and try to obtain a mortgage, they want to know your income. To obtain a credit card, they want to know your income.

I immediately saw the importance of income and protecting it. Having a sickness or accident can change a person's financial picture. Protecting existing assets is extremely important, wouldn't you say?

Victor: Absolutely.

Eugene: When I examined a prospective client's assets, it became clear to them, and to me, that their future income could be the most valuable asset this individual has—more valuable than their home or automobile.

For example, let's look at a 35-year-old client earning \$100,000 per year. By the time that individual is 65, their potential earnings would be at a minimum, \$3,000,000.

Victor: And that's without any salary increases over the years.

Eugene: That's right. So, this client is like a money machine producing at least \$100,000 per year. We need to protect that income.

Victor: I have heard you describe a picture you once saw in a trade magazine, illustrating the importance of income.

Eugene: Yes, when I started in the business I saw that picture. As you know, they say *"a picture is worth a thousand words."* It was a picture of a bridge being held up, supported, by a paycheck.

Across the length of the bridge were written the noncancelable financial obligations that most individuals have in life: Food, clothing, shelter, utilities. And off to the side of the bridge was a sentence that read, "What happens if the paycheck disappears because of a long term disability caused by

a sickness or accident?"

And these three things were listed: 1) The client's emergency fund would disappear; 2) Money saved for retirement would vanish; and, 3) If they were a homeowner and had a mortgage, they may be facing foreclosure.

Without income, the bridge collapses. Disability protection is like a parachute. It is better to have it and not need it than to need it and not have it.

Victor: I have also heard you describe a DI policy as a "silent partner."

Eugene: When you get a DI policy, it's like hiring this policy to work for you—when you can't work for a long period of time due to a qualifying serious accident or illness. So, yes, in many ways this policy is like having a silent partner.

Victor: You have talked with us in the past about how important it is for an advisor to help their client see the need for DI coverage.

Eugene: All through my career I have noticed that **need motivates action**. When the prospect understands the need for this very important policy, they are interested in applying for it.

And how do you help the client see the need to protect their income?

Victor: By asking questions.

Eugene: That's right. I have asked many prospective clients throughout my career, "What is the longest vacation you have ever taken?" Their answer is usually one to three weeks.

Then I would ask, "If you had a serious illness or accident that disabled you for three, four, or five years, would you have an income problem? What if you could never work again?" The answer was yes, there would be an income problem.

When I got my first DI policy in my early 20s, I asked myself, could I pay my bills if my income stopped because of a disability? The answer was no. I could only handle it for a short period of time. And I certainly wanted to protect my savings. In my mind I have always felt that disability income protection insurance was designed to be an asset protector.

Victor: So, once the client sees the need

for DI coverage and wants to apply for a DI policy, how does the advisor help the client determine the appropriate benefit amount, elimination period, and benefit period to apply for?

Eugene: When it comes to determining a monthly benefit amount to apply for, first, help the client list their most important noncancelable monthly financial obligations. I've done that when determining the monthly benefit I have needed on my own DI policies.

Victor: You mean expenses such as mortgage or rent, utilities, car payments...

Eugene: ...and monthly expenses for groceries, premiums for homeowners insurance, car insurance, and health insurance, etc.

Victor: And how do you determine the elimination period a client would want on their policy?

Eugene: The elimination period, also sometimes called a "waiting period," is how long the policyholder would have to wait before receiving a benefit from a qualifying disability.

I chose a 90-day elimination period for my DI coverage, which is the elimination period most clients tend to choose.

Victor: The longer the elimination period, generally, the lower the premium, correct?

Eugene: All things being equal, that's right.

Victor: Finally, how do you determine the appropriate benefit period for a client?

Eugene: Most clients tend to apply for a benefit period to age 65 or age 67.

Of course, if premium cost is an issue due to the client's income...or if the DI company will not offer a long benefit period due to a client's health history and/or occupation, it is completely understandable why a client would apply for a shorter benefit period.

However, for the client who is eligible for a long benefit period...while a two-year, five-year, or ten-year benefit period would likely be helpful if the client had a qualifying disability, what would happen if the client experienced a career ending qualifying disability at an early age? I always say, "Why would you only want to insure the first ten minutes of a fire?"

With my own DI policies, I always wanted to be covered to age 65. I have never had a crystal ball. I couldn't determine the length of time I would have a disability.

Victor: I'm just curious, do you remember how you felt when you got your very first DI policy?

Eugene: I felt so relieved knowing that some of my important bills would be paid if I were to have a severe disability. I was very

fortunate I never collected any benefits on the policy. I bought peace of mind.

Victor: Eugene, this has been another excellent conversation. I can't thank you enough. Unfortunately, we have to wrap things up. Do you have any final thoughts that you would like to share?

Eugene: I have found, in offering disability income protection for almost 60 years, a client's need for DI is as strong today as it

was the day I started in the business.

Just like I asked myself questions many years ago when considering DI for myself, when advisors ask their clients questions to help their clients uncover the need, the advisors' DI business will soar.

During my entire career I have always based the DI conversation around **need**. Need will motivate action.🌐