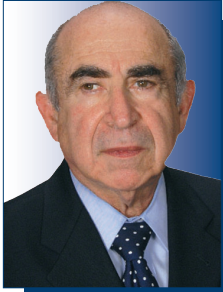


Disability Insurance Insights...



**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
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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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March And The Madness Of Those Uninsured For Disability

It's that time of year again, March Madness! Oh yeah, let's get those brackets out and see how we did this year. Which team will be the Cinderella story? What will be the biggest surprise that no one could have ever imagined? For sports fans, you see college basketball at its finest, while for a disability MGA, we see so many analogies that illustrate the need for disability insurance.

Making sure that a client has disability insurance is one of the cornerstones of planning for advisors supporting clients who are working every day. The need is obvious, right? If a client couldn't work due to an injury or sickness, how would

they maintain their standard of living? What asset group will be drained during the length of the accident or sickness and will it ever be replaced? Yet, we all know there are clients who still haven't protected a stream of income if a qualifying disability were to occur. We know the statistics say that there's a greater chance of becoming disabled than passing away during a person's average working years.

Let's get back to basketball and March Madness! There are 64 teams in the tournament. We know there's only going to be one winner. There's a one in 64 chance of winning the NCAA classic tournament. That's

about a 1.5 percent chance of winning the big dance. Think about that. If you had to write down 64 names of clients and knew one of them would have such a significant disability, that it would last much longer than 90 days, perhaps indefinitely, how would you plan for that client? So if you knew that one of those names may end up becoming part of the disability statistics, how would you absorb that information into your planning sessions?

One of the best weekends in college basketball is when the final four is played, concluding with the dramatic championship showdown game. If you could pick all four teams that make it to the final four, you'd be a bracket legend in your office pool and could make a fortune at the sportsbook. The odds of a team making it out of their region to enter the final four is one out of 16. So that's a 6.4 percent chance of making it to the final four. Let's go back to our analogy of 64 names of clients in your brackets. Now you have to plan for any four of your clients having a disability that would last more than 90 days and perhaps years, if not indefinitely. How does that change the seriousness of this planning issue for you?

The Elite Eight is always a fascinating group of teams. Usually there's a Cinderella story that becomes the nation's darling. The small school underdog that no one would fathom to advance so far in the tournament. Only a few lucky ones had the insight to include the team(s) in their brackets. We

know that two out of the 16 teams in the region will make the Elite Eight, so that's a one in eight chance. If you could only pick all 8 teams that would make this elite group, that would be even more impressive. So imagine if you had to plan for any eight of your 64 clients to have a disability that will last 90 days or longer and perhaps years, if not indefinitely. How would this elevate the need for all your clients to have disability insurance or a disability plan in place? Also, let's think about those Cinderella stories. These are scenarios that would have been very unlikely to occur based on the experts' analysis, but here they are, proving that the unlikely can still occur. When we talk about someone becoming disabled for the rest of their life and unable to go back to work, we know it happens...so how do we plan for it?

The Sweet Sixteen is just classic college basketball. The double digit seeded underdog taking down a team from one of the major conferences. The buzzer beater shots that leap teams into the next round while all the teammates charge the floor. The slow pressure building of a team having to make last minute free throws just to keep an underdog team at bay. The thrill that any college athlete must feel just to make it to the tournament, let alone the field of 16 must be just amazing. Good for them, as it's that kind of feeling that will stay with them forever and we are so happy for each and every one of them. So four out of 16

teams in the region will get to this stage. So that's one out of four that will be locked in the history books as a team that made it to the Sweet Sixteen. Now imagine those 64 clients on your list and you have to plan for 16 of them to have a possible disability that would last longer than 90 days, perhaps even years, if not indefinitely. We are guessing that you'd make sure every single client has a plan in case a disability occurs.

It's sobering to think that one in four of today's 20-year-olds can expect to be out of work for at least a year because of a disabling condition before they reach normal retirement age.¹

But you say, "I have over 64 clients and none of them have become disabled, so how do you explain that fact?" The statistics are based on the whole country, not just a finite number of clients. Even though statistics can cover a large swath of people, the importance of planning still rises to the top. Hopefully you never see any client have a major disability, but how many clients having a major disability would be enough to make this planning the top of your list?

So when you are rooting for your favorite team, remember the "client" bracket as well and let March Madness serve as a reminder that you can be the champion of disability insurance to your clients! 🌍

Reference:

1. Social Security Administration, *Disability and Death Probability Tables for Insured Workers Born in 1999* <https://www.ssa.gov/oact/NOTES/ran6/an2020-6.pdf>, Table A.