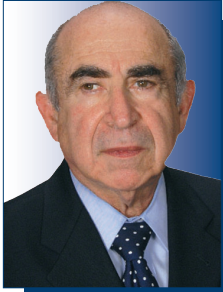


## Disability Insurance Insights...



**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.*

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# An Interview With Eugene Cohen— May Is Disability Awareness Month, A Time To Help Your Client Become Aware Of The Need For DI

*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., 2009 Honoree International DI Society W. Harold Petersen Lifetime Achievement Award, 2015 Honoree of NAILBA's Douglas Mooers Award for Excellence.

From time to time we will feature an interview with Eugene, who has dedicated over 60 years of his life to learning,

teaching, and supporting brokers in the agency's quest to help consumers protect their incomes 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:** May is a very important month.

**Eugene:** That's right. It's Disability Insurance Awareness Month, which is a great time for advisors to review their clients' disability insurance needs.

Disability income protection insurance is the best kept secret. Most clients know that life insurance is very important. Car insurance is mandated in almost all the states and is extremely important. In order to get a mortgage, most lenders require that the house is insured. Even without a mortgage, insuring the home is also a must.

I have been involved in the offering of disability insurance for many years. I've served clients as a producer, a general agent and regional manager for a company and eventually as an MGA/wholesaler. I've never felt more strongly about the importance of a product and have made it my life's work.

When a client makes the decision to buy an individual disability insurance policy, it's like hiring a silent business partner. When a client's income is shattered due to an extended sickness or attempt to recover from an accident and they qualify for a claim, it's amazing to see how these policies work.

As a producer, I felt so strongly about the product that I carried a lot of disability income protection insurance myself. The reason was that in my own mind, having a DI policy was like having a parachute. I always felt that it was better to have it and not need it...than to need it and not have it.

**Victor:** I really appreciate how you see disability insurance protection as a vital component of asset protection.

**Eugene:** It's so true...imagine one's future earnings as the most valuable asset your client owns. Let's say you have an executive who is 45 years old. They have a major accident or are diagnosed with a slowly disabling disease like MS or ALS. They may not be able to work for the next 20 years. If their disability lasts for 20 plus years and this individual was earning \$250,000 per year with no raises, then that individual's disability could cost the client and family potentially over \$4,000,000.

The producer needs to recognize this and show the client how to insure a portion of that income. Depending on this indi-

vidual's occupation class, they may be able to obtain an individual DI policy with a monthly benefit of approximately \$11,000. If that policy premium is paid with after tax dollars, the benefits may be tax free.

Some producers recognize that inflation can really play havoc for those on a fixed income or on a long term disability claim. The planner may recommend that the individual's DI policy have a special rider called a "Cost of Living Adjustment Rider" (COLA). After this person's first year of being disabled, their policy's COLA rider should allow their monthly benefit for the second year to increase. Usually, these riders will use the previous year's consumer price index and have a cap, but policies may vary. Let's say the rider continues to allow for increases in future years, also based on the consumer price index. If we experience more inflation, like we have in the past few years, then the total benefit over those twenty years could be significantly higher.

**Victor:** So, let's talk about the best way a producer may help their client see the need for disability insurance.

**Eugene:** When reviewing your client's insurance needs, ask your client probing questions. They need to start thinking about how they would plan for themselves and their family that's relying on their income.

Ask, "If you had a money machine that was producing \$100,000 per year or \$200,000, \$300,000 per year, you would want to insure that money machine, right?"

**Victor:** Definitely.

**Eugene:** Here's another question to ask your client to help them discover the need for DI. "How long did it take you to accumulate the assets you have put away? How long has it taken to accumulate your savings?"

After the client answers, then ask, "Walk me through how your finances would work if you had a disability that prevented you from working? Everyone takes sick days here and there. If your sick days never stopped, and if you were disabled for a long period of time, say five, ten years, or even permanently, all the way to 65, how long would it take for your assets to slowly

dissipate?" Disability income protection can help protect your assets.

Have you ever looked at a medical dictionary? It's filled with descriptions of sicknesses that can potentially disable an individual. Multiple Sclerosis, Parkinsons, heart problems, muscular skeletal issues, and of course there are those unexpected accidents...we don't plan on getting seriously ill or having an accident. But we can certainly plan on how we would take care of ourselves financially if something were to happen.

**Victor:** I know that it's very important for producers to help clients become aware of the need for individual disability insurance—even if they have Group DI from work.

**Eugene:** Group Long Term Disability (LTD) insurance is often a great start, but the way that most LTD policies are built, they have limitations that clients may not even know existed. Your clients with higher incomes can usually afford to supplement with an individual policy that they own and is portable.

As an advisor, let's say you're reviewing your client's DI. You see the client has Group LTD and the client says, "The Group LTD is all I need. I'm taken care of. I'm good." That may not be true.

Take a client of yours that earns \$300,000 per year or \$25,000 per month. In this example, the client's Group LTD policy states that 60 percent of the client's monthly income is covered up to a \$10,000 per month cap. If the employer is paying the premium and doesn't include the cost of coverage in the employee's income, the benefits may be taxable. After taxes, the client may actually be receiving a true net after taxes monthly benefit of \$7,000 or perhaps \$8,000. In addition, group contracts are usually built with language in order to protect the insurance company but can create limitations in the policy that most clients don't know exist.

Taking into account the client's income and their Group LTD benefits, this client may be financially eligible to add a new individual disability insurance policy on top of their existing Group LTD policy.

That new policy may perhaps pay an

additional \$9,000 per month disability benefit in addition to their group benefit, assuming the disability qualified for both policies. In some cases, the individual policy may pay a claim or pay a claim for a longer period of time than the Group LTD. The amount of additional coverage will depend on the individual disability insurance company's issue and participation limits for that client's occupational class. Also, don't forget, the client's individual disability policy should be paid with after tax dollars, so that benefit may perhaps even be tax free.

**Victor:** You had recommended that a producer watch Real Life Stories from Life Happens. I was really moved watching those videos of real people talking about real claims. Such a valuable tool for a producer.

**Eugene:** Those videos are so incredibly impactful and another reason why I think [lifehappens.org](http://lifehappens.org) is a fantastic website. This is a consumer website that points out the need for many insurance products—disability income protection insurance, life insurance, long term care insurance, annuities.

The videos on the site allow stories to be heard and felt. You can see and feel the value of disability insurance with these videos.

You'll find Travis Guthman's story on [lifehappens.org](http://lifehappens.org). Have you seen Travis' video?

**Victor:** Yes, I have. It's very powerful.

**Eugene:** Travis and his wife, Wendy, moved their family and their six young kids to a small town where Travis grew up. Travis and Wendy had the opportunity to buy Travis' grandparents' farmhouse and made that their home.

Travis opened up a pizzeria in town as he loved making pizza and making people happy. His new business was doing well. His financial advisor recommended to Travis that he should have disability income protection insurance and Travis luckily followed the advice and bought a policy.

One day Travis was driving through town and somebody sent him a text.

Though he knew better, he became distracted and Travis took his eyes off the road and the next thing you know, he crashed into the concrete footing of a narrow bridge.

The accident was just horrific. The injuries were so bad that it has taken Travis almost two years and multiple surgeries to regain the ability to walk again, and that's with the support of a leg brace.

During this time, Travis hasn't been able to work. Travis says his family would have lost the pizzeria if it hadn't been for his disability insurance.

That disability insurance has allowed Travis and Wendy to continue paying their ongoing household bills and business expenses.

Travis says, "I didn't have to pull money out of the restaurant to live on; instead, I could continue paying the employees and keep things running." Travis shares, "Without disability insurance we would have been in a world of hurt. You think it will never happen to you, until it does. Disability insurance has been a huge blessing for our family."

**Victor:** Travis' story really shows the need for DI.

**Eugene:** It's so impactful and, at the end of the day, it all started with the producer. Without that producer making Travis aware of disability insurance and how important it was for him to have, as you can imagine, Travis' story would have been much different.

Travis' experience has also given him a new purpose in life, in which he visits high schools and shows students his accident and all of the trauma he went through. Travis also gives students tools to stay off their phone when they drive.

**Victor:** Before we wrap up our conversation here, let's talk about Scott Rider's story, as his video is also on [lifehappens.org](http://lifehappens.org).

**Eugene:** Every producer and their clients also need to see Scott's video. Scott loved running and was extremely good at it. In college he was a three-time Big Ten champion and a two-time All American.

At 47, Scott noticed one day when

he was running that his toes started to restrict. He went to the doctor and it didn't take long for them to diagnose Scott with Parkinson's Disease.

Before Parkinson's Disease, Scott worked 30 years as a financial advisor to individuals and small business owners.

The day Scott was diagnosed with Parkinson's Disease, Scott says in the video, "I knew right there my life was going to change forever."

Scott says, "I understood early on that my income was my most valuable asset and I wanted to protect it through disability insurance. It's expensive to live and those bills just keep coming."

Being a planner himself, Scott had practiced what he preaches. Scott had group disability insurance provided by his employer and Scott knew that his group disability insurance would not be enough. So, he also acquired individual disability insurance. Again, he was aware of what it would financially take to keep his life going if he were to become disabled.

Scott says that thanks to disability insurance, he and his family did not have to financially suffer. He says, "And without disability insurance, I don't think I could have afforded my daughter's wedding. I wouldn't have money saved for retirement." He goes on to say, "I am so incredibly grateful that my income continues and makes life possible for my family. It would look so different without disability insurance."

**Victor:** Eugene, as always, thank you for sharing your insights and decades of experience in the DI world.

**Eugene:** Thank you, Victor. During Disability Insurance Awareness Month, we encourage producers to make clients aware of these disability insurance products that are designed to protect their income. The small business owner, the executive, blue collar workers...the need is there. The producer just needs to make the client aware.

I ask the producers reading this: If your client were to become disabled, what story would your client be telling? As a producer, you get to help write the story. 🌍