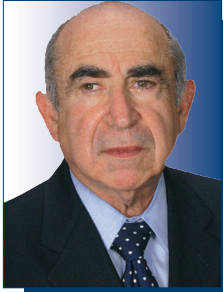


## Disability Insurance Insights...



**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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# Disability Insurance Awareness Month Doesn't Need To End In May!

May was Disability Insurance Awareness Month. Just because it's June doesn't mean that you've missed the opportunity to spread the word about disability insurance to your clients. For us, every month is a great opportunity to let your clients know about the need for disability insurance and why this product is so important in financial planning.

To bring awareness of disability insurance, we developed a series of four training calls. Our goal was to educate producers on how to write their first disability insurance case or to become reacquainted with disability insurance. We'll give you an

overview of each one.

**The Need:** It all starts with the need for the coverage. This is where many producers assume that a client understands the need for coverage. It's really pretty basic. If an injury or sickness prevents us from being able to work, our income from working usually stops as well. This basic concept seems so obvious that you should have clients asking you about this type of coverage every day. But how many times have you been asked? If you've been asked more than once, that's probably more than most. This is why you always need to walk clients through what would be their actual game

plan if they were unable to work and their income just stopped. This will allow you to judge for yourself your client's understanding of the issue and allow you to better understand any possible objections to "the need" of the product. The need motivates action!

**The Products:** Not only are there individual disability insurance products, but there are also products designed for business. There's business overhead expense (BOE) insurance for those smaller businesses that rely on one or a couple of key individuals to produce most of the income for the firm. For example, take a veterinarian, dentist, accountant, or attorney who produces most of the income for their firm. If that individual can't work due to a disability, the expenses to keep the business operating will still occur. With BOE coverage, qualified expenses may be reimbursed after a qualifying disability satisfies the elimination period. With key person disability insurance a business can also indemnify themselves from some or all the financial effects a disability of a key person could have on a business. Then there's Disability Buy Out insurance, which can provide funds needed for a qualifying disability and buyout provision of a buy-sell agreement. In addition, there are surplus lines of disability products for many situations which the traditional markets can't cover. Not to mention the guaranteed standard issue (GSI) marketplace that can be used to

supplement group coverage.

**The Underwriting and Pre Screening Process:** It's important to always prescreen the health of your clients. Many clients may not realize that when underwriting for disability insurance, the underwriter has the ability to exclude different conditions from being covered. This is fairly unique to disability insurance and it's important to try to identify these factors up front. In addition, understanding the occupational duties is important so that the individual is being quoted the correct rate class. Also, the income is important to know so that you can quote the proper monthly benefit. If someone's income is too low, they may not qualify for the coverage they are seeking. In addition, if they have significant unearned income, some companies may not allow the coverage amount that the client was applying for or any coverage at all. After a DI application has been submitted, it's also very important to let your clients know to complete any required phone interviews as soon as possible, as many times nothing occurs at the home office until the interview is completed. Also, if a client is applying for certain monthly benefit amounts, or is in a certain occupation, the company and/or its reinsurance partner may require seeing the prior tax returns as well.

**The Placement:** It's important to place a disability insurance policy as soon as you are able to receive it. While money pays the premiums, a client's good health is what

allows a policy to be issued. Clients can have a change of health during underwriting or before the case is placed. If there's a change of health or a change to any question in the application before the policy is placed, then the producer must report it to the insurance company. The insurance company would then decide if more records or other underwriting would be needed and if the policy could be reissued with modifications (due to the client's change in health) or if the policy could still be placed as originally issued. This is why it's important to place the policy as soon as it's issued and you can see the client. The last thing you want is to get the phone call, text, or email that the proposed insured is no longer in the same health they were when the underwriting was completed and then you can't deliver the policy.

Every month can be Disability Insurance Awareness Month if you choose to ask the right questions to your clients. Do you have disability insurance? What would you do if your paycheck stopped due to a disability? What's the longest vacation you've taken? Most clients will usually say less than two to three weeks. Why did you need to come back from vacation? The most common answer we hear is that they need to get back to work. What if you weren't able to go back to work for a year, two years...or even never? Remember, Need motivates Action! 🌍