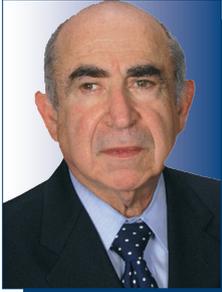


Disability Insurance Insights...



**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, LTCI, 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.

Eugene and Michael can be reached at Eugene Cohen Insurance Agency, Inc. Telephone: 800-333-4340. Website: www.cohenagency.com. Emails: michael@cohenagency.net; eugene@cohenagency.net.

An interview With Eugene Cohen— The Best Age For a Client To Get Income Protection Insurance! (Part 1)

*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 Cohen, who has dedicated over 57 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. With the help of Victor Cohen, we will chronicle many of Eugene's life

lessons, advice, strategies, and what drives him every day to mentor those who wish to help their clients protect their incomes. Disability insurance 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.

This is the fifth part of our ongoing series with Eugene Cohen, CEO and founder of the Eugene Cohen Insurance Agency, Inc. The agency started as a disability insurance brokerage MGA and has grown to over 35 team members who are all focused on the wholesale service needs of financial professionals for disability, life, long term care, and annuities.

Victor: From your years of experience in the disability insurance world, what would you say is the best age for a client to purchase disability insurance?

Eugene: Illness and accidents can obviously happen to anyone at any age. No one has a crystal ball to determine exactly when someone is going to become sick or get hurt. The medical dictionary is loaded with disabilities that can affect young and old people.

The ideal time to first get a disability policy is in your 20s or 30s. The sooner the better. Of course, if someone is in their 40s or 50s and does not have an income protection insurance policy I would encourage them to try and get coverage.

Victor: What would you say are the top three reasons why it's important to get a first DI policy in your 20s or 30s?

Eugene: It's hard to limit it to just three reasons. Okay, here's reason number one—lower premiums.

Disability insurance premiums are partially based on age. Naturally, the younger you are when you get a policy, usually the lower the premium on the specific monthly benefit you get at that time.

If the policy includes a non-cancellable, guaranteed renewable, provision, then the premium on that benefit amount of the policy would be fixed until such time as the policy becomes conditionally renewable, usually between ages 65 to 70 depending on the company. In addition, the client would be able to make changes to the policy at any time. The allowable specific changes depend on each company's rules and regulations.

Victor: So, with the non-cancellable rider, if a 30-year-old gets a DI policy today they

will be paying the exact same premium on that benefit amount when they are 40 years old, 50 years old, for as long as the non-cancellable provision applies?

Eugene: As long as they pay their premiums on time and meet other conditions of the policy.

Victor: That's definitely an excellent reason to get DI coverage young. What is a second reason why you feel it's best to buy a DI policy in your 20s or 30s?

Eugene: Well, you need more than money to buy a disability policy. If the policy is medically underwritten, you need good health. So ideally you want to buy a DI policy when you're healthy.

The longer you wait to apply for a DI policy, the greater your chances of developing health issues from a disease or accident that could make you uninsurable. Not everyone who applies for a disability insurance policy is offered one.

Also, you want to get a DI policy when you're healthy so that if health issues arise later in life, after you have the policy, those conditions will be covered. If you develop health issues like a back problem, depression, and other conditions before getting a DI policy those problems would likely be excluded and not covered on a new policy. Unlike most coverages in the health and life space, the disability underwriter has the right to exclude certain conditions so that the policy can still be offered. We call this a modified offer. This is why it's important to recommend a client obtain a policy as soon as possible.

Victor: And what would you say is the third reason it is best to get a DI policy when young?

Eugene: You want to protect your medical insurability. There are disability policies today with riders that will allow you to get additional benefit in the future—even if your health later changes after the policy has been in force. The company will only require financial underwriting to approve those benefit increases—no medical underwriting. Each company has its own rules and regulations pertaining to this valuable

rider. For example, most companies require that a client not be on claim when applying to increase the policy.

Victor: Can you explain how that rider works?

Eugene: So, your client is a young resident. During her residency she purchases a disability policy with a small monthly benefit. The policy has a rider that will give her the option to increase her coverage later in her career, without any medical underwriting, assuming she's not on claim.

A few years after getting her DI policy the resident is about to finish her residency when she notices a spot on her arm. She visits the dermatologist who tells her the spot is the early stages of a melanoma. The cancer is removed and she's fine.

The resident later finishes her residency and receives a lucrative offer at a well-established medical practice in which each physician obtains their own disability insurance. Now she wants to increase her monthly benefit on her DI policy to keep up with her large, new salary. Thanks to this valuable rider on her policy she is able to get additional coverage without any medical underwriting. These riders may have timing provisions that must be satisfied, so it's important to make note of when an increase can be requested.

In addition, most policies have an automatic increase option as well. This allows the policy to increase by a small percentage, say four or five percent each year for usually five or even six years. At the end of the period most companies then allow the client to apply for another period of increases. Typically only financial underwriting is needed at the time the request is made for another period of automatic increases.

Victor: Thank you so much for all of your insights here. Unfortunately, we need to wrap up this conversation for now. But next time may we continue our talk on this theme around disability insurance for young clients?

Eugene: Yes, sounds good! 🌍