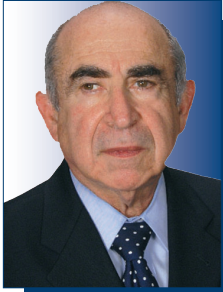


## Disability Insurance Insights...



**EUGENE  
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*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.*

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# Over 150,000 Disability Claims\* Filed August 2021! Talk About Need For An Insurance Product!

**I**t's fascinating to look at the Social Security statistics of filed claims for disability payments. The U.S. Social Security site breaks down the yearly, quarterly, and monthly statistics of actual claims filed (<https://www.ssa.gov/oact/STATS/dibStat.html>). In fact, in 2021, according to the site, over 1.5 million claims were filed. The statistics are further clarified by the following:

*The number of applications is for disabled-worker benefits only and, as such, excludes disabled child's and disabled widow(er)'s benefits. These applications are those received at*

*Social Security field offices, teleservice centers, and claims filed electronically on the internet. Applications ultimately result in either a denial or award of benefits. These counts include applications that are denied because the individual is not insured for disability benefits.*

*Because the application data are tabulated on a weekly basis, some months include five weeks of data while others include only four weeks. This weekly method of tabulation accounts for much of the month-to-month variation in the monthly application data. This method also occasionally causes quarterly data to have either 12 or 14*

*weeks of data instead of 13 weeks, annual data may include an extra week of data.*

It's tough to imagine that more disability claims were filed with Social Security in 2021 than the population of the following states<sup>\*\*</sup>: Wyoming (Population: 581,075); Vermont (Population: 645,570); District of Columbia (Population: 670,050); Alaska (Population: 732,673); North Dakota (Population: 774,948); South Dakota (Population: 895,376); Delaware (Population: 1,003,384); Rhode Island (Population: 1,095,610); Montana (Population: 1,104,271); Maine (Population: 1,372,247); New Hampshire (Population: 1,388,992); Hawaii (Population 1,441,552).

Social Security benefits are limited compared to what can be bought in the individual disability insurance marketplace. In addition, the number of individuals who actually qualify for Social Security disability benefits is a fraction of those who have applied for coverage. This is due to the very high burden that is required to qualify for Social Security disability benefits. In fact, if you use your favorite search engine, you'll find hundreds of attorneys who specialize in trying to assist individuals to qualify for Social Security Disability. Then, even if someone can qualify, the amount of benefit paid out is minimal compared to one's income. In 2019 the average payment for a claimant was \$1,234 per month<sup>\*\*\*</sup> or about \$14,000 per year.

Facts are helpful to understand the dire

need for working clients to have an individual disability income policy (IDI). Can all clients afford to purchase an individual policy? There are plans for all budgets available in the marketplace. If someone has a modest income, they can apply for coverage for a lower amount. What we see though are more applications for higher income earners than lower income earners.

When was the last time you asked your client about their fixed expenses? A client's fixed expenses may vary based on how many children they have and the lifestyle they have chosen. If you wrote down the fixed expenses with one of your working clients, you may be surprised by the final number. For example, say that a client who is married and has a couple of children has the following modest fixed expenses: Mortgage: \$2,600; Utilities: \$500; Food: \$1,000; Car and car insurance: \$1,000; Gas and home maintenance: \$500; Homeowners Insurance: \$400; Health insurance premiums and co-payments: \$1,000... So we are at \$7,000 per month in our example. We are sure based on geography and the quality of these expenses they could easily be lower or higher. Of course there are expenses not even listed that many of your clients have to pay every month in addition to our example. How much would you assume your clients have in fixed monthly expenses? \$6,000, \$7,000...\$8,000 per month?

What if your client is part of the 2022 or 2023 disability statistics? When was the

last time you reviewed your client's actual disability policy to confirm that your client knows what they may or may not have in force? Not only will you be surprised that most of your clients don't own an individual disability policy, but you'll be even more surprised that, when they do have a policy, many clients don't know what they own.

What's the longest vacation your client has taken? The usual answer we find is about a couple of weeks. When you ask why only two weeks... the answer we hear most is they had to get back to work. Next question, "How would your finances be affected if you had to spend years trying to recover from an accident or battling a debilitating disease?" If you have a client that becomes one of the hundreds of thousands that need to file a disability claim, how much coverage do they have? Reach out to your MGA about making disability insurance part of your daily routine. 🌐

#### References:

\*Applicants for Social Security Disability Benefits: <https://www.ssa.gov/oact/STATS/dibStat.html>.

\*\*Population data is from the USDA: [https://data.ers.usda.gov/reports.aspx?ID=17827#P875cfc7d0531441cb3a060627facd603\\_2\\_153iT3](https://data.ers.usda.gov/reports.aspx?ID=17827#P875cfc7d0531441cb3a060627facd603_2_153iT3).

\*\*\*Average payment for Social Security Disability: <https://www.ssa.gov/disabilityfacts/facts.html#:~:text=At%20the%20beginning%20of%202019,%241%2C234%20to%20all%20disabled%20workers.>