

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.

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.

Catastrophic Disability Riders— Another Reason Why Disability Insurance Resonates With Clients

We all know the need for disability insurance. If a client cannot work, how will that client pay for their fixed living expenses? The need is obvious to some clients and to all of us who recommend disability insurance. But every now and then there's a client who will negotiate with us about the need for disability insurance. Sometimes it's a business owner who feels that, for whatever reason, they are invincible to a disability and that, as long as the client can operate a phone, they can still operate the business. Regardless of how difficult it would be to run a business from a bed for months, there are other provisions of the policy that would resonate with this type of client.

It may be surprising to many of you that fewer younger clients know the story of Christopher Reeve and his role as Superman. I'm guessing many of you read-

ing this article know the story, but for those who do not, Christopher Reeve starred in many renditions of the Superman movies in the late 70's and throughout the 80s. His name became synonymous with the character he played on the big screen. This is an actor who had just about everything going for him; he was handsome, had a great career, and a beautiful family and a passion for horses. In May of 1995 he was in an equestrian competition and, for no apparent reason, his horse stopped in its tracks at jump number three. The force of the horse stopping so suddenly sent him flying off the horse, landing head-first, shattering his vertebrae just in the spot to make him a quadriplegic. This is such a horrific story, so awful, and ends tragically with his passing in 2004 at the age of 52.

The story is too horrific to discuss with a client but it is a very telling example of

why disability insurance is so important and needs to be part of a client's portfolio. For almost nine years Reeve was not only disabled, but required care and arrangements for him to be able to live at home. The story of Christopher Reeve also is a good example of why financial professionals should consider a policy with a catastrophic disability rider. These riders may have slightly different names, but most have similar structure. Of course, review the definitions of the policy you consider. This rider can be essential for those disabilities that many clients think about when envisioning a disability.

The catastrophic disability rider will usually pay an additional benefit that, in some policies, can be even more than the individual base policy payment. The triggers to pay benefits may vary slightly depending on the company, but a common theme is that one way to receive the extra benefit is to have a loss of two out of six Activities of Daily

Living. Of course, the insured would still need to have a qualifying disability based on the policy and satisfy any required elimination period. In the example of Christopher Reeve, he became a quadriplegic and would qualify for the extra payments the catastrophic rider would pay out.

When someone has a catastrophic disability not only can the ability to work disappear overnight, but the subsequent costs can be staggering. A person who is so severely disabled may need extra care at home as well. Most likely they will need home modifications, a new van for transportation, ramps to the home, and that's just a few examples. The extra monthly payments can be crucial for the family to help with all the extra expenses. According to the Christopher and Dana Reeve foundation, the cost of yearly care from a 2014 study can be as high as \$184,891. Of course, with inflation, that cost can be even higher.¹

We discussed earlier in the article about the rare occurrence of a client who indicates they can still work through most disabilities. Yet, there are certain injuries or illnesses that would make it difficult for anyone to work. Christopher Reeve is a classic example. A disability policy can be designed to emphasize additional catastrophic benefits, but also provide coverage for a regular disability as well. As most people know, it is hard to work when you have a bad flu, or have your back go out, let alone a severe catastrophic disability.

The next time you get a quote for a client for disability insurance, be sure to ask for the catastrophic disability rider to be part of the illustration. 🌐

Reference:

1. <https://www.christopherreeve.org/living-with-paralysis/costs-and-insurance/costs-of-living-with-spinal-cord-injury>.