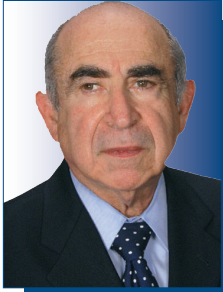


Disability Insurance Insights...



**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
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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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Disability Insurance And New Insurance Producers And Planners—A Perfect Match!

We often get asked by new advisors and insurance producers how one can grow their practice. If you ask 20 sales managers, you will most likely get 20 different answers and suggestions. You can already tell by the title of this article that we are biased towards individual disability insurance.

The theory really goes back to the concept that it is better to make a prospect a client than to turn away a prospect because they do not fit the profile of the client someone may be seeking. For example, a well-established producer may be seeking clients with a certain amount of assets under management or net worth. While a well-established producer may have that flexibility, what about the producer who is

just starting their practice?

Many new producers, especially the younger ones, are in a classic conundrum in building their business, as their center of influences tend to be young and less established as well. Of course insurance products and planning are needed at all ages but, for the young advisor with young clients, there may be those whose product needs may be more limited as well as those that desire to pay for and establish a full financial plan. Luckily, when you have constant contact with a client, a more comprehensive plan can be established at a later date.

Disability insurance tends to resonate with clients of all ages, but especially with clients in certain professions and with those who are self-employed. Take for example

a 30-year-old physician resident who will soon graduate and start their profession in earnest. According to BankRate.com, the average debt of a medical student is over \$200,000,¹ and the income a resident makes is a fraction of what they will eventually be able to earn while practicing. While many financial and insurance products may be very appropriate, disability insurance seems to resonate with many of these potential clients.

Let's take a closer look at these younger professionals with similar incomes. These can be physicians, attorneys, dentists, and those who are self-employed, all with a common theme—they are young and just starting to grow their incomes. According to *theknot.com*, the average age of a married couple in the United States is age 32.² Many times traditional life insurance and financial planning starts after clients get married, which can leave the insurance producer searching for the right product to recommend to those single young professionals. Disability insurance is one of those win, win, win products that should be considered for these clients.

Win number 1: There is tremendous need! The need is obvious, if the young professional has an injury or sickness that doesn't allow them to practice their profession, they need income to pay their bills, pay the loans, and keep them independent. These products can also have provisions that will allow the client to buy more disability insurance in

the future without having to prove medical insurability. We call these provisions future purchase options or some other similar name. We'll discuss this below.

Win number 2: Establishing a client! The beginning insurance producer or planner has made a prospect a client. Establishing and satisfying a financial need is always the most important aspect of recommending an insurance product. Disability insurance allows a planner to have a product at their disposal that can resonate with young clients versus some other products that may not resonate as much or may be much more expensive. Why recommend only one type of product when the insurance producer can include disability insurance in the recommendation?

Win number 3: Having a valid business reason to stay in contact! It's magical when the insurance producer can establish a need, recommend a product and create a client relationship all at the same time. Even better is to have a valid business reason to reach out to the client every few years to review essential product provisions that require action. Most disability insurance policies will either include or allow the producer to add a couple types of increase options. The first is a future purchase or adjustment option which allows the insured to increase their disability insurance without medical insurability. These options always have a limited window of time for them to be requested and do require action

by the insured to apply. This means that the smart insurance producer will recognize the valid business reason to reach out to the client and walk them through the increase process. This allows the producer to possibly reestablish a relationship that may have waned since the policy was first put in force.

In addition, many individual disability policies have an automatic increase benefit that can increase the base benefit by a small amount, say four to five percent per year for usually about five years. At the end of the five years (or time period for that company), most companies allow the automatic increase to continue as long as the client applies for the benefit to continue for another five years or to a certain age. These options always have a limited window of time for them to be requested and do require action by the insured to apply, which again will give the producer a valid business reason to reach out to the client.

In summary, it's essential for the sales managers and for those who are establishing their insurance practice to familiarize themselves with the need for individual disability insurance and how to position this product as one of the essential tools that can help take prospects and turn them into clients. 🌐

Reference:

1. <https://www.bankrate.com/loans/student-loans/average-medical-school-debt/>.
2. <https://www.theknot.com/content/average-age-of-marriage>.