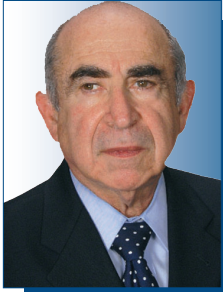


Disability Insurance Insights...



**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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Halloween And Individual Disability Insurance—Don't Let Clients Trick Themselves!

If you are like us, Halloween is one of your favorite holidays. The decorations, the costumes, school parades, and good old fashioned fun. While we enjoy the fun aspects of the holiday, the old saying of "trick or treat" can remind us of disability insurance. Why could such a fun holiday trigger thoughts of disability insurance? The "trick or treat" aspect of the holiday. The contrast of the saying is similar to those who have disability insurance and those who do not. For a moment, think about what goes through your mind right now when we say that your income will stop tomorrow. For many people, it's first fear, then acceptance, then planning: What's my budget? How much cash flow from investments and how much shortfall?

The treat part is knowing that your client has invested in their own income protection. But this treat is not automatic. Most of your clients, if not all of them, hardly wake up in the morning and say to themselves, "I should call my insurance broker and ask about disability insurance." Yes, it may happen from time to time, but usually there's a reason for that call, such as a change in health or someone they know got disabled. Most clients need their broker to reach out and discuss income planning. Ask a client, "What is the longest vacation you've ever taken?" Most clients say only a couple of weeks, if that. When asking further the reason for that answer, typically they say that they need to get back to work. Even if a client is not ready to invest in their own

income protection, you've at least planted the seeds. Just like a farmer, seeds need to be nourished and eventually will grow until they bear the fruits of the labor. In our case, educating clients about the need for disability insurance and how these policies work is the nourishing part of working with clients. Having a client walk through the budget as if their income just stopped is helpful regardless of whether they buy disability insurance or not.

The trick part is what clients do when they create objections for not buying disability insurance. We know they are mostly tricking themselves as to why they shouldn't protect their income. We've talked about the four basic objections many times, but let's briefly review them again and look at them in a slightly different light.

The "No Need" objection: While it's possible your client could survive on their current net worth, the majority of clients cannot sustain their current lifestyle solely on their current assets. They may also be tricking themselves into thinking that a spouse who isn't a major contributor to household income can all of a sudden create as much income as themselves.

The "No Hurry" objection: The client may be tricking themselves into believing that they have all the time in the world to make this decision. While money pays for the premium, the client's good health is part of what is needed to get through underwriting. The client is literally only an accident or sickness away from not being able to qualify for a disability policy. No one plans on being disabled. This is worth repeating: "No one plans on having a disability."

The "No Money" objection: The client may be tricking themselves into believing that they can't afford the premium. The premium is a function of product design and those that are designing the illustration. As planners, we are not here to cause a client a financial problem, but to solve a financial problem. We find keeping the premium at about two to three percent of someone's income tends to resonate with clients. If a client thinks a premium is too high, then the plan can be reduced to make it more affordable. Having at least the cost of the monthly mortgage and utilities would be a good floor to consider.

The "No Confidence" objection: Clients may trick themselves into believing that the

contract may not pay in the event of a claim. Usually, this is a trick reply all together, as the real objection is typically one of the first three, but nonetheless let's assume it's real. We know that insurance companies are very good at following the provisions of their contracts. It's very unusual, if not unheard of, for a company not to pay a valid claim. Therefore, it's encouraged for brokers to recommend individual disability insurance contracts with the broadest or most appropriate definitions a client is able to obtain. It's also important for the broker to make sure a client understands provisions of the policy, such as, but not limited to, the elimination period, the benefit period, and the definitions of disability. Once a client understands these provisions, the "No Confidence" objection should melt away.

We hope you and your family have a fun and safe Halloween season. Remember about "trick or treats" and if you have any clients who are tricking themselves about disability income protection, please reach out to your individual disability insurance resources. 🍬