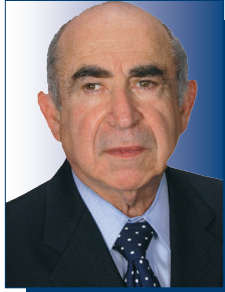


Disability Insurance Insights...



**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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Be The Bridge

Disability Insurance Is A Great Way To Round Out Life Insurance Awareness Month (LIAM)

We hope that you were able to take advantage of Life Insurance Awareness Month in September. Life insurance is an essential tool that is used by most financial planners. When building out a formal or informal back of the napkin type planning, understanding how much income a client needs is essential. There are many different formulas for calculating the amount of death benefit that is most appropriate for clients. Life insurance planning and disability insurance planning share some common elements.

Most likely we can agree that for your clients who work and still haven't met

their retirement savings goals, their earned income is essential. Some could argue that the need for disability insurance can be as great or even greater than the need for life insurance for some of these clients.

Many of your working single clients with no children have a tremendous need for disability insurance. The last thing a single, independently functioning adult wants is to suddenly become reliant on others in order to continue with their current lifestyle. Many of these clients are strong and fiercely independent individuals who, if they experienced an injury or sickness that limited their ability to work, would still need an income to stay

independent.

Individuals with children and/or a non-working spouse not only need life insurance planning, but disability insurance planning is crucial as well. Life insurance can provide a much-needed source of income to the beneficiaries when the primary income owner passes away. The death benefit proceeds can be managed to provide an annual income until the money runs out. While some life insurance policies may have a type of chronic illness rider available, many of these provisions require that some type of actuarial discount be applied at the time of claim. In addition, a few life policies may have disability insurance riders also available, but these tend to be for very short benefit periods with most being no greater than two years.

Situations where both spouses make significant income can sometimes be more challenging for clients to envision the need for disability insurance on one or both of the spouses. In these scenarios, it's important for a client to envision that current household division of duties. Now what would occur if one of the spouses had a significant disability where their ability to work was

severely reduced or the disability made them completely incapable to work at all? What type of responsibilities would the working spouse need to take over from the spouse who no longer has the physical or mental capacity to work? If they have children, most likely, the spouse who can still work now has to shoulder some or all of the daily responsibilities that the disabled spouse once had the ability to regularly take on. Also, what happens to the family if the working spouse suffers a disability that prevents them from also working? In addition, if the spouse who can still work needs to take on more non-working responsibilities, in theory, their ability to work as much or as hard as before may become diminished. Disability insurance can provide insureds a monthly income and this cash flow can provide additional options to these couples, allowing them to not only take care of themselves but also their families.

The other factor that most planners and individuals overlook is that it's not unusual for the disabled individual's other expenses to increase while disabled. There are myriad unthinkable expenses someone who is dis-

abled may need to plan for that wouldn't normally be even thought about.

Expenses such as home modifications in order to make the home more accommodating. Also, there may be costs associated with special types of transportation or accessories needed in order to allow the disabled person to engage in daily life. Not to mention medications not covered by insurance and even the deductible for insurance. The examples are very plentiful once you start really taking a hard look at the cost of care for someone who is disabled.

The good news is that for many of your clients who just bought life insurance, it's possible that some or all the underwriting that was done for the life insurance case may be used for the disability insurance as well. Of course, depending on the company, age of the client, amount of coverage, and many other factors, the underwriting may overlap ever so slightly or completely in full. Don't let all your efforts for LIAM be limited to just life insurance, as there's another extremely important product just around the corner that your client very likely needs. 🌐