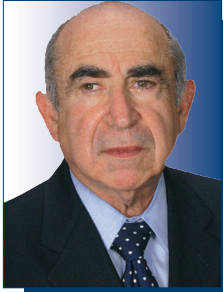


Disability Insurance Insights...



**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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KFC Or Kentucky Fried Chicken? “Disability Income Insurance” Or “Income If You Can’t Work Insurance?”

October is here which means World Chicken Day is here on the second Thursday of October, October 12 this year. This reminds us of the KFC or Kentucky Fried Chicken story. You can look it up, but in general, the KFC marketing name evolved out of the Kentucky Fried Chicken marketing department. This leads us to the name that many of us refer to when describing the product of disability insurance.

When you mention the word “disability” what springs into your mind? For many,

it’s a wheelchair, as that has become the sign for handicapped or disabled parking. In almost every parking lot in America, there are parking spots reserved for those who are considered disabled. Most likely, you know of or have seen someone who needs to utilize handicapped spaces. In addition, you may have a preconceived notion and visual image of what it means for someone to be disabled enough to have a placard.

To many insurance producers, the name Disability Insurance is a misnomer, as the

insurance isn't designed to be medical insurance but to help replace a portion of someone's income if they become disabled. This is why it's important, at the very least, to add the "income" part to Disability Income Insurance. Understanding the psychology of words is essential for people's interpretation and understanding of the planning concepts and insurance products you are recommending.

Some in our industry recommend describing disability income insurance differently all together, as they feel that name conjures up thoughts of wheelchairs, crutches or individuals who have some type of malady that can be visibly seen or heard. While these images may reflect someone who may perhaps qualify for a disability insurance claim, the insurance is designed to replace a portion of income due to these types of conditions. Income replacement is the focus. Perhaps a name such as "insurance to replace your income if you can't work due to an accident or extended illness" would be a better description, but that name is obviously too long.

Disability income insurance is the industry product name, so we need to give better descriptors to our clients. Some producers

will just use the industry name of the product when describing the insurance, with the assumption that the consumer will understand the concept. Others will ask questions to assist the client's understanding of the product. For example, "What is the longest vacation you've ever taken?" Most people will say about two weeks, with the producer's next question being, "Why only two weeks?" The typical answer is, "We had to get back to work." For most people, they need to get back to work in order to make sure an income is still coming into their household.

One of the biggest fears that people have in retirement is outliving their savings and not having enough income available to them in order to maintain their standard of living. These are typically individuals who are on a fixed income.

If someone can't work due to being injured in an accident or having to try to recover from a sickness, they have suddenly become your fixed income clients in that they need to live off their assets. An insurance policy that pays a monthly income to a client who can't work allows the client to have outside cashflow and can allow the preservation of capital and other assets.

Remember, there are essentially two different timelines of injuries or sickness that cause a loss of work. There are the sudden injuries or illnesses that cause one not to be able to work, such as a major car accident or severe stroke. Hopefully that person can get better and eventually get back to work in some capacity.

The other timeline usually involves a longer ramp up before someone is unable to work at all due to their illness. A good example of this would be someone who develops MS, ALS, cancer and many other diseases that have deteriorating properties that eventually can prevent one from having the physical and/or mental ability to work. You noticed that in these descriptions, the word "disabled" was never used. It was actually challenging not to use the word disabled, as it's become so much part of our insurance lexicon. In actuality, it's the lack of ability from an injury or sickness that prevents one from being able to work which causes the financial hardship that planners wish to prevent.

So, remember, regardless of what you call October 9, how you describe disability income insurance to your clients is of daily importance. 🌐