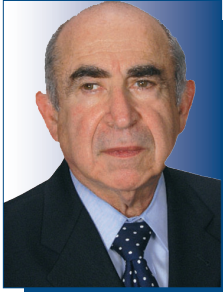


Disability Insurance Insights...



**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, LTCI, 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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Doctors And Disability Insurance

*Do you have any clients who are Doctors?
Make 2022 a time for a DI check up!*

It doesn't matter the type of insurance or financial services that may be your primary focus, if you have clients who are doctors, you most likely have prospects for disability insurance.

Why do so many doctors buy disability insurance? We can only surmise from brokers and their clients, but the answers are very obvious. Doctors learn about sickness and accidents in medical school. Doctors treat patients every day with medical conditions. Doctors see, firsthand, people trying to get better, and people who are suffering not only physically but emotionally. Doctors see the financial devastation that many of their patients experience. Doctors see every day how many chronically ill

patients need to watch expenses and sometimes even forgo medications or treatment due to a patient's financials.

At the end of a doctor's workday he comes home to relax, be with family, and decompress from a full day of seeing and talking to patients. Just like all of us, doctors need to manage their business life and their personal life. Many resident programs will have brief programs or guest speakers that discuss the business of being a physician. Many times, during these sessions, the topic of required and recommended insurance products are discussed. We've been asked to speak and/or sponsor lunch-and-learns for groups of resident physicians to discuss individual disability insurance.

Physicians are among the most popular occupations to purchase individual disability insurance. If you have a client who's a physician, don't assume they have already bought disability insurance. We see illustration requests every day from brokers with physician clients, from all ages, who need disability insurance.

Don't make the mistake of assuming that your client doesn't need coverage or need **more** coverage. This is where brokers miss too many sales and opportunities to help their clients. Take for example a physician who bought disability insurance as soon as they started their practice or even as a resident. His policy may be for \$5,000 or even \$10,000 of monthly coverage. As he grows his practice, income tends to increase, and as income increases his monthly expenses increase. Some of the largest cases we see are add-on cases from doctors who already have coverage and their broker or planner recognized that the doctor was underinsured. Take that same client ten or twenty years later, his income may have doubled, tripled or even more! Many of these clients need more coverage and will increase their coverage when approached with a sound recommendation.

BOE: Another missed opportunity brokers overlook is that physicians (and dentists) who run their own practice need business overhead expense disability insurance as well. Take a physician who has an office, an intake nurse, a receptionist, and a few employees to take care of the account-

ing and insurance claims. That physician could have expenses of \$20,000 per month or more...just for a small office.

Now if that physician can't practice for a year due to, say, cancer treatments, or a car accident that requires many operations and physical therapy...then how will the expenses be paid for the office? At this point the doctor has two choices—keep the practice open in some format or shut it down. The answer usually depends on the disability and if the physician believes that a full recovery is possible. If the client has a business overhead expense policy that can help to cover some or all of the eligible expenses, then it's a lot easier to keep the practice open while the physician tries to recover.

DBO: Another missed opportunity for brokers to assist their clients is with disability buyout coverage. Most physician practices with multiple physicians (and dentists' offices) will usually have a practice or operational agreement among the physician owner-operators. In the operating agreement there's usually a buyout agreement that would be triggered in the event of a death or a disability.

Many brokers will recognize the opportunity to fund the life buyout part with life insurance. Where many brokers fail their clients is not recognizing or emphasizing the need to fund the disability buyout portion of the agreement. The reason this is important is the same reason that a life buyout needs to be funded, it can be very

costly to buy out a disabled partner.

The major difference though is that the disabled partner is still alive, which means there may be more decisions and issues that occur. A disabled partner may not always be totally disabled, so there can be more complexities.

When a partner gets disabled in any business the firm could have significant disruptions in revenue and talent. Replacing a disabled physician can be tricky because, in some cases, it may not be known if the disabled partner will actually come back to work. Then once it's determined that the partner needs to be replaced, it can take time to find the right person.

In addition, if the practice is in a more remote area, in theory it can take even longer to find that right person. Most provisions don't trigger a buyout until the partner is disabled for a significant amount of time, usually a year or longer. The non-disabled partner now has to shoulder more work and find that perfect new partner. All of this and then the non-disabled partner eventually has to come up with funds to pay out the disabled partner a year or longer after the disability started.

Having a disability buyout contract can create the funds that, at this point, may be desperately needed to ensure a smooth transition. It's in all of the doctors' best interest to have a disability buyout contract.

Do you have clients who are physicians? Make it a priority to reach out to your physician clients for a disability check up. 🌐