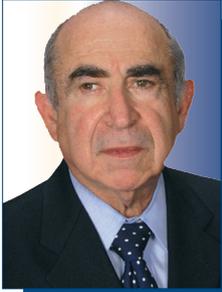


Disability Insurance Insights...



**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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**“Price is what you pay,
Value is what you get.”
—Warren Buffet**

We love this quote because it rings true in so many ways. When you buy anything, you are judging and weighing the cost of the product with the value you receive. If you perceive the value to be higher, then you may be willing to pay a higher price for that product or service. We humbly admit that we are not handy men around the house or cars, and when it comes to hardware, or even tires, we are completely relying on the sales clerk that is helping us. Who knew that for tires you need to choose a type, treadwear warranty, speed rating, wheel size and brand. There's Bridgestone, Goodyear, Hankook, Kumho, Nitto, Sumitomo, Toyo... and the list goes on. The prices vary as much as the names of the companies, and each company has different styles, quality, and

prices... exhausting for us to try to figure this out on our own. We can easily just choose the lowest priced tire, but with my family in the car...we want the best. Tires can be complex on the surface, but a salesperson can be trained to understand and explain the difference so they can recommend the best tires—it just takes some education and training.

As advisors, we know people get disabled and some of them will miss a little work and some will never be able to work again. As an advisor, your client is looking to you for your recommendation. Which tire are you going to recommend? We'll explore the world of disability insurance with you through the course of these columns. While these articles are a good starting point, we strongly recommend that you work with a

disability insurance wholesaler to further your knowledge and ability to understand this marketplace.

One of the first products we'll start with is long term disability (LTD), which is used in the group insurance world. Individual disability is usually known as IDI, while group coverage is known as LTD. There is also STD, for short term disability, but we are going to focus on LTD.

There are four "no" states of mind that can influence any buying decision: No Need, No Money, No Hurry, and No Confidence. Most buying decisions come down to one or more of these four states of mind. When (or in most cases "if") the subject of disability planning is broached by an advisor and a client says, "Don't worry, I have coverage at work"—for many, this is the end of the conversation. Time Out! When a client has LTD this is the start of the conversation not the end. Remember, "Price is what you pay, Value is what you get." For most people, the company will provide the LTD coverage and the employee pays nothing—and the coverage itself can vary greatly. As an advisor, you need to insist on seeing the benefit booklet and as much material as your client can provide (certificate, premium if any, coverage amounts, class information, etc.). Usually their HR department can provide the information.

If you ask any the following questions, people will usually give you just a blank

look:

- Do you know what percentage of income is covered?
- Do you know the monthly cap?
- Do you know the definition of disability and if it changes the longer you are on claim?
- Do you know if the insurance company cancels the group LTD, or if you leave employment, what your options are?
- Do you know what income will reduce your benefits, such as social security, worker's comp, and other retirement programs?
- Do you know which disabilities will reduce your benefits, such as ones that can be attributed to depression, anxiety, back, soft tissue, subjective diagnosis and others?
- Do you know what counts as income (bonus, commissions, pass-through income)?

If a client loses the ability to work due to an illness or accident, their disability insurance policy can become a lifeline. Disabled clients tend to go into financial lockdown and the definitions of that disability policy become paramount. How many times have you read your actual car insurance policy? All of a sudden when someone gets into a car accident, that car insurance policy becomes very important—every word gets analyzed and studied. Words like "and" and "or" can be the difference between a claim and not a claim. This is the same

thing with disability insurance contracts.

It's well known that individual disability insurance (IDI) contracts can provide very comprehensive coverage and, in many cases, more comprehensive than group coverage. Individual policies can lock in premiums, policy language, and coverage amounts for a certain duration. Individual policies can be portable and follow your client regardless of where they work. Your client doesn't need to be locked into a job or company solely due to benefits. The monthly benefit on individual policies can be set up so that it's not taxable, while group LTD is often taxable to the employee. Why is this?

When someone applies for IDI, the insurance company gets to fully underwrite that individual. They get to ask medical questions, obtain medical records, and, if necessary, order standard insurance medical tests. This allows the company to be selective in their risks, which, for the most part, allows more comprehensive policies to be offered. Which brings us back to tires. Which tire are you going to put on that car? Which IDI company and/or product will you recommend for your client? There are a lot of companies and products to choose from and, based on your client, you need to find the one that is the better fit.

We look forward to being your co-pilot in your learning adventure about individual disability insurance. 🚗