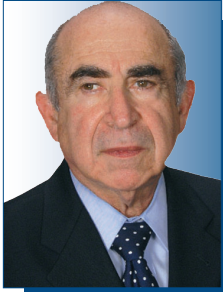


Disability Insurance Insights...



**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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Disability Insurance: Undecided Clients And Unforeseen Need

When you are in the industry of advising clients, it's not uncommon when you run into one that just says "no" when you recommend a product. So if we break down the four most common objections—No Need, No Money, No Hurry, No Confidence—the "No Need" objection is often used by these naysayers.

We all know the right recommendations and, as advisors, we have a choice to express our views with conviction, indifference or passivity. Everyone has different styles and we know that one methodology isn't necessarily the best given the various clients and scenarios we all encounter.

If you use your favorite internet search engine to look up "Sales Bell Curves," you'll notice that most of the graphs you'll see will breakdown consumer decision making into 3 essential categories. First is our favorite, those that always follow the recommendations of the advisors. This is a small percent, usually in the 5-15 percent

range. The next is our least favorite, those that never (or seem to never) follow the recommendation of the advisor. Again usually a small segment, 5-15 percent. The overwhelming percentage in the middle are the "Maybe" or "Undecided" category, which is usually 70-90 percent of the market. You can further breakdown this "Undecided" category to those that would probably follow your recommendations, those on the fence, and those that would probably not follow your recommendations. It's important to know your client before you make any recommendations. Being prepared for your appointment and knowing your client is just as important as knowing the product and underwriting. Regardless of whether a client follows your recommendation, the discussion about "what would happen if your earned income stopped" is extremely beneficial for client awareness and planning for a possible extended disability. While some advisors will just document their file

and move on after they have this discussion, others have such a passion for this product that they want more insight in this decision-making process.

Income: Clients that run paycheck to paycheck, while in need of this product, many times just can't afford a traditional disability product. As a client's income increases, there is more disposable income available and usually more obligations to pay as well.

Occupation: Those in the fields in which they have personal experience or studies in disabilities tend to be some of the most acceptable occupations that obtain disability insurance. This is why physicians, dentists and attorneys are among the top classes that buy individual disability insurance. They have either seen, treated or defended people that have been disabled. They see the devastating effects on their patients, clients and families and understand the need. When you see someone who is not only physically disabled but financially disabled as well, it creates a memorable impression. Other clients need to know that these occupations are among the largest holders of disability insurance because they know and have seen the effects first hand. We also find that disability insurance resonates more, but not exclusively, with clients that are self-employed, business owners, professionals, commission or sales oriented occupations, and those in occupations without group coverage.

Unforeseen Need and Expenses: When discussing and advising your clients that are in the undecided zone of protecting themselves and their dependents from the devastating financial effects of a long-term disability, it's important to not only review a client's fixed expenses but also have your client appreciate the possibility for many unforeseen expenses.

We always opine that it's essential when case designing a disability proposal that the client's fixed expenses are identified. Some advisors will use a fixed budget worksheet to identify and emphasize this information even more. What gets overlooked in this model of planning are the unexpected expenses of a disability, many that will most likely not be covered by traditional health insurance. This point is often missed or not even discussed by many advisors. Do a quick internet search for "The 11 most expensive prescription drugs in America," and you'll see a list that will surprise even the wealthiest of clients. While the list of medicines of \$28,000 to \$50,000 a month is on the extreme side, there are plenty of medicines with very high monthly costs. With the current state of health insurance and prescription drug and other medical costs, the monthly benefit a disability policy would provide would be of great comfort for many people. Also, major medical insurance is very limited in terms of expenses for informal caregiving and custodial care. These are expenses that will be

incurred for some individuals that are disabled. There's also the extra costs affiliated with transportation, home modifications, some equipment for comfort, special foods, loss of earnings for family members that now have to help with care, etc. The list is extensive for the cost of care that becomes an out of pocket expense for those that are disabled. It's not cheap to be disabled in our modern world and having additional monthly disability benefits has become an essential piece of total coverage planning. Of course, a disability policy doesn't pay directly for informal care, custodial care, transportation, home modifications, or drug costs per se, but requires a qualifying disability and satisfaction of the elimination period per the definitions of the policy. There is a rider for some disability contracts that can pay an additional monthly benefit for catastrophic disabilities. This type of rider not only requires that an individual is disabled, but usually will require a loss of Activities of Daily Living (ADLs).

Planning and preparing for your appointments is essential when making product recommendations. Like any good tennis player, you need to know where the ball could go and get there first. When a client is going through a decision process, understanding the four basic objections and how to address each one is crucial. Today's decisions can affect tomorrow's world for your client and their family. 🌐