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# Disability Insurance Sales: The Two Call, Analytical Approach

**F**irst and foremost, disabilities happen. I was recently speaking to a group of 80 brokers about disability insurance. After my presentation, one of the brokers, 50-some years old, wanted to address the group.

To paraphrase, he said: Listen, guys, if you don't think this stuff happens—it does. He continued to say that one day just a couple of years ago, he was like everyone else, thinking about his daily routines and stresses. Then his life changed dramatically—a blood clot unexpectedly traveled to his brain and caused enough damage to make him a paraplegic and confined to a wheelchair. Imagine, one day you're shaving, getting ready for work, and the next day you're in the hospital not knowing what's going to happen—not only to your health, but your lifestyle as well. Without his disability policy, he indicated that he would have been in dire straits.

Another story that day was about a broker who said he really wished he could have convinced his friend to buy the DI policy he recommended because a few years later his friend had a tragic accident that caused him to be paralyzed. The broker lamented, "If only he had bought that policy, or maybe if I had presented it in a different way, then when my friend's mother asked me if her son had a disability policy, I could have answered, yes!"

*There are many moving stories, many tragedies. Please share our passion for disability insurance. Please visit the LIFE Foundation's website, [www.lifehappens.org](http://www.lifehappens.org). Watch as many of the realLIFEstories as you can. Share the passion with your clients and strongly urge your working clients to have a strategy that can be implemented if they experience a tragic disability—one which may or may not include disability insurance.*

**When your phone rings and your client asks about disability insurance, what's your answer?**

Unfortunately, with many brokers, their clients are the ones who initiate a conversation about disability insurance. In many cases, a broker then calls an agency or company to get a disability illustration, which he then presents either in person or, more commonly, by email. With this approach a broker is just "selling" product, and many clients sense when they are being "sold" as opposed to "advised." *The illustration becomes the product being sold, and the success rate of such presentations is much lower than the more analytical, two-call approach.*

## **A More Successful Approach**

A successful call tends to go as follows: A broker is asked about disability insurance by a client or mentions it as part of a financial risk evaluation. **Once the client agrees that disability insurance is important and that a full analysis would be helpful to see if it is needed, the broker schedules an initial appointment.**

During the initial appointment, the plans are reviewed that would go into motion if the client suffered an injury or sickness that either permanently disabled him or required significant recovery time. An analysis is then done to see if disability insurance is needed—no broker wants his client to allocate dollars toward a product that may not be necessary. In addition, if the client is not eligible for coverage or coverage could not be obtained, then additional planning is called for.

This approach really requires no illustration for the first visit. In the first step, the need for the coverage has to be established. *This is crucial.* Remember, first impressions

are hard to break, and your client needs to understand that a strategy needs to be in place if a disability occurs.

Never take for granted that your clients know how imperative it is to have a plan in place. When asked if they have a plan should a disability occur, you'll be surprised that the majority of your clients do not have one. Clients need to be "walked through" the process of an extended disability.

*How to do this? It is rather easy.* Each company has great "pre-need" information and materials for you to review with your clients. One of my favorite pieces is the budget breakout, which shows the amount of income coming in if one is disabled compared to the amount of fixed expenses one has each month. A good example of such a worksheet is available from the LIFE Foundation. (An abridgment of it is shown in the chart below.)

In reviewing this worksheet with your clients and using even the most conservative numbers, almost all of your clients will have a monthly disability need that will range from \$2,500 to \$5,000 or more per month. Ask your

clients if they know where they can obtain \$60,000 a year for 5, 10 or 20 years or more. While disabled, a client must meet expenses, and clients without disability insurance will either have to reduce their expenses or, more typically, take money from assets that were designated for retirement and savings.

Then ask your clients which expenses could be reduced. The car payments? Car insurance? Homeowner's insurance? Health insurance? Selling the family home and downsizing is a possibility; however, how long will this take and how stressed will everyone in the family be during this process?

Would they take the money out of retirement savings? Conversely, ask them how long it took them to build their current savings and how long would it take them to spend what they worked so hard to build. If they were disabled, would they really want to start the process of spending down their savings? Would they really want to sell their assets in today's market?

At this point explain that the other solution is to contract with an insurance company to

pay a monthly amount if they cannot work (of course, based on the definitions of the contract). The cost would be a fraction of the total amount of potential benefit.

At this point you will want to look for the insurance company that would be the best fit for your clients' situation and needs. Ask your clients if they have a budget in mind. Then show them various plans based on their budget.

**The next step of the analysis is field underwriting, which is the second part of the initial call.** In order to get the illustrations, the insurance companies need to essentially evaluate three areas of underwriting: medical, occupational and financial.

✓ **Medical.** Most brokers are familiar with the questions needed, but I would caution you to pay attention to mental; nervous/anxiety medications; and musculoskeletal issues, which include back pain, chiropractic visits, and joint issues, to name a few. Of course there are a myriad of ailments, medications and conditions that can cause exclusion riders or a declination, so gather as much health information as possible.

Open-ended questions are helpful, such as: Ever been diagnosed with a medical condition? Ever been hospitalized or had surgery? Ever seen a doctor for any reason? Ever taken medication?

✓ **Occupational.** What are the daily duties of occupation by percentage (manual, supervisory, administration)? If self-employed, how long has the business been owned? Be patient with your disability marketer because each answer may require additional questions, which in turn may require even more questions. Let your client know that most likely there will be additional questions.

✓ **Financial.** What is your client's income, less expenses, before taxes? If a full or fractional owner, did the business have any losses? Has income changed in the past year? Again, let your clients know that most likely more questions will come up and at the time of application, a copy of tax returns or other documents may be needed.

**Now you're ready to complete your analysis and come back with a plan.** However, this plan may or may not include disability insurance, because your client might not be eligible for coverage. In this case, another plan needs to be put in place.

**The key is not the "sale" but that your clients have experienced the planning process required if a total disability were to occur.** Inevitably, the question will not be if your clients want to buy disability insurance, but how much they want to buy. 🌐

### Disability Insurance Needs Worksheet

#### Monthly Income Available

Income from current group disability coverage .....	\$ _____
Income from current individual disability coverage .....	\$ _____
Income from spouse or other family members .....	\$ _____
Monthly investment income .....	\$ _____

**Total Monthly Income Available<sup>1</sup>** \$ \_\_\_\_\_

#### Monthly Expenses

Mortgage (including property tax) or rent .....	\$ _____
Homeowner's insurance <sup>2</sup> .....	\$ _____
Car payments and insurance .....	\$ _____
Utilities .....	\$ _____
Food and clothing .....	\$ _____
Child care expenses .....	\$ _____
Bank loan and credit card payments .....	\$ _____
Medical expenses .....	\$ _____
Health insurance premium <sup>3</sup> .....	\$ _____
Insurance premiums (life, disability, dental, etc.) .....	\$ _____
Savings, investment and retirement contributions .....	\$ _____
Home maintenance costs .....	\$ _____
Other (education, entertainment, etc.) .....	\$ _____

**Total Monthly Expenses<sup>4</sup>** \$ \_\_\_\_\_

**Income Minus Expenses** \$ \_\_\_\_\_

1. Does not include Social Security disability payments—benefit amount varies by individual case.
2. Don't include if it's part of mortgage payment.
3. If disabled, you can generally maintain your group health insurance coverage, but your employer may no longer contribute toward the premium. Find out the full cost of your health insurance premium should you become disabled.
4. Does not include one-time expenses, e.g., modifying house or automobile to accommodate disability.