

Editor's note: This is a true story but some names, dates and places have been changed or modified due to privacy concerns. If you have a true story to tell, write to me at HIUeditor@aol.com.

True Stories

From the Field

Disability

Insurance: It Just Might Save Your Life

by Ron Cohen, RHU
Baker, TX

“One thing is certain...change. It is the preparation that makes all the difference.”

That's what it says on my website, and for good reason. Here is a story based on real-life events that could happen to any of us.

In the past 37 years, there have been many clients that have experienced disabilities. Truth be told, everybody (yes, I said everybody) in my family has suffered a disability. None, however, is more memorable than that of John, a medical professional who is just a few days younger than me.

Mid-1980s

John had been referred to me by an insurance professional. The agent and I began networking as a result of my contacting him and suggesting we work together. He heard about me and believed it to be a good idea. He simply pointed to his files and said, “They're all yours.” John's was the first file I pulled out. I called him and made an appointment for lunch.

When we got together, I reviewed his disability insurance and noticed that his policy provided a five-year benefit period. I commented, “I would suggest we get you a policy that provides for coverage to age 65.” John agreed, we applied for the coverage, and there was no problem getting it.

Over and done with? Not hardly.

Medical professionals (as well as other professionals and business owners) have other needs as well. Business overhead. In the event they are disabled,

these benefits are designed to pay their rent, employee's salaries, taxes, etc.

Late 1980s

Later, John, now a client and friend, and I went to lunch and the topic came up. I suggested he consider purchasing a Business Overhead policy. He agreed. We applied and the policy came back rated. We were both surprised. I made a suggestion. I told him to take the policy (with the 15% rating) and put it in force. Once it was in force, I would investigate what had happened. He took my advice.

When I spoke with the underwriter, she noted what appeared to be a “genetic condition” that became apparent in the blood study results. The underwriter suggested that he be tested and those results would be taken into consideration. Possibly a removal of the rating could then be considered. I called John and said, “You're not only a client, John, but a friend as well, so I suggest you see a doctor and ask



to have an additional blood work done.” John agreed and thanked me.

A short time later, John called and told me that it was a good thing he did recheck his results, as indeed there was a problem. One that could be dealt with—a genetic condition he would have never known about if he had not taken my advice. Now the business overhead policy was in force and, as it is a con-cancelable contract, no changes could be made to it by the insurer.

John thanked me again and life went on... for a while.

Early 1990s—Bad Things Happen to Good People

It was a Saturday morning when I received a call from John’s wife, only two years after he purchased the disability and overhead policies. She was frantic. The tone of her voice—that is what I remember most. I knew immediately that something was very wrong. “John had a stroke,” she said. “The doctors want to know if they should do a procedure that would clear his airway and help him breathe or ...” I said, calmly, “If John dies, there will be little or no benefits paid from the policies as they are disability policies.”

I then suggested, “Yes, you should do everything to try to save him.” She then explained that he would never be the same (the doctors had told her), perhaps even paralyzed for the rest of his life IF they could save him. I explained to her that in both of John’s policies there was a clause: “Presumptive Disability.”

The clause says: If the insured suffers a loss of sight, speech, hearing, use of one arm and one leg, etc., the elimination period would be waived (benefits would be paid from the first day) and the monthly benefits would be paid for life.

She was upset, and rightfully so. Her world was upside down and she needed advice, and she needed it quickly. The doctors did, in fact, save John’s life.

I visited him every day for two weeks in the rehab center. He listened to me but could not speak. As he began to show signs of being more coherent, I could tell he understood what had happened. One day, with his wife present, we began to realize there were additional problems that needed to be dealt with. “What do I do with John’s practice?” she said. We realized at that point that John would

never be able to go back to work. I told them both the disability policy would provide them with a monthly income.

I also explained that the Business Overhead policy would continue paying monthly benefits to the business and indeed she could find another medical professional to come in and take over the practice. During this period (typically 12 months), the employees could all stay on and get paid, the rent and other expenses would also be paid. This is exactly what happened. One other thing occurred, as well. The replacement professional bought the practice. Again, problem solved. Life went on again... for a while.

Sometime Later

I received a phone call from of John’s relatives. I asked him how John was doing. He told me that indeed John would never work again and he thanked me for all that I had done. He knew the story. I then asked how John’s wife was and was surprised to hear that she and John had divorced. Life goes on, yet this experience, above all others—even those of my own family members—changed my life forever. Disability insurance is the most primary of needs.

Most Americans believe us to be a “wealth-preservation society.” Truth be told, we are an income-producing society, one that would find most Americans in a state of bankruptcy after 90 days of a disability. This is where our mindset needs to be changed. We insure all the golden eggs, but not the goose. Sometimes we might find that disability insurance just might save our lives.

2006—An Update

John is currently in an assisted-living facility. He is not able to work, but doing well. The monthly benefits from his disability policy continue as does his positive attitude and my knowing I was able to help a friend. Perhaps that’s advice that we all should consider. ■



Ron Cohen has been selling disability insurance for 37 years. He is the founder of the Houston AHU and has served as a Texas AHU board member. He is also a recipient of NAHU’s LPRT Lifetime Achievement Award. He has been a consultant to several DI carriers in the development of their products and concepts. Ron can be reached at 713-823-2863 or ron@roncohenrhu.com.

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