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LIFE INSURANCE REVIEW SIMPLIFIED

Factors to Consider When Evaluating a Clients Life Insurance Portfolio

1	**Ownership and beneficiary designations**
	We often find that the ownership and beneficiary designations of an in force policy do not match the clients objectives. Typically a client's need for life insurance will evolve throughout their financial lives. As client's finances evolve, so does the need for better and more complex options. As the purpose of insurance changes from simply providing for a spouse or education fund - to estate settlement purposes (and more), these ownership and beneficiary designations have to reflect that.
2	**Existing variable insurance**
	Given the market returns over the past 10 years, many of these policies will not have the ability to last until life expectancy, and will either require substantially more premium or will lapse.
3	**Existing whole and universal life.**
	Given the significant decline in interest rates over the past 25 years, many of these contracts are not performing at a level even close to what was projected. Some would argue that participating whole life policies may even get to a point where they will not pay dividends.
4	**Declining mortality costs**
	Modern medicine has enabled Americans to live considerably longer that previous generations and that trend is reflected in life insurance claims and experience. It typically takes a carrier around 3-4 years to reflect the new mortality rates in their new products. Current mortality tables are based on 2002. Therefore, any policy issued 5-6 years ago, or more is probably based on substantially higher mortality costs and will reflect higher premiums and lower cash value returns than current contracts.
5	**General expense and commission reductions**
	Like every other industry, costs continue to follow downward pressure, providing a better product for the consumer.
6	**Preferred, super preferred, standard plus and preferred tobacco rates**
	These ratings were not available in the past, making current policies more competitive. As medicine and research advance, carriers today have become more aggressive in underwriting certain conditions when compared to the past.
7	**Riders**
	Such as care solutions, long term care benefits, continuation *after* age 100, (so policies don't endow and create taxation), over loan protection (so withdrawing funds from contract doesn't create lapses that cause taxation), and no lapse guarantees (assuring the client that their policy will pay the beneficiary a benefit if the policyholder pays premiums).
8	**Legislation and tax law changes**
	Provide opportunities for existing policies to fail to accomplish intended strategies.

Caution *must* be exercised in reviewing existing coverage so that the consumer is fully informed of all pertinent issues relating to replacing their existing coverage. An in force ledger should be secured from the existing carrier at current and alternative assumption s and these ledgers should be carefully compared to the new policy ledger.