

69%

Policies have not been reviewed in the last 5 years

20%

Policies that are likely to lapse in the next 3-7 years

30%

Life insurance policies that have no active agent

# PROFORMEX

InForce Policy Management

## WHITE PAPER

# The Policy Review Dilemma

## When was the last time you reviewed your clients' existing life insurance policy?

If you are like most advisors, you probably have not looked at your client's policy since it was purchased and really don't know how the policy is currently performing or how it is projected to perform in the future.

The National Association of Insurance Commissioners (NAIC) suggests that you regularly consider a life insurance policy review to determine if the coverage in your client's policy is still appropriate for their situation. For way too long, the life insurance industry has taken a reactive approach to policy reviews.

In other words, only after the advisor or the policyowner receives notice from the life insurance carrier that a higher premium is needed to keep the policy inforce or, worse yet, getting a notice that the policy has lapsed.

What would cause something like this to happen? During the sale process, projected illustrations are used.

Their purpose is to display what the carrier believes the planned premium will be based on the current interest rate and cost of insurance for the product being sold.

Over time, interest rates and/or cost of insurance charges could change significantly from what was projected on the sales illustrations, causing the policy to stop performing as the policyowner expects it to. Regularly scheduled policy reviews help you keep a handle on these long-term effects.

## When should life insurance policy reviews be conducted?

In a perfect world, you would review your client's life insurance policy when coverage circumstances change. Since life insurance is unlikely to always be top of mind, regular reviews may be a smarter play. Most financial advisors and insurance experts recommend that policy reviews are done on an annual basis. Proactively reviewing your client's policy each year will help uncover any issues sooner rather than later so that you have time to take corrective actions.



## Why are policy reviews needed?

Regularly scheduled policy reviews are critical to ensuring that policyowner expectations are met. Policy reviews confirm policy performance and verifies contract details.

## Why aren't more policy reviews done?

Producing policy reviews is a manual process that is both time-consuming and costly that requires carrier interaction which is a tedious task with a significant margin for error if anything is mistakenly overlooked.

## What should a policy review do?

## What is needed for a policy review?

### Annual Statements

Information that it provides:

1. Contact Details
2. Policy Values
3. Premium Payment Information

### InForce Illustrations

Types of Illustrations:

1. As is: the illustrations will provide a projection of the performance of the policy based on the current planned premium amount.
2. Solve for Premium: to continue the policy to the maturity date or the age of your choice.

### Policy Beneficiaries

Verify that the policy beneficiary's contact information and their share of death benefit is correct.

### Policy Performance

Confirm that the policy is still meeting your client's death benefit, coverage length and premium structure requirements.

### Contact Details

Check your client's personal information to make sure their name, address, phone number, and billing information is accurate.

### Product Alternatives

Compare product alternatives to confirm that your client's policy is still the most appropriate contract for their coverage needs.

## What does Proformex Provide?

1. Requests policy documents annually
2. Monitors your clients' policy performance
3. Provides consolidated alerts
4. Sends notifications
5. Generates individual policy reviews

Proformex provides peace of mind in knowing that your client's best interests are maintained by letting you set and adjust the following policy monitoring guidelines to their specific coverage specifications.



### LAPSE AGE

How long does your client need this policy to remain inforce?



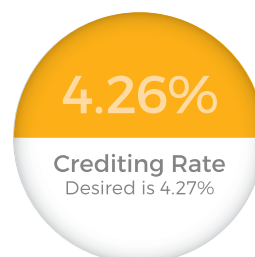
### DEATH BENEFIT

How much coverage does your client need this policy to have?



### PREMIUM

How much money does your client expect to pay into this policy each year?



### CREDIT RATING

What type of return does your client expect in this policy each year?



### COMDEX

What financial strength rating does your client expect this policy's carrier to maintain?

