

HOW IT'S DONE



BGA/Broker Dealer and Producer/Advisor Alignment

Most BGAs and Broker Dealers can improve their bottom line by adjusting the alignment with their top 25 producers and advisors. Creating a business plan that is aligned with these producers/advisors will create a joint focus and traction that can help both parties move to the next higher level of success. There are four steps in the process: **forming, communicating, aligning and inspecting.**

Forming

The first step is to create or update a written business plan. What do you want to accomplish in the short term and what do you want to accomplish in the next 3- 5 years? After you have a clear vision and mission about what you want to do, the next step is to make an assessment of what is currently working, what is not working, what is missing and what needs to change. This can be accomplished by completing a SWOT Analysis of your situation. An honest, thorough [SWOT Analysis](#) (see Pages 23 and 24) will give you direction and help you create strategies and tactics to improve your business. Have each of your team members complete a SWOT and have a meeting with them to discuss the completed SWOTs. The third step is to create a list of daily activities that must be accomplished in order to achieve your objectives.

The last action steps are to put together a one-page outline of your plan which can be used to recruit and develop your producers/advisors and to create a [Capabilities](#) brochure (see page 25) that highlights what you are able to do to help your producers/advisors improve their businesses.

Use a program such as the [SuccessQuest Mapping Program](#) to create your plan. (You can request an account and build your plan by going to www.successquestplan.com/?howate.)

Communicating

✓ Internal

Once your plan is completed, the next step is to communicate it to your internal team and make sure that they understand exactly what needs to be done, by when and who is responsible for executing the various parts of the plan. Each person on the team should clearly understand their roles and assignments. Have them create a list of their top five tasks that must be accomplished daily – this is called the “[Daily 5](#).” As you work through the plan with your team, make sure that they [see](#) how the plan can help both you and them reach the goals. Work with them to make sure that they take [ownership](#) of the plan. The best way to accomplish this is to accept their best ideas and suggestions and build them into the plan. The plan is a living document. Encourage your team members to bring up issues as they occur and what they think should be done to solve them. Have a weekly team meeting and a short daily “huddle” to stay focused.

✓ External

Identify your top 25 sources of business. In most cases these are the people who are responsible for about 80% of your business. Plan to get together with each of them to discuss your plan and capabilities. Put together an agenda of what you would like to cover with them.

Alignment

At the producer/advisor meeting, share your vision and mission. Discuss with each producer/advisor your capabilities. Have them share their business plan with you. Look for places where you can work together more effectively. Uncover areas where they want to improve their offerings, processes, marketing effectiveness and client service.

If the producer/advisor does not have a formal, written business plan, you can decide if you want to invest the time helping them complete one. Use the same process that you used with your team to create a mutually beneficial business plan.

Once you have a clear idea about the areas in which you can work together, the next step is to create a commitment that outlines what each of you will do to support each other. The objective is to align your plan with theirs to create mutual accountabilities. These commitments should be put in writing using the [Commitment Letter](#). Create a list of activities and a timetable to make things happen.

Inspecting

The last step is to set up a meeting schedule to regularly assess the plan and results. Holding each other accountable is part of the critical path in the road to success.

As you hold these conversations with your producers/advisors, you will validate what you already know: most producers/advisors know what they need to do; they just have trouble with the execution. This is where you can be the most helpful. Help them create processes and accountabilities. Your value proposition could be: ***"I will help you keep the promises you made to yourself, your family and your clients. I will coach you to get the things done that you haven't done. I believe in you, I will be invested in you and I will expect you to do your very best."***

Annual Review/Policy Review Sales Process System.

One of the best ways to work effectively with your producers/advisors is to help them set up processes and systems. In the next section you will learn about one particular process and how to effectively help your producers/advisor integrate it into their practices.

The Annual Review/Policy Review Sales Process System is a turnkey package. It includes all the forms, letters and scripts that a producer/advisor needs to work the system. You can edit and reformat the document to match up with your own marketing look. There is also a suggested [Webinar](#) format on page 30.

The key to an effective webinar is to start with your top ten producers/advisors, or other people, who are **Qualified, Committed and Coachable (QCCs)**. These are people who are capable of generating significant amounts of business in your chosen markets. They are people who are willing to commit to working with you and are open to new ideas. Have a sample case that you can discuss and demonstrate the effectiveness of the system. You can use the following material as your handout.

Policy Review Sales Process System

One of the most important things that you can do for your clients is to make sure that they have enough life insurance protection and that the policies they have are capable and adequate to do the job they were intended to do. Things have a way of changing over time; marriage, children, aging parents, new jobs, salary adjustments, goals, and for some divorce. Each of these events can have an impact on the type and amount of life insurance needed to protect one's family and wealth. At the very least, a beneficiary check should be made to make sure that the named beneficiaries are accurate and current. The [Life Transitions Checklist](#) will provide you with a tool to uncover potential opportunities to talk about life insurance with your clients. Coupled with the [Annual Review Letter](#), you will have a process to keep up with your clients.

Start with your own insurance program. Do you have enough life insurance and the right kind to make sure that your family can maintain the lifestyle to which they have become accustomed? Use the [Life Transitions Checklist](#) and the [Multiples of Income](#) chart to assess your own needs.

Background

Understanding one's life insurance policies is not an easy pursuit, yet life insurance is an important and necessary financial product. It deserves your complete comprehension. There is little wonder that people avoid thinking about their policies, or insurance programs because life insurance is associated with death, a subject most people avoid discussing. Also life insurance can be complicated; many policies include from ten to thirty features. Most people have historically thought that most insurance companies were the same. Times have

changed. Interest rates are volatile, investment returns do not continue to increase each year. Inflation can create problems, but it also can solve problems. For example, if cash flow is stretched a little too far in one year, the inflationary increase in cash flow can offset the problem the next year. Consolidation in the insurance business, (mergers & acquisitions) can have an impact on policy forms and service capability.

In today's economy, insurance companies tend to be more conservative. Cost control, pricing, regulations, compliance, competition, and underwriting are creating significant pressures on life insurance companies, not to mention the management of invested assets. The strength of the insurance company and its ability to manage are critical. The best interests of the policyholder must be a primary focus.

Service

Life insurance policies may not have been serviced on a regular basis for several reasons: perhaps the agent that sold the policy is no longer in the business, perhaps the insurance company has merged, or been absorbed by another, or maybe service has been provided on an "as needed" basis and there has been no perceived need.

Some people don't contact the insurance company for fear that an agent will be sent out to sell them more. Some firms or companies view service as an expense, rather than an opportunity to educate, build relationships and goodwill.

Another factor is that agents are generally not paid to service policies that they did not write. For these and other reasons, many policyowners have become orphans and have not received adequate and timely policy service.

Opportunity

The service opportunity according to a recent LIMRA Study is huge:

- ✓ Fifty-six percent of married couples with children under 18 believe they need additional life insurance and 43 percent say they are likely to buy life insurance in the next year.
- ✓ U.S. parents have no trusted advisor to turn to if they need life insurance. Seventy-six percent have no one they rely on for financial advice or information, and 68 percent do not have a personal life insurance agent.
- ✓ Today, insured adults are more likely to have only group life insurance obtained through the workplace. Adults with only group coverage carry the lowest amounts of life insurance.

Many policyowners have not reviewed their policies in years. Some agents have left the business; some policies are owned by “C” and “D” clients and are not being regularly serviced by the agent. There are many term policies on the books that were sold to cover a “temporary” problem, but upon further review, coverage is still needed for the same reason, or another one. Many agents have term policies on the books that are aging and in need of service. Some have conversion options that may expire in the near future. Some have scheduled premium increases and some are about to lapse. Some permanent policies may have loans that are impacting the performance and viability of the policy. Some policies have riders and restrictions that need to be reviewed. Perhaps when the policy was purchased, the insured was a smoker and has long since quit smoking and there is a need to review the contract to reduce the premium charges. Perhaps the insured has lost a considerable amount of weight since the purchase of the weight-rated policy and has

maintained a healthier lifestyle. These are just a few of the reasons why you should review and update your policies and those of your clients. Additionally, new policies have new riders and benefits such as guaranteed death benefits to age 100+ and long-term care riders.

As a general rule, most people purchase life insurance at least five times during their lives, and, not necessarily from the same company or agent. With the proliferation of product and options, it is difficult to keep up with "progress." The tendency in the U.S. is to start over rather than restructure; it's only in the past few years that preservation and remodeling have come into vogue.

Informed Decisions

In the insurance business, if people lost perspective of what they purchased, or didn't understand it in the first place, policies were replaced with new ones. This practice was not always in the best interest of the policyowner. Many of the older insurance programs are excellent and should be kept in place. It may not be necessary to start over, go through new medical exams, new underwriting costs, new contestable periods and new commissions. The best approach is to help your client make an informed decision. Do the best you can to evaluate and compare policies, cost and features to make sure that they meet the ongoing need of the client and his/her family.

What are you prepared to do?

As a financial professional you need to make a decision about how to better service your client's life insurance portfolio:

1. You can service them yourself.
2. You can team up with another agent or advisor to do the policy service analysis.
3. You can make an arrangement with a life insurance wholesaler or Brokerage General Agent (BGA).

Prospecting Profile – which clients should you target for a Policy Review?

- ✓ Clients with school age children.
- ✓ Clients who are near or at retirement
- ✓ Clients with dependent parents
- ✓ Clients who have recently changed jobs
- ✓ Clients with estate liquidity needs (i.e. to pay taxes, provide estate administration and buy-out plans).
- ✓ Clients who want to attempt to increase the family's inheritance, or want to equalize inheritance by providing liquid assets.
- ✓ Clients who no longer need coverage
- ✓ Family business owners wanting to transfer a business from one generation to the next.

What are the Potential Advantages of a Policy Review?

- ✓ Peace of Mind.
- ✓ Possibly lower premium and/or shorter premium payment period.
- ✓ Matching current long-term plan with correct amount of coverage, supplemental riders and insurance plan.
- ✓ Possible improvement in guaranteed values and death benefits.
- ✓ Potential improvement in investment selection options.
- ✓ Possible improvement in death benefits.

What Types of Policies Need to be Reviewed?

- Term insurance** Many agents do not track the 10-year term they sold 8 or 9 years ago. Perhaps it should be rewritten or converted to a permanent form of life insurance. Sometimes the files are "trapped" in the cabinets; not all agents have systems in place to track all of their insurance sales. Agents are often surprised at how many clients they have and how long it's been since they have seen them. Also, many agents do not contact the clients that are 10 years into a 20 year plan, but clients may be in need of more coverage or service.
- Early UL's** Some of these policies may be in danger of lapse or have loans that will lead to their lapse or termination. The answer may be to pay more, reduce the coverage or consider a life settlement solution if they are older. For some clients who no longer need the life insurance coverage, they can exchange the policy for an annuity to leverage tax advantages. If the clients are younger, perhaps more term insurance is appropriate or perhaps a new permanent contract can be purchased by using the cash in the old UL policy.
- Whole Life** Some old whole life plans are non-participating and the policyowner may be better served by purchasing new coverage. Whole life plans with loans are particularly suspect. In some cases, you might be able to use the policy dividends, or reduce the policy cash value to pay off the loans with no out of pocket cash outlays.

Common Problems Found Through Policy Reviews

Here are common problems discovered by a thorough policy analysis:

- ✓ Crediting or dividend rate at time of purchase was 400-500 basis points higher than the current crediting rate of the policy, and no premium adjustment has ever been made. The policy may be underfunded and will lapse well before the client's projected mortality, unless significant dollars are added to the policy in the future.
- ✓ The policy was issued when the client was a smoker; but the client stopped smoking over 10 years ago. Premiums still reflect the smoker classification.
- ✓ Client took out loans on the life insurance policy. The loans are not being serviced and loan interest is accruing inside the policy.
- ✓ The policy was a term policy and is nearing the end of the conversion period or stated term of the policy.
- ✓ Premiums are contractually scheduled to increase by a significant amount.

As a result of the review, you may suggest:

- ✓ "Altering" the existing policies;
- ✓ Keeping current policies in force and changing nothing;
- ✓ Replacing some or all of the policies that are not performing, or changing their structure to better meet specific needs and goals; and/or
- ✓ Settling (selling) policies where the sale price may benefit the client more than cashing them in or replacing them. (Life Settlements)
- ✓ Exchange the policy and pay the same premium, same mode and duration to support an increased death benefit.
- ✓ Exchange the policy and reduce the current scheduled premium with the same mode and duration to support same death benefit.
- ✓ Exchange the policy and potentially increase the income pay out amount and or the duration of income while maintaining the same premium or a reduced premium

Policy Analysis Process

Obtain the client's policies and provide them with a [Policy Receipt](#) for each policy. Obtain [Policy Service Authorization](#) to contact each insurance company. The [policyowner](#) should sign the authorization. In some policies the insured and the owner are not the same, so make sure you have the "owner's" signature.

Some of the items that are listed on the [Request for Policy Information](#) are the beneficiary and ownership designations, cash values, policy loans, dividend options, and premium structure. Most insurance companies are able to provide an "inforce" illustration based on current performance. This is a valuable document for evaluating and updating existing plans and matching them with the objective of the policyowner.

Due Care is an insurance term that encourages financial professionals to measure the strength of insurance companies before making recommendations. Information about the financial strength of each insurance company should be obtained from industry rating services such as Best's, Fitch, Moody's and Standard and Poor's. Information about the carrier's assets, insurance in force, high risk assets, statutory surplus, operating income, and a five year history of performance should also be included in the analysis.

In many cases, significant cost reductions can be developed. Not only will your client have complete information about each policy, but they will also be able to understand them in

simple terms and have the peace of mind that everything is in order.

Beneficiaries

One of the most important decisions to make regarding life insurance is to whom to leave your benefits. That's why it's important to review the beneficiary designations every few years.

There are two types of beneficiaries for a life insurance policy.

1. **Primary beneficiaries** receive a portion or the whole policy benefit if they outlive the insured.
2. **Contingent or secondary beneficiaries** receive proceeds if a primary beneficiary dies before the insured. If your client names more than one beneficiary in either category, they should include the percentages of the death benefit proceeds that they would like each individual to receive, or stipulate "equal shares" to each.

Typical beneficiaries are the spouse, children, grandchildren, other relatives, friends, charities, businesses, trusts or the estate of the insured. Naming individuals, rather than an estate, allows those individuals to receive the proceeds immediately and, generally, without taxation and without delay. Wills do not affect the distribution of life insurance proceeds, unless the sum goes to the estate to be divided according to the will.

Tips for naming beneficiaries:

Spouse: Individuals should be listed by their legal name, as in “George Watson Brown,” rather than “spouse.” In case of a second marriage, “spouse” could be interpreted either as the spouse at the time of the life insurance purchase, or the current spouse. When reviewing the policy, have a conversation with the client about whom they think will be in the best position to make financial and other important family decisions upon their death.

Adult Age Children: As mentioned above it is usually best to name each beneficiary and the percentage of benefits to be received. If the client prefers to use a designation such as “children of the insured in equal shares,” a further clarification should be notes by the use of either “*per stirpes*” (according to the family tree or branch) or “*per capita*” (per head). A designation of “*per stirpes*” means that if the client’s two sons have two children each, and your oldest son dies before you do, his children will each receive his share of your benefits. A designation of “*per capita*” means that the living son, in the case above, would receive the full amount and the oldest son’s family would receive none of the benefit.

Minor Children: Most insurance companies will not pay life insurance proceeds to minors. If any of the children are minors, one of the options is to designate a trust as the beneficiary, with an individual or institution to use the funds for the welfare of your children. The client will need to set up a trust with their family attorney and tax

advisor’s assistance. Another option is to designate two individuals whom the client trusts as beneficiaries, who will make joint decisions about the care and welfare of the children. As the children mature, the beneficiary arrangement should be updated accordingly.

Ownership

Who should own the policy is an important topic. Typically, the insured is the owner. In some cases, however, it may make sense to have someone other than the insured own the policy. In the case of juvenile insurance, it is best that a parent own the policy until such time that the insured takes over the premium payments and the parent wishes the insured to have full control over the policy.

In some cases trusts may own the policy to protect the proceeds from estate taxation.

The policy may be owned by a business that insures its key people or has other business reasons for owning policies of the lives of its employees.

Financial Strength Ratings

One important element in the Policy Review Process is to evaluate the long-term viability of the insurance carrier. Financial strength is the key to the carrier’s ability to meet its obligations and promises. There are four major ratings services: A.M. Best, Fitch, Moody’s and Standard and Poor’s.

For more information about ratings see [What The Ratings Mean](#) on page 18.

Locating the Company that Services Your Life Insurance Policy

It's possible the company that issued the life insurance policy has changed its name, merged with another company or sold the policy to another insurance company. Your client should have been notified of this change at the time it happened. For this reason, it's important to make sure that the client's mailing address is always current on the policy. However, if they did not receive an updated policy, they will need to locate the life insurer that services and pays claims on their policy.

You will need this information to search for the new company information:

- ✓ Make sure you have the entire legal name of the insurance company. This should be listed on the policy or binder.
- ✓ Check to see if there is a mailing address and phone number on the policy or binder.
- ✓ Determine in what state the policy was purchased and when the policy was purchased.

Once you have this information, contact the state insurance department in which the insurance company was located at the time the policy was issued. Many times, the state insurance department will be able to track name changes and/or mergers that impacted the insurance company.

To find contact information for your state insurance department, visit www.naic.org/state_web_map.htm.

You can also use the Life Insurance Company Location System, <https://eapps.naic.org/orphanedpolicy/>

Using the information you have gathered, answer five questions and the system will provide a list of suggested state insurance department contacts that might be able to assist with your search.

More Information

To learn more about your insurance needs throughout your life, go to www.InsureUonline.org.

CASE STUDY SAMPLE

Emmett Sorensen is 55 and he has four life insurance policies totaling \$2,350,000 of coverage. The policies are all cash value life insurance policies with large term blends to keep the premium low. In a reduced interest environment, the policy values are now projected to NEVER offset the premium. Emmett is not interested in paying for these policies forever.

Emmett decides to look at new life insurance and qualifies for the carrier's top rates:

Carrier:	Highly Rated Insurance Carrier
Coverage Amount	\$3.600,000 Insurance Benefit
Premium:	\$1,000,000 of cash value was exchanged from existing life portfolio to the new carrier's policy.
Premium Period:	No further premiums after exchange is completed – guaranteed!
Policy Duration	Death benefit guaranteed to Mr. Sorensen's age of 100. Market conditions will NOT have any effect on the coverage amount or duration.

Summary:

Emmett is thrilled because we are able to:

- Increase the coverage;
- reduce his premium outlay to \$0;
- Lock in the coverage, giving him peace of mind that he will not pay another premium regardless of market performance and will have coverage until his death – guaranteed!

Note:

It is also important to review disability insurance coverage. Like life insurance, coverage levels can lag behind changes in compensation.

Exhibits

Annual Review Letter

Date

Client Name

Address

City, ST ZIPCODE

Dear Client/Prospect,

Periodically it is a good idea to review your situation to make sure that everything is up-to-date and that you have the best possible investment strategies, solutions and coverages in place to meet your current needs. Now is a good time to review your program and to request any services or information. Please take a few moments to review the material below and the Life Transition Checklist on the next page. Please return this letter to me in the postage-paid envelope with your requests so that I can be better prepared to serve you when we get together.

I would like information on the following:

- | | |
|--|---|
| <input type="checkbox"/> Extending/decreasing my current length of coverage | <input type="checkbox"/> Retirement Planning |
| <input type="checkbox"/> Increasing/decreasing my current amount of coverage | <input type="checkbox"/> Tax Protection, Equity Repositioning |
| <input type="checkbox"/> Selling my current policy for a profit | <input type="checkbox"/> Mortgage Insurance |
| <input type="checkbox"/> Annuities | <input type="checkbox"/> Spouse or Child Life Insurance |
| | <input type="checkbox"/> Other |

Please Note:

- | | |
|---|--|
| <input type="checkbox"/> I would like to review my options on my present insurance policy | <input type="checkbox"/> My name has changed |
| <input type="checkbox"/> I would like you to review the insurance policy of a family member or friend | <input type="checkbox"/> My address has changed |
| <input type="checkbox"/> My beneficiary has changed | <input type="checkbox"/> My telephone number has changed |
| <input type="checkbox"/> My marital Status has changed | <input type="checkbox"/> I would like you to contact _____ who needs you advice and services |

I look forward to our next visit and following through on my promise to provide you with the best possible service, products and advice to help your reach your goals and prosper.

Best Regards,

Advisor

Life Transitions Checklist

What happens in your life has an impact on your finances.

By knowing the timing of events in your life we can help you with the financial side of the transition. It is possible that one of the following transitions will take place for you, or someone you know during the next 12 months? Review the list below and identify items by date that will need more discussion during our planning meeting.

Timelines	Event	Timelines	Event
	Marriage		Spouse begins or stops work
	Birth of a Child or Grandchild		Relocation for a New Job
	Divorce		Start-Up New Business
	Death of a Spouse		Losing Job or Failure of Business
	Remarriage		Leaving Employment at Retirement
	Children go to College		Selling Business
	Last Child Leaves Home		Selling Home
	Child Marries		Relocation for Retirement
	Adult Child Divorces or Child's Spouse Dies		Disability or Chronic Illness of Self or Spouse
	Remarriage of Adult Children		Disability or Chronic Illness of Parent/Grandparent
	Purchase of Home		Disability or Chronic Illness of Adult Child
	Leaving a Legacy		Death of Parent/Grandparent
	Receiving an Inheritance		Relocation to Assisted Care Facility
	New Employer/New Career		Parent Relocated to Assisted Care Facility

The Policy Review Script

When evaluating the purchase of a life insurance product, your clients should be aware that in most cases life insurance is needed for as long as the client lives and that values will fluctuate because of economic conditions, rules and regulations, market risks and underwriting losses. Care should be taken to ensure that every life insurance product is suitable for your client.

The Script

Mr. /Ms. Client, I have taken care of your investment portfolio for a number of years and I believe that I have done a good job for you. As part of my duties and obligation as your investment professional, I would like to offer you a useful service. While financial investments make up the bulk of your overall asset base, your life insurance coverage can also be an important part of your overall financial situation. I would like your permission to review your existing coverage to make sure your coverage is adequate and your contracts are performing up to their original standards¹. In order to do this, I will need some information from you...

- 1. When was the last time your insurance program was fully reviewed?*
- 2. Can I see your current life insurance policies?*
- 3. Do you have your most recent quarterly or annual policy performance report or premium notice?*
- 4. Can I get a copy of your company benefit plans and summary plan descriptions?*
- 5. Do you still have any benefit or insurance plans in force from any former employers?*
- 6. Do you have a current inforce illustration detailing your policies current performance?*
- 7. Have you taken out any loans, or altered your original premium payment amount or duration?*
- 8. Has your health changed since you purchased your life insurance policies?*
- 9. Do you recall any special issues when the policies were written, such as riders or restrictions?*

I would like to carefully review each policy to make sure that everything is in order and up-to-date. Having current contact information for each carrier is a valuable service; it really makes things easier for your family when it is time to obtain service and file claims. I will contact each company to make sure that their records are current and accurate. I would like to provide you with a current illustration of the contract's performance. This process usually takes from two to four weeks to complete.

I would like you to sign this form which gives me your permission to analyze your policies and contact the life insurance companies. I will give you a receipt for the policies so that you know exactly what I have in my possession.

My office will contact you if we need any more information from you.

¹ Federal income tax laws are complex and subject to change. The information in this material is based on current interpretations of the law and is not guaranteed. Neither the company nor its representatives give legal or tax advice. Please consult your attorney or tax advisor for answers to specific questions.

Before investing, clients need to understand that life insurance products are not insured by the FDIC, NCUSIF or any other federal government agency; are not deposits or obligations of, guaranteed by or insured by the depository institution where offered or any of its affiliates; may involve market risk, including possible loss of principal.

Policy Receipt

For the purpose of reviewing my life insurance contracts, I have given ____ (Agent/Advisor) ____ the below listed policies:

Company: _____ Policy Number: _____ Insured: _____

The Agent can be contacted at:

Name: _____

Firm: _____

Address: _____

Phone: _____

City, ST, ZIP: _____

Email: _____

Client Sign: _____

Agent/Advisor Sign: _____

Policy Service Authorization Form

Date: _____

To: _____

Regarding Policy number (s)

_____ Insured: _____

_____ Insured: _____

_____ Insured: _____

Please furnish my representative, _____ with information or forms that he/she may request relating to the above policies of which I am the owner. Your prompt corporation will be greatly appreciated.

Signed: _____

(Policyowner)

The undersigned financial professional certifies that he/she is a licensed agent and that he/she will treat in confidence any information furnished on this authorization and use it solely for the purpose of providing service to the policyowner, and that he/she subscribes fully to his firm's position in opposition to the unwarranted replacement of life insurance.

(signed) _____

Request for Policy Information and Inforce Illustration

You can have the client sign the letter and directly receive the information from the insurance company, or you can send your own letter with the Authorization Form. Some advisors like to have the letter come from the client directly; it may speed up the service request. Some delays can be encountered if the insurance company's process includes contacting the agent of record about the request.

To: Customer Service Department of Insurance Company

From: Mr. & Mrs. Policyholder

Date: Current

Re: Request for in-force proposal and contract values

Dear Sir/Madam:

I am in the process of doing my annual insurance audit. Please send actual cash and surrender value, outstanding loans and current loan interest rate, current death benefit, current dividends and dividend option, owner of record and beneficiary information.

Additionally, please send me a current in-force illustration for policy # _____. Please assume current interest rates and current mortality/expense assumptions into the future. Assume continuous payment of premiums as well as a level premium discontinuing the premium at the earliest possible year that will allow the contract to continue to maturity based on current rates.

Finally, I would like to know if this contract contains any pricing elements that are not guaranteed and not disclosed such as persistency bonuses, lapse-supported pricing, mortality improvements in future years or any other pricing elements that may not be guaranteed but could impact on my contract's performance in the future.

Please include the financial strength ratings for ___ (company) ___ from the four major rating services.

Please send all correspondence to my attention: Mr. & Mrs. Joe Policyholder, Street, City, State, Zip

Thank you for a timely response.

Joe Policyowner

(Optional)

Please send copies to my advisor at his/her address as follows. My/Our signature(s) above act(s) as authorization for you to send these copies to the following address.

Joe/Jane Advisor, CLU ChFC CFP

Street

City, State, Zip

Multiples of Income for Underwriting Purposes

Below are the guideline maximum multiples of income for insurance coverage from a major insurer. Use the low end of the range for discussion purposes.

Each spouse should be insured for 10-20 times income on average. The amount indicated in the column should reflect the coverage for both spouses.

Age Range	Multiples of Income
20-30	25-30
31-40	20-25
41-50	15-20
51-60	10-15
61-70	7-10

For ages 71 and over Individual Consideration; e.g. if the client is age 32 and earns \$150,000, the maximum amount of insurance that can be purchased from all companies is \$3,000,000 - \$3,750,000 (20-25 time income)

9-11 Victim's Compensation Fund Married, 2 Children

Shortly after the events of 9/11, the U.S. Congress put together a Victim Compensation Fund for the families of those who died in the attacks. The formula was an attempt to replace the earnings that a victim would have earned had they lived. The table below can be used as a starting point to determine how much life insurance is appropriate.

AGE	\$30,000	\$50,000	\$70,000	\$90,000	\$125,000	\$150,000
30	1,378,746	1,919,542	2,398,540	2,938,411	3,662,281	4,203,648
35	1,198,974	1,614,433	1,985,860	2,398,889	2,959,242	3,378,319
40	1,078,306	1,409,194	1,708,218	2,035,584	2,485,629	2,622,558
45	960,314	1,212,962	1,443,201	1,692,085	2,038,224	2,297,093
50	859,097	1,047,634	1,220,508	1,405,843	1,665,228	1,859,217
55	774,251	909,761	1,034,350	1,166,885	1,353,848	1,493,673
60	700,368	791,232	874,744	963,643	1,089,008	1,182,766
65	650,634	711,444	767,354	826,829	910,730	973,477

What The Ratings Mean:

A number of established ratings firms specialize in assessing insurance companies' performance. The firms evaluate an insurer's financial strength based on its business mix and market position, the strength of its management, profitability, asset quality and its level of capitalization. Financial strength is one of the most important factors that a consumer should consider in selecting a company from which to buy life insurance, health insurance, or an annuity. There are four major rating firms that evaluate the financial strength of life/health insurance companies and publish ratings. Alphabetically, they are A. M. Best Company, Fitch, Moody's Investors Service, and Standard & Poor's. To understand what a rating means, you need to know where the rating fits among the rating firm's categories. For example, A+ looks like a top rating, however, it is Best's second category, Fitch's fifth category, and S&P's fifth category. Similarly, A1 looks like a top rating, but it is Moody's fifth category. Listed below are the ratings and their relative value.

Rating	Definition	Best	Fitch	Moody's	S&P
Superior	Very Strong ability to meet obligations over a long period of time	A++ A+	AAA	Aaa	AAA
Excellent/Very Strong	Strong Ability to meet obligations over a long period of time	A A-	AA+ AA AA-	Aa1 Aa2 Aa3	AA+ AA AA-
Good/Strong	Good ability to meet obligations, but susceptible to economic conditions	B++ B+	A+ A A-	A1 A2 A3	A+ A A-
Adequate	Adequate ability to meet obligations, and susceptible to economic conditions		BBB+ BBB BBB-	Baa1 Baa2 Baa3	BBB+ BBB BBB-
Fair Questionable	Reasonable ability to meet obligations, and susceptible to economic conditions	B B-		Ba1 Ba2 Ba3	
Marginal	Current ability to meet obligations, and susceptible to economic conditions	C++ C+			BB+ BB BB-
Weak	Does not meet minimum established standards and/or under supervision	C C-	BB+ BB BB-		B+ B B-
Poor/Very Weak	Financially extremely vulnerable to adverse changes in underwriting and economic conditions.	D	B+ B B-	B1 B2 B3	CCC+ CCC

What the Ratings Mean (continued)

Rating	Definition	Best	Fitch	Moody's	S&P
Very Poor	Company may be in default on their policyholder obligations or there may be present elements of danger with respect to punctual payment of policyholder obligations and claims.		CCC+ CCC CCC- CC	Caa	
Extremely Poor	Such companies are often in default on their policyholder obligations or have other marked shortcomings		C	Ca	CC
Under Regulatory Supervision	Placed by an insurance regulatory authority under a significant form of supervision, control or restraint whereby they are no longer allowed to conduct normal ongoing insurance operations.	E			R
In Liquidations	Companies that have been placed under an order of liquidation by a court of law or whose owners have voluntarily agreed to liquidate the company	F			
Non-Viable Lowest Classification	Company placed under an order of liquidation		D	C	CCC-
Suspense	Companies that have experienced sudden and significant events affecting their balance sheet strength or operating performance whereby the rating implications cannot be evaluated due to a lack of timely or adequate information.	S			
Not Rated	No Opinion about insurer's financial security			NR	

For more information on Ratings, go to:

A.M. Best: <http://ambest.com/>

Fitch: http://www.fitchratings.com/index_fitchratings.cfm

Moody's: <http://v3.moody's.com/Pages/default.aspx>

Standard & Poors: <http://www.standardandpoors.com/ratings>

If you are looking for the rating of a particular company, you can find it at the above websites, or you can see the carrier's website. You can also request the information using the service request form.

Policy Review Worksheets

On the following pages are a couple examples of worksheets you can use to document each policy. You can also use these form as part of your analysis and presentation to the client.

APPLE TREE

FINANCIAL NETWORK

PHONE (952) 853-1235 FAX (952) 853-0935

www.appletreefn.com

POLICY EVALUATION GUIDE – Data Form – One Per Policy

Current Information

Policy Number

Insured Name	DOB	Gender	Additional Insured Name	DOB	Gender
--------------	-----	--------	-------------------------	-----	--------

Original Underwriting Class – any health changes since issue	Original Underwriting Class – any health changes since issue
--	--

Policy Owner (if different than Insured)	Policy Owner Email Address
--	----------------------------

Policy Owner's Phone: Fax:	Beneficiary Information
-------------------------------	-------------------------

Policy Information

Carrier	Policy Date	Policy Type	Face Amount
---------	-------------	-------------	-------------

Original Purpose of Insurance	Does Purpose Still Exist? Has it Changed? If so, Explain.
-------------------------------	---

Policy Design

Premium Structure	Target CV \$ _____ At Maturity age (____)
-------------------	---

Option (increasing, level, face + premiums)	Riders	Current Cash Value \$ _____
---	--------	-----------------------------

Any loans? Please indicate the amount, interest rate, status and plans for payback (if any).

Other Policy Information

Notes

Considerations

How long will you require death benefit?	Today	Life Expectancy	Age 100	Beyond 100		
How many years do you wish to pay premiums?	1 year	5 yrs	10 yrs	20 yrs	Life Expectance	All years

Prioritize Objectives

Rank from 1-3, 1 being the most important _____ I want to accumulate money for later withdrawals

- use each number only once

_____ Accumulation is secondary, I want the death benefit guaranteed

_____ I want to pay the lowest premium and sacrifice returns and guarantees

The most recent policy statement contains valuable information. Obtain a copy with the form if possible.

Life Insurance Policy Review for _____ (client) _____

	Policy #1	Policy #2	Policy #3
1. Insured's Name?			
2. Policyowner's Name?			
3. Policy Number			
4. Type of Contract?			
5. Term / Permanent?			
6. Issuing Carrier?			
7. Contract Issue Year?			
8. Insured Issue Year?			
9. Issued Underwriting class?			
10. Current Death Benefit?			
11. Policy Loans Taken Out?			
12. Current Cash Surrender Value?			
13. Any Policy Riders?			
14. Current Premium?			
15. Premium Mode?			

Financial Strength

1. Ratings: Best, Fitch, Moody's Standard & Poors										
2. Total Assets										
3. High risk Assets										
4. Current Statutory Surplus										
5. Operating Income last year										
6. Five Year Trend Operating Income (Up, Down, Flat)										

Advisor Contact Information	
Name: _____	Email: _____
Address: _____	Phone: _____
City, St, Zip: _____	FAX: _____

Observations:

Recommendations:

The SWOT Analysis

SWOT analysis is a framework for analyzing strengths, weaknesses, opportunities and threats. Strengths and Weaknesses are **internal** factors – they are about you and your company. Opportunities and Threats are **external** factors, items that you cannot control, but you must be aware of them so that you can build a realistic business plan.

A SWOT analysis is simply reviewing each of your **S**trengths, **W**eaknesses, **O**pportunities, and **T**hreats.

Strengths

1. What are your advantages?
2. What do you do well? What's working?
3. What do other people see as your strengths?

Consider this from your own point of view and from the point of view of the people you deal with. Don't be modest - be realistic. If you are having any difficulty with this, try writing down a list of your characteristics. Some of these will hopefully be strengths!

Weaknesses

1. What could you improve?
2. What do you do badly? What's not working?
3. What should you avoid?

Consider this from an internal and external basis - do other people seem to perceive weaknesses that you do not see? Are your competitors doing any better than you? It is best to be realistic now, and face any unpleasant truths as soon as possible.

Opportunities:

1. Where are the good opportunities?
2. What are the interesting trends you are aware of?

Useful opportunities can come from such things as:

- Changes in technology, products and markets on a broad and narrow scale
 - Changes in government policy related to your field
 - Changes in social patterns, population profiles, lifestyle changes
 - Local events.
-

Threats:

1. What obstacles do you face?
 2. What is your competition doing?
 3. Are the required specifications for your job, products or services changing? Is changing technology threatening your position?
-

SWOT Analysis

Strengths What has been working for you? How well are you and your company known in your territory? How do you measure up competitively? How have you added value here? How do you make a difference? What are your and your Company's advantages?

1.

2.

3.

4.

5.

Weaknesses What could be improved? What obstacles do you have to overcome? What and who should be avoided? What are 5 things that you could work on that would make a difference?

1.

2.

3.

4.

5.

Opportunities What are the good opportunities facing you? What are the interesting trends you are aware of? Useful opportunities can come from such things as: changes in technology and markets on both a broad and narrow scale; changes in government policy related to your field; changes in social patterns, population profiles, lifestyle changes, local events, etc.

1.

2.

3.

4.

5.

Threats What obstacles do you face? What is your competition doing? Are the required specifications for your job, products or services changing? Is changing technology threatening your position?

1.

2.

3.

4.

5.

Capabilities and Resources

Differentiating your business is critical. Most products today can be delivered from a number of sources. Something other than price should differentiate you from your competitors. What is it that you offer that would attract successful producers/advisors? Delivering the right services at the right time in the way the producer/advisor wants it is the key. Producers/advisors are not only learning how to segment their clients, they are learning how to segment their resources. They are continually looking for people who can help them improve their business and add real value to their practice.

What are your producers/advisors thinking when they see you walking through their doorway? Are you just another vendor, or a walking brochure? Or when they see you do they say: "am I glad you're here!"

The 80/20 rule (the Pareto Principle) also applies to resources. Think about all the wholesalers and firms who have called on you over the years. Some were very good, some were average and some were of no help. Learning how to identify and segment your resources to identify those who can really help you and avoid those who have nothing to offer you is another key to effectively managing your time.

When meeting with your producers/advisors, teach them how to segment their resources. As you explain your capabilities to your producers/advisors, you are positioning yourself and teaching them how to select the right resources for their practice. Your goal should be to help them find resources who are great self managers and who deliver on their promises. Here is a list of some of the resources that you could make available to your producers/advisors. Study the list and adjust it to match up with what you can offer.

- Product material
- Market research and analysis
- Prepackaged client seminars
- Prospecting ideas
- Sales ideas
- Point of sale material
- Financial support
- Advanced sales support
- Training
- Marketing material
- Mailers
- Speakers
- Lead generation programs
- Continuing education programs
- Joint work
- Case design and other resources
- Technology Support

There is no way a producer/advisor could afford all the things that you provide. In most cases, you can make these resources available at little or no cost as long as there is a commitment to do business with you. These resources can only be provided to producers/advisors (qualified, committed, coachable - QCCs) who can reciprocate by providing you with sustainable flows of business. **Great relationships have to be mutually beneficial.**

Complete the questionnaire on the next two pages and use it to tell your story about how you can help people take their business to the next higher level. Have each of your team members complete the form as well and then use the information to create your capabilities brochure.

Wholesaler Bio and Talking Points

Part 1 - Personal Information

Name:			
Firm		Address	
Telephone		Cell:	FAX:
Email:			
Length of Service with current firm:	Past Companies Represented:		
Length of service to the financial services sector:			
Professional Designations or advanced degrees:			

Part 2 - Product and Service Information

Product or Service lines:			
Internal Sales Desk:	Name:	Phone:	Email:
		FAX:	
If a BGA, list carriers represented:			
What is your Value Proposition? (Three Sentences or Less)	What is the main reason advisors should meet with you?		
What differentiates you from other providers or vendors?			

Part 3 - Support Services

Where does your product or service fit into our business and our client' portfolios?

What point of sale assistance do you provide?

What case design support do you provide?

What software tools do you provide?

What marketing assistance do you provide? Do you assist advisors with client events, mailers, client seminars, etc.?"

What value-added programs, materials or speakers do you provide or sponsor?

Explain how you support your aforementioned core competencies in client meetings?

What CE programs do you provide or sponsor?

Commitment Letter

**COMMITMENT LETTER
BETWEEN (FIRM)
AND
(PRODUCER)**

In order to assist ___ (producer) ___ and help him/her improve his/her business, ___ (FIRM) ___ agrees to provide the following services to ___ (producer) ___:

(LIST SERVICE CAPABILITIES)

In return, _____ (producer) _____ agrees to commit to the following:

_____ Percent of current business given to ___ (FIRM) ___.

And the opportunity to work with 100% of the future business that ___ (FIRM) ___ quotes and assists in generating.

(Producer)

(FIRM)

(Date)

(Date)

The Webinar

An alternative to a “classroom” style meeting is a Policy Review Webinar. It is efficient and eliminates the need to travel. It can be a very rewarding activity if you follow the process.

- ✓ First, use an online meeting tool such as Webex, Go-To-Meeting, or Adobe Connect. Be familiar with the tool and have someone other than you (a sales assistant) operate the software during the meeting so that you can concentrate on your audience and MC the program. Some rehearsal before the first meeting is always a great idea. A sample PowerPoint Webinar can be found at www.addiewoods.com/wholesalers.
- ✓ Second, Identify **QCC agents** (Qualified, Committed, Coachable). Personally invite them to bring cases to the Webinar for discussion. The invitation should be made by direct communication, so that attendees understand what is expected of them BEFORE they join the meeting. Limit the number of attendees to ten or less so that you can engage them throughout the webinar.
- ✓ Send them the [Prospecting Profile](#) along with other information about the Policy Review Webinar. A producer should identify three clients or prospects for policy review and have their case files available for discussion during the Webinar. The Webinar is both a working and learning session.
- ✓ Have a sample case prepared for the webinar. The objective is to SHOW them how to do a Policy Review, not just tell them. Explain how the process works by example.
- ✓ Producers who attend the session will be asked to commit to completing “X” number of policy reviews and commit to a stated annual premium level in order to have your full back office support. Quantify the value of the process to the client and agents by using a real case example.
- ✓ Ask those who are ready to use the process to email their [Commitment Letter](#) to you.
 1. Coach agents how to approach clients
 2. Coach agents how to make a sale and get case paid