

Conversation starters for a life insurance review

For a thorough review, use this checklist to guide your discussion with a client or prospect.



Topic

What you can say or do

Death benefit amount

How did you arrive at the current amount of coverage?

Do you still feel this is appropriate?

Insurance purpose

What was the original purpose of the insurance? (survivor needs, cover estate taxes, retirement income, business planning, etc.)

Does this purpose still exist? How has it changed?

Ownership

Who is listed as the owner of the policy?

Beneficiary designations

Who is listed as beneficiary(ies) of the policy?

Who are the contingent beneficiary(ies)?

Policy performance

- Interest/dividends
- Load structure
- Expenses
- Mortality costs

Review current annual statement and actual policy to see how the policy is performing and what the contractual fees are.

Improvements in medicine have resulted in an increase in life expectancy. Because of this, many new policies have lower mortality expenses than existing policies, sometimes significantly lower.

Would consolidating multiple policies improve performance?

Topic

What you can say or do

Riders

What riders are on the policy?

Are you paying for riders you may not need any longer?

Living benefits

Does your current policy have chronic illness and/or long-term care features?

Have you given any thought to what would happen if you could no longer take care of yourself?

Do you have a protection plan in place to ease the hardship of a chronic illness?

Term policies

Is there a conversion option? If so, for how long?

What products are available to convert to?

Is the premium increasing (annual renewable term), or is the death benefit decreasing (mortgage insurance)?

Survivorship policy vs. individual policies

Is there a need for second-to-die coverage vs. individual policies?

Death benefit coverage period

How long is the death benefit projected to last? ____ years
For life? Y / N

How long do you want it to last?

- Age _____
- Age 100
- Beyond age 100
- Other _____

Topic

What you can say or do

Impact of policy loans (if any)

Are there loans on any existing policies?

New policies with attractive loan features may be beneficial.

- *Some insurance policies offer loan interest rates that might not be available on the existing policy.*
- *New policies might have a loan provision where the interest credited on the loan amount is equal to the loan interest amount charged on the loan. This could be important if the policyowner doesn't plan to repay the loan.*

Key questions:

- Can you take withdrawals to basis and then loan? Y / N
- Is it a fixed or variable loan rate? If variable, what is the rate formula/guaranteed maximum?
- Is there an automatic paid-up feature available to prevent lapse and potential tax event? Y / N
- If so, is the automatic paid-up feature triggered by the insurance company or the policy owner?

Underwriting classification

What underwriting class was the policy approved for?

Have there been any positive medical changes such as weight loss, quitting smoking, improved blood pressure or cholesterol results, etc.?

Take advantage of more underwriting classifications:

- Years ago, there were fewer underwriting classifications available.
- Since carriers continuously improve underwriting classes, your client might benefit from a lower mortality charge in an exchange of an older policy for a newer one.

Variable policies

Is asset allocation of the policy consistent with your current risk tolerance and objectives for the policy?

Current policy information

Document any existing coverage. If it'll be kept, this will be helpful to present a complete illustration of what you propose going forward. If any policies will be replaced, this will capture all the necessary details upfront while you're at it.

Insured's name _____

DOB _____ Gender _____

Additional insured's name _____

DOB _____ Gender _____

Policyowner phone _____ Policyowner email _____

Policy number _____ Policy date _____ Policy type _____

Insurance carrier name _____ Death benefit amount _____

Death benefit option (level, increasing, face+premiums) _____

Premium amount _____ Frequency _____ Number of years _____

Current interest rate _____ Guaranteed interest rate _____

Current cash value _____ Net surrender value _____ Cost basis _____

Policy design requested

How many years do you plan to pay premiums? _____

Prioritize objectives (number from 1 to 3). I want:

____ To accumulate money to access later for supplemental retirement income.

____ The death benefit to last as long as possible. Accumulation is secondary.

____ To pay the lowest premium possible and am less concerned with returns and guarantees.



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