

# Policy review

Sales idea flyer

## Sales idea

Your client chose their current life insurance policy because it best suited their needs at the time, but have those needs changed? Is their policy still performing according to expectations – and meeting their current needs? A regular life insurance review can help ensure their objectives are still being met. And if they're not being met, you can make the appropriate changes to meet your client's current and future needs. Use the **opportunity tracker (171MM-6)** to identify three clients that may benefit from a policy review.

## Client profile

There are many life events that can prompt a policy review. Use the **life events checklist (171MM-8)** to help determine any life events or future areas of interest or concern with your client.

- **Lifestyle change** – Life changes, such as the birth of the child or grandchild, divorce or change of job may all impact life insurance coverage needs.
- **Interest crediting rates** – Market volatility may have impacted interest rates on life insurance policies and may cause policies to perform outside of original expectations.
- **Underfunded policies** – Policies that are underfunded may result in longer payment periods and higher than expected premiums.
- **Loans, withdrawals<sup>1</sup> or other policy changes** – All of these items may affect the policy's overall performance.
- **Company financial strength** – A policy review provides the opportunity to reaffirm a company's financial stability.

## Benefits

The **client flyer (171MM-10)** is a great piece to remind clients why a policy review is so important. The review of your client's life insurance policy/policies may help them:

### Save money by reducing premium payments

- Today's life insurance products are more efficient than ever and new product developments may create money-saving opportunities for your client.

### Pay the same premium for an increased death benefit

- Longer life expectancies and more effective products may lead to more protection for the same premium.

### Save the policy from lapsing

- Your client's policy may be at risk of lapsing and they may not even know it. A life insurance review can stop a policy from lapsing and help your client maintain the appropriate amount of protection for their situation.

### Confirm company stability

- In today's economy, the financial strength and stability of a life insurance carrier is more important than ever. Recent adjustments in carrier financial stability provide an opportunity for examination.

### Adjust coverage to keep pace with your clients' ever-changing needs

- Change is constant. Life changing events include the birth of a child or grandchild, marriage, death, divorce, or change in job status. All of these changes may affect your clients' life insurance needs and therefore require review of current and future goals.

### Reexamine potential need for new benefits

- Accelerated death benefits<sup>2</sup> may be an attractive benefit to consider.



## Sample questions to ask when conducting a policy review

For all clients with an in-force policy, complete a **policy performance & evaluation report (171MM-9)** to determine their existing coverage. For a comprehensive evaluation beyond the **life events checklist (171MM-8)**, use the **family needs analysis worksheet (673MM)**. Outlined below are questions that should be asked at nearly every policy review.

1. How much coverage do you have currently?
2. What type of insurance do you have?
3. Why did you pick that type of coverage?
4. Do you feel like this is enough coverage?
5. How long has it been since you have evaluated your life insurance needs?
6. Have your goals for your policy changed?
7. Have you experienced any life-changing events?
  - a. Marriage or divorce?
  - b. Birth of a child or adoption?
  - c. Purchased a home?
  - d. Started a business?
8. Are you currently planning for upcoming life events?
  - a. Retirement?
  - b. Saving for college?
  - c. Buying a home?
  - d. Starting a family?
9. Do you have a mortgage or other outstanding debt?
10. Would you or your family be financially stable if you or your spouse/partner were to unexpectedly die?

## Midland National's product line-up

Based on the information provided during the policy review, determine if your client's current coverage meets his or her needs. If not, make recommendations confidently and help the client make an informed decision for the future.

### Term

- Affordable, temporary coverage
- No cash value, designed for death benefit protection
- Level premiums for 10, 15, 20 or 30 years<sup>3</sup>
- Lower premiums due to the limited time period for death benefit protection

### Guaranteed Universal Life

- Offers a lifetime guaranteed death benefit<sup>4</sup>
- Strong "dial-a-guarantee" pricing for guarantees to age 100 or less
- Premium Recovery Endorsement - Allows the policyowner to receive some or all of the total premiums paid when fully surrendering the policy within a 60-day window following the 15, 20, or 25-year policy anniversary.<sup>5</sup> Included for no additional premium.

### Indexed Universal Life

- Death benefit to help protect against lost income
- Tax-deferred<sup>6</sup> cash-value growth up to interest rate cap that mirrors stock index performance, plus possible tax-advantaged policy loans
- An index account with a zero percent floor that's reset annually. Negative index performance won't be a setback.

1. In some situations loans and withdrawals may be subject to federal taxes. Clients should be instructed to consult with and rely on their own tax advisor or attorney for advice on their specific situation. Income and growth on accumulated cash values is generally taxable only upon withdrawal. Adverse tax consequences may result if withdrawals exceed premiums paid into the policy. Withdrawals or surrenders made during a Surrender Charge period will be subject to surrender charges and may reduce the ultimate death benefit and cash value. Surrender charges vary by product, issue age, sex, underwriting class, and policy year.

2. Subject to eligibility requirements.

3. Premiums are guaranteed to remain level for the initial 10, 15, 20 or 30 year period. After the premium guarantee period, premiums will increase annually but will never exceed the Guaranteed Annual Renewal Premium.

4. Subject to premium payment requirements.

5. The Premium Recovery Endorsement allows the owner to fully surrender the policy during the premium recovery period and recover all or a portion of the total premiums paid less any policy debt or withdrawals, including withdrawal charges and processing fees. The total premiums paid will be reduced by the same portion as the death benefit for any acceleration of the death benefit. This endorsement will remain in effect to the 25-year policy anniversary as long as the qualification test is satisfied at each policy anniversary. Generally, the qualification test is met if the gross premiums paid guarantee the policy to at least the insured's attained age of 95, assuming no policy loans are taken. In some instances, additional premium may be required based on underwriting class, table ratings or flat extras. If the Premium Recovery Endorsement terminates, it cannot be reinstated. This benefit is available for a 60-day window following the 15, 20, and 25-year policy anniversaries. The owner may recover up to 50% of paid premiums if exercised following the 15-year anniversary, and up to 100% of paid premiums if exercised following the 20 or 25-year anniversaries. The maximum amount that can be recovered is capped at 50% of the lowest specified amount of the policy. The premium recovery value will never be less than the net cash surrender value. Please reference the policy for complete details.

6. The tax-deferred feature of the Indexed Universal Life policy is not necessary for a tax-qualified plan. In such instances, your client should consider whether other features, such as the death benefit and optional riders make the policy appropriate for your client's needs. Before purchasing this policy, your client should obtain competent tax advice both as to the tax treatment of the policy and the suitability of the product.

Indexed Universal Life products are not an investment in the "market" or in the applicable index and are subject to all policy fees and charges normally associated with most universal life insurance.

Neither Midland National nor its agents give tax advice. Please advise your customers to consult with and rely on a qualified legal or tax advisor before entering into or paying additional premiums with respect to such arrangements.

**Agents offering, marketing, or selling accelerated death benefits for chronic illness in California must be able to describe the differences between benefits provided under an accelerated death benefit for chronic illness and benefits provided under long term care insurance to clients. You must provide clients with the ADBE Consumer Brochure for California that includes this comparison. Comparison is for solicitation purpose only, not for conversions.**

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