



Life & Annuity Brokerage

Life Insurance Policy Review Kit



Gallagher

Insurance | Risk Management | Consulting

Life Insurance Policy Review: When, How and What To Look For

As a financial professional, you probably have spent a significant amount of time and energy building your client base. But how confident are you that each of your clients' life insurance needs continues to be met by their current coverage? One simple way to provide your clients with an ongoing measure of support (and potentially increase your sales in the process) is by conducting regular policy reviews.

Performing periodic life insurance reviews is a sound practice which ensures that your clients' life insurance portfolios continue to meet their evolving needs while keeping pace with ever-changing market conditions. At a minimum, reviews should be scheduled in three to five-year intervals to ensure coverages continue to meet client needs.

Many clients are increasingly risk-averse, and the protection and other benefits that life insurance provides are becoming increasingly important. For clients to receive the maximum benefits their policies can offer, coverage and performance should be reviewed regularly and kept up-to-date. Our convenient, step-by-step approach makes it easy for you to:

1. Recognize the changes in clients' lives and in the life insurance industry, which can trigger the need for a policy review.
2. Record existing coverage and conduct a comprehensive analysis.
3. Provide a report showing any need for additional coverage and/or policy changes to adapt to current circumstances.
4. Potentially save your clients money on premiums by updating policies to reflect positive health changes, new mortality tables, current tax laws, interest rates and more.

WHAT TO LOOK FOR:

- Assess whether the life insurance products which your client has chosen and the amount of insurance they provide, adequately meet their current needs.
- Examine the policy's ownership and beneficiary designations (including a review of any trust documents) to make sure that the policies are in sync with their purpose.
- Analyze changes in insurance company ratings/structure, portfolio management and overall policy performance.
- Make recommendations to help improve policy efficiency.



A Policy Review Can Protect What's Important to Your Clients — **Today**

Depending on the policies your clients already own, there are many ways to adjust their coverage to match their current situation. Here are some of the most common developments that you should probe during regular meetings and be on alert for in conversation as they are likely to have some life insurance impact.

These developments may trigger insurance needs or policy adjustments:

BUSINESS/CAREER

- Career change
- Business start-up
- Business ownership change

HEALTH/AGING

- Positive change in health
- Term policies approaching conversion date expiration
- A need for more living benefits

FAMILY

- Marriage or divorce
- Home purchase or move
- New children
- New adult children
- Special needs children
- Parent care
- Beneficiary updates

POLICY/INDUSTRY

- New, lower mortality tables than existing policy basis
- Changes in tax law
- Review of policies in trusts
- Policy loans
- Policy withdrawals
- Lapse protection



Step-by-Step Process

A policy review can be both a prospecting and a relationship-strengthening tool. Prepare for your meetings and make your recommendations compelling by following these steps.

Prospect	<ul style="list-style-type: none"> • Locate policy review opportunities through new client relationships or from existing clients. Use our sample letters to reach out to prospects. 	
Set up the meetings	<ul style="list-style-type: none"> • You'll need two. One for gathering the information, which may also require your additional follow-up, and a second for presenting your findings and recommendations. 	
Gather financial data, including the original policy	<ul style="list-style-type: none"> • Insist on having your client find the original policy or help them request it from the company. 	
Obtain current objectives	<ul style="list-style-type: none"> • Discuss clients' goals and what they'd like to address. 	
Request in-force illustrations	<ul style="list-style-type: none"> • Use the Authorization of Release of Inforce Policy Information Form and contact the home office of the issuing company. 	
Perform an analysis of the existing policy or contract details	<ul style="list-style-type: none"> • Include premiums, death benefits and guarantees. • Obtain the annual policy summary for current cash and surrender value. • Examine the original illustration. Depending on the age of the policy, there may be valuable benefits they do not want to sacrifice, including interest rates and settlement options. 	
Review the "policy people"	<ul style="list-style-type: none"> • By knowing the policy owner and beneficiaries, you'll learn the client's motivation for taking out the policy, including who was important to them at that time. 	
Evaluate policy performance	<ul style="list-style-type: none"> • Does the policy meet the current needs of the client? • Are there better solutions available in the marketplace? 	
Ask for help from your trusted Gallagher representative	<ul style="list-style-type: none"> • You don't have to do it alone, especially if you are new to policy review or have a complex situation. 	
Present your findings to the client and make your recommendations	<ul style="list-style-type: none"> • There are many good reasons for keeping existing coverage: <ul style="list-style-type: none"> » Surrender charge periods » Existing loans » Health issues » New acquisition costs » Tax law changes » Settlement options » Interest rates 	<ul style="list-style-type: none"> • And other reasons for exchanging: <ul style="list-style-type: none"> » Secondary guarantees and no-lapse premium guarantees » Escalating premiums to keep the policy in-force » Lower mortality tables may equal lower costs » Need for living benefits » Financial health of the insurer


Questions To Ask Clients

CLIENT PROFILE	QUESTIONS TO ASK
Owns qualified plan assets or annuities in excess of \$250,000	<ul style="list-style-type: none"> • Do you plan on spending all of your accumulated assets during retirement? • Do you have charitable intentions/goals? • Are you interested in leveraging this taxable asset more efficiently for legacy planning purposes?
Corporate executives ages 30-50	<ul style="list-style-type: none"> • Are you looking to save more for retirement but are restricted by plan limits? • Does your employer offer a nonqualified plan for retirement?
High-income sole breadwinner	<ul style="list-style-type: none"> • Are you adequately insured for the sake of income protection? • Is your spouse insured? • If something were to happen to him/her, what financial impact would it have on your ability to provide a living?
Family caring for special needs child	<ul style="list-style-type: none"> • Have you considered a special needs trust to help ensure the quality and type of care for your dependent after you pass? • Have you created a life care plan and letter of intent for alternative caregivers?
Grandparents with IRA intent of gifting to children and grandchildren	<ul style="list-style-type: none"> • Are you interested in creating a legacy for multiple generations? • Have you considered stretching your IRA to your grandchildren? • Would you like to use your required minimum distributions on planning for your children?
Insureds ages 50-70	<ul style="list-style-type: none"> • When is the last time you had your life insurance policies professionally audited? • Have you adequately planned for future long-term care expenses?
Family who has maximized lifetime and annual gifts	<ul style="list-style-type: none"> • Have you exhausted your lifetime gifts? • How many trust beneficiaries do you have?
Noncitizen spouse	<ul style="list-style-type: none"> • Are you aware that noncitizen spouses are not entitled to an unlimited spousal transfer of assets? • Have you considered ways to limit estate taxes after your death?
Family that has already executed estate plan	<ul style="list-style-type: none"> • When is the last time your entire plan was reviewed? • Are the trust-owned assets performing in accordance with your current objective and expectations?

Sample Letter: For Existing Life Insurance Clients

Suggested Subject Line: **Policy Review of Your Current Life Insurance Portfolio**

Body Copy:

 Gallagher Insurance Risk Management Consulting	### Street Address Suite City, StateAbbrev Zip## Country	###.###.### www.ajg.com
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Dear (Client Name) ,

One of the many services available as a client of (name of firm) is a policy review of your current life insurance portfolio.

A policy review offers a free analysis of your in-force life insurance coverage, reviews your current goals, and integrates both with the best products the market has to offer. This is a professional service offered to you — free of charge — that will provide you with the analysis you need to make informed decisions.

There are three steps to our analysis:

1. Analyze your policy to confirm your goals and objectives align with your expectations of premium funding and policy performance.
2. Optimize your policy through research and comparison to determine if you can reduce your premiums, increase your death benefit, enhance cash accumulation, extend the duration of the contract, or add a new feature to your existing policy.
3. Recommend changes to your current policy that meet your goals and expectations.

In order to help you take advantage of this complimentary service, I will follow up shortly to ensure that you have received this email and answer any questions you may have.

Thank you for your business and continued support.

Please let me know if I can assist you in any way.


(Producer contact information)

Note these letters are intended for use by financial professionals to cut and paste into their email program and send to their clients and prospects. Note that the highlighted areas should/can be customized.

Sample Letter: For Existing Term Policies

Suggested Subject Line: **Policy Review of Your Current Term Policy**

Body Copy:

 Gallagher Insurance Risk Management Consulting	### Street Address Suite City, StateAbbrev Zip## Country	###.###.### www.aig.com
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Dear (Client Name) ,

As your (insurance agent) , I am committed to reminding you that all of your assets should be reviewed periodically to help ensure that you are on track to meet your financial objectives. Your life insurance portfolio is no different.

Your reasons for having a specific amount or type of life insurance may have changed. The purpose of your insurance may have shifted from family protection to retirement income or estate liquidity. Newly developed products may better meet your financial objectives.

Today, there are even more reasons to review your term life insurance.

Consider the following:

Many companies have made substantial changes to the conversion privileges associated with their policies. It is extremely important to confirm that your policy's conversion options continue to meet your expectations.

A few major insurers have exited the life insurance market and/or restructured their companies over the past few years. A policy review will clarify how these changes may impact your policy, and will help ensure that you maintain a diversified portfolio to guard against any future changes.

The flexibility to receive care at home, if a long-term care event were to occur, is a top priority for Americans; there are now many insurance products which can help to address these needs.

If your policy was originally rated and there has been an improvement in health, there is a possibility of obtaining a better risk class. Even where there has not been an improvement in health, there are new options which are extremely attractive.


My office will be reaching out next week to schedule a time for your complimentary review. We value the trust that you have placed in (name of firm) , and pledge to continue to provide you with the highest quality of service.

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Sample Letter: For Financial Planners

Suggested Subject Line: **Policy Review of Your Current Insurance Policies**

Body Copy:

 Gallagher Insurance Risk Management Consulting	### Street Address Suite City, StateAbbrev Zip## Country	###.###.### www.aig.com
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Dear (Client Name) ,

As your Financial Planner, it is my mission to provide the highest level of service while ensuring that we remain on target to meet your short and long-term financial, professional and personal goals.

It is also my fiduciary responsibility to examine all aspects of your financial plan, including your current life, long-term care, and disability income insurance policies. This review will allow us to help ensure that your assets, investment portfolio and retirement plan are protected in the event of a long-term illness or premature death.

Periodic policy reviews will also ensure that, similar to your investment portfolio, your insurance portfolio is properly diversified to protect you against potential changes in the market.

I will be reaching out over the next few weeks to schedule a time for this extremely important review meeting. In the meanwhile, please consider any financial questions or life-changing events which we should discuss and gather any existing insurance policies for our analysis.

Thank you again for entrusting me with your financial planning; I regard you as one of my most valued clients, and look forward to our upcoming meeting.

(Producer contact information)

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LIFE INSURANCE POLICY REVIEW EVALUATION WORKSHEET

CURRENT INFORMATION

Insured's name	DOB	Gender	Preferred/Standard/Table Tobacco type
Additional insured's name	DOB	Gender	Preferred/Standard/Table Tobacco type
Policyowner (if different than insured)			
Policyowner's phone	Policyowner's cell		
Beneficiary information	Original underwriting class – any health changes since issue		
<p>The primary reason I have life insurance coverage is to address the following:</p> <div> <input type="checkbox"/> Survivor/family income <input type="checkbox"/> Pension alternatives <input type="checkbox"/> Collateral for loan and/or bonding </div> <div> <input type="checkbox"/> Debt reduction (mortgage, credit card debt, etc) <input type="checkbox"/> Legacy to heirs <input type="checkbox"/> Supplemental income at retirement </div> <div> <input type="checkbox"/> Children's/grandchildren's education <input type="checkbox"/> Estate distribution equitability <input type="checkbox"/> Tax-advantaged cash value accumulation </div> <div> <input type="checkbox"/> Estate taxes/liquidity <input type="checkbox"/> Business succession (buy-sell agreement) <input type="checkbox"/> Charitable Gifting </div> <div> <input type="checkbox"/> Key person </div>			

POLICY INFORMATION

Policy number	Policy date	Policy type <input type="checkbox"/> Permanent <input type="checkbox"/> Temporary for _____ years
Insurance company name	Benefit amount	
Original purpose of insurance		
Does purpose still exist? Has it changed? If so, explain.		

POLICY DESIGN

Premium amount	Frequency	Number of years to pay
Current interest rate	Guaranteed interest rate	
Death benefit option (increasing, level, face + premiums)		
Riders		
Current cash value	Net cash surrender value	Cost basis
Any loans? Please include loan type, amount, interest rate and plans for payback (if any).		

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LIFE INSURANCE POLICY REVIEW EVALUATION WORKSHEET

PERSONAL FEELINGS ABOUT LIFE INSURANCE

This best describes my present coverage:

- ☐ I have more coverage than needed.
 ☐ I have the correct amount of life insurance protection.
 ☐ I'm adequately insured at the present time.
 ☐ I'm not sure if I have too much or too little coverage.

The death benefit amount on my policy should: ☐ Remain level ☐ Increase ☐ Decrease

I wish my policy's death benefit was guaranteed. ☐ Yes ☐ No

If yes, the duration of the guaranteed death benefit needs to be:

- ☐ Lifetime ☐ To age 95 ☐ To age 90 ☐ To age ____ ☐ To life expectancy ☐ For ____ years

This is my attitude about the amount of risk within my policy:

- ☐ I want a guaranteed death benefit no matter when I die.
☐ I want a guaranteed death benefit, but I also like the upside potential for cash value or death benefit or both.
☐ I want upside potential on cash value with downside protection; a long-term guaranteed death benefit is not a primary concern.
☐ I am most interested in potential cash value growth; a short-term guaranteed death benefit is a secondary concern.

This is how I prefer to make premium payments:

- ☐ Pay larger amounts early for a shorter number of years.
 ☐ Pay smaller amounts for a longer duration.

I intend to pay premiums: ☐ For the rest of my life ☐ Until retirement ☐ To age ____ years

Considering the following objectives, would prioritize them from 1 to 3, 1 being the most important.

- ☐ I want to accumulate money to supplement my retirement income if needed.
☐ Accumulation is secondary; I want the death benefit guaranteed.
☐ I want the lowest cost and am less concerned about returns and guarantees.

The focus objective of my policy should be its: ☐ Death benefit ☐ Cash value ☐ Both

If cash value growth is a priority, would like my funding pattern to best align with my objectives (policy should remain in-force for lifetime based on a reasonable interest rate):

- ☐ Policy should build sufficient cash value to stay in-force. I may be required to pay additional, perhaps larger, premiums to ensure the policy remains in-force.
 ☐ Contribute as much as possible to maximize tax-advantaged cash value accumulation. I plan to access the cash value.
☐ Policy should remain in-force for my lifetime and the cash value should grow somewhat to provide a cushion.
 ☐ Contribute to not only maximize tax-advantaged cash value accumulation, but also increase the death benefit value as much as possible.

The time frame to accomplish my life insurance strategy should be:

- ☐ Long-term (30+ years or permanent)
 ☐ Mid-term (20-30 years)
 ☐ Short-term (less than 20 years)

I'm interested in the option to access my life insurance to provide added protection against permanent chronic or terminal illness, or help meet long-term healthcare expenses: healthcare expenses:

- ☐ Not at all
 ☐ Somewhat
 ☐ Very much so

IN-FORCE ILLUSTRATION REQUIREMENTS

Same premium and benefit amount at current interest rate

Same premium and benefit amount at ____% assumed interest rate

Solve to pay premiums for ____ years to attain \$_____ cash value at maturity

Other

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AUTHORIZATION FOR RELEASE OF INFORCE POLICY INFORMATION

I hereby authorize _____ and/or GBS Insurance and Financial Services, Inc. and its staff to obtain and/or request information as described on the attached letter regarding my existing life insurance policy(ies) listed below. This information shall include, but not be limited to, inforce ledgers, premium basis, policy dates, cash values, interest/dividend history and underwriting classifications.

The information collected will be held in confidence, but may be reviewed and assessed by qualified personnel consisting of medical, underwriting and actuarial resources or other related employees involved in the submission, receipt or evaluation of insurance applications or prospective applications of GBS Insurance and Financial Services, Inc. affiliated insurance companies and their reinsurers.

The records may be transmitted verbally, via U.S. regular mail, various overnight mail services, and/or the use of secured electronic devices.

This authorization shall be valid for six (6) months from the date below. A copy of this authorization shall be as valid as the original. I understand that I am entitled to receive a copy of this authorization.

I understand that I may revoke this authorization at any time and that the revocation will take effect when my representative receives my written request.

Insurance Carrier	Coverage Type (Ex: Term, UL, VUL, Whole Life)	Policy Number	Issue Date	Insured Name	Date of Birth

Signed on the _____ day of _____, the year _____ at _____
City & State

Print Policy Owner Name:

Policy Owner Social Security or Tax ID:

Policy Owner Address:

No. & Street

City

State

Zip Code

Policy Owner Signature: _____

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