
POLICY ASSESSMENT

Prepared for
Mr. & Mrs. John Smith

February 26, 2011

OBJECTIVES:

PRIMARY: REDUCE PREMIUM

SECONDARY: INCREASE DEATH BENEFIT

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Purpose of this Assessment

Life insurance is often one of the largest and least understood assets on the financial statements of individuals, businesses, and trusts. Even so, it is rarely updated, evaluated, or appraised in a professional manner. This assessment serves to correct that omission by providing a professional third-party overview of your life insurance portfolio.

Why Evaluate Life Insurance?

The life insurance industry has seen numerous and regular changes in the design, pricing, and underwriting criteria of policies and in the financial ratings and stability of the insurance companies themselves. For these reasons it is important to regularly evaluate your life insurance portfolio and available alternatives.

What Factors Have Changed?

Many factors have changed and may affect the performance of your life insurance portfolio. The most common of these factors are:

- **People are living longer.** These extended life expectancies and their impact on the pricing of life insurance is the single most important factor necessitating a review of your insurance portfolio.
- **Interest and dividend crediting rates have changed.** The decrease in historical rates has rendered previous policy projections invalid and may require larger premiums and/or reduced benefits in order to avoid policy lapse.
- **Economic conditions have impacted performance.** Stock market fluctuations are often directly reflected in policy values and may necessitate larger premiums and/or reduced benefits in order to avoid policy lapse.
- **The insurance industry has changed.** Companies have merged, financial ratings and stability have been affected by market conditions, and policy benefits have become more competitive and effective at meeting long-term goals.



Who Conducted this Assessment?

This Policy Assessment was conducted by Insurance Valuation Services, Inc., a professional, third-party research firm. Their team of trusted policy analysts includes professionals from the insurance, legal, and financial industries. Using an inter-disciplinary approach helps assure the objectivity, impartiality, and appropriateness of this assessment.

Insurance Valuation Services, Inc. is a division of Pinney Insurance Center, Inc. (PIC), a national broker of insurance, investment, and financial products. Founded in 1972 and licensed in all 50 states and the District of Columbia, PIC is headquartered in Roseville, California.

Legal Disclosure

This Policy Assessment report was prepared exclusively for you and is designed to assist you in exploring your existing life insurance policies and comparing them against current market offerings. This material is for informational purposes only.

Figures used in this Policy Assessment Report are based on both assumptions and data provided by you, the client, and in-force illustrations and policy specifications obtained from the insurance companies representing your policy(ies).

The dividends, current interest, and/or investment assumptions and current mortality expenses used to prepare this report are not guaranteed. Actual results will vary. This report assumes that the currently illustrated non-guaranteed elements will continue for all years shown. However, it is not likely that the non-guaranteed elements will perform exactly as shown in the in-force illustration(s) or this report.

This analysis should only be used in conjunction with the complete illustration of the companies named in the following pages. This report does not constitute legal or tax advice and does not create an attorney-client relationship. Pursuant to IRS Circular 230, the information contained in this document is not intended to and cannot be used by anyone to avoid IRS penalties.



Executive Summary

John Smith a male, age 65 and Jean Smith a female, age 66 own a Transamerica \$2,500,000 Survivor Life policy originally obtained in 1993. John and Jean's current health appears to be Standard Non-smoker for both insured's based on information provided on the Policy Assessment worksheet and an underwriting review conducted using insurance company published underwriting criteria.

Policy Objectives

Your stated policy objectives were used in the compilation of this report. When you completed the brief data sheet at the beginning of the Policy Assessment process, you stated that the two most important factors to consider during our evaluation were:

PRIMARY: REDUCE PREMIUM

AND

SECONDARY: INCREASE DEATH BENEFIT

All recommendations provided are intended to maximize one or both of these goals and to help you achieve your desired outcome in the most effective and efficient manner.

Current Policy Ownership

Smith Family Trust 100 %

Current Policy Beneficiaries

Smith Family Trust 100 %

Recommendations

Based on the comparative premiums, underwriting, financial stability, and primary goal of Increasing Coverage Amount based on current premiums, the Lincoln National Life policy for \$4,511,187 at a premium of \$20,000 is recommended.



Current Policy and Alternatives Comparison

The below table shows your current insurance policy and how it compares to available alternatives based on a national market survey conducted using your primary and secondary objectives, financial ratings, health class, and premium use as the basis of comparison.

Health Class Comparison

Client	Current Policy	Primary Objective Recommendation	Secondary Objective Recommendation
John Smith	Std. N/S	Std. N/S	Std. N/S
Jean Smith	Pref N/S	Std. N/S	Std. N/S

Financial Ratings Comparison

	A.M. Best	S&P	Moody's
Transamerica Life Insurance	A+	AA-	A1
Lincoln National Life	A+	AA-	A2
MetLife	A+	AA-	Aa3

Premium Use Comparison

Coverage Amount	\$2,500,000	\$4,511,187	\$3,750,000
Premium	\$20,000	\$20,000	\$20,000
Guaranteed to remain In-force to (age):	Lifetime	Lifetime	Lifetime
Projected to remain In-force to (age):	Lifetime	Lifetime	Lifetime

Comments:



Market Survey of Alternatives

Market surveys using your personal health, financial objectives, and your policies current market value were conducted of the available life insurance products offered by more than seventy life insurance companies. A comparison of your current life insurance and the top 3 available alternatives based on your primary and secondary objectives are listed below.

Market Survey: Increase Coverage Amount

Rank	Company Name	Health Rating		Death Benefit	Premium	Coverage Duration	
						<u>Guaranteed</u>	<u>Projected</u>
1	Aviva Life And Annuity	Pref Smoker	/ Pref Smoker	\$4,511,187	\$20,000	100+	100+
2	Lincoln National Life	Pref N/S	/ Pref N/S	\$3,750,000	\$20,000	Lifetime	Lifetime
3	Mutual of Omaha	Pref N/S	/ Pref N/S	\$2,990,000	\$20,000	Lifetime	Lifetime

Market Survey: Cost Reduction

Rank	Company Name	Health Rating		Death Benefit	Premium	Coverage Duration	
						<u>Guaranteed</u>	<u>Projected</u>
1	Lincoln National	Pref Smoker	/ Pref Smoker	\$2,500,000	\$32,000	100+	Lifetime
2	Lincoln National	Pref N/S	/ Pref N/S	\$3,750,000	\$20,000	Lifetime	Lifetime
3	Lincoln National	Pref N/S	/ Pref N/S	\$2,990,000	\$20,000	Lifetime	Lifetime



Financial Stability Review

Third-party carrier ratings offer an unbiased financial measure as to the stability and claims-paying ability of a financial institution. These third-party ratings are offered by such organizations as *A.M. Best Company*, *Standard & Poor's Corporation*, and *Moody's Investors Service*, among others.

Rank	A. M. Best	Standard & Poor's	Moody's
1	A++	AAA	Aaa
2	A+	AA+	Aa1
3	A	AA	Aa2
4	A-	AA-	Aa3
5	B++	A+	A1
6	B+	A	A2
7	B	A-	A3
8	B-	BBB+	Baa1
9	C++	BBB	Baa2
10	C+	BBB-	Baa3
11	C	BB+	Ba1
12	C-	BB	Ba2
13	D	BB-	Ba3
14	E	B+	B1
15	F	B	B2
16		B-	B3
17		CCC+	Caa1
18		CCC	Caa2
19		CCC-	Caa3
20		CC	Ca
21			C

Insurance Company Financial Ratings

The ratings of the respective insurance companies reviewed or recommended are:

Company	A.M. Best	S & P	Moody's
Banner Life	A+	NR	NR
Banner Life	A+	NR	NR
Banner Life	A+	NR	NR



In-Force Policy Projections

The following pages are the in-force projections and ledger of values for your existing life insurance policy. Please review the projections and corresponding ledger with your licensed life insurance advisor.

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