Life Insurance Client Review

Help Ensure Your Clients' Goals Are Met
- Marketing Guide

North American Company
for Life and Health Insurance
Since 1886

Life

FOR AGENT USE ONLY. NOT TO BE USED FOR CONSUMER SOLICITATION PURPOSES.

Give your clients an opportunity to improve their life insurance coverage

Life insurance can be one of the simplest and most powerful forms of financial protection. But left untouched, it may no longer meet your clients' needs. Many people assume their protection is sufficient and appropriate for the duration of their lives. However, life changes, and insurance products change over time. That's why it's important for you to have a regular client review practice in place.

A periodic life insurance client review positions you as an important professional resource. Professional agents know that selling polices and moving on isn't a good approach. Professional agents place insurance in families and businesses and regularly review the circumstances to make sure the coverage in force is both adequate and appropriate. Overall, a client review practice can open doors and help you further build credibility with your clients.

Trust, credibility, and long-term relationships are just the beginning to the advantages of scheduling reviews. For help in putting your client review practice in place, turn to North American Company. We'll help you successfully manage the process and help you grow your business.

LIFE INSURANCE POLICY REVIEW

You work hard to acquire new clients. You invest your time and efforts into helping clients meet their financial protection goals, and now it's time to make sure those goals are still on track. Current clients tend to be very receptive to a review—it shows you're interested in meeting their needs. You may be able to help them improve their situation or simply offer a reassuring confirmation that everything is on track.

In this guide, we'll help you explore the client review process so you can put it to work and help grow your sales. Here are the items that will be discussed.

A Close Look at Client Review

Why Conduct a Client Review?

- Key questions to answer
- Common issues you need to know

How it Works

Client Profile

Why North American?

A CLOSE LOOK AT CLIENT REVIEW

It's up to you to remind your clients about the importance of having the most appropriate life insurance protection. Take the opportunity to reconnect with your clients and review their policies. Ask about their goals and their primary purpose for life insurance coverage. Life changes, and so do life insurance policies—be sure your clients' protection is the right fit. Identifying the goal is important. Meeting client needs is vital.

- Is death benefit protection the single purpose of the insurance coverage?
- Does your client want the opportunity to build cash value for potential use in later years?
- Does your client anticipate any significant life events (marriage, children, home purchase, etc.) in the future?
- If your clients' current policies are not meeting their goals, it may be time to consider changes.

Comparing existing coverage with newer products on the market may show that new death benefit guarantees,[1] lower insurance costs, and competitive crediting rates may create new opportunities for your clients. Your clients may be able to better their coverage, reduce their costs, and help prevent a policy from lapsing because of performance differences from the original illustration.

WHY CONDUCT A CLIENT REVIEW?

A life insurance policy should require as much attention as a client's stock portfolio or mutual fund portfolio. A review can reveal several items that may need attention. A key item to look at is whether or not the client's policy is meeting current needs.

> *"Across all age groups and income levels, insured households said they want to review their life insurance coverage annually. This is significantly higher than in 2010."**

There is important information to discover during a review, like whether the premium payment is supporting the death benefit for the desired duration. Today's life insurance policies are generally more flexible, may offer better pricing, and could include a feature not available in older policies. Given the advances of today's policies, you could help your clients improve their financial stability by helping to maximize the value of their policies.

* Life Insurance and Market Research Association (LIMRA), Facts About Life 2016.

KEY QUESTIONS TO ANSWER

Here are a few questions to answer when reviewing a policy.

- Can the client retain the same coverage, but at a lower cost?
- Is there a policy that offers more coverage for the same premium?
- Can improved death benefit guarantees be found?[1]
- Is the death benefit enough, too much, or just right?
- Is the client pleased with the current cash value growth potential?
- Does the product offer all the features and benefits that the client desires?
- Being ready to help with options that meet your clients' needs gives you credibility. It demonstrates your commitment to helping them secure their financial futures.

COMMON ISSUES YOU NEED TO KNOW

Here are common issues discovered in many life insurance portfolios:

- The crediting rate at time of purchase was projected to be higher than the actual interest rate credited to the policy, and no adjustment to the premium amount has ever been made.
- A policy was issued when the client was a smoker, but the client stopped smoking over 10 years ago. The old policy premiums still reflect the smoker classification.
- The policy is underperforming due to loans, withdrawals, or missed premium payments.[2]
- The client is a recent empty-nester and is considering reduced coverage.
- A client's changing goals put a stronger focus on cash accumulation.

HOW IT WORKS

Let's start by looking at term life insurance policies and a few considerations:

- Is conversion a possibility?
- Do you see policies coming to the end of their level-term periods?
- Has there been a change in health?
- Have the client's needs changed significantly?

Generally speaking, term coverage provides basic life insurance protection. After a significant life event, your client may require a more advanced coverage option.

For clients with permanent life insurance policies:

- If the product being reviewed is whole life insurance, is the client concerned about limited cash value accumulation potential or expensive cost?
- Is the client seeking a product with living benefits or a longer death benefit guarantee period?[1]
- Start by looking at clients who bought policies five or more years ago. Interest rates have changed dramatically over the years, which may affect the performance of your clients' universal life policies.
- See if their plans offer guarantees. Many new universal life products on the market offer death benefit guarantees along with other guarantees that may appeal to the client.[1]
- Get a copy of the last annual policy report, which will show how long the death benefit is guaranteed and/or projected to continue under current premium funding.
- Obtain an in-force policy projection to use as a tool to compare to a new generation North American policy.
- Does your client need the cash value that may or may not be building in the policy?
- Is the client's cash value growth at a level that is expected or desired?

For clients with families, you should inquire about reviewing a spouse's life insurance policy along with any policies on children.

As with many products over time, life insurance products have become more efficiently priced and flexible in nature. In addition, there are many product variations available that can serve as alternatives to older policies that are not performing, or were never structured properly.

CLIENT PROFILE

Some of your best sales are likely to come from your current clients. A review is an opportunity for you to go over their needs, build stronger relationships, and become a trusted representative.

Here are a few items that may trigger the need to review a life insurance policy:

- Change in marital status
- New home
- Children/adoption
- Taking on debt
- Changes in business
- Planning for college
- Planning for retirement

This may include clients who:

- Are concerned about their policy performance
- Want improved death benefit guarantees[1]

Your clients' lives change. There are many events that may prompt a further look at the strategy of their policies. In addition to life events, their health may have even changed. If you have clients who have lost weight or stopped smoking, they may qualify for a better underwriting class. A periodic review will keep you up-to-date with their needs and life changes. When you show your commitment, your clients will notice.

WHY NORTH AMERICAN?

Turn to North American to help with your client review cases. In addition to our knowledgeable Sales Development team, you'll gain several benefits, including:

- **Competitive Products –** With North American you have access to a full portfolio of highly competitive products that include several features and benefits.
  - Competitively priced term insurance with a convertibility feature.
  - A full suite of universal life insurance products that offer accelerated death benefit features and the ability to build cash value.
  - An indexed universal life insurance portfolio that offers up to 10 index selections, access to policy cash values, and accelerated death benefit features.
- **Fair and Consistent Underwriting –** North American is committed to providing fast turnaround times on your submitted business.
- **Competitive Compensation –** North American offers competitive compensation to reward your time and commitment.
- **Financial Stability –** Sound financial ratings and private ownership focused on long-term value.[3]
  - "A+" (Superior) A.M. Best
  - "A+" (Strong) S&P Global Ratings
  - "A+" (Stable) Fitch Ratings

Resources

Sales Development

Phone: (800) 800-3656 ext. 10411

Email: salessupport@nacolah.com

Hours: 7:30 – 5:00 CST, Monday through Thursday
7:30 – 12:30 CST, Friday

1 Subject to premium payment requirements.

2 In some situations, loans and withdrawals may be subject to federal taxes. North American does not give tax or legal advice. 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.

3 A.M. Best is a large third-party independent reporting and rating company that rates an insurance company on the basis of the company's financial strength, operating performance, and ability to meet its obligations to contract holders. A+ (Superior) is the second highest rating out of 15 categories, and was affirmed for North American Company for Life and Health Insurance as part of Sammons Financial Group on July 6, 2017. S&P Global Ratings awarded its "A+" (Strong) rating for insurer financial strength on February 26, 2009 and affirmed on October 19, 2016 to North American for Life and Health Insurance® as part of Sammons Financial Group. The A+ (Strong) rating, which is the fifth highest out of twenty-two, reflects the financial strength of North American Company for Life and Health Insurance®, member of Sammons Financial Group. Fitch Ratings, a global leader in financial information services and credit ratings, on May 2, 2017, assigned an Insurer Financial Strength rating of A+ Stable for North American. This rating is the fifth highest of 19 possible rating categories. The rating reflects the organization's strong business profile, low financial leverage, very strong statutory capitalization and strong operating profitability supported by strong investment performance. For more information, read the Fitch Ratings report.

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.

North American Company
for Life and Health Insurance
Since 1886

We're Here For Life®

www.NorthAmericanCompany.com