

POLICY MANAGEMENT COMPANY



Policy Management Process – Policy Review and Alternative Options Analysis

The process of managing life insurance policies has become more complex and in-depth than simply looking at illustrations of varying rates of return. Below are some of the questions the Valmark Policy Management Company focuses on answering during the review process as well as how recommendations and alternative options are determined.

Policy Review Analysis	Recommendations & Alternative Options
Plan/Design <ul style="list-style-type: none">• What was the original purpose of the policy?• Is the product still the best option?• Has the design of the policy changed over time?• Has the policy been repurposed?• Are there any planned changes to the policy?	Recalibrate <ul style="list-style-type: none">• Is the policy not meeting expectations?• Are the owner and beneficiary designations an issue?• Could the policy benefit from a change to the premium?• Does the subaccount need to be reallocated?• Do any changes need to happen in the next year?
Premium <ul style="list-style-type: none">• Has the premium been paid? As designed?• Is the premium going to change?• Is there potential for the premium to change?	PMC Monitor/Manage <ul style="list-style-type: none">• Is the policy performing as originally intended?• Are all premium requirements currently being met?• Is the policy being used as efficiently as possible?
Performance <ul style="list-style-type: none">• Is the policy meeting the original coverage duration?• Does the coverage meet reasonable standards?• Has the crediting rate or assumed rate of return changed?• Is the assumed rate of return reasonable?• What is the subaccount allocation? Options/Restrictions?• Is the probability of outliving coverage a concern?• What are the riders, policy features, and dividend options?	Replacement <ul style="list-style-type: none">• Can a guarantee be added to the policy?• Is it more efficient to replace than recalibrate?• Is the policy meeting expectations but can be improved?• Is replacement more efficient than conversion?• Have the client's needs changed?• Could the client qualify for better underwriting?• Has the carrier become a problem?
Policy Guarantee <ul style="list-style-type: none">• Does the policy have a guarantee?• Can a guarantee be reinstated?• What is driving the guarantee? Can it improve?• What problems could the guarantee encounter?	Conversion <ul style="list-style-type: none">• Is the policy currently convertible?• Are the conversion options desirable?• Is the carrier desirable?• Has the client's health changed for the worse?
Potential Issues <ul style="list-style-type: none">• Are the expenses going to increase significantly?• Have there been carrier administrative errors?• Have there been changes to crediting rates, charges, etc?• Does the policy have maturity risk?	New / Additional Coverage <ul style="list-style-type: none">• Has it been many years since estate plan review?• Does the current policy meet the needs of the client?• Has the situation changed and more coverage is needed?• Could the client add coverage for no cost?
External Factors <ul style="list-style-type: none">• Are current market conditions skewing our information?• How will changes in interest rate impact the policy?• How has client behavior affected the policy?	Life Settlement or Surrender <ul style="list-style-type: none">• Is the client older and have a substandard rating?• Is the policy exceedingly expensive to fix?• Is the insured older and not planning to convert?



Definitions and Disclosures:

Monitor/Manage: The basis of this recommendation is that the policy is either performing as designed or is relatively close to the design. Refer to the policy review for more information.

Recalibrate: Recalibrate is a broad recommendation meant to keep the current policy in force. This can refer to a recommended change in premium amount, reduction in face value, sub account allocation, etc.

Replacement: Replacement is a recommendation meant to either allow the existing policy to lapse and purchase a new policy in its place, or to perform a 1035 exchange to a different product.

New Coverage: New coverage differs from replacement as it recommends that the existing policy remains in force and that additional coverage be purchased.

Life Settlement: Recommendation is to evaluate life settlement option. The objective is to receive a cash payout greater than the surrender value but less than the face amount. This recommendation includes ending coverage with the existing policy.

Surrender: This recommendation is to take the cash value and end coverage with existing policy.

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Valmark Securities supervises all life settlements like a security transaction and its' registered representatives act as brokers on the transaction and may receive a fee from the purchaser. Once a policy is transferred, the policy owner has no control over subsequent transfers and may be required to disclosure additional information later. If a continued need for coverage exists, the policy owner should consider the availability, adequacy and cost of the comparable coverage. A life settlement transaction may require an extended period to complete and result in higher costs and fees due to their complexity. Policy owners considering the need for cash should consider other less costly alternatives. A life settlement may affect the insured's ability to obtain insurance in the future and the seller's eligibility for certain public assistance programs. When an individual decides to sell their policy, they must provide complete access to their medical history, and other personal information.