

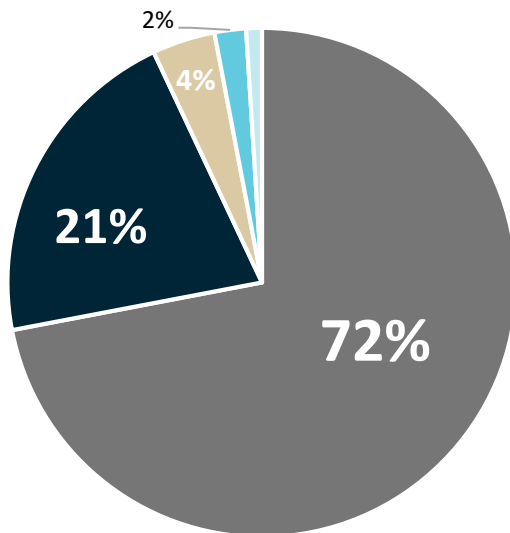


Insurance Policy Review – Results

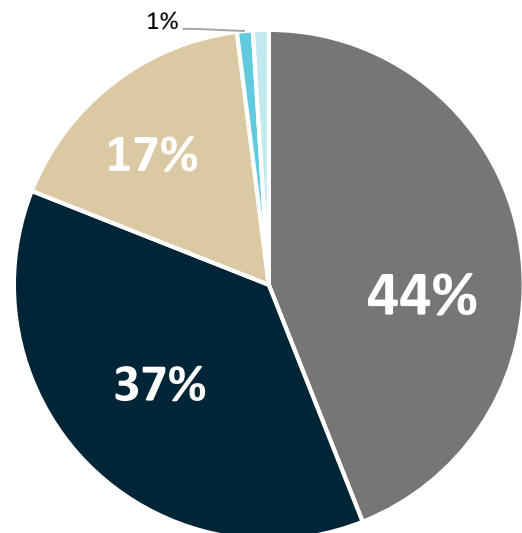
If we look at the results from 5 years of policy reviews on well-placed policies with **professional ongoing management** and compare that to the statistics on inforce policies where there has been only **reactive management**, it is clear that the success rate suffers dramatically without an insurance professional who looks out for the best interests of their clients.¹

- The PMC has found 1 in 4 inforce policies that have been actively managed and maintained require an action to improve the coverage for the client.
- Stats from policies with reactive management, placed by good agents with quality carriers, show that more than half of policies need attention.
- Industry stats are much more grim with 40% of flexible premium permanent contracts projected to lapse within the insured’s life expectancy AND over 80% of the policies that do lapse each year provide no value to the owner.

Professional Ongoing Management



Reactive Management



■ Monitor/Manage ■ Recalibrate ■ Replacement ■ Life Settlement ■ New Coverage

Industry Statistics:

- 12% of guaranteed policies have compromised guarantees²
- 5-10% of policies are in danger of lapsing in less than 3 years²
- 40% of flexible premium policies are currently illustrated to lapse within the insured’s lifetime³



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.

¹Results and statistics comparing PMC Managed Policies to Well-placed Unmanaged Policies are sourced from Valmark Policy Management Company annual policy reviews completed since 5/23/2016.

²Whitelaw and Reis, "Managing Trust Owned Life Insurance Revisited," Trust and Estate (4/99): 38-39.

³Whitelaw and Montag, "The Life Insurance Policy Crisis," (6/2017)

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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.