Policy Analysis Report

A policy performance assessment of the life insurance portfolio for:

Sample Client
Date: September 3, 2014

Sample Agent
12345 Street Name Here
City, State, Zip

Element
INSURANCE PARTNERS

Your life insurance portfolio is an important part of your financial plan and periodic review of this valuable asset is necessary to make sure the benefits you are counting on will be there when they are needed.

Why review your life insurance?

A periodic policy review can uncover opportunities to improve coverage and make adjustments to improve performance. An Element Insurance Partners review analyzes the following:

Is the policy meeting your goals?

When you originally purchased the coverage what did you want your life insurance to do for you? How do those goals compare to how you think and feel today?

Has anything changed with your health?

Your health plays an important role in the cost of life insurance. Because people are living longer and medical advancements are changing life expectancies, life insurance costs are in general are decreasing and innovations in underwriting allow for conditions that were once uninsurable.

Is the current product the best option available?

Interest rates, changes in the stock market, and financial ratings can have a profound impact on policy performance as well as how you feel about your policy as you look into the future.

Is the current carrier meeting performance goals?

Similar to changes in medical underwriting, life insurance companies are continually releasing products with new features and pricing. The product you currently own may be the best option available or there could be other choices to consider. The bottom line is the goal of this process is to shop the market for you, comparing and contrasting your current situation to the other options available to you and empower you to make an informed decision.

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Current Goals & Objectives for Female Client

Original Policy Objective:	Death Benefit Protection / Estate Liquidity
Life Changes Since Original Purchase:	Decreased Estate Tax Liability
Current Concerns for the Future:	Ensure Coverage will not Lapse Prior to Death
Current Policy Objective:	Death Benefit Protection / Estate Liquidity

Existing Policy Summary for Female Client

Current Policy Data Information as of: 06/30/2014			
Insured:	Valued Client	**Attained Age:**	51
Carrier:	ING	**Policy Number:**	12345
Product:	VUL	**Risk Class:**	Preferred Non-Tobacco
Policy Date:	02/05/1998	**Premium Mode:**	Annual
Face Amount:		$1,000,000	
Planned Premium:		$6,500	
Cash Surrender Value:		$71,385	
Guaranteed In-Force To:		No Guarantees	
Projected In-Force To:		Age 76*	
Projected Cash Value at Age 70		$43,589*	
Projected Cash Value at Age 75		$17,103*	
Re-Projected Annual Premium Required to Project Coverage to Maturity:		$8,751	

*Assumes a 6% gross rate of return and current policy charges.

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Current Policy Projections and Stress Testing

The following is a stress test summary of the existing and the projected future performance of the policy based upon varying assumptions.

ING Policy #12345			
	Current	Funding to Maturity	$0 Future Funding
Product Name/Type:	Variable Universal Life	Variable Universal Life	Variable Universal Life
Design Goal:	As-Is	Premium Required to Project Coverage for Life	$0 Future Premium
Current Net Death Benefit:	$1,000,000	$1,000,000	$1,000,000
Illustrated Premium:	$6,500	**$8,751**	$0
Paid Through:	All years	All years	All years
Guaranteed To:	**Not Guaranteed**	**Not Guaranteed**	**Not Guaranteed**
Projected To:	**20 years**	**Lifetime**	**9 years**
Guaranteed Minimum Interest Crediting Rate:	No Guarantee	No Guarantee	No Guarantee
Assumed Gross Rate of Return:	6.00%	6.00%	6.00%
Death Benefit in 15 Years:	$1,000,000	$1,000,000	$0 – Lapsed in 9 Years
Internal Rate of Return on Death Benefit in 15 Years:	15.57%	14.48%	0.00%
Cash Surrender Value in 15 Years:	$39,584	$77,280	$0 – Lapsed in 9 Years
Death Benefit in 30 Years:	$0 – Lapsed in 20 Years	$1,000,000	$0 – Lapsed in 9 Years
Internal Rate of Return on Death Benefit in 30 Years:	0.00%	5.39%	0.00%
Cash Surrender Value in 30 Years:	$0 – Lapsed in 20 Years	$198,279	$0 – Lapsed in 9 Years
AM Best Rating:	A	A	A
Comdex Rating:	83	83	83

Key Policy Data/Findings

1. At the current $6,500 per year funding level, current policy charges and an assumed gross rate of return of 6.00%, this policy is projected to remain in-force to age 76.
2. In order to project this policy to maturity assuming current policy charges and an assumed gross rate of return of 6.00%, the annual premium would need to be increased to $8,751. This amount is not guaranteed and any changes to the policy charges or actual earned rate of return will affect future performance.
3. The future performance of this policy relies heavily on the realized rate of return earned by the selected investment options.

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Product Alternatives and Solutions

The following is a comparison of how the current policy compares to the available marketplace today based on the specified objective.

Current Situation					
Carrier	*AM Best Rating*	*Premium*	*Face Amount*	*Guarantee To / Projected To*	*Additional Policy Features*
ING – Current Policy	A	$6,500	$1,000,000	No Guarantee / Projected to age 76*	Future performance depends on return earned by selected investments

*Assumes current policy charges and a 6% gross rate of return. Alternatives below assume a tax-free exchange of the surrender value in the current policy of $71,385.44. Alternatives assume a Preferred Non-Tobacco rate class.

Coverage Alternatives					
Option #1: Purchase a new Guaranteed Universal Life policy and maintain a $1,000,000 face amount.					
Carrier	AM Best Rating	Premium	Face Amount	Guarantee To / Projected To	Additional Policy Features
Prudential	A+	$4,125	$1,000,000	Guaranteed for Lifetime	No-Lapse Guarantee Provision
Transamerica	A+	$4,245	$1,000,000	Guaranteed for Lifetime	No Lapse Guarantee Provision Multi-Flex Surrender Value Rider
Protective	A+	$4,487	$1,000,000	Guaranteed for Lifetime	No-Lapse Guarantee Provision

Option #2: Purchase a new Guaranteed Universal Life policy and maintain $6,500 premium.					
Carrier	AM Best Rating	Premium	Face Amount	Guarantee To / Projected To	Additional Policy Features
Prudential	A+	$6,500	$1,244,000	Guaranteed for Lifetime	No-Lapse Guarantee Provision
Transamerica	A+	$6,500	$1,229,000	Guaranteed for Lifetime	No Lapse Guarantee Provision Multi-Flex Surrender Value Rider
Protective	A+	$6,500	$1,154,000	Guaranteed for Lifetime	No-Lapse Guarantee Provision

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Company Rating and Financial Strength Comparison

Life Insurer Financial Profile				
Company	*ING Life Ins & Ann*	*Prudential Ins Co of America*	*Transamerica Life Ins Co*	*Protective Life & Ann Ins*
Ratings				
A.M. Best Company (Best's Rating, 15 ratings)	A (3)	A+ (2)	A+ (2)	A+ x (2)
Standard & Poor's (Financial Strength, 20 ratings)	A- (7)	AA- (4)	AA- (4)	AA- w- (4)
Moody's (Financial Strength, 21 ratings)		A3 (7)	A1 (5)	A1(5)
Fitch Ratings (Financial Strength, 21 ratings)	A- (7)	A+ (5)	AA- (4)	A(6)
Weiss (Safety Ratings, 16 ratings)	B (5)	B (5)	B- (6)	B (5)
Comdex Ranking (Percentile in Rated Companies)	73	91	93	89
Assets & Liabilities				
Total Admitted Assets	85,670,136	296,637,147	115,276,063	2,162,686
Total Liabilities	83,659,374	287,254,566	110,558,210	1,969,062
Separate Accounts	60,909,391	125,437,919	61,020,158	229,943
Total Surplus & AVR	2,226,157	12,617,861	5,575,925	206,701
As % of general Account Assets	9.0%	7.4%	10,3%	10.7%
Invested Asset Distribution & Yield				
Total Invested Assets	24,160,884	160,819,195	51,914,143	1,902,429
Bonds (5)	79.3%	63.8%	69.7%	92.1%
Stocks (%)	0.3%	6.5%	3.4%	1.1%
Mortgages (%)	14.1%	14.8%	10.9%	4.1%
Real Estate (%)	0.3%	0.4%	0.2%	0.0%
Policy Loans (%)	1.1%	4.7%	1.3%	2.1%
Cash & Short-Term (%)	0.9%	3.8%	3.8%	0.6%
Other Invested Assets (%)	4.0%	6.1%	10.7%	0.0%
Net Yield on Mean Invested Assets				
2013 (Industry Average 4.03%)	5.30%	5.12%	4.58%	5.31%
5 Year Average (Industry Average 4.42%)	5.52%	5.32%	4.56%	5.26%
Non-Performing Assets as % of Surplus & AVR				
Bonds In or Near Default	0.5%	1.8%	1.4%	0.1%
Problem Mortgages	0.0%	0.0%	0.0%	0.0%
Real Estate Acquired by Foreclosure	0.0%	0.0%	0.0%	0.0%
Total Non-Performing Assets	0.5%	1.8%	1.4%	0.1%
As a percent of Invested Assets	0.0%	0.1%	0.1%	0.0%
Bond Quality				
Total Value of Bonds	19,156,137	108,901,309	37,217,658	1,757,202
Class 1-2: Highest Quality	95.6%	93.6%	91.8%	96.8%
Class 3-5: Lower Quality	4.4%	6.2%	8.0%	3.2%
Class 6: In or Near Default	0.1%	0.2%	0.2%	0.0%
Weighted Bond Class	1.5	1.5	1.5	1.5
Income & Earnings				
Total Income	11,313,731	27,178,298	19,645,348	236,437
Net Premiums Written	9,439,734	21,059,775	15,446,470	156,576
Earning Before Dividends and Taxes	371,410	1,252,200	1,340,254	28,050

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. It is not a warranty of a company's financial strength and ability to meet its obligation to policyholders. View our important Notice: Best's Credit Ratings for a disclaimer notice and complete details at http://www.ambest.com/ratings/notice.

Data for Year-End 2013 from the life insurance companies' statutory annual statements. All dollar amounts are in thousands. All ratings shown are current as of August 06, 2014.

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Conclusions

Options and Alternatives		
	Option	*Details*
☐	Make no changes	Current policy will lapse at age 76 assuming current policy charges and a 6% gross rate of return
☐	Alter the current policy	Premiums will need to be increased in order to project coverage beyond age 76 assuming current policy charges and a 6% gross rate of return
☐	Apply for new coverage	Alternatives are available that will guarantee the current $1,000,000 death benefit for life at a reduced annual premium
☐	Apply for new coverage	Alternatives are available that will guarantee an increased death benefit for life at the current $6,500 annual premium

Action Items / Follow Up	
Additional considerations and potential next steps	
☐	Beneficiary Review
☐	Ownership/Trust Review
☐	Product Appropriateness / Coverage Amount Needs Analysis
☐	Conduct Medical History Review to Determine Appropriate Rate Classification
☐	Apply for New Coverage
☐	Alter Current Policy
☐	Recommended Next Appointment: Date _____

By signing below I acknowledge that I have been presented with this entire document and have reviewed and understand the information presented.

Policy Owner Signature:_____ Date:_____

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