

Premium AdvantEdge

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Your Objective Insurance Information Source

www.pa-llc.com

The Source

Premium Advisors understands that when business is slow and margins get squeezed, finding ways to reduce expenses and increase spendable income is extremely important to the client.

They want expense reduction programs that can save them real dollars and increase their bottom lines—and you're the one they look to for those innovative new ideas.

Premium AdvantEdge is committed to providing you with tips you can use to help your clients make the most of their life insurance programs.

This edition of Premium AdvantEdge is devoted to a frank discussion of an expense reduction opportunity often overlooked by CPAs and other financial advisors—reducing the current premiums on existing life insurance coverage.

The strategies outlined in this article are tried and tested and proven to work—and we're offering them to you in this complimentary newsletter.

If you have any questions or comments about any of the articles in Premium AdvantEdge—or if there's a topic you'd like to see Premium AdvantEdge tackle in the future please contact Tony Freeman at 312-807-3700, tony@pa-llc.com, or visit the website at www.pa-llc.com.

Resolve To Save Your Dealer Clients More Money In 2007

As you prepare for your year-end meetings with your clients keep in mind that most Dealers are paying too much for their existing life insurance coverage. Once the initial premium is paid and the policies placed in force, they are filed away never to be seen again. When future premium notices arrive they are paid without question. After a few years, premium payments become a habit that over time can result in a very costly mistake. These mistakes can be corrected resulting in substantial savings.

Like other assets, life insurance has to be managed. Is the current policy suitable and competitively priced when compared to similar products? Does the insurance

company now offer a more cost effective product? To answer these and other cost related questions, Premium Advisors will need current information on each of the Dealer's policies.

To introduce this expense reduction opportunity and at the same time obtain the current information needed to project future savings, we suggest you ask the Dealer: when did you last request an "in-force ledger" report for each of your policies from the insurance company? If he has never asked for one, and I guarantee he hasn't, tell him you will obtain the no cost report for each policy that shows how it has performed over the years. The information needed to request the report is found on the latest premium notice for each policy.

Send or email a copy of the premium notices to PA and we will prepare all the forms needed to obtain the in-force ledgers. The process is simple.

The following are examples of recently completed projects:

- A 65-year-old Dealer had a \$5,000,000 policy issued on a rated basis due to the insured's medical history. The annual premium was \$164,435. PA questioned the suitability of the actuarial assumptions used to determine the premium and restructured the policy saving the client \$65,784 per year.

- A 62-year-old Dealer needed an additional \$10,000,000 of estate planning insurance. His CFO had obtained proposals from 3 agents. PA was asked to provide an opinion on the proposal favored by the Dealer. Our review showed the proposal misrepresented the true cost

of the policy. PA designed a new program that saved the client \$78,000.

- A 73-year-old Dealer and his 75-year-old wife had a \$20,000,000 Second To Die policy with a \$95,000 annual premium. While reviewing the Dealer's estate planning, his attorney requested an in-force ledger that showed the policy was going to lapse in 7 years. Current calculations showed an annual premium of \$585,000 was now needed. Six months of negotiations resulted in a substantially reduced premium of \$112,000.

Most expense reductions require trade-offs and provide short term savings. Reducing life insurance premiums reduces the annual cost, not the death benefit being provided. Show your Dealer clients how to take advantage of this over-looked expense reduction idea and save them a substantial amount of money—year after year.

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