

Benefits Resource Group

Case Study: Life Insurance Policy Audit I



Life Insurance Policy Audit I

Background

- The client has several policies with ratings (due to his large build and diabetes) and was interested in increasing his coverage and reducing his premiums.

Issue

- The client had no idea on how his policies were performing and was concerned if he could qualify medically for the insurance due to his health condition.

Solution

- A thorough audit was performed to determine if we could reduce the cost.
- Increase coverage and medically qualify him for the insurance.
- Through new underwriting and our impactful relationships with the carriers we were able to improve his risk class from heavily rated (up to Table 10) to a Standard offer (no rating).
- We were able to consolidate policies by going from 8 down to 6.

Existing Coverage

- Heavily Rated: Up to Table 10.
- Number of Policies: Eight
- Current Coverage: \$5,000,000
- Current Premium: \$127,500/year

New Coverage

- New Risk Class: Standard
- Number of Policies: Six
- New Coverage: \$7,250,000
- New Premium: \$98,400/year

Results

- With an improvement in risk class we were able to significantly increase the clients aggregate face amount by \$2,250,000 or 45%.
- With an improvement in risk class and consolidating a few policies we were also able to reduce the client's annual premium by \$29,100 or 22%.
- The annual reduction in premium resulted in a \$291,000 savings over the next 10 years.