

# Benefits Resource Group

## Case Study: Life Insurance Policy Audit II



Life Insurance Policy Audit II

### Background

- The client has two existing term insurance policies that he wanted to review.

### Issue

- The annual premium on one of the current policies will increase from \$3,100 to \$15,000 in four more years.

### Solution

- We replaced the two contracts with a level term policy with a premium guaranteed for 20 years.

#### Existing Coverage

- Insurance Type: Level & ART
- Number of Policies: Two
- Current Coverage: \$900,000
- Current Premium: \$3,100/year (Premium increases to \$15,000 in 4 more years).

#### New Coverage

- Insurance Type: Level
- Number of Policies: Two
- New Coverage: \$900,000
- New Premium: \$3,030/year (Premium will be level for 20 years).

### Result

- Maintained the current premium structure despite the fact the insured was 10 years older at the time of the audit. This was due to lower mortality rates and favorable underwriting.
- Eliminated the annual renewable policy and extended the guaranteed level period to 20 years.
- The cumulative savings over the next 20 years is \$300,000.