

# Benefits Resource Group

## Case Study: Life Insurance Policy Audit III



Life Insurance Policy Audit III

### Background

- The client was a business owner, age 62, male, non-smoker with a history of melanoma and abnormal cardiac tests. He had 2 life insurance policies (personal and corporate) that he wanted reviewed.

### Issues

- The term insurance policy premium is due to increase by over 2,000% in 2 years.
- The permanent policy is going to lapse in 15 years, age 77.

### Solution

- We completed a thorough policy audit along with concluding the underwriting process. Through our proprietary underwriting process and strong carrier relationships we improved his new risk class from decline to standard.

#### Existing Coverage Corporate Term Insurance

- Premium guaranteed period is 2 years.
- \$1,865/annual and increases to \$41,500 after 2 years and increases each year thereafter

#### New Coverage Corporate Term Insurance

- Premium guaranteed period is 15 years.
- New cost is \$5,535/annual.

#### Existing Coverage Personal Permanent Insurance

- Assuming a 6% annual return the policy is projected to lapse at the client's age of 77.

#### New Coverage Personal Cash Value Insurance

- New policy is guaranteed not to lapse for client's entire lifetime (to age 125) regardless of current and future market conditions.

### Results

- Corporate Term Insurance – Increased the length of the premium guarantee period from 2 years to 15 years which saved the client over \$500,000 in premiums over the 15 year period.
- Personal Permanent Insurance – A new policy with the same coverage and premium is guaranteed not to lapse for his entire lifetime.