



Auditing Life Insurance

Be A Trusted Advisor

Presented By:

David A. Means Jr

Managing Partner, DeNovo Advisory Group

972-455-9054

David@DeNovoAdvisoryGroup.com

Securities and investment advisory services offered through AXA Advisors, LLC (NY, NY 212-314-4600), member FINRA, SIPC. Annuity and insurance products offered through AXA Network, LLC and its subsidiaries. AGE-137533 (02/2021). While this material summarizes certain information contained in the attached documentation, it is not the official record of your account(s). I offer this summary for your general reference, but the information it provides is in no way guaranteed. You should rely solely on the attached documentation for complete and final information. In the event of a discrepancy between this summary and the attached documentation, or a discrepancy between this summary and any other product sponsor/issuer-generated statements, the attached documentation and statements will prevail. Please note that values shown herein may not reflect surrender charges that may be applicable to annuities and life insurance products and that some investments may have substantial fees and/or penalties associated with early withdrawals.

PPH Review

textingstory.com

DeNovo

Hillary Clinton



Message



PPH Exam Topics

- 1) Who/What is a Trusted Advisor
- 2) How/Why we evaluate life insurance
- 3) Top Ten red flags



Who/What is a Trusted Advisor?



Why **AUDIT** Life Insurance?

CHANGES IN THE INDUSTRY



Policies not performing as expected

- Dividends & interest rates decreasing



Improved underwriting

- Select vs. ultimate rating classes



Products evolving

- Cost efficiency
- Policy guarantees
- Extended maturity



New Riders

- Long-term care
- Chronic illness



Changes in insurer ratings



Why **AUDIT** Life Insurance?

FIDUCIARY OBLIGATIONS

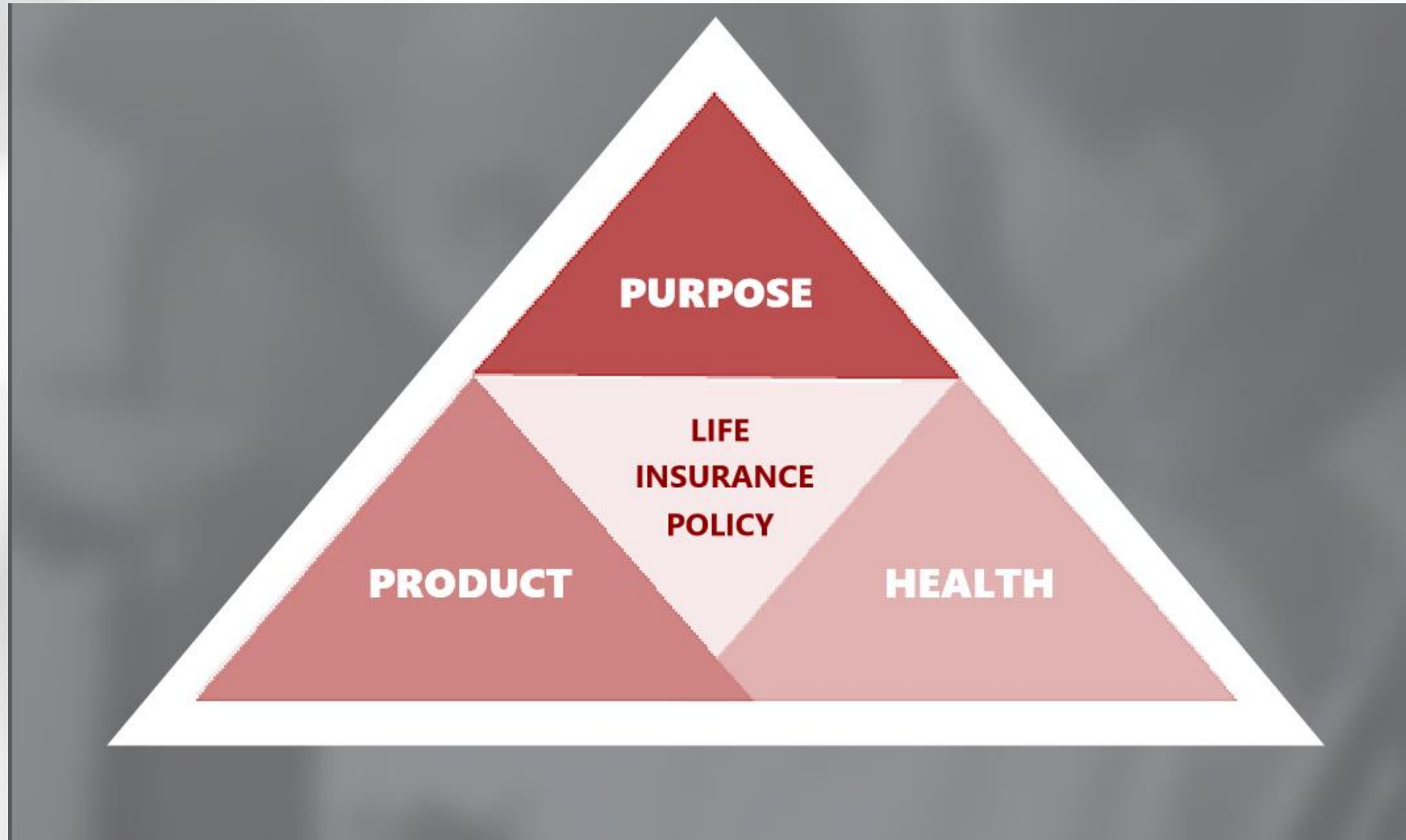
Under the Unified Prudent Investor Act (UPIA), a trustee has a fiduciary obligation to manage and review the appropriateness of assets owned by a trust. This includes the assessment life insurance assets (policies) held in an irrevocable life insurance trust (ILIT).

In a study by Trusts & Estates Journal revealed the following statistics:

- ✘ 1 out of every 3 life insurance policies held in trusts will lapse prior to payment of a death benefit**
- ✘ 95% of all trust owned life insurance policies are no longer serviced by the original agent**
- ✘ 84% of professional trustees lack guidelines and procedures for managing TOLI**



How We Evaluate Life Insurance



How We Evaluate Life Insurance - **PURPOSE**

**Mortality
Hedge**

**Rate of
Return**

**Tax
Advantaged
Accumulation**



How We Evaluate Life Insurance - **PRODUCT**

What are the different types of Life Insurance?

	Whole Life	No Lapse UL	Variable Life	Indexed Life	Universal Life
Premium	Fixed	Strict	Flexible	Flexible	Flexible
Variables	Dividend	None	Mkt/Costs	Cap/Credit/Costs	Credit/Costs
Mkt Risk	Share	None	Retain	Share	Share
Liquidity	Cash Value	None	Separate Acct.	Cash Value	Cash Value

How We Evaluate Life Insurance - Health



Health of Policy

Projected Lapse Age - Current Net Outlay

87

Projected Lapse Age - No Further Contributions

82

Net Outlay Required to Maintain Coverage to Age 100

\$150,500

Death Benefit if Reduced Paid Up

\$6,240,500



Top 10 Red Flags of Life Insurance

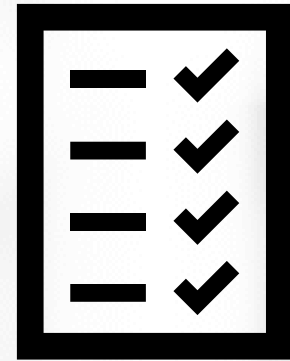
1 Mortality tables

2 Rating Classes

3 Tobacco Ratings

4 Loans & Withdrawals

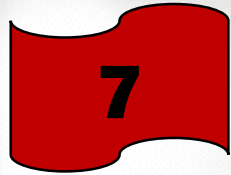
5 Planning Considerations



Top 10 Red Flags of Life Insurance



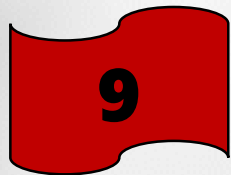
Riders



Health



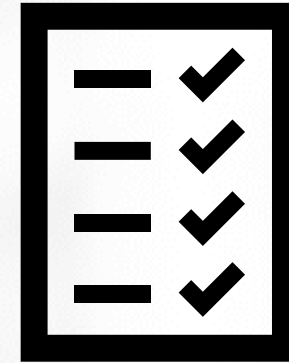
Policy Performance



Ownership & Beneficiary



101(j) Filing Form 8925



Are You a Trusted Advisor?



Request to Release Policy Information



Request for Policy Information **Date:** _____

Contract Overview

Company Name _____ Insured _____ Policy # _____

Please forward the following information regarding the above contract(s) listed. You may use this form for your reply on a separate communication if more convenient. Thank you.

Basic Policy Information

Type of Policy: Term Universal Life Variable Life Whole Life

If the policy is a **TERM** contract – please provide the following information:

Owner: _____ Beneficiary: _____
 Registration Date: _____ Riders: _____
 Face Amount: _____ Is the policy eligible for conversion? _____
 Term Period: _____ If yes – what rating class? _____
 Premium & Premium Mode: _____ If yes – until what age? _____

If the policy is a **UNIVERSAL LIFE*** or a **VARIABLE LIFE**** contract – please provide the following information:

Owner: _____ Current Cash Value: _____
 Registration Date: _____ Cost Basis: _____
 Face Amount: _____ Outstanding Loans: _____
 Planned Premium: _____ Policy Loan Interest Rate: _____
 Beneficiary: _____

In addition to the information above – please provide the three following in-force ledgers:
 1) No additional premiums 2) Current premium schedule 3) Solve for premiums to maintain coverage to age 100

*If the policy is a **Universal Life** please utilize the current credit rate with non guaranteed charges for in force illustration.
 If the policy is a **Variable Life please utilize a crediting rate of 6% gross with non guaranteed charges for in force illustration.

If the policy is a **WHOLE LIFE** contract – please provide the following information:

Owner: _____ Current Cash Value: _____
 Registration Date: _____ Current Year's Dividend: _____
 Face Amount: _____ Cost Basis: _____
 Planned Premium: _____ Outstanding Loans: _____
 Beneficiary: _____ Policy Loan Interest Rate: _____

In addition to the information above – please provide the two following in-force ledgers:
 1) No additional premiums (Dividends pay premiums) 2) Current premium schedule

Policy Owner's Signature _____ Date _____ Joint Policy Owner's Signature _____ Date _____

Please send the requested information and/or necessary forms to:
 Attn: David Means Jr, DeNovo Advisory Group, 12377 Merit Drive Ste 1500, Dallas, TX 75251
 David@DeNovoAdvisoryGroup.com // P: (972) 455-9054 // F: (972) 455-9116





Questions?

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“Serve others to affect generations”

THANK YOU

