

# The LIPM™ Snapshot

> An introduction for *financial advisors*

## LIFE INSURANCE: FACT VERSUS MYTH

To begin realizing any value from your relationship with ObjectiView, and more importantly, transferring that value in a meaningful fashion to your clientele, you must share our belief that **when there is an acknowledged need and desire for cash when someone dies, life insurance is the best asset anyone can own.**

Unfortunately, life insurance is too often sold and managed as if it were a simple commodity, one you can buy and hold; simply pay the premiums and receive the death benefit. In reality, life insurance is a complex asset and each policy comes with a unique set of powerful, flexible and highly beneficial performance management rights. When these rights are understood and taken advantage of, when you take a buy-and-manage approach, life insurance is the best asset anyone can own for the immediate creation and transfer of wealth.

### THE FACTS ARE THAT LIFE INSURANCE:

- *Is an asset requiring ongoing, professional management just like every other valuable asset class*
- *Is complex – every policy has powerful, flexible and highly beneficial Performance Management Rights*
- *Performs as well or better than all other “safe” investments at the time of the insured's death*

## THE MYTH OF SIMPLICITY

This pervasive myth says life insurance ownership is a simple matter of paying premiums and receiving a death benefit. While this was more or less true in the earliest days, competition is driving innovation and the ongoing creation of a vast array of products that are flexible, beneficial and complex. In the face of increasing complexity, The Myth of Simplicity fosters two significant dangers: underperformance and unnecessary replacement.

**Underperformance** occurs when owners and advisors ignore or underutilize the Performance Management Rights within a policy or portfolio of policies. As a result, more than 90% of all policies are underperforming, almost 50% are failing (the policies will fail before the insured dies), and a tremendous amount of money is being wasted or completely lost.

Treating life insurance as a simple commodity also creates an ideal environment for continuous **unnecessary replacement** of existing policies.

The argument is simple; since life insurance is a commodity and one policy is much the same as another, doesn't it make sense to replace old, poor performers with something new? While review and replace practitioners are recommending replacement 90% of the time, looking past *The Myth of Simplicity* reveals replacement is only necessary 25% of the time. This means most existing policies can outperform new policies **if they are properly managed.**

### The LIPM™ Snapshot

assesses the probability of realizing the death benefit promised by life insurance. Based on generic life expectancy, it tells you if the funding is adequate to ensure the policy will outlive the insured.

The snapshot also gives you the information you and your clients need to decide if it makes sense to do additional analysis to determine how best to optimize performance over the life of the policy.

# The LIPM™ Snapshot > An introduction for *life insurance owners*

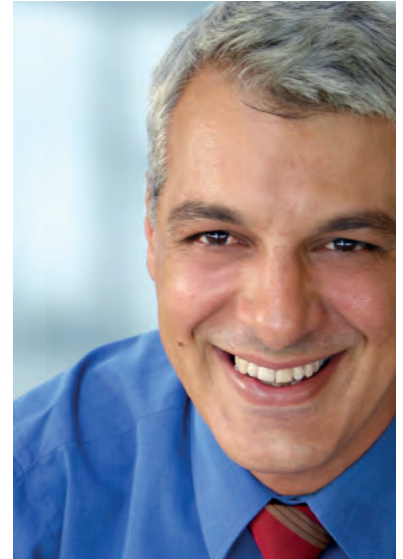
## LIFE INSURANCE: THE MYTH OF SIMPLICITY - CONTINUED

Unfortunately, old policies are rarely given a second chance, their value and power is never fully realized, and far too much of the money spent on them is wasted.

## EXERCISING YOUR RIGHTS

Even though the need to actively monitor and manage life insurance performance is no different than that of other significant assets, it is rarely done. The power of *The Myth of Simplicity* has helped the industry avoid – until now – any form of independent, verifiable, performance monitoring and accountability.

The industry – in particular the insurance companies – have maintained the position as the only source of information. Think about this in context of owning other forms of property – would you rely solely on the owner of a building you were buying to tell you what kind of shape it was in. And, would you expect the real estate agent who manages the sale to then provide ongoing property management services? As little sense as this makes, it is exactly what has been happening in the life insurance industry.



The LIPM™ Snapshot is an opportunity for you to puncture *The Myth of Simplicity* and make sure your life insurance performs at its very best.

## THE OBJECTIVEVIEW “FACT PATTERN”

- When there is an acknowledged need and desire for cash at the time of someone’s death, life insurance is the best asset anyone can own
- Indeterminate premium products (UL, VUL, IUL, GUL, and blended Whole Life policies) are complicated assets that require ongoing management to optimize performance
- Almost all policies sold in the past 40 years are underperforming, and many are failing, because they are not being managed – this makes them susceptible to improper replacement
- Most decisions to replace existing policies favor the broker and the carrier, not the policy owners because incomplete information is used to make the case for the **new**, but not necessarily **better** policy
- 75% of all policies in existence have the potential to become exceptional assets if properly managed
- When properly managed, most policies perform as well or better than all other forms of “safe” investments at the time of the insured’s death
- The Snapshot is based on our formula for achieving the highest rate of return with the highest probability of success
- The Snapshot tells you if the policy’s potential warrants any further expenditure of time, effort, and resources
- The Snapshot protects your clients from unnecessary and damaging replacement
- The Snapshot helps you differentiate and enhance your value as an advisor and enjoy a more rewarding relationship with your clients

To learn more and to receive a complimentary *The LIPM™ Snapshot*, contact T. Mark Pace by e-mail [mark@objectiview.com](mailto:mark@objectiview.com) or by calling 601-709-0400