

The LIPM™ Snapshot

> An introduction for *life insurance owners*

LIFE INSURANCE: FACT VERSUS MYTH

If you are like most people, you have purchased life insurance to be prepared for the unexpected and to manage the inevitable. **That's because 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 you can own for the immediate creation and transfer of wealth.

THE FACTS ARE THAT LIFE INSURANCE:

- *Is property requiring ongoing, professional management just like every other valuable asset class*
- *Is complex – Indeterminate premium products (UL, VUL, IUL, GUL, and blended Whole Life policies) are complicated assets that require ongoing management to optimize performance*
- *All of these policy types have 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 LIPM™ Snapshot answers these questions:

- Is it working?
- Will it outlive the insured?
- Should it be kept or replaced?
- What can be done to make it work better?

These questions are answered relative to the insured's health and the current need and desire for additional cash at the time of the insured's death.

Quite often, we are asked to provide a snapshot because the owner and their advisor already know there is a problem with the funding. What they do not know is whether the policy is worth keeping or if it should be replaced. The Snapshot helps you determine if it is advantageous to keep the policy and it provides guidance for determining the optimal remediation strategies.

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LIFE INSURANCE: THE MYTH OF SIMPLICITY - CONTINUED

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**.

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



AFTER THE SNAPSHOT, WHAT'S NEXT?

The information provided will enable you and your advisor to decide if immediate action is needed. If you choose to act, you will most likely desire a more accurate assessment of the insured's probability of death and the insurance's performance.

ObjectiView provides a variety of service options that enable you to get the most accurate information possible before making policy funding and management decisions. We also provide the long-term management and reporting you need to be sure your life insurance is working at its very best.

OBJECTIVEVIEW is an elite team of life insurance experts who utilize multiple, verifiable analytical services and the opinions of independent, senior actuarial-level advisors. In addition to conducting ongoing research, development, and education, we consult with advisors whose clients own life insurance as a means to fulfil their estate, business succession and other wealth-transfer, creation and preservation plans.

LIPMTM works for Universal and Whole Life

The Snapshot and our other services provide performance analysis and ongoing management of all forms of Universal Life insurance including Variable (VUL), Guarantee (GUL), Indexed, (IUL) and others. LIPMTM is also very effective for Whole Life policies that have been borrowed against, have had premium payments suspended, or have been blended with riders similar to those in UL policies.