



## TERM INSURANCE

*Every Life Insurance Professional  
Needs the Performance Evaluation Process*

Have your clients ever purchased life insurance? If so, they probably have one or more term policies in their portfolio. When was the last time you reviewed their current coverage, adjusted it to their current needs and compared it to current market offerings?

***Performance Evaluation for Your Term Life Insurance Policy***  
is a consumer-driven process focused on  
the life insurance need and the best products the market has to offer.

Products continue to improve in both design and efficiency. Your client's needs change. Conduct a *Performance Evaluation* on their term policy every 24 to 36 months. Make it a service they come to expect and a process they understand they need.

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### **Term Life Insurance Rates Expected To Drop In 2008, According To Study By The I.I.I.**

Premium rates for individual term life insurance in 2008 are expected to drop, on average, about 1 percent from where they are in 2007, after many years of larger year-to-year reductions, according to the Insurance Information Institute (I.I.I.).

“The generally downward trend began several decades ago. Since 2000, term insurance rates have dropped about 4 percent per year on average”, said I.I.I. chief economist Dr. Steven Weisbart. “This follows an average annual 15 percent drop from 1994-1999. The effect of these drops drove the lowest rates available in 2007 to less than half of what they had been a dozen years earlier.”

A copy of the study can be accessed at  
<http://www.iii.org/media/industry/additional/life2008/>



PRODUCT & PRICING

*Subjecting your  
life insurance portfolio to a  
formal Performance Evaluation  
is an important,  
financially sound practice.*

Mr. Gutierrez is a 55-year-old successful entrepreneur consulting with his advisors on the financial impact the next 10 years will hold. Most of his \$5,000,000 in assets is tied up in college savings for his two daughters, real estate, qualified monies and Gutierrez Construction, which will hit its 25<sup>th</sup> anniversary next month. He understands the need for permanent insurance but would rather not allocate that much premium right now. The 15-year ultra cheap term contract he purchased just 5 years ago meets his current needs.

His life insurance professional suggests a third-party *Performance Evaluation* of his in-force term life insurance policy.

### Current In-Force Policy

#### Ultra Cheap Term Life Insurance Company

*Guaranteed 15-Year Level Term* • Policy #000000000 dated 01-01-2003

- Death Benefit \$3,000,000
- Annualized Premium \$ 5,640
- Remains level for next 10 policy years.
- Convertibility: Earlier of age 70 or level term period



**Policy Objectives**  
Minimize Premium Outlay  
Maximize Policy Benefits

### Proposed Alternatives

#### A++ Life Insurance Company

*Guaranteed 10-Year Level Term*

- Death Benefit \$3,000,000
- Annualized Premium \$ 5,980
- Remains level for next 10 policy years.
- Convertibility: Earlier of age 70 or level term period

Option	Years		Convertibility Options (Product Availability)		
	Premium	Remaining	Whole Life (WL)	Universal Life (UL)	Variable UL
In-Force	\$ 5,640	10	product not available	Death Benefit protection (only policy available)	product not available
Proposed	\$ 5,980	10	Multiple policy portfolio; Death Benefit Protection Strong Cash Accumulation	Multiple policy portfolio; Death Benefit Protection Strong Cash Accumulation	Multiple policy portfolio; Strong Cash Accumulation Death Benefit Protection

Mr. Gutierrez and his advisory team reviewed the *Performance Evaluation Report*. For a slight 6% increase, the flexibility in convertibility options of a new term contract fits more within the long-term financial plan he has worked so hard to maintain.