
POLICY ASSESSMENT

PREPARED FOR
GEORGE CLIENT AND JEAN CLIENT

11/4/2011

ASSESSMENT OBJECTIVES:

PRIMARY OBJECTIVE: ADD / INCREASE BENEFITS

SECONDARY OBJECTIVE: COST / PREMIUM REDUCTION

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Purpose of this Assessment

Life insurance is often one of the largest and least understood assets on the financial statements of individuals, businesses, and trusts. Even so, it is rarely updated, evaluated, or appraised in a professional manner. This assessment serves to correct that omission by providing a professional third-party overview of your life insurance portfolio.

Why Evaluate Life Insurance?

The life insurance industry has seen numerous and regular changes in the design, pricing, and underwriting criteria of policies and in the financial ratings and stability of the insurance companies themselves. For these reasons it is important to regularly evaluate your life insurance portfolio and available alternatives.

What Factors Have Changed?

Many factors have changed and may affect the performance of your life insurance portfolio. The most common of these factors are:

- **People are living longer.** These extended life expectancies and their impact on the pricing of life insurance is the single most important factor necessitating a review of your insurance portfolio.
- **Interest and dividend crediting rates have changed.** The decrease in historical rates has rendered previous policy projections invalid and may require larger premiums and/or reduced benefits in order to avoid policy lapse.
- **Economic conditions have impacted performance.** Stock market fluctuations are often directly reflected in policy values and may necessitate larger premiums and/or reduced benefits in order
- **The insurance industry has changed.** Companies have merged, financial ratings and stability have been affected by market conditions, and policy benefits have become more competitive and effective at meeting long-term goals.

Who Conducted this Assessment?

This Policy Assessment was conducted by Insurance Valuation Services, Inc., a professional, third-party research firm. Their team of trusted policy analysts includes professionals from the insurance, legal, and financial industries. Using an inter-disciplinary approach helps assure the objectivity, impartiality, and appropriateness of this assessment.

Insurance Valuation Services, Inc. is headquartered in Roseville, California, and has performed thousands of Policy Assessments since its founding in 2003. Its parent company was founded in 1972 and is licensed in all 50 states and the District of Columbia.

Legal Disclosure

This Policy Assessment report was prepared exclusively for you and is designed to assist you in exploring your existing life insurance policy and comparing it against current market offerings. This material is for informational purposes only.

Figures used in this Policy Assessment Report are based on both assumptions and data provided by you, the client, and in-force illustrations and policy specifications obtained from the insurance company representing your policy .

The dividends, current interest, and/or investment assumptions and current mortality expenses used to prepare this report are not guaranteed. Actual results will vary. This report assumes that the currently illustrated non-guaranteed elements will continue for all years shown. However, it is not likely that the non-guaranteed elements will perform exactly as shown in the in-force illustration(s) or this report.

This analysis should only be used in conjunction with the complete illustration of the companies named in the following pages. This report does not constitute legal or tax advice and does not create an attorney-client relationship. Pursuant to IRS Circular 230, the information contained in this document is not intended to and cannot be used by anyone to avoid IRS penalties.

Executive Summary

George Client and Jean Client a Male, age 65 and Female, age 66 own a Transamerica Survivor Life policy originally obtained in 1993. Their current health appears to be Standard Non-smoker and Standard Non-smoker based on information provided on the Policy Assessment worksheet and an underwriting review conducted using insurance company published underwriting criteria.

Policy Objectives

Your stated policy objectives were used in the compilation of this report. When you completed the brief data sheet at the beginning of the Policy Assessment process, you stated that the two most important factors to consider during our evaluation were:

Primary Objective: Add / Increase Benefits

and

Secondary Objective: Cost / Premium Reduction

All recommendations provided are intended to maximize one or both of these goals and to help you achieve your desired outcome in the most effective and efficient manner.

Recommendations

Based on the comparative premiums, underwriting, financial stability, and primary goal of Add / Increase Benefits based on current premiums, the Lincoln National Survivor Life policy for \$4,511,376 at a premium of \$20,000 is recommended.

Current Policy and Alternatives Comparison

The table below shows your current insurance policy and how it compares to available alternatives based on a national market survey conducted using your primary and secondary objectives, financial ratings, health class, and premium use as the basis of comparison.

Health Class Comparison

	Current Policy	Primary Objective Recommendation	Secondary Objective Recommendation
George Client	Standard Non-smoker	Standard Non-smoker	Standard Non-smoker
Jean Client	Standard Non-smoker	Standard Non-smoker	Standard Non-smoker

Financial Ratings Comparison

	Transamerica	Lincoln National	Lincoln National
Insurance Company:	Transamerica	Lincoln National	Lincoln National
AM Best:	A+	A+	A+
Comdex:	94	89	89

Premium Use Comparison

	Transamerica	Lincoln National	Lincoln National
Coverage Amount:	\$2,500,000	\$4,511,376	\$3,028,022
Premium:	\$20,000	\$20,000	\$0
Guaranteed to age:	91	Lifetime	Lifetime
Projected to age:	100+	Lifetime	Lifetime

Comments: The current Transamerica policy requires an increase in premium of \$37,276 to keep the coverage in force to age 100. Recommendations assume all additional underwriting requirements are within Lincoln National's "Standard Non-smoker" health class. This example utilizes the Cash Surrender Value of \$661,623 from the existing policy for a 1035 exchange.

Market Survey of Alternatives

Market surveys using your personal health, financial objectives, and your policy current market value were conducted of the available life insurance products offered by more than seventy life insurance companies. A comparison of your current life insurance and the best available alternatives based on your primary and secondary objectives are listed below.

Primary Objective: Add / Increase Benefits

Rank	Company Name	Health Rating	Death Benefit	Premium	Financial Ratings		Coverage Duration	
					A.M. Best	Comdex	Guaranteed	Projected
	Transamerica	Standard NT	\$2,500,000	\$20,000	A+	94	91	100+
1)	Lincoln National	Standard NT	\$4,511,187	\$20,000	A+	89	Lifetime	Lifetime
2)	MetLife	Standard NT	\$4,124,279	\$20,000	A+	95	Lifetime	Lifetime
3)	United of Omaha	Standard NT	\$4,041,162	\$20,000	A+	96	Lifetime	Lifetime
4)	Nationwide	Standard NT	\$3,934,530	\$20,000	A+	91	Lifetime	Lifetime
5)	Transamerica	Standard NT	\$3,812,425	\$20,000	A+	94	Lifetime	Lifetime

Secondary Objective: Cost / Premium Reduction

Rank	Company Name	Health Rating	Death Benefit	Premium	Financial Ratings		Coverage Duration	
					A.M. Best	Comdex	Guaranteed	Projected
	Transamerica	Standard NT	\$2,500,000	\$20,000	A+	94	91	100+
1)	Lincoln National	Standard NT	\$3,027,828	\$0	A+	89	Lifetime	Lifetime
2)	United of Omaha	Standard NT	\$2,733,118	\$0	A+	96	Lifetime	Lifetime
3)	MetLife	Standard NT	\$2,725,187	\$0	A+	95	Lifetime	Lifetime
4)	Nationwide	Standard NT	\$2,676,850	\$0	A+	91	Lifetime	Lifetime
5)	Transamerica	Standard NT	\$2,558,477	\$0	A+	94	Lifetime	Lifetime

Financial Stability Review

Third-party carrier ratings offer an unbiased financial measure as to the stability and claims-paying ability of a financial institution. These third-party ratings are offered by such organizations as *A.M. Best Company*, *Standard & Poor's Corporation*, and *Moody's Investors Service*, among others.

Rank	A. M. Best	Standard & Poor's	Moody's
1	A++	AAA	Aaa
2	A+	AA+	Aa1
3	A	AA	Aa2
4	A-	AA-	Aa3
5	B++	A+	A1
6	B+	A	A2
7	B	A-	A3
8	B-	BBB+	Baa1
9	C++	BBB	Baa2
10	C+	BBB-	Baa3
11	C	BB+	Ba1
12	C-	BB	Ba2
13	D	BB-	Ba3
14	E	B+	B1
15	F	B	B2
16		B-	B3
17		CCC+	Caa1
18		CCC	Caa2
19		CCC-	Caa3
20		CC	Ca
21			C

VitalSigns Financial Reports

The size, holdings, earnings, and profit/loss statement of an insurance company are factors that should also be considered when purchasing or reviewing life insurance. Generally, carriers with greater assets and superior financial ratings have the ability to accept larger risks on a more favorable basis. The following pages contain detailed summaries of the pertinent financial information of each company reviewed or recommended.

In-Force Policy Projections

The following pages are the in-force projections and ledger of values for your existing life insurance policy. Please review the projections and corresponding ledger with your licensed life insurance

Primary Recommendation

The following pages are the projections and ledger of values for the recommended alternative to your existing life insurance policy based on your Primary Objective: Add / Increase Benefits. Please review the projections and corresponding ledger with your licensed life insurance advisor.

Primary Objective: Add / Increase Benefits

Secondary Recommendation

The following pages are the projections and ledger of values for the recommended alternative to your existing life insurance policy based on your Secondary Objective: Cost / Premium Reduction. Please review the projections and corresponding ledger with your licensed life insurance advisor.

Secondary Objective: Cost / Premium Reduction