



Life Insurance XRAY

CALLING SCRIPT

This script is designed to help you analyze in-force information regarding a life policy for two reasons.

1. Ensuring your client understands the benefits, features and limitations of their current contract
2. Uncovering opportunities where a replacement or additional coverage might be most suitable to achieve their goals

This information helps with many areas of your sale, including education of features that the previous agent may not have mentioned as well as new business replacement and suitability requirements.

Explain to the client how the call with the insurance company will go.

You: “We need to call the insurance company and ask them some very specific questions about how your current policy works, the benefits that it provides, and the fees being charged in return. This will help us determine whether this product is suitable to reach your goals. When they answer the phone, I’ll introduce myself and let them know that you and I are both here on speaker phone. I’ll then ask them to speak with you, so you can give me permission to review your current policy’s features. ”

You: “In order for me to gather the information needed to fulfil the scope of our appointment, I need to know if you anticipated using this life policy to supplement any future income and if so, how soon? **Write this down**

Call the insurance company’s service center and use the worksheets provided in this packet to write down the answers during your conversation.

When the representative answers, introduce yourself and explain the purpose of the call.

You: “Hello, my name is [Your Full Name]. I’m an insurance agent in [City, State] and I [do/do not – depending on if you are contracted with Carrier] represent your company. I’m sitting with a consumer of one of your products, [Full Client Name]. We are performing a financial review and analysis and there are some questions regarding the policy [he/she] owns with your company. You’re on speaker phone and your client can hear you. If [Mr./Mrs. Last Name] gives you permission to answer my questions, would you mind helping us out?”

Allow the representative to address their client; be quiet during this time. Once permission is given, the representative will address you, generally asking how they can help.

You: “My first question is when was [Mr./Mrs. Last Name] the effective?”

You: “What type of life insurance policy is this and what is the name of the product?”

You: “What is the current Death Benefit?”

You: “Is the Death Benefit level (Option A) or increasing (Option B)?”

You: “Can the Death Benefit increase and how? At what [age/year] will the death benefit stop growing?”

You (Critical question!): “How can the Death Benefit change in the future? Specifically, if the client were to take withdrawals or have an outstanding loan when he/she passes away, would the death benefit decrease in any way?”

You: “Who is listed as the insured and what rate class and table rating was the policy issued at?”

You: “Can you read to us the beneficiaries listed and indicate which is primary or contingent beneficiary?”

You: “Can you read to us the percentage of the death benefit that each beneficiary is listed to receive?”

You: “Can you tell us which of the beneficiaries are listed as Per Stirpes and which are listed as Per Capita?”

You: “Are premiums expected to be paid lifetime, to age 100 or anything less and if so, at what age will premiums stop so that the policy is paid-up?”

You: “What is the amount that [he/she] is currently paying in premiums and the frequency?”

You: “based on the current premiums, at what age will the policy lapse based on current assumptions?”

You: “What is the minimum annual premium and if [he/she] began paying this amount, at what age would the policy lapse based on current assumptions?”

You: “What is the annual target premium and if [he/she] began paying this amount, at what age would the policy lapse based on current assumptions?”

You: “What is the guideline annual premium and if [he/she] began paying this amount, at what age would the policy lapse based on current assumptions?”

You: “What is [his/her] cash value as of the last business day close?”

You: “What is [his/her] current surrender balance?”

You: “What percentage of their balance does this represent?”

You: “What year will this policy be out of its surrender period?”

You: “Including all costs and fees, how much was [he/she] charged for total cost of insurance last year?”

You: “Will the cost of insurance continue to rise as the insured ages?”

You: “Disregarding free withdrawals, can [he/she] take loans (income) on this type of life policy?”

You: “Has [he/she] taken any loans and if so, what is the current outstanding loan amount?”

You (Critical question!): “If [he/she] were to take income, could the cash value reach \$0, or is there some type of built-in benefit to prevent an unintended lapse?”

You: “Can [he/she] do a partial surrender to pay off the loan balance?”

You: “What hypothetical rate of return was illustrated when he/she bought the policy?”

You: “What has been [his/her] compounded annual rate of return?”

You: “Can [he/she] take free withdrawals on this policy and if so, what is the maximum percentage [he/she] can take annually?”

You: “Is this policy a MEC (Modified Endowment Contract)?”

You: “If [client name] provides you with [his/her] email address, can you send [him/her] an in-force illustration, so we can see how the future performance of this policy is expected to play out?”

You: “[Mr./Mrs. Last Name], do you have any further questions for this representative?”

Wait for any additional questions to confirm the client’s understanding.

You: “Thank you for providing that information and your time today. Goodbye.”

Before you leave, make a copy of the client’s life insurance policy and/or current statement and instruct the client to send you a copy of the in-force illustration when they receive it.

Let's put this exercise into a hypothetical example to see how the information can be translated.

With regards to the coverage length: Let's say we have a 68yr male in decent health and he has a \$500,000 Death Benefit on a Universal Life policy that can remain active and provide coverage until age 100, but after calling in to the insurance company we find out that the client has only been paying the minimum premium of \$500 a month since he bought it 20 years ago and based on current assumptions, the policy will lapse in the next 5 years if he doesn't start paying more in premiums. Sure, the policy has the ability to provide coverage to age 100, but that is only IF he/she is paying enough in to cover the full cost of insurance. REMEMBER – cost of insurance can increase annually, which is why it is important to properly fund the policy.

With regards to premiums becoming unaffordable: Let's say the client above had \$100,000 in surrender value that he can 1035 exchange to a new life policy, assuming the current policy does not allow for a reduced paid up option, we can 1035 exchange the surrender value to a new policy and provide say \$150,000 guaranteed to age 100 without ever having to pay another premium. Sure, he doesn't have \$500,000 in coverage, but at least he has coverage that is guaranteed to not lapse before age 100. Another thing to consider is his needs. – Does he still need \$500,000 of coverage? Many people are insured to cover some type of debt or financial obligation, which over time may be reduced or paid off. If he bought it 20 years ago to cover his \$500,000 mortgage and he only owes \$150,000, we could consider the current \$500,000 policy as "Over-insuring". With the solution above, we could still provide life-long coverage all while saving him \$500 a month on a policy that is otherwise going to lapse in a few short years.

If you think there may be a more suitable product that may be better for the client's individual retirement income objectives, ask [him/her] the following four questions;

Question #1: "[Mr./Mrs. Last Name], is this how you understood the policy to work, and were you aware of the potential for the policy to unintentionally lapse?" [If "no", go to Question #2]

Question #2: "[Mr./Mrs. Last Name], okay, with that being the case, had you fully understood the features, benefits, limitations and fees associated with this policy up front, would you have purchased this life insurance policy?" [If "no", go to Question #3]

Question #3: "[Mr./Mrs. Last Name], I realize an exercise like this can be a bit of an eye opener to get real-time confirmation of the performance of this product and to fully understand the details, including the cost of insurance being deducted from your account. So, my question for you is, are you comfortable with how this product is performing, its associated fees, and its ability to accomplish the goals you have set in place for this product?" [If "no", go to Question #4]

Question #4: - "Okay, I understand, [Mr./Mrs. Last Name], my final question is, since you did not completely understand how this product works and you are not comfortable with the possible future performance, would you have any reason for us to not explore a more suitable option?"

Four "no" responses can mean you have a new client now that he/she has been presented with all of the product details, including caps, spreads and participation rates, and has determined the fixed index annuity option you present could be a better fit.

This is a great exercise for you to implement into your financial review meetings with new prospects and even current clients. It helps you acquire accurate information regarding a life insurance policy that the client may want to replace or add additional coverage to. It also ensures the client understands the current product they have to empower them in the decision making process while exploring other options you present for consideration to meet their needs.

CONTINUE TO XRAY WORKSHEETS



LIFE INSURANCE XRAY WORKSHEET

Insurance Carrier: _____ Policy Issue Date: _____

Product Name: _____ Current Death Benefit: \$ _____

Policy Type: Whole Life Universal Life Indexed Universal Life Variable Universal Life

Death Benefit Option: A (Level) B (Increasing) If increasing, does it switch to level? Which Year? _____

Insureds Name: _____ DOB: _____ Gender: Male Female

Issued Rate Class: _____ Smoker Non Smoker Table Rating: _____

Primary Beneficiary: _____ %: _____ Type: Per Stirpes Per Capita

Primary Beneficiary: _____ %: _____ Type: Per Stirpes Per Capita

Contingent Beneficiary: _____ %: _____ Type: Per Stirpes Per Capita

Contingent Beneficiary: _____ %: _____ Type: Per Stirpes Per Capita

Premium Schedule: Single Pay Lifetime To Age _____ To Policy Year _____

Premium Frequency: Annual Semi Annual Quarterly Monthly

Current Premium: \$ _____ Lapse age based on current assumptions: _____

Minimum Premium: \$ _____ Lapse age based on current assumptions: _____

Target Premium: \$ _____ Lapse age based on current assumptions: _____

Guideline Premium: \$ _____ Lapse age based on current assumptions: _____

Cash Value: \$ _____ What age will policy automatically end: _____

Outstanding Loan: \$ _____ No-Lapse Rider? Yes No Partial Surrender? Yes No

Surrender Charge: \$ _____ - _____ % Year surrender schedule ends? _____

Surrender Value: \$ _____ Total cost of insurance charged last year? \$ _____

How is interest calculated? Fixed Rate _____ % Indexing _____ % Variable/Investment _____ %

If index, what is the current strategy/term? _____ Current Cap _____ % Minimum Cap _____ %

What hypothetical rate of return was illustrated? _____ % Average credited annual rate of return? _____ %

Maximum free withdrawal amount? _____ % Is this a MEC? Yes No