



The \$12 Trillion Need and How to Close the Gap

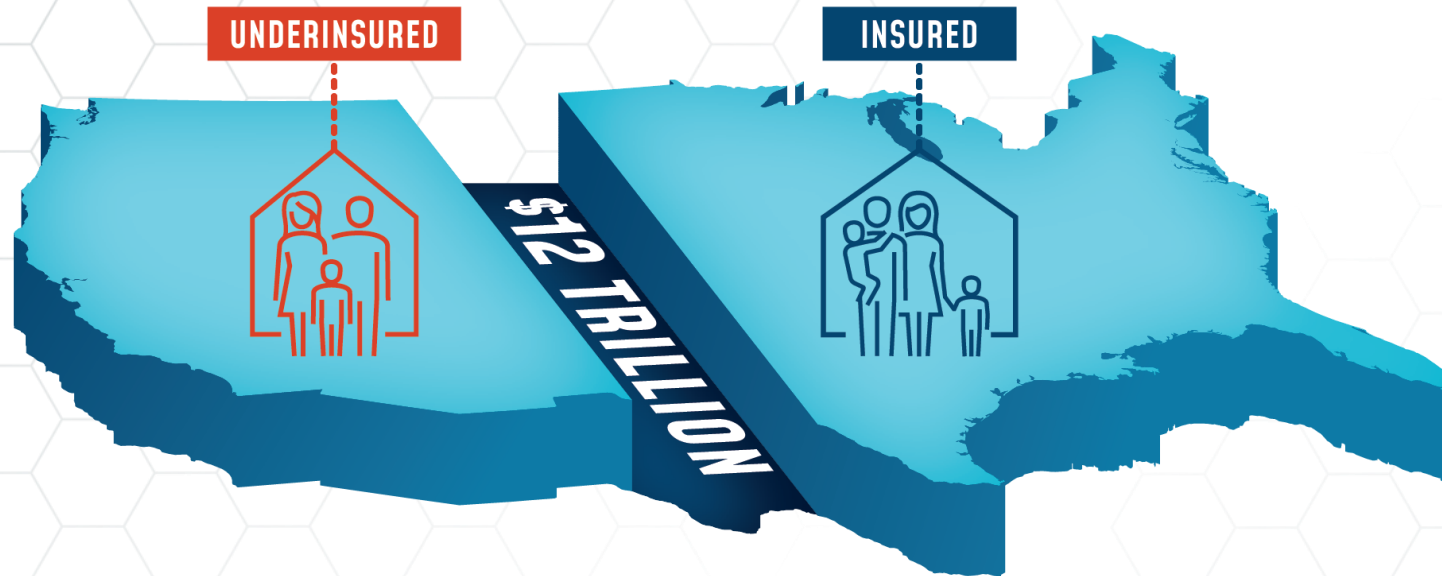
Life Insurance Policy Review

Presented By:
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FVP

Pacific Life – Life Insurance Broad Market
August 2020

The primary purpose of life insurance is death benefit protection against premature death of the insured.

The \$12 Trillion Financial Need You May Be Overlooking



Almost **1 IN 2** American households have a life insurance protection gap of \$200,000, for a total market need of **\$12 TRILLION**.¹

Each year, this life insurance need grows by **\$340 BILLION**.¹

Close the Gap with Policy Reviews

¹ Source: "Turn Up the Volume \$12 Trillion Sound Opportunities," LIMRA, Dec. 2016.

The **Who, What, Why, and How** of Having the Policy Review Conversation

- 1** **Who** Needs a Life Insurance Policy Review?
- 2** **What** is Life Insurance Policy Review?
- 3** **Why** Conduct a Life Insurance Policy Review?
- 4** **How** – 5 Steps to Conducting a Policy Review
- 5** Tools to Help You Promote Policy Review to Your Producers

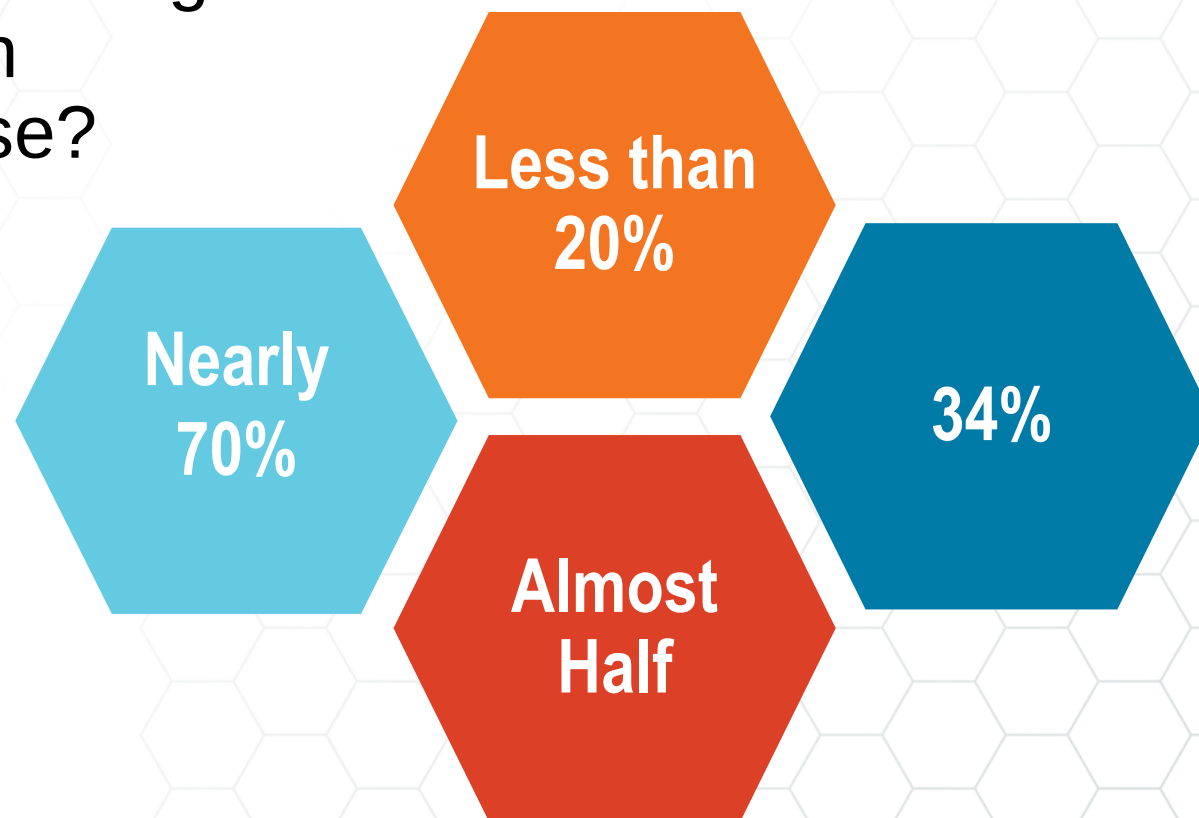


Who Needs a Life Insurance Review?

The Price of a Missed Connection

What percentage of women change financial professionals within 12 months of death of spouse?

- A. Less than 20%
- B. 34%
- C. Almost Half
- D. Nearly 70%





Nearly
70%

The answer is D.

Nearly 70% of spouses
change financial professionals
within 12 months.³

The Price of a Missed Connection

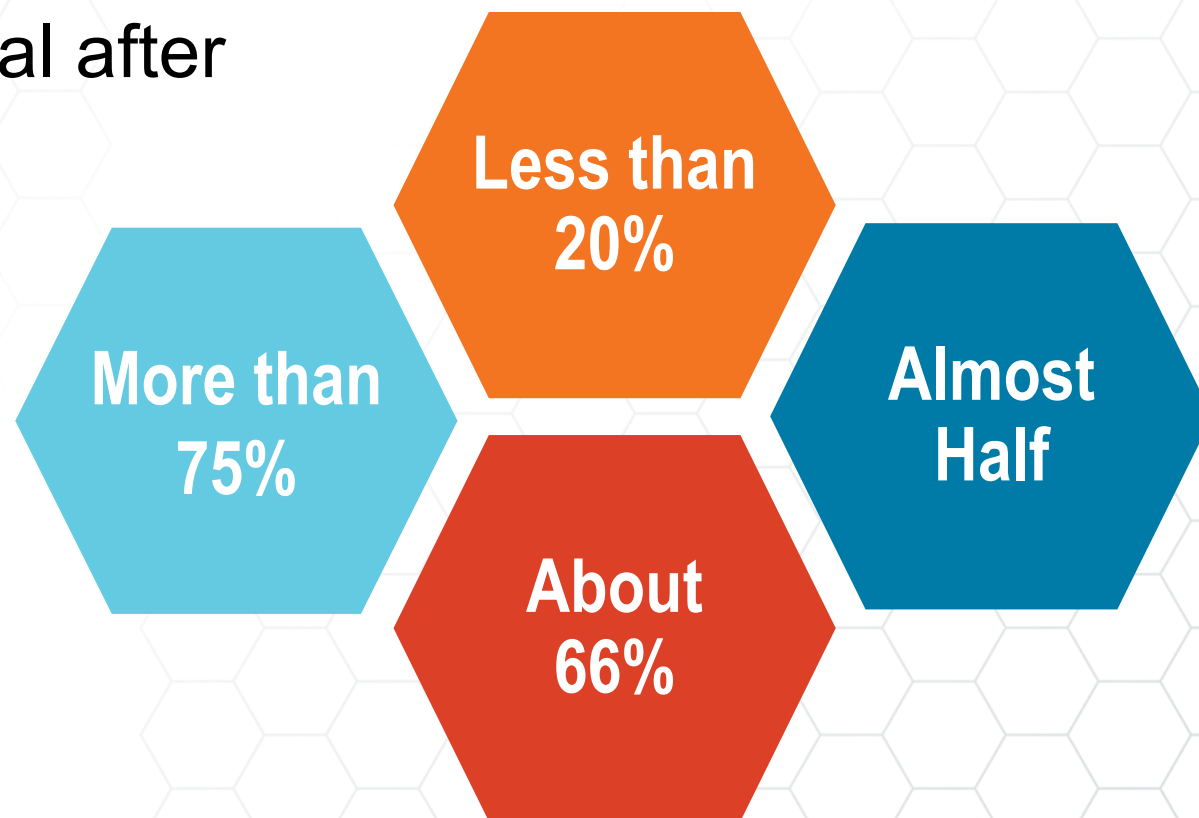
What would your business
look like if you lost nearly **70%**
of your best clients?

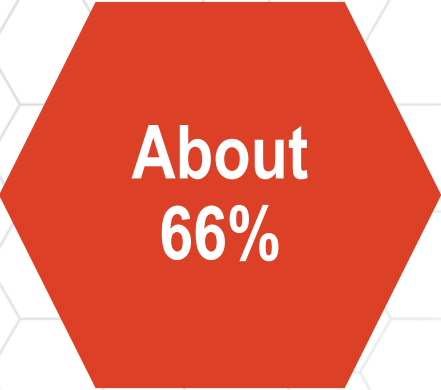
³ "The Intergenerational Divide: Don't Let Your Book Die With Your Clients," Legg Mason, Oct. 2017: <http://www.leggmason.co.uk/insights/docs/The-Intergenerational-Divide.pdf>

The Price of a Missed Connection

What percentage of adult children fire their parent's financial professional after receiving their inheritance?

- A. Less than 20%
- B. Almost Half
- C. About 66%
- D. More than 75%





About
66%

The answer is C.

About 66% of adult children fire their parent's financial professional after receiving their inheritance.⁴

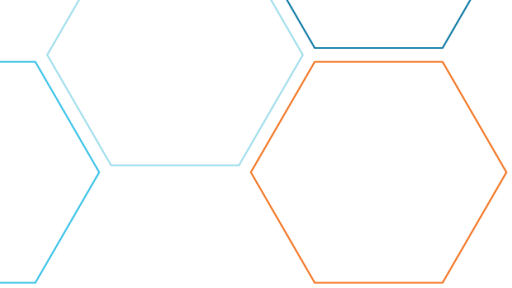
Opportunity Spotlight

It's important you get to know your client's beneficiaries. After all, without a strong connection, your client's beneficiaries are likely to move their assets to another financial professional at the death of your client and you will lose that business.

⁴ "Promises, problems on horizon as \$30T wealth transfer looms," Anna Robaton, CNBC.com, Feb. 2017: <https://www.cnbc.com/2017/02/16/promises-problems-onhorizon-as-30t-wealth-transfer-looms.html>



Why Conduct a Life Insurance Policy Review?



Benefits of Policy Review

- Help protect client's beneficiaries from the financial impact of the client's premature death
- Update policy beneficiaries
- Consider advancements in product design, underwriting efficiencies, tax laws, and more
- Identify and potentially correct underperforming policies before it's too late
- Strengthen relationships and potentially increase referrals and sales
- Maintain assets under management
- Provide top-notch customer service



How – 5 Steps to Conducting a Policy Review

5 Easy Steps to a Life Insurance Policy Review





1

Identifying Clients

Look for these ideal timing triggers which may signal it's time for a policy review.

- Major life events
- Tax law changes
- New products
- Underwriting efficiencies
- New mortality assumptions
- Carrier financial strength downgrades
- Increasing insurance costs
- Early conversion opportunities



2

Prepare for Client Meetings

Make sure your records are up-to-date, and you're prepared to have a conversation on how you can support your client's financial goals.

Ask your clients to bring the following:

- Current policy information (type of policy, face amount, premium)
- Current beneficiary information
- Marital/family status
- Goals such as retirement, educational, personal
- Assets such as real estate, stocks, bonds, personal savings
- Financial obligations (mortgage, car loans, small business loans)
- Charitable intentions

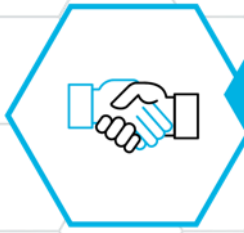


3

Meet with Clients

The more you know about your clients' financial goals, assets, and in-force life insurance policies, the better prepared you will be to help them develop strategies to protect their family.

Asking the right questions can help you uncover the opportunities in your client's policy review.



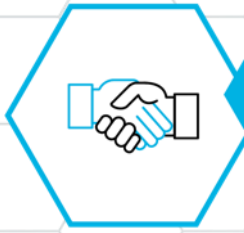
3

Meet with Clients

Here are sample questions to ask and points to ponder when conducting your client's policy review.

Q: Since your policy was issued, have you had any significant lifestyle changes?

- Marriage/divorce or birth/adoption of a child?
- Job change or promotion?
- Inheritance?
- Buying/selling a business or home?
- Health change for you or your spouse?
- Started or stopped any risky hobbies?



3

Meet with Clients

Q: Is your life insurance up-to-date?

- Up-to-date beneficiaries?
- Adequate coverage amount?
- Is this the right type of policy for you (term/cash value)?
- Can the same coverage be met at a lower price?
- Have policy features or benefits changed or are more attractive ones now available?
- How about the ratings and financial status of the issuing company?
- Will the policy stay in-force for as long as intended?



4

Calculate Life Insurance Need

After your client meeting, calculate your client's life insurance need and prepare a recommendation.

The following factors may influence your client's life insurance needs:

- Final expenses and funeral costs
- Income replacement
- Marginal tax rates
- Mortgage and other debts
- Potential college costs
- Savings and investments
- Current retirement savings
- Estimated inflation rate
- Estimated return on investments
- Current in-force life insurance

**HELP
CALCULATE
THE NEED**

Check out
online calculators at
PacificLife.com.



5

Deliver Recommendation

Depending on your clients' goals, financial situations, and current coverage, you will likely make one of the following recommendations:

- No change is needed – reaffirm that your clients' needs and policies are aligned and encourage them to call you if they experience a major lifestyle change before their next policy review
- Update the life insurance policy beneficiary or beneficiaries
- Purchase additional life insurance coverage
- Reduce the death benefit
- Transfer the policy to an irrevocable life insurance trust (ILIT)
- Exchange the existing policy for a new policy

There are circumstances in which replacing or converting your client's existing life insurance or annuity can benefit your client. You should make a careful comparison of the costs and benefits, including any applicable surrender charges, of your client's existing policy and the proposed policy to analyze how a replacement may affect your client's plan of insurance. You should provide this information to your client and discuss whether replacement is in your client's best interest.

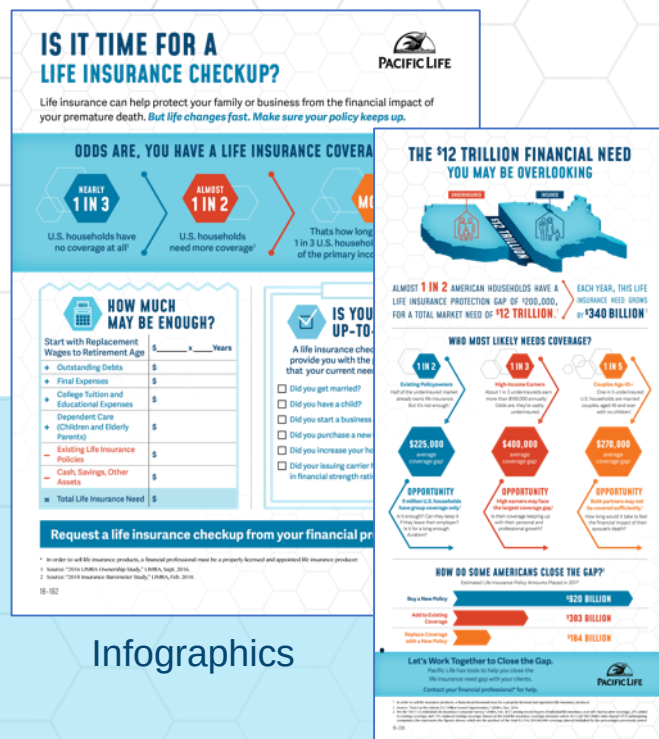


Tools to Help You Promote Policy Review

To Your Producers

Supercharge Your Business With These Tools

Promote this opportunity by accessing the marketing toolkit on ProducerBay.



Infographics



Field Guide



Email Drip Campaigns



Signature Taglines/
Digital Ads

5 Ways to Keep the Momentum Going



⁷ PL PROMISE TERM Level Premium Term Life Insurance. Policy Form #P16LYT or ICC16 P16LYT and S16LYT 10, S16LYT 15, S16LYT 20, S16LYT 25, or S16LYT 30, based on level premium period chosen and state of policy issue.

⁸ PL PROMISE CONVERSION UL (Policy Form #P17LYCUL or ICC17 P17LYCUL, based on state of policy issue) universal life (UL) insurance with no-lapse guarantee. Early conversion is years 1-4 for 10-year-term; 1-7 for 15-year-term; 1-9 for 20-year-term; 1-12 for 25-year-term; and 1-14 for 30-year-term. Request additional details from your Pacific Life representative.

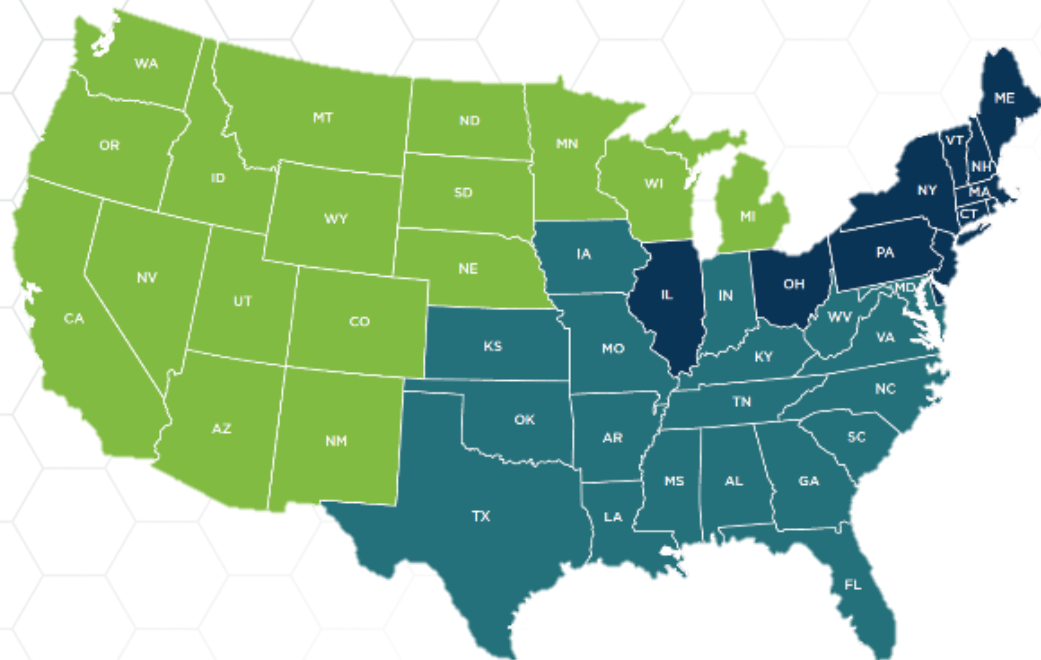
⁹ PL Smooth Sailing is available with PL PROMISE TERM Level Premium Term Life Insurance, and PL PROMISE GUL No-Lapse Guarantee Universal Life Insurance. The total amount of life insurance coverage applied for and inforce with Pacific Life may not exceed \$1 million.

¹⁰ PL PROMISE GUL No-Lapse Guarantee Universal Life Insurance. Policy Form #P18PRUL and S18PRUL or ICC18 P18PRUL and ICC18 S18PRUL, based on state of policy issue. Check with your Broker General Agency (BGA) for product availability.

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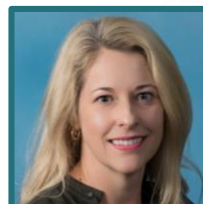


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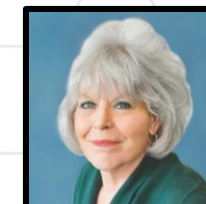
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The Power of Pacific

- Mutual company
- Financial strength
- Innovative underwriting
- Straightforward products
- Competitive pricing
- Solid, consistent service
- Agile technology
- Flexible eCapabilities

Buying life insurance is a long-term commitment. The company your clients choose matters.





Thank You

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