

65% of Life Insurance Currently In Force Is Not Guaranteed To Last a Lifetime and Is Expiring Prematurely  
With Policy Owners and Advisors Unaware

In the early 1980s, insurers started the redesign of their life insurance policies in a move to non-guaranteed products and this trend has continued unabated ever since. The move away from guarantees has caused the current situation in which most life policies purchased over the last 35+ years are not guaranteed to last a lifetime.

The sad situation is that insureds and their advisors are unaware that life insurance requires active management similar to a stock, bond, real estate or other investment portfolio.

However, in most cases policy owners, their family members, even their trustees (in the case of trust-owned policies) and unfortunately many financial advisors do not have an understanding of how a life insurance policy works, nor do they have the specialized knowledge or experience to know what should be done to keep the life insurance from expiring prematurely.

Few policy owners or their advisors are aware that their life insurance is not guaranteed to last a lifetime and may expire while an individual is in their late 70s or early 80s, if not earlier. Many policy owners wrongly believe that either their agent or insurance company is monitoring the situation to make sure the insurance policy will always remain in force, but that's simply not true in the majority of cases.

As a result of having fewer guarantees, as many as 20+% of these non-guaranteed life Insurance policies are expiring years earlier than originally anticipated and long before the life expectancy of the insureds.

As a matter of fact, it is in the insurer's best interest for the policy to become exorbitantly expensive and after years of paying premiums to leave the policy owner with no choice but to reduce, surrender or lapse the policy.

What Happens?
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Lapse or early surrender usually happens when a policy owner, who is often elderly, receives notice from their life insurer stating that their policy - based on the currently credited interest rate, cost-of-insurance and policy fees - will expire, unless a higher premium is paid. "How can that be?" asks policy owners everywhere. "I've paid all of my premiums on time."

Well, what policy owners and often their advisors don't understand is that 65% of the life insurance policies that were purchased over the last 35+ years are not guaranteed to last a lifetime and that the policies are performing just as the insurer designed them in a period of low interest rates. Just because the initial schedule of premiums was paid does not mean that the payments were sufficient for the policy to remain in force until the insured's life expectancy. Most policy owners expected their policy to

last when they originally purchased the policy. Unfortunately for tens of thousands of policy owners, this is just not the case. Policies are lapsing daily to the benefit of the insurer and to the detriment of insureds and their families.

#### Why Has This Happened?

Universal life insurance is expiring prematurely as a result of prolonged low interest rates, unexpected extreme increases to internal costs of insurance and inattention on the part of policy owners and advisors.

Since the insurer is not responsible to assess the performance of a policy, it is the policy owner and their advisors that are 100% accountable for the performance risk of the policy. Shortfalls in earnings as a result of reduced interest rates over the last 25 years should have been made up by the policy owner each and every year. Unfortunately, neither policy owners nor many advisors realized that if a shortfall wasn't made up, it would cause their life insurance policy to expire years earlier than originally anticipated.

A few specialty advisors are beginning to educate life insurance policy holders and other advisors about the necessity of a life insurance portfolio evaluation to determine whether their policy is sufficiently funded to last for a lifetime. When dealing with today's life insurance products, amateur performance assessment is not sufficient but professional specialized knowledge and experience is called for.

Unfortunately, many investment, legal, nor financial advisers have not chosen to address this growing problem by stepping up to inform their clients that their policies may be expiring prematurely. As long as no action is taken because of either apathy or ignorance, the problem will continue to grow.

Many advisors are afraid to inform their clients of this problem in fear that the policy owner will blame them for the fiasco.

#### Offer of Free One-Hour Consultation

To ensure that your future life insurance payout is protected and that your heir's inheritance is not endangered as a result of problems with life insurance based upon low interest rates, increased cost-of-insurance, inexperience, or neglect, I offer a one-hour free consultation to assess your situation. Please feel free to call on me or to check my calendar on-line for times that are available.