

## PROSPECTING

# Dust Off Those Old Policies ...

A review might help you discover new and better ways to serve your clients.

It's time to review the life insurance policies sold to some of your clients many years ago. As you know, the retention rate of agents in the industry has historically been low; as a result, in many cases, the agents who initially sold the policies are not around to conduct the much-needed policy review and audit that a life insurance policy needs every few years.

If the person who bought the policy is the policy owner or a fiduciary trustee, they have the responsibility to make sure the policy that is in their control is still performing close to what was projected at the time of inception. Policies may get placed and put in force to protect family members and loved ones, help alleviate transfer taxes, effectuate a transfer of stock, or buy out a business partner. In many cases, it's put in a safe deposit box or file cabinet and forgotten.

As the insurance agent, you need to find out what has changed since that policy was applied for and placed years ago.

- Has the insured's health improved or declined since the time the policy was underwritten?
- Has the insured's financial situation improved and his net worth increased, or has there been a substantial reduction?
- Has the insured's family size increased, or just their debt?
- Has the insured's business revenue been multiplying, or has the business been closed down?
- Most importantly, does the policy still have relevance and make sense today, given the insured's current situation, whether it's a personal, business, or a trust-owned policy? The review and analysis process is critical to make



sure that the insured has a policy that can perform for them, their family or business as they had expected.

### Changes in the industry

The life insurance underwriting process today has changed and evolved over the past decade. Insurers understand and can more favorably underwrite many medical conditions that in the past caused policies to be underwritten at standard or substandard rates. In today's competitive underwriting landscape, those same contracts may be issued at preferred or standard underwriting rates.

These underwriting developments, in conjunction with longer life expectancy tables, enhance the need to make sure that older contracts are still competitive today, alongside newer products and contracts. Our experience, as both insurance brokers and licensed insurance advisors specializing in protection products, has presented us with plenty of situations in which old contracts that were and are structured properly can still prove to be perfectly fine for an insured/client today, as it was many years ago.

At the same time, a review of another contract from that same era may reveal that it can be replaced with a stronger, more competitive product today, even if it is rewritten

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many years later, and the insured is much older and in similar health.

Life insurance and protection products are evolving and changing every day. As professional advisors, no matter what capacity we are in, we owe it to our clients to keep up with the ever-changing marketplace and product landscape. A product placed 10 years ago may have been the best option available at the time. If that was the case, nothing was done incorrectly. Today, that same need for the insurance might still exist, but it could be satisfied more efficiently by using an updated or improved mortality product.

Don't assume a life insurance policy written many years ago can be stored away and not reviewed again until the time of claim. Just as you review your clients' investment or retirement accounts on a periodic basis, you need to review their life insurance contracts, which make up their overall financial and estate-planning portfolios. You may be surprised at what looms below that layer of dust! □

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