

Welcome to
The New Orleans Estate Planning Council

Due Diligence in
Recommending the Correct
Life Insurance Policy

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Establishing the Need for Coverage

Need

- Temporary need – term insurance
- Permanent – Continuing need

Permanent or Continuing Need

- Whole life
- Variable life
 - Mortality and expense cost
- Universal Life
 - No guarantees
 - Secondary guarantees
 - i.) Mortality Table
 - ii.) Company Financial Ratings
 - iii.) Guarantees and Problems
 - iv.) Purpose of Cash Value
- Variable Universal Life
 - Investment risk

Amount of Coverage

- Estate
- Business
- Charitable

Understanding the Policy Illustration

- Pro forma
- Product Illustration
 - NAIC Illustration
 - Product enhancements (non-guaranteed)
 - Current experience
 - Past history
 - Current scale vs. portfolio method
 - Third party references

Professional Liability and Disclosure

- Who are you liable to?
 - Policyowner
 - Insured
 - Beneficiaries
- What happens if your recommendations are wrong?
- How can you limit your liability?

Rating Agencies

- A. M. Best
- Fitch
- Standard & Poor's
- Moody's

Rates

- Mortality
- Expenses charges
- Interest
 - Investing long
 - Investing short

Go Noles!

