



What's New in Product Design?

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Very few professional advisors deal with life insurance often enough to ever feel “expert”. But in many practices it is important to have at least a good basic understanding of what products and features are currently available in the market.

Here is a brief summary of some currently marketed features to put in your file called “Things I’m Not Sure I Want To Remember But May Want To Know Someday”. These features are not available in all products, of course, but tend to be included in the newer generation of products.

- Flexibility – when needs/circumstances change
 - i) Change from a joint life to a single life plan. (Useful when there has been a divorce, separation, etc.)
 - ii) Change from a single life to a joint life plan without evidence in a future year, so long as insurability of the second life is established at the outset. (Useful when insured shareholders sell the company but still need joint last coverage for estate purposes.)
- Investment Component
 - i) Make additional deposits to a Universal Life plan with no premium loads and no surrender charges.
 - ii) IIT Refund – the “investment income tax” paid by the insurer can be tracked and refunded when a policy is surrendered. Not all companies do this so it is important to watch for it.
 - iii) A new blended, smoothed account is available which combines commercial bonds, government paper, real estate income/capital gains and market equities. The current rate is set at 4.6% net, guaranteed for 4 years, with no loads or surrender charges.

- Tax Free Removal of Cash Value

Can elect a tax free payout of the account/cash value – as an insurance benefit – payable on the death, disability or critical illness of a covered life.



- Underwriting

At least two insurance companies we work with will “table waive” meaning they will ignore up to a 50% medical rating on a new insured. This can be quite valuable for clients who are medically rated.

- Customize to meet a specific situation

When we recommend a solution, it is quite often customized to the unusual circumstances of each individual client. These and other non-contractual modifications can be very helpful when implemented in the appropriate situation. If you have a particular requirement that doesn’t appear to be met by the standard product, perhaps there is a customized solution that can be designed to fit.