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(Illustrations Only Please)

**Life Insurance
Portfolio Management
◆
Quality Assurance
Questionnaire**

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1. How did your life insurance portfolio/policies perform in 2002 (relative to the original as-issued policy illustrations and/or relative to other policies in the market)? *If not known, would you be interested in an analysis of your current portfolio as compared to benchmarks for price and performance**?*

[Follow up with questions [a], [b] or [c], but usually not all unless client portfolio consists of multiple policy types.]

a. If **Universal Life** (i.e., pays an declared interest rate on policy cash values),

- What is the current interest rate?
- Is the current rate higher or lower than historical returns for fixed-income securities (i.e., high-grade corporate bonds and/or government-backed mortgages)?
- Is it higher or lower than the crediting rate at policy issue?
- If lower, have you considered adjustments* to your policy to prevent it from lapsing?

b. If **Variable Life** (i.e., cash values invested in mutual-fund-like “separate accounts”),

- How did the mutual-fund-like separate accounts perform in 2002?
- How did the performance of your cash values compare with historical returns?

- Are cash values above or below the target values needed to support desired benefits?
- If below, have you considered adjustments* to your policy to prevent it from lapsing?

c. If **Whole Life** (i.e., pays a dividend based on undisclosed pricing),

- What is the current dividend interest rate?
- Is the current rate higher or lower than historical returns for fixed-income securities (i.e., high-grade corporate bonds and/or government-backed mortgages)?
- Is it higher or lower than the crediting rate at policy issue?
- If lower, have you considered adjustments* to your policy to prevent it from lapsing?

*** 4 ways to adjust and manage life insurance policy pricing in response to underperforming cash values:**

- 1. Increase planned premiums,**
- 2. Reduce insurance charges and/or policy expenses,**
- 3. Reduce death benefits, or**
- 4. Increase policy earnings.**

** Please refer to www.TheInsuranceAdvisor.com to learn more about life insurance portfolio management and find out more about the patented Confidential Policy Evaluator (CPE) system at <http://www.theinsuranceadvisor.com//index.asp?id=66> or go to <http://www.theinsuranceadvisor.com//index.asp?id=67> for a sample report).

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2. How did the performance of your life insurance portfolio/policies compare with other policies in the market (measured either in general terms or measured specifically by individual cost components as to Cost of Insurance [COI] Charges, Premium Loads, Cash-value-Based Fees, and Fixed Administration Expenses)? *If not known, would you be interested in an analysis of your current portfolio as compared to benchmarks for price and performance**?*
- a. Cost of Insurance Charges
 - How much did you pay in Cost of Insurance [COI] charges last year?
 - How did this actual COI charge compare to quoted COI charges proposed in the original as-issued policy illustration?
 - How did this actual CIO charge compare to COI charges for other policies in the market?
 - b. Premium Loads
 - How much did you pay in Premium Loads last year?
 - How did this actual Premium Load compare to quoted Premium Loads proposed in the original as-issued policy illustration?
 - How did this actual Premium Load compare to Premium Loads for other policies in the market?
 - c. Cash-Value-Based Fees (usually applicable for VUL policies only)
 - How much did you pay in Cash-Value-Based Fees last year?
 - How did this actual Cash-Value-Based Fee compare to quoted Cash-Value-Based Fees proposed in the original as-issued policy illustration?
 - How did this actual Cash-Value-Based Fee compare to Cash-Value-Based Fees for other policies in the market?
 - d. Fixed Administration Expenses
 - How much did you pay in Fixed Administration Expenses last year?
 - How did this actual Fixed Administration Expense compare to quoted Fixed Administration Expenses proposed in the original as-issued policy illustration?
 - How did this actual Fixed Administration Expense compare to Fixed Administration Expenses for other policies in the market?

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- e. Total Weighted-Average Policy Cost
 - How much did you pay in Total Policy Costs last year?
 - How did this actual Total Policy Cost compare to quoted Total Policy Costs proposed in the original as-issued policy illustration?
 - How did this actual Total Weighted-Average Policy Cost compare to Total Policy Costs for other policies in the market?

- 3. Are you satisfied with the frequency/completeness of reporting for your life insurance portfolio? Do you find this information meaningful and understandable? *If not, would you be interested in an analysis of your current portfolio as compared to benchmarks for price and performance**?*

- 4. Are you satisfied your life insurance portfolio is being properly monitored and/or managed? *If not, would you be interested in an analysis of your current portfolio as compared to benchmarks for price and performance** and/or like to set an appointment to discuss options and alternatives?*

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