



BUSINESS OWNERS BENEFIT FROM ANNUAL POLICY REVIEW

THE SITUATION

Jack Dawes, age 70, and Carl Mueller, age 60, are partners in a successful real estate development company in the Midwest. Ten years ago, the partners each purchased a \$7 million Variable Universal Life policy to fund a buy-sell agreement. At that time, the partners each had underwriting complications that prevented them from obtaining the best possible price on their policies: Jack had medical issues that prevented him from obtaining the best underwriting rating class; and Carl engaged in two high-risk hobbies, private piloting and scuba diving, which negatively affected his rating class.

WHAT WENT WRONG

When The Policy Management Company (PMC) was brought in by Jack and Carl's Valmark Advisor for a standard annual policy review, the PMC team found that the policies' cash values, cash surrender values and coverage ages were lagging behind the original plan design. Moreover, when the PMC team performed a life expectancy analysis on the partners, they found that Jack and Carl were likely to outlive their respective coverage ages. Also, the partners' company had grown considerably over the last decade and the buy-sell agreement was now underfunded.

SOLUTION

The PMC team performed an in-depth analysis of various planning scenarios and market comparisons to see if the partners' coverage could be enhanced. The PMC team also brought in Valmark's Underwriting Advocacy team to perform a private underwriting inquiry on Jack and Carl to see if their underwriting rating classifications could be improved which would lower their costs of insurance.

THE OUTCOME

With Jack and Carl's approval, the PMC team and Valmark Advisor prepared an updated insurance plan that would provide improved funding for the buy-sell agreement and extend coverage on both partners through life expectancy. To help the partners obtain the best possible pricing, the Underwriting Advocacy team leveraged their longtime relationship with the prospective insurer and went through several rounds of negotiations to position the partners medical and avocation information in the best possible light. Ultimately, the insurer granted Jack and Carl an improved underwriting rating which lowered their costs of insurance compared to their prior policies.

¹ Client name has been changed to protect confidentiality. | The information presented here is for educational purposes only and actual results may vary. Variable Universal Life Insurance products are sold by prospectus. A prospectus is available from your insurance professional. Clients are advised to read the prospectus in full before investing. Securities offered through Valmark Securities, Inc., a member of FINRA and SIPC.