

LIFE INSURANCE ASSESSMENTSM

AN OBJECTIVE EVALUATION OF THE CURRENT LIFE INSURANCE
PORTFOLIO PERFORMANCE ALONG WITH PRESENT OPTIONS FOR
SAMPLE CLIENT

PREPARED BY BROKERAGE PROFESSIONALS, INC.

JOHN AGENT
IMPORTANT AGENCY, INC.
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OVERVIEW

Life insurance is a very complex financial instrument - more so than most policyholders and their advisors tend to realize. Indeed, life insurance has traditionally been viewed as a static asset that could comfortably be ignored once adequate coverage was obtained. That perception, in many cases, has created a large gap between the insured's expectations and actual policy performance.

Like investment portfolios that are actively managed and real estate that is periodically appraised, life insurance needs to be managed and monitored according to a wide range of criteria. In the current environment, the consequence of inattention to life insurance can include lapsed policies, unnecessary costly premiums, missed opportunities and a breach of fiduciary responsibilities.

The convergence of critical insurance industry changes in medical and economic developments have given rise to a new discipline and level of expertise within the life insurance field: The Life Insurance AssessmentSM. Brokerage Professionals, Inc. is uniquely qualified to preform Life Insurance Assessments on behalf of your financial advisor. Clients stand to gain significant value from this objective, third-party assessment of the performance of their policies, along with a comprehensive review of opportunities to improve upon existing life insurance.

In the majority of cases, approximately 65 percent of the time, the potential for considerable improvements is discovered and clients are presented with options to either increase death benefits at current funding levels or reduce premiums while maintaining the same coverage. The other 35 percent of clients receive recommendations on how policies can be restructured to meet their needs and expectations, or they gain the assurance that they are already benefiting from the most up-to-date underwriting standards and optimal products.

A COMPREHENSIVE APPRAISAL

The insurance industry is operating on a vastly different playing field than it was five or ten years ago. This has led to significant changes in the way that life insurance products are designed, priced and medically underwritten. The accompanying Life Insurance AssessmentSM represents a thorough evaluation of the life insurance policy for Sample Client in light of the following medical, economic, industry and individual factors..

- **Underwriting reclassifications due to medical advancements.** Significant medical advances over the past ten years have had an impact on life expectancies. In countless cases, medical histories that were deemed uninsurable or highly rated in the past could now be rated more favorably. Current policies and medical profiles will be reviewed to determine whether more favorable underwriting classifications are potentially attainable.
- **Fluctuating interest rates, dividend scales, and market fluctuations.** Fluctuating interest rates have had an impact on policy crediting rates and dividend scales which are directly tied to the overall rate of return experienced within the insurance company's investment portfolio. The stock market has been up and down, causing wide fluctuations in variable policy performance.
- **Changes to product expenses and insurance charges.** Cost of Insurance (COI) charges can be changed by the insurance company, which will have a direct impact on the projected values illustrated at the time the policies were issued.
- **Development of a secondary market.** Life settlement companies have developed the option of giving policy owners the choice to sell their policies for a fair market value which may be more than the cash surrender value.
- **Structural Insurance Industry Changes.** Life insurance companies have undergone widespread changes in corporate structure, including mergers, acquisitions and demutualization. In some cases, the result has been greater efficiencies that are reflected in the policies issued. In other cases, the impact has not been positive. The accompanying assessment audits your insurance company's financial stability and its ability to meet ongoing obligations.
- **Product Enhancements.** Recent product enhancements reflect an increasingly competitive life insurance industry focused on client needs. This assessment is designed to ensure that Mr Client has the opportunity to benefit from any appropriate policy enhancements.
- **Policy Holder's Planning Goals and Circumstances.** The Life Insurance AssessmentSM process has reviewed Mr Client's current needs, relative to the goals and objectives at the time the life insurance policies were originally issued.

INDUSTRY-LEADING EXPERTISE AND OBJECTIVITY

John Agent has consulted with Brokerage Professionals, Inc. to facilitate and present the Life Insurance AssessmentSM. Our team of experts conducts comprehensive Life Insurance AssessmentsSM for clients on a nationwide basis. With dedicated expertise devoted to the extensive Life Insurance AssessmentSM process, Brokerage Professionals, Inc. is distinctly qualified to assess the financial stability of life insurance companies, in-force ledgers, policy design, medical underwriting and cost of insurance.

THE LIFE INSURANCE ASSESSMENTSM PROCESS

Incorporating a range of resources and expertise, the Life Insurance AssessmentSM includes an evaluation of the following key issues:

- A client and policy summary.
 - A review of the policy structure, ownership, beneficiaries and payment methods, relative to your objectives.
 - A re-evaluation of the underwriting rate class.
 - An evaluation of the effect of changes in interest rates/sub-account performance, increase in cost of insurance, or any combination of these.
 - A fair market value assessment of the policy, if applicable.
 - An evaluation of the financial stability of the insurance company.
 - An objective and comprehensive evaluation of potentially more cost effective or beneficial alternatives.
 - An easy to understand list of options.
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ABOUT BROKERAGE PROFESSIONALS, INC.

We are a full service wholesale insurance brokerage firm. We provide back office management and cater to independent financial advisors, financial planners and financial service offices in all 50 states. Since 1983, we have been an integral part of our brokers' success by assisting them with their clients insurance needs. Our in-house underwriting staff, along with our marketing specialists provide the tools brokers need to manage a successful practice. Brokerage Professionals, Inc. is committed to delivering professional service, quality products, convenience, and superior results!

***Brokerage Professionals, Inc. is product and company
neutral.***

***We assist the advisor in providing the best advice for their
clients***

CLIENT & POLICY SUMMARY

Company Name	American National	MetLife	Total
Policy Number	UV778899	910911888UL	
Issue Date	3/4/1998	2/2/1991	
Policy Type	Universal Life	Universal Life	
Underwriting Rate Class	Standard	Standard	
Death Benefit	\$500,000	\$500,000	\$1,000,000
Accumulation Value	\$142,410	\$142,410	\$284,820
Surrender Value	\$142,410	\$142,410	\$284,820
Premium Mode	Annual	Annual	
Current Premium	\$15,000	\$15,000	\$30,000
Annualized Premium	\$15,000	\$15,000	\$30,000
Owner	Sample Client	Sample Client	
Insured	Sample Client	Sample Client	
Beneficiary	Sample Wife	Sample Wife	
Age of Client When Policy Lapse Current Funding	78	68	
New Projected Premium to Extend To age 100 or more, Assumed	\$16,000	\$16,000	\$32,000
Age of Client When Policy Lapse Guaranteed Funding	78	68	
Policy Riders	None	None	

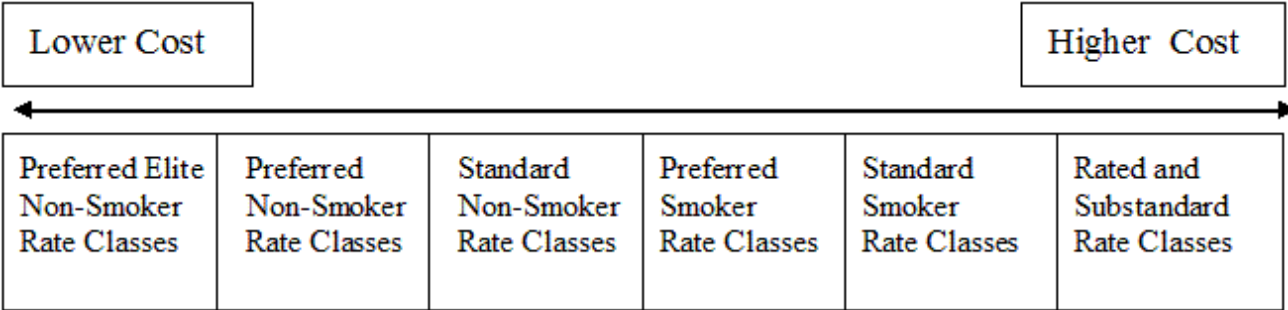
POLICY OWNERSHIP, FUNDING AND BENEFICIARY REVIEW

- These policies are currently owned by Sample Client.
 - The Valued Wife is listed as the beneficiary.
 - Valued Client gifts \$30,000 annually to the Client Family trust in order fund the polcies.
 - It is recommended that Valued Client's leagal and tax consel assist in reviewing these arrangements.
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UNDERWRITING RATE CLASS REVIEW

- An extensive evaluation of the medical underwriting elements was conducted. Based on the medical information provided, a few select insurance companies are likely to offer Sample Client a Preferred Non-Smoker rate class.
- Medical testing will be required to validate rate classification.
- It is important to note that a reduction in policy cost is to be expected if Sample Client is to obtain a Preferred Non-Smoker rate class.

The analysis below illustrates the relationship between an underwriting rate class and policy costs.



FAIR MARKET VALUE ASSESSMENT

This portion of the Life Insurance AssessmentSM compares the existing policy's value if it were to be surrendered or sold. The second option, the sale of the policy, is an option that should be considered by some policyholders over the age of 65.

Cash Surrender Value Specifics

If your life insurance portfolio were to be surrendered to the existing life insurance company for cash or for a transfer to a new policy through a 1035 exchange, its value would be:

\$284,820

Fair Market Value Analysis

The fair market value for many policies is the cash surrender value. Insured's who are over the age of 65 and have experienced any change in health status since policy inception, may be eligible for a life insurance settlement. The following is an estimate of your portfolio's fair market value:

\$284,823

Since Sample Client's health has declined, it appears likely that the life settlement value will exceed the net cash surrender value.

The fair market assessment is an estimate based on life settlement experiences and is not a guarantee or offer to purchase. If you choose to pursue a life settlement, then the full implications of a life settlement transaction should be discussed with your advisor.

FINANCIAL STABILITY

Company	A.M. Best	Standard & Poor	Moody's	Fitch	Comdex
American National UV778899	A	AA-			90
MetLife 910911888UL	A+	AA-	Aa2	AA	95

A.M. Best Company Rating

- A+ Superior. An insurer rated 'AA' has VERY STRONG financial security characteristics, differing only slightly from those rated higher.
- A Excellent. Assigned to companies that have, in our opinion, an excellent ability to meet their ongoing obligations to policyholders.

Standard & Poor's Financial Strength Rating

- AA- An insurer rated 'AA' has very strong financial security characteristics, differing only slightly from those rated higher.
- AA- An insurer rated 'AA' has very strong financial security characteristics, differing only slightly from those rated higher.

Moody's Financial Strength Rating

- Aa2 Insurance companies rated Aa offer excellent financial security. Together with the Aaa group, they constitute what are generally known as high-grade companies. They are rated lower than the Aaa companies because long-term risks appear somewhat larger

Fitch ratings' Insurer Financial Strength Rating

- AA Very strong. 'AA' IFS Ratings denote a very low expectation of ceased or interrupted payments. They indicate very strong capacity to meet policyholder and contract obligations. This capacity is not significantly vulnerable to foreseeable events.

Comdex - Vital Signs Composite Index

- The Comdex gives the average percentile ranking of this company in relation to all other companies that have been rated by the rating services. The Comdex is the percentage of companies that are rated lower than this company.

SUMMARY OF ALTERNATIVES

All known rate class factors are considered and applied to many of the current policies offered by over 50 life insurance companies. Often, acquiring a newer policy can make substantial improvement to the cost, or the guaranteed or projected length of coverage. A few of the top alternatives are listed below.

Current Premium Comparison

Rank	Company Name	Rate Class	Benefit Amount	Premium	A.M. Best	S & P	Comdex	Guaranteed To:	Projected To:
1	John Hancock Life	Preferred Non-Smoker	\$1,725,700	\$30,000	A++	AA+	96	Lifetime	Lifetime
2	ING	Preferred Non-Smoker	\$1,612,801	\$30,000	A	AA-	89	Lifetime	Lifetime
3	Lincoln Benefit Life	Preferred Non-Smoker	\$1,602,976	\$30,000	A+	AA-	88	Lifetime	Lifetime
4	West Coast Life	Preferred Non-Smoker	\$1,513,243	\$30,000	A+	AA-	86	Lifetime	Lifetime

Current Death Benefit Comparison

Rank	Company Name	Rate Class	Benefit Amount	Premium	A.M. Best	S & P	Comdex	Guaranteed To:	Projected To:
1	John Hancock Life	Preferred Non-Smoker	\$1,000,000	\$7,677	A++	AA+	96	Lifetime	Lifetime
2	ING	Preferred Non-Smoker	\$1,000,000	\$9,221	A	AA-	89	Lifetime	Lifetime
3	Lincoln Benefit Life	Preferred Non-Smoker	\$1,000,000	\$9,466	A+	AA-	88	Lifetime	Lifetime
4	West Coast Life	Preferred Non-Smoker	\$1,000,000	\$11,844	A+	AA-	86	Lifetime	Lifetime

The alternatives assume a 1035 exchange of \$284,820

No Change

Age	54	68	78
	Death Benefit Premium	Death Benefit Premium	Death Benefit Premium
American National Policy # UV778899	\$500,000 \$15,000	\$500,000 \$15,000	\$0 \$0
MetLife Policy # 910911888UL	\$500,000 \$15,000	\$0 \$0	\$0 \$0
Total Death Benefit	\$1,000,000	\$500,000	\$0
Total Premium	\$30,000	\$15,000	\$0

This report should only be used in conjunction with the complete illustrations, reports, and professional interpretation by a properly licensed representative. This is not tax or legal advice.

SUMMARY COMPARISON

		Premium Comparison	Death Benefit Comparison
	Total of Current Portfolio	John Hancock Life	John Hancock Life
Annual Premium	\$30,000	\$30,000	\$7,677
Death Benefit	\$1,000,000	\$1,725,700	\$1,000,000
Years Guaranteed	8	Lifetime	Lifetime
Underwriting Rate Class	Non-Smoker	Preferred Non-Smoker	Preferred Non-Smoker
Company Ratings			
A.M. Best		A++	A++
S&P		AA+	AA+
Moody's		Aa3	Aa3
Fitch		A++	A++
Comdex		96	96

Comments: Assumes all additional underwriting requirements are within John Hancock Life's Preferred Non-Smoker underwriting rate class. Assumes a 1035 exchange of \$284,820.

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CONCLUSION

Evaluation of the current policy suggests:

- Mortality class has tentatively been assessed as Preferred Non-Smoker
- Ownership of portfolio is Client Family Trust
- Beneficiary of portfolio is Client Family Trust
- The fair market value of the portfolio is \$284,820
- Current funding will lapse the portfolio by age 78
- Projected premium to extend portfolio to age 100 is \$32,000
- This analysis shows a 1035 tax free exchange of your current portfolio would provide extending the coverage period or reducing your ongoing premiums

OPTIONS

Sample Client

78- 1

1. **No Change.** Continue to pay your current premium of \$30,000 per year for the policy. Based on current assumptions your policy will lapse with no value or death benefit at age 78
2. **Adjust your current policy.** In order to have your policy carry to maturity under its current assumptions you will need to increase your premium payment to \$32,000 per year. This amount is not guaranteed to remain at this level and may increase or decrease based upon actual performance.
3. **Select one of the alternatives presented.**
 - A. **Keep Current Premium and Adjust Coverage** By paying your current premium of \$30,000 you would be able to generate a death benefit of \$1,725,700. Both your death benefit and your premium would be guaranteed for Lifetime (as long as the premiums are paid as scheduled and no withdrawals and/or loans are taken from the policy). Medical testing and complete underwriting will be required to verify your insurability
 - B. **Keep Current Death Benefit and Adjust Premium** in order to maintain your current death benefit amount of \$1,000,000 you would need to pay a premium of \$7,677 per year. This represent an annual savings from the premium adjustment on your current coverage (option 2) of \$24,323. In addition your death benefit amount and premium payments would be guaranteed for Lifetime.(as long as the premiums are paid as scheduled and no withdrawals and/or loans are taken from the policy). Medical testing and complete underwriting will be required to verify your insurability

I acknowledge that I have been presented with this entire document and have reviewed and understand my options.

At this time I wish to implement the following option (please check the appropriate box):

Option 1 **Option 2** **Option 3A** **Option 3B**

Insured/Owner Signature: _____

Insured/Owner Printed: _____

Witness: _____

Date: _____

Broker Copy

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Insured/Owner Signature: _____

Insured/Owner Printed: _____

Witness: _____

Date: _____

Client Copy

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Supporting Documentation
