

Capital Formation Group's

POLICY MANAGEMENT COMPANY



BRIDGING EXPECTATIONS WITH RESULTS

BRIDGING EXPECTATIONS *with* RESULTS



As the life insurance industry changes with time, effective inforce policy management is now more critical than ever. Products are becoming increasingly more complex and a greater number of variables can affect the performance of any policy. Many policies are not performing as originally intended while others do not align with clients' changing needs and objectives.

Capital Formation Group's Policy Management Company (PMC) partners with your insurance advisor to reduce the risk of your policy not performing as designed and to ensure your coverage is meeting your expectations. Through a detailed review process and objective analysis, the PMC works with your advisor to determine the current performance of your policy and identify solutions to improve it as needed. Active and ongoing management with annual reviews keep the policy on track and inforce.

Leveraging an effective combination of technology, a dedicated team of experts and Valmark's 50+ years of experience in providing sophisticated life insurance solutions to meet the unique needs of clients, the PMC provides you with the assurance that your policy will deliver the promised benefits as you intended. Together with your advisor, we form a durable bridge that connects your expectations with actual results.

POLICY MANAGEMENT PARTNERSHIP



RISKS AFFECTING POLICY PERFORMANCE

POLICY ADMINISTRATION

- Premium payments and timing
- Withdrawal and loan payments
- Non-enacted planned events
- Utilization/termination of riders and conversion options
- Beneficiary, address or trustee changes

INSURANCE COMPANIES

- Insurer strength and stability
- Administrative and servicing errors
- Limited communication to owners and trustees
- Changes to products and features



POLICY PERFORMANCE

- Crediting rate and dividends
- Subaccount allocation and performance
- Guarantee and shadow account challenges
- Cost of insurance increases

INDUSTRY & ENVIRONMENT

- Low interest rate environment
- Changing laws and fiduciary requirements
- New products and solutions in the marketplace
- Tax and estate plan implications

BENEFITS *of* ACTIVE POLICY MANAGEMENT

Through objective analysis and ongoing policy management, the Policy Management Company...

1. Ensures life insurance policies perform as designed and continue to meet clients' needs
2. Mitigates the risk of policy lapse or underperformance
3. Resolves errors and prevents issues that can cause problems
4. Confirms premium payments and planned changes are made
5. Identifies opportunities to maximize the value of the policies

POLICY MANAGEMENT PROCESS

A Disciplined Process for Bridging Policy Expectations with Results



SETUP AND DESIGN

Begin by completing a policy management questionnaire with your insurance advisor to determine your policy design objectives and guidelines for the policy. Any original documentation and current statements will be gathered and archived.

- *What are the long-term objectives for the policy?*
- *Is the policy meeting the current needs?*
- *How should the performance be measured?*



MONITORING AND MANAGEMENT

The policy is monitored based on the priorities and guidelines as designed. Based on the service level, alerts, reminders and notifications communicate the current performance while service requests and policy changes are facilitated to completion in coordination with your insurance advisor.

- *Is the policy following the design guidelines?*
- *Are premiums being paid on time and in the correct amount?*
- *What inforce changes are needed?*



ANALYSIS AND REPORTING

After each policy anniversary, a thorough review is completed based on inforce illustrations and current policy values compared to the design and objectives. Policy performance is assessed and an annual report summarizes the current health and status of the coverage.

- *How is the policy performing? Are there any risks or opportunities?*
- *Are the policy, riders, features and insurance company meeting expectations?*
- *Has anything changed in the current situation?*



RECOMMENDATIONS

Working with the PMC and using the annual policy review as a guide, your insurance advisor may provide recommendations to improve the current coverage or take corrective action as needed. Recommendations can be the result of a change in needs, underperformance of a policy, or created by other industry developments. They may include recalibrating the current policy, evaluating new coverage, or updating the policy management design.

- *Does the policy align with future goals and objectives?*
- *What actions would improve the coverage?*
- *Are there alternative options for the client?*

SERVICE LEVELS

*Different types of policies require different levels of management:
Tailor the service to fit your policy*



BASIC

Monitor term policies duration and conversion options



STANDARD

Evaluate and monitor current policy performance



PREMIUM

Most comprehensive solution to analyze and manage each policy

	BASIC	STANDARD	PREMIUM
	<i>Ideal for Term policies or small policies that may go overlooked</i>	<i>Ideal for single premium, GUL and paid-up Whole Life*</i>	<i>Ideal for VUL, IUL, UL, trust-owned policies or complex scenarios*</i>
Confirm status and contract information	✓	✓	✓
Confirm premium payments	✓	✓	✓
Archive policy documents and information	✓	✓	✓
Late premium reminders	✓	✓	✓
Policy reminders and notifications		✓	✓
Monitor current values compared to guidelines		✓	✓
Manage policy to original designed plan			✓
Facilitate inforce changes to completion			✓
Annual Policy Review Report	<i>Current value and coverage duration</i>	<i>Projected values and coverage duration with commentary</i>	<i>Detailed performance analysis with commentary and recommendations</i>

*GUL - Guaranteed Universal Life, VUL - Variable Universal Life, IUL - Indexed Universal Life, UL - Universal Life

