



Ten Most Common Life Insurance Problems And How to Fix Them

Are your customers' life insurance policies flawed? There's a simple way to find out – through a Life Insurance Review. The following 10 problems can often be found among existing life insurance coverage. If these problems go unchecked, they may have expensive and distressing consequences. Luckily, these problems do have solutions. A life insurance review can help you make sure the life insurance your customers own does not contain these mistakes. If you do find some issues, you have good, straightforward solutions right here.

1. Problem: The insured's estate is named as beneficiary.

Solution: Make sure your customers' beneficiaries are up to date, and that the names of these beneficiaries are included.

2. Problem: There are no back-up beneficiaries named in case the primary beneficiary dies before the policy owner.

Solution: Ask the insured to name at least one back-up beneficiary, and possibly two, just to make sure proceeds do not get tied up in the estate. In some cases, choosing a favorite charity as the ultimate beneficiary may be a good idea.

3. Problem: Policies are left unchecked for years at a time.

Solution: Provide your customers an in-depth policy review at least every 2 to 3 years to make sure the policy is still in force, beneficiaries are correct, and that the insurance covers the changing needs of the insured. Then, be sure to do follow-up calls with these policy owners.

4. Problem: Life insurance doesn't match the insured's current needs.

Solution: Suggest a new type of policy, such as term, universal, fixed-index universal or single premium universal life. Go over the reasons a change in policy is necessary, and discuss any new changes in premiums or fees.

5. Problem: The coverage is not adequate to meet the insured's financial or estate planning goals.

Solution: Perform a thorough analysis of your customer's assets and determine the needs of the beneficiaries. Provide solutions to improve their financial security.

6. Problem: The death benefit is payable to minors, handicapped, emotionally immature, or financially irresponsible beneficiaries.

Solution: Discuss a policy where there are options to define how the death benefit is paid out, or work with the owner and their attorney to set up a trust for the beneficiaries using their current policy.

7. Problem: The insured owns all of the policies.

Solution: If the insured owns the life insurance, it may be subject to estate tax. This is a good time to recommend that the insured work with their tax advisor or an attorney to discern the best way to ensure that the policies' ownership is structured to minimize estate taxes.

8. Problem: There is the potential that the insured's business can provide insurance more cost- or tax-efficiently.

Solution: Analyze the advantages and disadvantages of the various types of plans available. Then, consider how to maximize business-sponsored life insurance benefits.

9. Problem: By definition, term insurance (including group term coverage) will selfterminate and/or become prohibitively expensive to hold.

Solution: Discuss permanent life insurance options with your customers in a timely manner, giving suggestions as to which policies may be best for them to meet their future financial needs.

10. Problem: The owner considers their life insurance policy to be a commodity.

Solution: This is your chance to go above and beyond by keeping customers up to date on their policy and any changes or new laws that may affect it. Schedule policy reviews on a regular basis, maintain contact through mail and phone calls, and show that you have their best interests in mind.