

Comprehensive Review

May 2011

HIGHLIGHTS

Springtime is in the air and the weather is so refreshing! What a perfect time to do a little sprucing up. Here at CPI we decided to spring into action with a refreshing new corporate image, a website makeover, and adding two fresh new faces to our stellar team.

We are pleased to welcome Dana Keeler and Craig Sargent to our CPI family. Dana is our new administrative assistant handling policy service. Craig is a financial advisor working with the broker dealer side of the house.

CPI Companies has also undergone a makeover! You will notice our new logo on all of our communications. Additionally, we are in the process of revamping our website. We expect the new site to be fully operational in a few weeks. Expect an introduction of our new look in an email video morph.

Along with the new look comes several new initiatives that will significantly enhance both commission opportunities and our underwriting services. If you haven't already, you should be speaking with Anthony Giannone to learn more about these programs. We won't disappoint!

Anthony Giannone
Account Manager

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HEADLINER

Product of the Month Program
CPI is happy to announce the introduction of our new *Product of the Month* program. Each month, we will select a competitive product from our arsenal and pay you, the agent, an additional 10% above our published commission. To qualify, the application must be dated and received in our office during that month (sorry, no exceptions!). We will announce the product via email two weeks in advance. If you have any questions, contact Anthony.

BREAKING NEWS... **American General** launched a new program allowing underwriters to utilize PHI's (Personal History Interviews) in lieu of APSs (Attending Physician Statements). This option is available only at the underwriter's discretion and for mild to moderate health impairments. Clients must be under age 60 with a face amount of \$1,000,000 or less. Our underwriting staff can help guide you if you think your client might qualify.

FEATURED PRODUCT

You've seen it mentioned here before, but since it's days are now officially numbered, we're going to talk about it again: **Nationwide's YourLife No-Lapse Guaranteed UL**. This product absolutely dominates the others in minimum funding scenarios. With an optional supplemental blend available, in some cases we can get the funding level close to that of term insurance. Call Curt Abbott for details curta@cpicompanies.com.

PRODUCT UPDATES



On the Bright Side...

Prudential has re-priced their UL Protector. The *Universal Protector 2011* has been approved for sale in NJ (not yet in CA, MA, NY & Guam). Rates will decrease across the board with significant changes on full pay scenarios. *UP 2011* will be competitive when dialing in guarantees to age 100.

Prudential's SUL Protector's rates will also be decreasing! Effective 5/9/11, Pru expects to have approval for the new *SUL* in 43 states (stay tuned for approval in NJ, NY & PA). There will be a 28 day transition period from the state's approval date. *As always, Pru uses age last B-day!*

Banner/William Penn lowered rates on *OPTerm* and *Penn Term* products effective 4/18/11. The decrease is approved in all states.

American General is lowering rates on their already competitive *Select-A-Term* product. Effective 3/30/11, most AG term cases will see a decrease with *Select-A-Term 2011*. The transition period is between 3/31 & 5/16. During these dates, AG will automatically issue a policy using the lowest rates. *Old product app deadline is 5/16.*

AG has also introduced *Secure Lifetime GUL*. This product should see great success with competitive pricing, guaranteed face amounts & [guaranteed cash values](#). *Currently not available in NY, PA, MD.*

More Underwriting Matters...

Don't get caught singing the APS Blues!!!

In an effort to cut costs, most carriers are setting limits on APS fees & in some circumstances forgoing APSs altogether. If you order your own APSs, give one of our knowledgeable staff members a call first to make sure it's needed; otherwise, you may not get reimbursed. *Alternatively, we are happy to order the records for you!*

Do you know about the RX Database?

Many carriers are now utilizing this system as part of their underwriting due diligence. This database lists every medication a client has been prescribed & who prescribed it. Needless to say, we have gotten snagged in underwriting a few times because complete details weren't disclosed on the exam. To avoid underwriting delays, please let your clients know that *full disclosure* helps.

AccuApp & ProQuote are fully operational underwriting initiatives at CPI Companies. We have a highly professional staff to take the data from your clients to assist with applications and the preliminary process. If you don't know the details about these time saving programs, be sure to call Anthony as soon as possible. Summer is here and you need more time to golf!

CPI's Underwriting Goals:

- ~ Accurate paperwork
- ~ Efficient process
- ~ Persistent negotiations
- ~ Strive for the best offer
- ~ Make your job easier!



CURT'S CORNER

Historically, one of our greatest revenue generators has been policy audits, the vast majority of which are designed to solve estate planning needs. We rarely get requests to perform an audit on buy/sell policies, which is interesting, as we do sell a fair amount of new coverage on this basis (granted, a lot of buy/sell coverage is term insurance).

There are three important reasons business clients should be reviewing their buy/sell planning:

1. **Proceeds from business-owned policies are subject to income taxes.** The Pension Protection Act of 2006 changed the tax treatment of business-owned coverage. As a result, the death benefit of any policy issued after August 17, 2006 is taxable as income under IRC 101(i).

The exceptions under this rule, which most buy/sell cases will meet:

- ~ The policy must be held on an appropriate insured (call me for the details).
- ~ The proceeds must be paid to the insured's heirs, estate, or trust, OR used to purchase the insured's interest in the business.

Assuming the insured is "appropriate", particular disclosure and consent requirements **MUST ALSO BE MET:**

- ~ Employee must be notified of the intent to insure, the maximum face amount of the policy, and that the business is the beneficiary
- ~ Employee must provide written consent to be covered and acknowledge that coverage may extend beyond the period of employment.

- ~ Annual reporting must be completed (Form 8925)

NOTE: This can apply to NON-corporate owned insurance, too (again, call me for details).

2. **The policy is not coordinated with the agreement.** Often times the owners have a cross-purchase agreement but the company owns the policy (and vice-versa). Also, consider the situation where a non-owner spouse is the beneficiary. At his/her death, the spouse ends up with his/her shares + the money intended to buy the shares. Certainly not the ideal situation for the surviving partner).
3. **The valuation and the death benefit are not aligned.** Most agreements use a formula to determine a sale price. If this amount exceeds the policy death benefit, the surviving partner is obligated to come up with the shortfall. Conversely, if the value is significantly lower than the coverage amount, there could be an opportunity for them to reduce the insurance costs.

Helping your business clients navigate this potential minefield not only provides them with valuable planning help, but can lead to new sales, as the only way to solve many of these issues is to re-write the coverage.

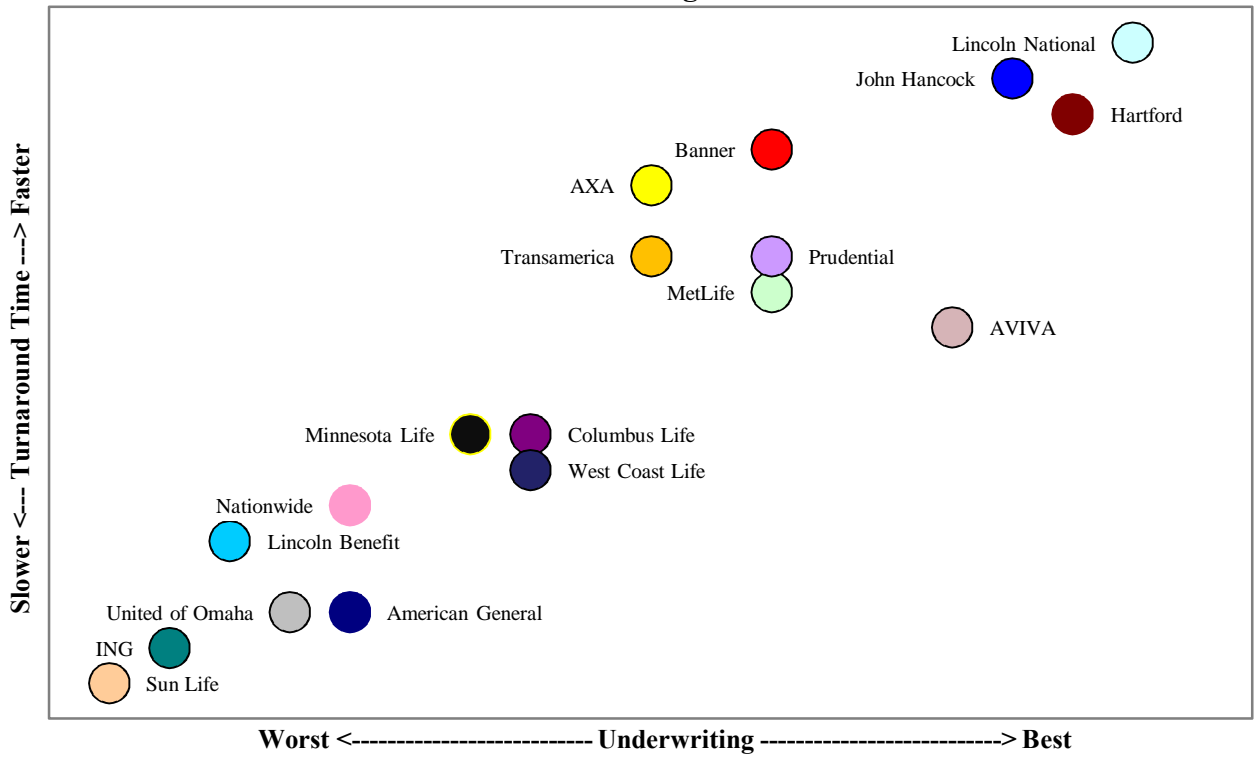
The Comprehensive Review offers our agents and brokers brief reminders, ideas and methods to help ensure that everyone receives the most efficient and professional services.

Contact us by phone at 800-732-8062. Comments, suggestions and contributions are always welcome! Visit our website www.cpicompanies.com.

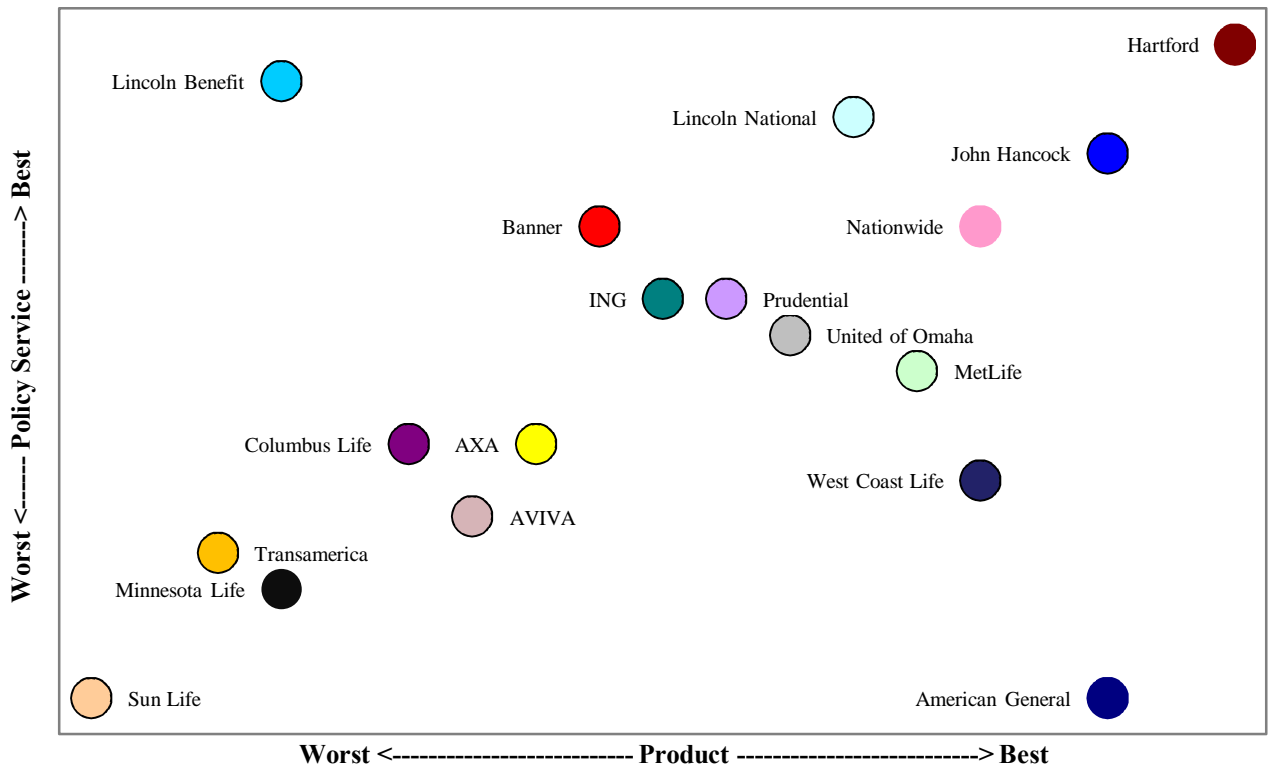
Survey Says...

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Underwriting



Products and Service



Please note: This survey is based on CPI's premier carriers, and based on the opinions of our entire brokerage team.

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