

# POLICY REVIEW RED FLAGS

## INDIVIDUAL PLANNING

Life insurance policy reviews are designed to be **client-first evaluations**, not product-driven conversations. A thorough review helps uncover red flags, clarify risks, and determine whether it's more appropriate to **keep, improve, supplement, or replace** existing coverage. Here's what to look for:

### SPOTTING RED FLAGS DURING A POLICY REVIEW

#### 1. Coverage no longer matches the original purpose

Policies are often purchased for a specific need, income replacement, debt coverage, estate liquidity, or business protection. A red flag can appear when:

- Dependents are now financially independent
- Business obligations have changed
- Estate or legacy goals have changed

If the policy no longer aligns with its purpose, it warrants a deeper evaluation.

#### 2. Term policies nearing expiration or conversion deadlines

Time-sensitive term policies raise immediate concerns:

- Approaching expiration dates
- Pending conversion window deadlines
- Dramatic increases in renewal premiums

These flags indicate urgency and often require action to preserve options.

#### 3. Underperforming permanent policies

For cash value policies, red flags may include:

- Policy illustrations no longer meeting original projections
- Rising costs of insurance eroding cash value
- Premiums required beyond the original funding plan
- Risk of lapse if not monitored

Regular reviews help identify whether adjustments, funding changes, or alternatives are needed.

#### 4. Ownership and beneficiary no longer align

Outdated ownership or beneficiary designations can derail even well-designed plans:

- Divorce, remarriage, or blended families
- Outdated trusts or missing contingent beneficiaries
- Personally owned policies intended for estate planning

These misalignments can often be corrected without replacing the policy.

For financial professional use only. Not Intended for consumers.

Most insurance policies contain exclusions, limitations, reductions of benefits, and terms for keeping them in force. Ask your financial professional to provide you with costs and complete details. Guarantees are based on the claims-paying ability of the issuing insurance company. AIMCOR Group, LLC is not an insurer and does not issue contracts for coverage. This material is being provided for informational or educational purposes only and does not take into account the investment objectives or financial situation of any client or prospective clients. This information is not intended as investment advice.

### 5. Changes in health or insurability

A client's current health status is a critical factor:

- Improved health may allow for more cost-effective coverage
- Declined health may make existing coverage or conversion rights more valuable

This determines whether replacement is realistic or whether preservation and supplementation make more sense.

## DETERMINING THE BEST PATH: KEEP, SUPPLEMENT, OR REPLACE

### When supplementing coverage makes sense

- Existing policies are performing adequately, but coverage amounts are no longer sufficient
- The client wants to address a new need (estate planning, long-term care, legacy goals)
- Replacement would create unnecessary surrender charges or loss of guarantees

Supplementing preserves what works while filling gaps.

### When replacement may be in the client's best interest

Replacement should be considered carefully and only when it offers a clear, documented advantage such as:

- Significantly improved benefits or guarantees
- Lower long-term costs for the same or better coverage
- Access to features not available when the policy was issued
- Policies that are no longer sustainable under current assumptions

Any replacement analysis should include a side-by-side comparison and full disclosure of trade-offs.

### When keeping the policy is the right decision

Sometimes the best outcome is confirming the policy still works:

- Strong guarantees or favorable pricing no longer available
- Health changes make replacement risky or impossible
- The policy is integral to an existing estate or trust structure

A review that results in no change is still a successful review.

The policy review process matters because it protects your clients from unintended lapses or lost benefits, ensures insurance aligns with current goals and regulations, and provides clarity and confidence in long-term planning decisions. Most importantly, it helps to ensure any recommendations, whether to keep, supplement, or replace coverage, are made in the client's best interest. Bottom line: policy reviews are not about replacing policies; they are about protecting outcomes.

For financial professional use only. Not Intended for consumers.

Most insurance policies contain exclusions, limitations, reductions of benefits, and terms for keeping them in force. Ask your financial professional to provide you with costs and complete details. Guarantees are based on the claims-paying ability of the issuing insurance company. AIMCOR Group, LLC is not an insurer and does not issue contracts for coverage. This material is being provided for informational or educational purposes only and does not take into account the investment objectives or financial situation of any client or prospective clients. This information is not intended as investment advice.