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# EPIC ADVISORS

## INSURANCE EVALUATION SERVICES

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EPIC ADVISORS, INC.  
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## **EPIC ADVISORS: INSURANCE EVALUATION**

EPIC Advisors does **not sell insurance**. We provide in-depth, independent insurance analysis on a **fee-only** basis for the following:

- Trust Departments
- Estate Planning Attorneys
- Tax Attorneys
- CPA Firms
- Fiduciaries and Trustees
- Money Managers
- Insurance Agents
- Philanthropies
- Non-Profit/501(c)3 Organizations
- Third-Party Administrators
- CFO's and Controllers of Businesses
- Business Managers
- Family Offices
- Individuals

## Services Offered

For both EXISTING as well as PROPOSED policies, we offer 3 LEVELS OF ANALYSIS AND REPORTING, each with a different fee schedule:

- **Level 1: Policy and Carrier Audit**
- **Level 2: Policy performance Analysis**
- **Level 3: Policy optimization Report**

We also offer reduced rates for bundled reports and policies.

### *Level 1: Standard Policy Review*

- ✓ Fee-based review of policy: owner; insured, beneficiaries; loan rates, interest credits, assumptions, guarantees;
- ✓ Essential for trust departments, attorneys, CPA's, philanthropies, non-profits, and professional fiduciaries
- ✓ Provides all the information necessary to satisfy fiduciary requirements

### *Level 2: Detailed Policy Analysis*

- ✓ A more detailed analysis of needs, coverage amounts, and potential problems and concerns regarding any of the elements in the standard review
- ✓ Includes an analysis of beneficiary designations, premium payments, policy performance, loans, tax implications of surrender or termination
- ✓ Provides a sophisticated, in-depth analysis of potential sources of conflict, constraint, or liability

### *Level 3: Objective Recommendations*

- ✓ A comprehensive set of recommendations to help guide fiduciaries in the process of making necessary changes or modifications to a policy
- ✓ Objective recommendations regarding existing and proposed policies, with regard to cost, suitability, and company quality
- ✓ Guidance regarding policies proposed by sales agents or advisors, to determine relative cost, company quality, and product strengths and weaknesses

# **SAMPLE POLICY EVALUATION**

## **LEVEL 1: STANDARD POLICY – CURRENT FACTS**

- Current Insured
- Current Owner
- Current Payor
- Current Gross Death Benefit
- Current Loans
- Current Restrictions On:
  - Access to Cash Values
  - Collateral Assignment of Interests
  - Changing Ownership
  - Changing Beneficiary
- Current Beneficiary
- Current Loan Rate
- Current Interest Crediting Rate (on dividend rate)
- Current Crediting Rate on Borrowed Funds
- Current Guaranteed Crediting Rate
- Current Payment Mode: Monthly, Quarterly, Semi-annual, and Annual
- Current Premium Factor: Effective Financing Rate on Model Premium
- Current Basis in Policy
- Current Tax Consequences on Termination
- Current Policy Projections (based on current assumptions)
- Current Policy Projections (based on guarantee assumptions)
- Current Available Cash Upon Termination
- Current Access to Cash Based on Borrowing
- Current Interest and Premium Payments Required if Borrowed
- Original Assumptions / Projections
- Current Assumptions / Projections
- Policy Performance (past)
- Policy Performance (future)
- Current Risk of Policy Termination
- Mortality Table Bias (current or obsolete)
- Carrier Risk Issues
- Underwriting
- Ownership (tax issues?) / Appropriate to Circumstance
- Beneficiary (tax issues?) / Appropriate to Circumstance
- Payor (tax issues?) / Appropriate to Circumstance
- Risk of Termination
- Premium Factor (charge) on Monthly, Quarterly, Semi-annual, Annual Split
- Ownership Issues
- Taxation on Termination
- Expected Retirement Benefit from Cash Values

**Carrier Review: ISSUING INSURANCE COMPANY**

Name:

Financial Company Ratings: Moody's, Standard & Poor's, AM Best, Finch, Weiss

Company Size:

Mutual or Stock Company:

History of Downgrades:

Dividend Crediting Rate History:

Carrier was Acquired, Merged since Policy Issue: Yes  No

Current Carrier Administration Policy:

IF CHANGE:

New Policy Administration Company (if issuing company has been acquired, merged or block of business sold)

FULL COMPANY REPORT AND FACT SHEET

## **LEVEL 2: POTENTIAL PROBLEMS & CONCERNS**

### **Policy Performance Issues:**

- Policy will terminate at age \_\_\_\_\_ based on policy guarantees
- Policy will terminate at age \_\_\_\_\_ based on current rates
- Termination of policy will result in taxes due
- Conversion option on term insurance expires in \_\_\_\_\_ year
- Coverage terminates at age \_\_\_\_\_ even if all premiums are paid
- Variable policy portfolio needs review of asset allocation
- A premium increase of \_\_\_\_\_ is required to maintain coverage

### **Policy History:**

- Possible transfer for value problems that would result in taxation of death benefit
- Original projections not met by current performance
- Original mortality tables are less advantageous than current
- Original projected premium schedule has not been maintained
- Policy administration has changed because of sale of carrier or policy
- The policy was issued by a mutual company which de-mutualized
- The policy was rated at the time of issue
- Crediting rates have been reduced since issue
- Cash values are lower than projected
- Split-dollar history needs to be reviewed in detail

### **Related Documents – Availability:**

- Documents on terms of split-dollar agreement were not provided
- Documents associated with buy/sell agreements were not provided
- Documents associated with trust ownership were not provided
- Documents associated with compensation agreement were not provided
- Documents showing original policy projections were not provided

### **LEVEL 3: RECOMMENDATIONS/COST-BENEFIT ANALYSIS**

For same premium it may be possible to:

- Increase coverage
- Provide greater income benefits
- Increase available cash withdrawal
- Improve cash value
- Maintain coverage for more years
- Reduce risk of termination

### **STRUCTURING ALTERNATIVES FOR TAX BENEFITS**

Distribute or buy policy from:

- Current Owner
- Trust
- Corporation
- Qualified Plan

Change:

- Payor
- Change Beneficiary
- Change Owner
- Consider premium financing

### **APPROPRIATENESS OF COVERAGE**

- Change model premium to reduce unnecessary interest costs
- Pay off policy loans in amount of \_\_\_\_\_
- Obtain documents to assure policy is consistent with documents
- Change ownership
- Change beneficiary
- Increase premiums to avoid termination

Consider Replacing:

- ❑ Fixed Product
- ❑ Variable Product
- ❑ Term Product
- ❑ Survivor Product

**Consider 1035 to new policy for following reasons:**

Carrier

- ❑ Financials of carrier have been downgraded
- ❑ Issuing company has been sold/merged
- ❑ Performance history of carrier
- ❑ Carrier's treatment of old policyholders vs. new policyholders

Policy Underwriting

- ❑ Original policy employs obsolete mortality tables
- ❑ Original policy issued with ratings that may no longer apply

Contractual Provision/Options

- ❑ Policy designed to terminate prior to maximum life expectancy
- ❑ Policy conversion options (term) will expire
- ❑ Variable product portfolio lacks guarantee option
- ❑ Extended death benefit rider not available

## FEES

<b>SERVICES AND FEE STRUCTURE (per policy)</b>	<b>One Policy</b>	<b>Two Policies</b>	<b>Three Policies</b>	<b>Four or More Policies</b>
Policy and Carrier Review	\$400	\$350	\$300	\$250
Analysis, including Potential Problems and Concerns, and Cost-Benefit Analysis	+\$50	+\$50	+\$50	+\$50
Comparison of Alternatives and Recommendations for Action	+\$100	+\$100	+\$100	+\$100

## **SAMPLE QUESTIONNAIRE (BASIC REVIEW)**

### **COMPANY INFORMATION**

Company Name: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Position/Title: \_\_\_\_\_

Address: \_\_\_\_\_

State: \_\_\_\_\_

Zip Code: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

### **CLIENT INFORMATION**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

State: \_\_\_\_\_

Zip Code: \_\_\_\_\_

### **POLICY INFORMATION**

(Enter as many as apply)

Policy No.: \_\_\_\_\_

Carrier: \_\_\_\_\_

Insured: \_\_\_\_\_

Policy No.: \_\_\_\_\_

Carrier: \_\_\_\_\_

Insured: \_\_\_\_\_

Policy No.: \_\_\_\_\_

Carrier: \_\_\_\_\_

Insured: \_\_\_\_\_

Policy No.: \_\_\_\_\_

Carrier: \_\_\_\_\_

Insured: \_\_\_\_\_

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Carrier: \_\_\_\_\_

Insured: \_\_\_\_\_