

3-Step Guide

FOR LIFE INSURANCE VALUATION IN BUSINESS PLANNING



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Life insurance is an asset that could have a fair market value far exceeding the cash surrender value and support planning options. Each individual client is unique; however, outdated value concepts are health-agnostic and can leave advisors relying on vague information, which can stall planning.

Ensure potentially valuable life insurance assets are identified, evaluated, and addressed before critical decisions are made and opportunities are missed. Follow these three steps as a guide to integrating life insurance valuation into client conversations.

1

DOCUMENT POLICY INVENTORY

- Number of Policies Owned By or Related to the Business
- Ownership Structure, Influencing Factors, Family Dynamics
- Policy Information: Policy Type, Face Amount, Date of Issue, Cash Surrender Value, Premium
- Health Rating at Issue
- Date Last Appraised and Fair Market Value

2

DETERMINE SUITABILITY

- Would you purchase this same policy if it were proposed to you today?
- Has the insured's health changed since the policy was issued?
- Are premium obligations becoming a burden?
- Are you considering lapsing or surrendering any existing policies?
- Are there any business transitions being considered? (sale, exit, leadership change?)
- Are there any time constraints or obligations outside the business that impact planning decisions.

3

REQUEST FAIR MARKET VALUE

- Key-Person Change in Health or Retirement
- Funding Buy-Sell or Succession Planning
- Pre-Sale or M&A Planning
- Unwinding Complicated Structures
- Value Needed for Policy Transfer (i.e., business to individual)
- Business Valuation Support
- Create Immediate Cash Flow for Business Needs or New Products & Services