

LTC Corner

Looking for a more affordable solution than separate life insurance and Long Term Care policies for your clients? Take a look at John Hancock's LifeCare Benefit Rider which can be added to their permanent life plans. Your client can use all, some or none of the life insurance benefit to help cover LTC costs should the need arise. Any portion of the life policy not used for LTC expenses is paid to the beneficiary. This solution is less expensive than buying separate policies.

Call Amy Murch for more details.

Annuity Sampler

• 3 Year 4.0%

• 6 Year 5.1%

Bonus Annuity

• 10.30% Year 1

• 4.30% Years 2-6

**Call today about
our**

**HOT SELLING
EIA's & SPIA's**



WHAT DO WE DO NOW???

As I write this newsletter my personal portfolio of financial stocks has tanked, and now my insurance stocks are moving toward the brink. Brokers and clients are calling and asking which carriers are safe, and reacting somewhat irrationally to each new rumor they hear.

Here are some suggestions that may help:

- If your client's portfolio shows a paper loss of half a million sell him ten year term to cover the loss until it recovers.
- Insurers operate with much less leverage (debt) than other financial institutions and are better able to withstand a credit crunch as a result. We have letters from most of our carriers attesting to their financial strengths. These are available for your clients.
- Nearly all variable annuities sold in recent years have either a death benefit or a guaranteed payout rate tied to a "high water mark", not to current values.

- To the best of our knowledge every life policyholder has received his or her death benefit, no matter what happened to the carrier. Be very careful how you advise your clients – we have already received a communication from the Ohio Insurance Department warning agents not to speak inaccurately about the capitalization of AIG Life.
- Guarantees are now paramount, but you might think about nibbling at VUL or VA's if you have a fairly long time horizon.
- If your client wants a fixed annuity buy it now! Rates are going to come down.

WHAT DO WE KNOW???

Here are some tidbits of useful information we picked up at a recent industry meeting:



- Life expectancy assessments done in conjunction with life settlements and/or premium financing are going to lengthen, in effect lowering the settlement value and increasing the financing cost. This is occurring because providers were using the 2001 CSO Table to estimate longevity. This table is actually based on mortality from the early 1990's and, depending on age, current mortality is running 80 to 90% of 2001 CSO mortality. People are living longer, longer than the providers estimated, and the settlement investors are not seeing the returns they were anticipating.
- We have it on good authority from a very senior officer at a very large carrier that we need to plan for a deep recession lasting two years or more. This implies the pain is not yet over.
- **There is always opportunity in adversity – now is a very good time for your clients to think about transferring ownership of their businesses because valuations will be low!** We know of an established valuation firm that can help you and your clients in this process. Just ask us.
- If you have a “super” client, one who has maxed out on his life

insurance, Met Life has up to \$50 million of new facultative reinsurance available. If you haven't shopped the market in the last six months this is a new facility. Call us for details.



As always, there are some new term rates out there, a new guaranteed UL or two, and even a new whole life product from **Met Life**. **West Coast Life** is introducing a new survivorship UL product that is "top of the market" – if you've quoted an SUL recently better check this one out! **Banner Life** is introducing its new lifetime guaranteed UL. This product is particularly appropriate for conversions from the very large block of **Banner** and **William Penn** term that is on the books.

THANKS FOR YOUR BUSINESS ALWAYS.