LONG ROAD
RISK MANAGEMENT SERVICES, LLC

THE CASE OF THE PREMIUM OVER-PAYMENT

THE SITUATION

Brenda Davis McNeil[1] is the individual trustee of a trust-owned $500,000 Survivorship Universal Life policy. The policy is guaranteed to age 100 on the lives of her 80-year-old parents, George and Jeanine Davis. The family's Valmark Advisor brought in The Policy Management Company (PMC) to provide ongoing management to ensure the policy performed as designed.

WHAT WENT WRONG

Upon the initial policy review, the PMC determined that the policy was performing much better than planned. However, they also discovered something that had escaped the attention of the insurance company. The PMC identified that three years ago, the trust inadvertently paid the annual premium of $9,598 twice.

In the process of the review, PMC also discovered a different family trust-owned policy where the trust had, again in that same year, paid an annual premium twice. Since the extra payments did not affect any of the policy guarantees, the overpayment would have gone unnoticed indefinitely.

THE OUTCOME

PMC was able to reduce the annual premium on both policies to $8,492 for the next 19 years, and maintain guaranteed coverage to age 120. Cumulatively, the savings amounted to **$42,028** or $21,014 per policy.

SUMMARY | BOTH POLICIES	ORIGINAL POLICY DESIGN	NEW POLICY DESIGN
DEATH BENEFIT	$500,000	$500,000
GUARANTEED COVERAGE	AGE 120	AGE 120
PREMIUM	$9,598	$8,492
CUMULATIVE SAVINGS | 19 YRS	$0	$42,028

[1] Client name has been changed to protect confidentiality. | The information presented here is for educational purposed only and actual results may vary. Variable Universal Life Insurance products are sold by prospectus. A prospectus is available from your insurance professional. Clients are advised to read the prospectus in full before investing. Securities offered through Valmark Securities, Inc., a member of FINRA and SIPC.

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