



Unlock new opportunities with life insurance policy reviews

Help your clients, help yourself

Allianz Life Insurance Company of North America



Opportunity knocks

Quick! Think of your top five clients.
When was the last time you saw them?
Has anything in their lives changed?
Does their life insurance still meet their needs?

The answers to these questions could
hold the key to your future success.
If you're not conducting regular
policy reviews with your clients,
it's time to start.



Open the door with life insurance policy reviews.

Policy reviews benefit your clients.
They can benefit your business, too.

Policy reviews can help ensure that your clients are properly insured.

They can also open up a whole new way of talking with your clients, and can even be a conversation-starter when someone asks what you do for a living.

Policy reviews are not intended as a replacement strategy or sales pitch – but they can benefit your business, by helping you:

Move from transactions to connections.

Demonstrate an interest in your clients that extends beyond the sale, and you could build a lasting connection based on loyalty and trust.

Invest in the long-term viability of your business.

If your customers are loyal to you over the years, chances are their kids will be, too. Policy reviews are a great opportunity to get to know your next generation of clients.

Uncover sales opportunities.

Your existing book of business offers hidden opportunities you might otherwise miss. Surprisingly, your current clients may be among the best sources of future business.

Uncover referral opportunities.

Wouldn't it be awkward to cold-call for referrals? If you conduct regular policy reviews, it'll be much easier to ask for – and obtain – referrals from your clients.

Distinguish yourself from other financial professionals.

Regular policy reviews can be an important point of difference. If you're not offering this service, someone else will. Give your business the edge in a competitive market.



Get ready to unlock your sales potential.

Are policy reviews really worth your time?

Many Americans either have no insurance, or are underinsured.

- 28 percent of wives and 15 percent of husbands have no life insurance at all.
- 56 percent of married parents believe their current life insurance coverage is inadequate.
- Insured adults are more likely to have only group life insurance obtained at work.

As much as they want insurance, clients also want guidance.

- Parents find buying life insurance confusing. Half don't know how much to buy, and 39 percent worry about making the wrong decision.
- One-fourth of married parents say they haven't bought life insurance because no one has contacted them.
- The majority of households have no financial professional to turn to when they need life insurance guidance.
- Eight in 10 married parents agree "it would be useful to periodically review the terms, provisions, and options of current life insurance policies."

Eight in 10 married parents are telling you there's a market for providing advice about life insurance. Policy reviews can open the door to that market.

¹ "American Families at Risk," *Facts about Life 2007*, LIMRA International, September 2007.

Starting the process

It's as easy as asking, "Do you have enough life insurance?"

A comprehensive appraisal of your clients' needs isn't difficult, but it does require a systematic approach. In the next several pages we'll walk you through the process in five easy steps. We'll also show you some tools that can help you ask the right questions so you get the information you need.

STEP 1 Schedule an appointment.

STEP 2 Gather data.

STEP 3 Evaluate the data.

STEP 4 Present your findings.

STEP 5 Offer options and solutions.



Step 1: Schedule an appointment.

You can approach your clients with a simple letter or phone call, but don't pass up opportunities when you're face-to-face with a potential client. Scheduling a policy review may be as simple as asking, "Do you have life insurance?" and "When was the last time you looked at your policy?"

If your clients have never had a policy review they may not appreciate its value. When you call to schedule an appointment, emphasize what's in it for them. We've enclosed some phone scripts in this kit, but here's an example of one approach:

"I'm calling about your life insurance. It's been a while since you bought your policy, and perhaps your circumstances have changed. There also have been some innovations that may reduce your premium or give you more coverage.

With this in mind, I'd like to spend a few minutes reviewing your coverage. When might it be convenient for me to stop by?"



¹ "American Families at Risk," *Facts about Life* 2007, LIMRA International, September 2007.

Should you prefer to first approach your clients with a letter, you'll find a customizable template at www.allianzlife.com. Scheduling an appointment may seem challenging, but remember the LIMRA study: **Your clients want you to provide guidance and advice.**¹

Step 2: Gather data.

Ask your clients, “What’s new?”

You know life-changing events can affect your clients’ insurance needs. So can recent changes in their financial or beneficiary situations. In Step 2, we’ll use several forms to gather this information from your clients.

Identify life-changing events

Ask your client whether they’ve had a major life event lately. A “yes” answer to any of the following may signal a need to revisit their insurance:

- Marriage or divorce
- Birth or adoption of a child
- Buying a new home
- Receiving an inheritance
- Beginning a new job or starting a business
- Increased/decreased debt load
- Changes in their health

Evaluate your clients’ current financial situation

How much insurance your clients need – and how much they can afford – depends in great part on their financial picture. Use the Personal Financial Inventory form (enclosed in the consumer brochure) to help you get a snapshot of your clients’ situation. This form is included in the client brochure, but you can also download it at www.allianzlife.com.

It’s important that your clients fill it out as completely as possible, because the information is critical to helping you recommend a suitable product. You may consider leaving this form with your clients and having them fill it out on their own.

Step 2: Gather data

Consider the effects of inflation

If your clients have held their policy for 10 or 20 years – or even longer – it's possible that inflation has eroded their policies' value.

In the chart below, notice how the purchasing power of a \$100,000 death benefit steadily declines. After 20 years, the policy's face value may still be \$100,000, but in terms of actual purchasing power, the beneficiaries are getting only \$54,788. The figures in the chart below are based on actual Consumer Price Index calculations for the years shown.

Year	Purchasing power of 100K death benefit given the rate of inflation	Rate of inflation as determined by CPI
1987	\$100,000.00	
1988	\$96,027.05	3.97%
1989	\$91,612.90	4.60%
1990	\$86,916.60	5.13%
1991	\$83,406.75	4.04%
1992	\$80,969.35	2.92%
1993	\$78,615.92	2.91%
1994	\$76,653.17	2.50%
1995	\$74,540.68	2.76%
1996	\$72,402.80	2.87%
1997	\$70,778.82	2.24%
1998	\$69,693.25	1.53%
1999	\$68,187.27	2.16%
2000	\$65,969.80	3.25%
2001	\$64,144.55	2.77%
2002	\$63,146.19	1.56%
2003	\$61,739.13	2.23%
2004	\$60,137.64	2.59%
2005	\$58,166.92	3.28%
2006	\$56,349.21	3.12%
2007	\$54,788.71	2.77%

¹Bureau of Labor Statistics, <ftp://ftp.bls.gov/pub/special.requests/cpi/cpiiai.txt>.

The Consumer Price Index was calculated using the Annual Average method, but was not seasonally adjusted.

This hypothetical example is provided for illustrative purposes only.

Conduct an underwriting review

Your clients' health plays a major role in their insurability, so it's important to include medical underwriting in any policy review. Ask your clients if they've had any significant changes to their health since they purchased their policy. If they answer "yes," you'll need to obtain more details.

You may occasionally be pleased to discover that your clients qualify for a more favorable rate class than they had in the past.

Conduct a beneficiary review

This may seem like an afterthought, but isn't it the reason your clients have insurance in the first place? The Beneficiary Review tool (enclosed in the consumer brochure) is a step-by-step guide to help your clients – and you – clarify their wishes for their beneficiaries.

Be aware that some beneficiary situations require special handling. If your clients ask a beneficiary question you're not sure how to answer, refer them to their tax advisor or attorney.

Request an annual statement

If you don't know where your clients are, you can't show them where they're going.

To get started, ask your clients for a copy of their most recent annual statement. If they don't have one available, you can request one from their insurance company by using the same form and following the steps outlined below.

Request and obtain an in-force illustration

Offer to obtain an in-force illustration from their insurance company so you can show your clients a snapshot of where they currently stand. Before you can obtain an in-force illustration, however, you'll need your clients' permission. An In-force Illustration Request form is included in the client brochure and at www.allianzlife.com. (Note: Please be aware that the client's current insurance company may require you to file a different form than the one we provide.)

Once you have permission from your client, submit the In-Force Illustration Request form to their insurance company.



Step 3: Evaluate the data.

You've collected a lot of information. Now, put it to work.

How to read your client's annual statements

Annual statements can be useful policy review tools. Key figures include the planned premium and cost of insurance, along with the accumulation and cash values, if any.

Although the appearance of your clients' annual statements may vary, they will all contain the information illustrated below:

- 1 How much premium is your client paying each year?
- 2 What is the policy's current death benefit?
- 3 What will the policy's net cash surrender value be at the end of the year?

Keep in mind that annual statements don't always paint the full picture. To provide your clients a fair and accurate policy review, only use annual statements in conjunction with an in-force illustration.

Hypothetical Life Insurance Company		ANNUAL REPORT TO POLICYHOLDER				
		June 02, 2008				
POLICY NUMBER:	xxxxxxxx	ANNUAL PLANNED PREMIUM:	\$7,015	1		
POLICY DATE:	6/01/1997	MODE:	ANNUAL			
REPORTING PERIOD:	6/30/2007 – 7/01/2008	PLAN NAME:	HYPOTHETICAL FIXED INDEX UNIVERSAL LIFE INSURANCE POLICY			
INSURED:	Valued Client	Basic Death Benefit	\$500,000.00	2		
GENDER:	MALE					
ISSUE AGE:	45					
CLASS:	NON-TOBACCO					
POLICY ACTIVITY AND STATUS DETAIL						
POLICY YR. ENDING	PREMIUM PAID-NET	INTEREST CREDITED	COST OF INSURANCE	COST OF RIDERS	EXPENSE CHARGE	ADJUSTMENTS/WITHDRAWALS
5/31/2008	\$6,664.25	\$1,287.62	\$1,481.84	\$0.00	\$90.00	\$0.00
YOUR POLICY ACCUMULATION VALUE AS OF YOUR POLICY ANNIVERSARY DATE IS SHOWN BELOW. THESE VALUES ARE BASED ON YOUR ALLOCATION CHOICES AND THEIR PERFORMANCE DURING THE LAST POLICY TERM. IF YOU WISH TO CHANGE YOUR ALLOCATIONS FOR THE CURRENT YEAR, PLEASE COMPLETE AND RETURN THE ENCLOSED CHANGE FORM WITHIN 21 DAYS AFTER YOUR POLICY ANNIVERSARY DATE.						
S&P 500® Index Performance		Nasdaq-100® Index Performance		Interest Earning Value		
Premium Alloc. Percentage	50%	Premium Alloc. Percentage	0%	Premium Alloc. Percentage	50%	
Index Credit	\$0.00	Index Credit	\$0.00	Interest Credit	\$1,287.62	
ACCUMULATION VALUE AT END OF LAST REPORTING PERIOD*				\$49,052.03		
S&P 500® INDEX BENEFIT CREDIT:				\$0.00		
NASDAQ-100® INDEX BENEFIT CREDIT:				\$0.00		
INTEREST CREDITED				\$1,287.62		
ACCUMULATION VALUE AT END OF THIS REPORTING PERIOD*				\$52,856.82		
LOAN OUTSTANDING:				\$0.00		
NET CASH VALUE:				\$40,536.82		
				3		

This hypothetical example is provided for illustrative purposes only.

Put an illustration to work

What to look for in an illustration

When you review your clients' in-force illustrations, look for five key facts:

- What is the policy's current death benefit?
- How much premium is your client paying each year?
- If your client continues paying only this amount – and nothing else changes – for how long will the policy remain in force?
- At your client's current premium level, for how long will the policy remain in force if the cost of insurance goes up and interest rates decline?
- What will the policy's net cash surrender value be at the end of the year?

Let's look at a few hypothetical illustrations to see these figures at work.

Let's assume our hypothetical client, Carl, bought a fixed index universal life insurance policy when he was 45. His risk class was standard nontobacco, the death benefit was \$500,000, and his annual premium was \$7,015. His plan was to pay the annual premium for 15 years.

Now, let's run three hypothetical in-force illustrations for Carl. All of our in-force illustrations will look at his surrender value at the end of policy year 10.

In all three examples, Carl has choices:

- He can keep paying the same premium for 15 years and let his policy lapse
- He can pay additional premium for 15 years and keep his policy in force
- Or, he can pay premium for a longer period and keep his policy in force

Policy reviews are not intended as a replacement strategy or sales pitch. In a few cases the illustrations may show that your clients' current insurance no longer meets their needs.

Put an illustration to work: Example 1

In this first example, we're assuming an annual interest rate of **4%**. At **age 55**, Carl's net surrender value would be **\$39,699**. If interest rates remained the same and Carl stopped paying premium after **15 years**, his policy's death benefit would lapse at the end of year in which he is **82**. His policy would end sooner if he chose to access any of his cash value through loans or partial surrenders. This hypothetical example is provided for illustrative purposes only.

Illustration assumes 4% interest rate for all policy years.

Age	Year	Premium	Accumulation value	Net cash value	Death benefit
46	1	\$7,015	\$4,176	\$0	\$500,000
47	2	\$7,015	\$8,393	\$0	\$500,000
48	3	\$7,015	\$12,645	\$0	\$500,000
49	4	\$7,015	\$16,921	\$0	\$500,000
50	5	\$7,015	\$21,211	\$3,286	\$500,000
51	6	\$7,015	\$25,743	\$8,938	\$500,000
52	7	\$7,015	\$31,481	\$15,796	\$500,000
53	8	\$7,015	\$37,601	\$23,041	\$500,000
54	9	\$7,015	\$44,166	\$30,726	\$500,000
55	10	\$7,015	\$52,019	\$39,699	\$500,000
56	11	\$7,015	\$60,090	\$48,890	\$500,000
57	12	\$7,015	\$68,402	\$58,322	\$500,000
58	13	\$7,015	\$77,004	\$68,044	\$500,000
59	14	\$7,015	\$85,963	\$78,123	\$500,000
60	15	\$7,015	\$95,220	\$88,500	\$500,000
16 years later					
76	31	\$0	\$87,658	\$87,658	\$500,000
77	32	\$0	\$80,925	\$80,925	\$500,000
78	33	\$0	\$72,564	\$72,564	\$500,000
79	34	\$0	\$62,214	\$62,214	\$500,000
80	35	\$0	\$48,716	\$48,716	\$500,000
81	36	\$0	\$32,183	\$32,183	\$500,000
82	37	\$0	\$12,025	\$12,025	\$500,000
83	38	\$0	\$0	\$0	\$0

Put an illustration to work: Example 2

Our second example uses the same assumptions of an annual interest rate of **4%** for policy years 1-10. But if the interest rates were to change to **3%** in years 11+ and Carl stopped paying premium after **15 years**, his policy's death benefit would lapse at the end of year in which he is **80**. His policy would end sooner if he chose to access any of his cash value through loans or partial surrenders. This hypothetical example is provided for illustrative purposes only.

Illustration assumes 4% interest rate for policy years 1-10 and 3% for policy years 11+.

Age	Year	Premium	Accumulation value	Net cash value	Death benefit
46	1	\$7,015	\$4,176	\$0	\$500,000
47	2	\$7,015	\$8,393	\$0	\$500,000
48	3	\$7,015	\$12,645	\$0	\$500,000
49	4	\$7,015	\$16,921	\$0	\$500,000
50	5	\$7,015	\$21,211	\$3,286	\$500,000
51	6	\$7,015	\$25,743	\$8,938	\$500,000
52	7	\$7,015	\$31,481	\$15,796	\$500,000
53	8	\$7,015	\$37,601	\$23,041	\$500,000
54	9	\$7,015	\$44,166	\$30,726	\$500,000
55	10	\$7,015	\$52,019	\$39,699	\$500,000
56	11	\$7,015	\$59,512	\$48,312	\$500,000
57	12	\$7,015	\$67,144	\$57,064	\$500,000
58	13	\$7,015	\$74,959	\$65,999	\$500,000
59	14	\$7,015	\$83,017	\$75,177	\$500,000
60	15	\$7,015	\$91,251	\$84,531	\$500,000
14 years later					
74	29	\$0	\$70,014	\$70,014	\$500,000
75	30	\$0	\$63,393	\$63,393	\$500,000
76	31	\$0	\$55,521	\$55,521	\$500,000
77	32	\$0	\$46,152	\$46,152	\$500,000
78	33	\$0	\$34,984	\$34,984	\$500,000
79	34	\$0	\$21,596	\$21,596	\$500,000
80	35	\$0	\$4,793	\$4,793	\$500,000
81	36	\$0	\$0	\$0	\$0

Put an illustration to work: Example 3

Using the same assumptions for policy years 1-10, but with a **2%** interest rate in years 11+, if Carl stopped paying premium after **15 years**, his policy's death benefit would lapse at the end of year in which he is **67**. His policy would end sooner if he chose to access any of his cash value through loans or partial surrenders. This hypothetical example is provided for illustrative purposes only.

Illustration assumes 4% interest rate for policy years 1-10 and 2% for policy years 11+.

Age	Year	Premium	Accumulation value	Net cash value	Death benefit
46	1	\$7,015	\$4,176	\$0	\$500,000
47	2	\$7,015	\$8,393	\$0	\$500,000
48	3	\$7,015	\$12,645	\$0	\$500,000
49	4	\$7,015	\$16,921	\$0	\$500,000
50	5	\$7,015	\$21,211	\$3,286	\$500,000
51	6	\$7,015	\$25,743	\$8,938	\$500,000
52	7	\$7,015	\$31,481	\$15,796	\$500,000
53	8	\$7,015	\$37,601	\$23,041	\$500,000
54	9	\$7,015	\$44,166	\$30,726	\$500,000
55	10	\$7,015	\$52,019	\$39,699	\$500,000
56	11	\$7,015	\$55,559	\$44,359	\$500,000
57	12	\$7,015	\$58,827	\$48,747	\$500,000
58	13	\$7,015	\$61,798	\$52,838	\$500,000
59	14	\$7,015	\$64,421	\$56,581	\$500,000
60	15	\$7,015	\$66,639	\$59,919	\$500,000
61	16	\$0	\$61,145	\$55,545	\$500,000
62	17	\$0	\$54,828	\$50,348	\$500,000
63	18	\$0	\$47,542	\$44,182	\$500,000
64	19	\$0	\$39,123	\$36,883	\$500,000
65	20	\$0	\$29,396	\$28,276	\$500,000
66	21	\$0	\$18,142	\$18,142	\$500,000
67	22	\$0	\$5,193	\$5,193	\$500,000
68	23	\$0	\$0	\$0	\$0

Beneficiaries

Some beneficiary situations require special handling. Look for the following on your clients' beneficiary review worksheets:

- Your client's estate is the beneficiary
- A trust is the policy owner/beneficiary
- A corporation, church, or charitable organization is the beneficiary
- One or more beneficiaries are no longer alive
- Your client has been or will soon be divorced

If you notice any of the above, consider referring your client to their attorney for a beneficiary review.



Step 4: Present your findings.

Results of the illustration

First, you'll offer your analysis of your clients' in-force policies. Be sure to cover the information we reviewed in Step 3, including how much premium your clients are currently paying, and whether that will be adequate to keep their policies in force.

Pay special attention to the policy's death benefit amount and its cash surrender value. Based on your clients' needs, offer an assessment of whether you believe these are adequate. Remember to take inflation into account, if their policy is relatively new and they expect to hold it for a while.

Cost/benefit analysis

After you've reviewed the financial aspects, discuss the features – and costs – of your clients' existing policies. Ask you clients which features they value, and why. It may be that some of these features are no longer important, but that they incur additional cost. Conversely, perhaps your clients' needs have changed and they'd now like more flexibility or accumulation potential than their current policy provides.

Be sure to provide a balanced discussion. No insurance policy is without benefits, and they all carry some costs and fees. In some cases, the costs and fees may slow down the policy's cash value accumulation, or even cause the policy to lapse. Help your clients get as complete a picture as possible.

Beneficiaries

Are your clients' beneficiaries accurately stated? Make sure the names listed on the beneficiary review worksheet match those on the policy. If not, discuss this discrepancy with your clients, and update their policy if necessary.

Also, did you see any of the "beneficiary miscues" we discussed in Step 3? If so, recommend that your client review the beneficiary worksheet with their attorney to avoid possible complications down the road.

Then ... and now

You'll probably have a few clients who have held the same life insurance policy for 10 or 20 years, or even longer. These clients merit a little extra attention. Here's why:

First, it's possible that inflation has eroded their policies' value. A \$100,000 death benefit won't go as far for the beneficiaries today as it would have in 1987. See the example on page 6 ("Consider the effects of inflation") for an example.

Secondly, it's possible that when your clients purchased their policy they earned less per year or had a smaller mortgage. If they haven't increased the death benefit amount over the years, it's possible they're now underinsured.

Step 5: Offer options and solutions.

Your clients are diverse. So is our product portfolio.

Life insurance, at a glance

The policy review you've just completed has given you insight into your clients' unique situation. By now, you know whether they have enough insurance to meet their needs. But is it the right type of life insurance?

Because your clients are unique, no single type of insurance can be right for them all. As part of your policy review, you should consider whether it might benefit your clients to consider a different type of policy altogether. At a glance, these are:

Term insurance

Term policies provide life insurance coverage for a specific period of time. If your client buys a 20-year term policy and lives to the end of the term, for example, the policy will terminate. Term policies offer the advantage of level premium. Some also offer options to renew at the end of the term, or special features such as a return-of-premium riders (these features may vary by product, and are available at extra cost).

Whole life

Whole life insurance is similar to a term policy, because it offers the predictability of level premium payments. But, unlike term insurance, whole life policies provide coverage for your client's entire life (instead of a set term). Whole life policies also have a cash value that your clients may be able to access under certain circumstances.¹

Universal life

Like whole life, universal life insurance also offers your clients coverage for their entire lifetime. But, unlike whole life insurance, universal life offers your clients flexibility to pay premiums at any time and in any amount (subject to some limits), as long as the policy expenses and cost of coverage are met. Universal life policies also have a cash value that can grow at a declared interest rate, and which your clients may be able to access under certain circumstances.¹

Fixed index universal life

Fixed index universal life (FIUL) insurance operates the same way as a universal life policy, but with the additional option of potential indexed interest. Indexed interest is credited based on changes in an external index or indexes, which your clients choose when they buy the policy. Your clients may receive indexed interest if the changes are positive, but they are not actually buying shares of any stock or bonds, or participating in the market. Their policy's cash value can grow tax-deferred, and your clients can access this value through loans or withdrawals.¹

A final thought: The tax advantages of life insurance

Regardless of which type of life insurance policy they choose, there's one last benefit your clients should consider: taxes! Any growth to their policies' value is tax-deferred, and death benefits paid to their beneficiaries are tax-exempt.

¹ Please note that loans and withdrawals may be subject to regular income tax, and if taken prior to age 59½ a 10% federal tax penalty may apply.

Policy reviews: They're good for your clients – and your business.

Making policy reviews a central part of your practice can help you deepen your existing relationships with your clients and help you grow your business. It may take a little effort to learn the process, but your effort could pay off for years to come.



Unlock your sales potential: Policy reviews are the key.

For more information, or for additional sales tools and tips, call the Life Case Design Team at 800.950.7372 (press 1 for Sales Support, then 2 for Life).

Because they're counting on youSM

The strength of Allianz

For long-term financial solutions, look to Allianz Life Insurance Company of North America (Allianz). As a leading provider of annuities, life insurance, and long term care insurance, we have over 1.2 million customers and have been rated A (Excellent) by A.M. Best.¹

We are part of Allianz SE, one of the world's largest integrated financial services organizations. Founded in 1890 in Germany, Allianz SE has more than 80 million customers in about 70 countries, and is the world's:

- 14th largest company²
- 2nd largest company in the insurance industry²
- 5th largest money manager³

Because they're counting on youSM

Guarantees are backed solely by the financial strength and claims-paying ability of Allianz Life Insurance Company of North America, the issuing company.

¹ The A.M. Best rating of A (Excellent) is the 3rd highest out of 15 possible ratings, and is effective as of October 4, 2007. These independent agency ratings are based on an analysis of financial results and evaluation of management objectives and strategies. The ratings do not indicate approval by the analysts and are subject to change.

² "Forbes Global 2000," *Forbes*, April 21, 2008. Forbes' ranking is based on a composite of sales, profits, assets, and market value.

³ "The P&I/Watson Wyatt 500: World's Largest Managers," *Pensions & Investments*, October 1, 2007 (www.pionline.com).

Other information is accurate as of 5/5/2008.

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Product availability and features may vary by state.

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