THE INSURANCE DESIGN CENTER, LLC

WHO'S WATCHING THE STORE?

WHO IS RESPONSIBLE FOR INSURANCE ASSETS?

The active climate of mergers, acquisitions, consolidations and demutualizations has had a profound affect on the life insurance industry in recent years. As insurance companies aggressively seek methods to enhance their value on Wall Street, we are witness to the industry's rapid divide into a two-tier market — one driven by retail internet sales and electronic services, the other lead by experienced and respected independent life insurance professionals.

Recent industry surveys estimate that anywhere from 70% to 85% of all trust owned policies do not have a life insurance agent servicing the contracts. Insurance companies as "manufacturers" are clearly focused on product sales. By continually restructuring compensation, carriers now provide little incentive to support such vital functions as monitoring ongoing policy performance.

Unfortunately, the advisors — attorneys, accountants, investment managers, bankers, CFOs, etc. — usually do not possess the specific expertise now required to serve clients with significant amounts of capital entrusted to the life insurance industry. Most are equally wary of the liabilities they perceive exist in making recommendations.

For those advisors who serve as trustees for trust-owned life insurance, the problem is greater. These professionals have a fiduciary duty to the beneficiaries of the trust to invest and manage the assets responsibly. As a capital asset, the life insurance held in trust should receive an investment policy statement similar to those created for other asset classes. There are few qualified resources to call upon with the skill to manage life insurance assets.

THE INSURANCE DESIGN CENTER FILLS THE VOID

The Insurance Design Center combines expertise with independent judgment and an understanding of the complexities and dynamics of wealth management.

THE GROUND RULES OF LIFE INSURANCE CAPITAL MANAGEMENT

The first responsibility is to the facts, always. Step one must be an objective assessment of policy and carrier performance to determine if planning goals are supported. This appraisal provides the basis necessary for validating objectives and examining alternative solutions.

From there, recommendations may involve: renegotiation of current policies to enhance capital value; settlement of the policies to recover capital value; competitive market analysis and acquisition of replacement products or additional policies to expand capital value; or a combination of all three. Each solution opens avenues for creative approaches to premium funding.

In today's environment, life insurance capital management has a beginning but no end. Policies most often fund lifetime liabilities. Growth, security and continuity are only achieved through constant attention to ongoing changes in economic, legislative and regulatory factors. Only then can policyholders manage both risk and opportunity effectively.

IDC'S CAPITAL MANAGEMENT STANDARD™

Analytic Assessment

- Policy Valuation
- Carrier Review
- Market Study
- Recommendations

Design Consultation

- Goal Identification
- Underwriting
- Funding Strategies
- Settlement

Stewardship Services

- Portfolio Management
- Administration
- Advocacy
- Policy Valuation

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