



Fiduciary Responsibility Checklist

Questions about the Insured:

- Do you know the insured's projected life expectancy and the chances of the insured living beyond it?
- Have you confirmed that the policy is projected (using reasonable assumptions) to stay in-force through at least the insured's life expectancy?
- If the policy ends, would the insured qualify for new coverage and would his or her rating be less than it is on the current policy?
- Does the policy owner have sufficient cash flow to pay premiums?

Questions about the Policy:

- When was the last time the life policy was reviewed?
 - Do you request an annual in-force illustration showing both current and guaranteed assumptions?
- Based on current and guaranteed interest, charges and premium payments, how long is the policy projected to stay in force?
- Have any premium payments been late, reduced, or missed?
- Are there outstanding policy loans? If so:
 - Does the in-force illustration reflect the impact of these loans on policy performance and stability?
 - How is the policy loan interest rate determined?

Questions about the Policy continued:

- For term insurance policies:
 - Will the policy remain affordable for as long as needed?
 - Are there conversion privileges to a competitive permanent product?
- For permanent insurance policies:
 - Is there enough cash value to provide sufficient stability and flexibility?
 - Is the policy's performance subject to dramatic market fluctuations?
 - If policy pays dividends, what is the dividend paying history?

Questions about the Insurance Provider:

- What is the overall financial strength and reputation of the insurance company?
 - What is its surplus as a percentage of assets?
 - How does this compare to other insurance companies?
- What are the company's financial ratings?
 - Have the ratings declined in recent years?
 - How do these compare to other insurance companies?
- Is the insurance provider a mutual or stock company?
 - If it's a stock company that was previously a mutual company, was the policy bought prior to demutualization?
- Does the company use captive insurance subsidiaries to reduce its reserve requirements?
- Was the company acquired by another insurance carrier after the policy was purchased?
- Does the company have broad diversification in its product lines?

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