



## Fiduciary Responsibility Checklist

### Questions about the Insured:

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- 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:

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- 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:

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- 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:

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- 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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