7,410

6,622

100

100

4,720

4,209

19

### ANALYSIS

**Selling UL** 

# **Full Disclosure's Universal Life Report**

By Roger L. Blease

Universal Life insurance that appeared in the March **▲**31 issue, we noted that sales growth, in part, continues to be driven by the popularity of "secondary" guarantees. These guarantees protect the death benefit and premium outlay in the event current credited interest rates fall.

What really has taken the industry by storm is selling UL on a minimum premium basis with these secondary guarantees all the way out to age 100—or even for life. The pitch is obvious: For a low premium you can get guaranteed level premium coverage for as long as you live; in effect, term insurance for life with potential cash values at a cost less than whole life or even term.

The emergence of this trend in product design and placement is sparking a dramatic change in direction in the cash value life insurance market. The emphasis among many insurers to low premium outlay with long-term guarantees is causing nearly all

upper-market companies to add In the last installment on a product (or rider to an existing product) to their portfolios to compete. At the very least they have to judge the impact on their sales as long as interest crediting

rates stay low and their marketing focus remains on the cash value accumulation market.

on a minimum The catch and the whole life premium companies are basis with quick and correct in pointing this secondary out-is that longterm guarantees guarantees are dependent on the insured not has taken changing the polithe industry cy or missing a premium payby storm ment. A change in face amount or

death benefit option could void the guarantee, and if the policy has no premium "catch-up" provision to bring premium payments up to a level required to fund the guarantee, that, too,

# **About Full Disclosure And** Blease Research

Full Disclosure is a policy comparison and evaluation software series designed for brokers, agents, financial planners and advisors active in upper market life insurance sales. Easy-to-use editions cover universal, whole, survivorship, and variable life products and include not only illustrated values, but features, costs and, in many cases, actual historical policy performance. Individual editions are \$99.

Call Blease Research at (877) 864-3833 to find out what the software includes, or see its Web site at www.full-disclosure.com for information and a free demonstration version of Full Disclosure.

National Underwriter does not determine which insurance companies and their products appear in Full Disclosure. If you want to see a carrier not mentioned in a Full Disclosure excerpt, ask the company to notify Blease Research. **NU** 

Many new products are designed to be flexible with riders or features to accommodate change, and nearly all policies have some kind of provision if premiums are missed, but some

> are more liberal than others.

Full Disclosure surveys leading insurers selling universal twice per year. The charts in this report are an excerpt of our latest findings on products for sale on July 1, 2003, or released soon after. These values are meant to be a snapshot of how individual univer-

sal life plans are

being illustrated on the street as a way to gauge their relative positions for our sample policyholder.

There are two tabular charts to this report. The larger one is illustrations based on a Male Age 40 paying a \$7,500 annual premium on a \$1 million policy. If our specified premium of \$7,500 is too low to illustrate the policy for this age and face amount, the policies are blended with term insurance if available. The death benefit type is level; however, a column is included with a true increasing death benefit for each policy. The class specified is best nonsmoker as long as the class represents at least 15% of the contract issued of each policy.

Internal rates of return (IRRs) figures, included in the main chart, indicate which products are designed to be more efficient in producing cash values, death benefits or are an all-around solution. The IRR can be applied to cash values as well as death benefits, and we have chosen to measure both at a policy duration of 30 years.

Those seeking to analyze the relationship between cash values and death benefits will find the IRR measurement a useful tool. Information is included to show what the death benefits would be illustrated under an increasing death benefit option. It's easy to see, using the provided IRRs, which policies are built generate death benefits, to which is why it would be unfair to compare them under a level death benefit only.

A new chart features minimum premiums guaranteed to age 100 or for life. The premiums are culled from illustrations that are run with minimum cash value at maturity, or age 100 if sooner. Full Disclosure features 21 different scenarios across three issue classes. This chart features a male, age 55, for each class. In the future, Full Disclosure will collect minimum guaranteed premiums on a single and 10-pay basis.

Full Disclosure also includes the objectives each product is meant to fulfill so its market positioning can be gauged. As mentioned earlier, some are built for low premiums while others are meant to generate major league cash values and even fund retirement income. You can see which policies are meant for the brave new minimum premium world and which are designed for more traditional uses. Even now, the real product differentiation is at the policy level in the features, limitations, and current and guaranteed cost structure of each. **NU** 

# **Universal Life Lifetime/Age 100 Guarantee Minimum Current Illustrated Premiums**

\$250,000 Level Death Benefit Minimum Annual Premium for Male for Three Issue Classes; as of July 1, 2003 See Specifications (Specs) Section for Available Issue Classes

NATIONAL UNDERWRITER

Life & Health/Financial Services Edition

Company	Policy Name	Guarantee Period	Male Age 55 Best Nontobacco Class	Age 55 Standard Nontobacco Class	Male Age 55 Standard Tobacco Class	Premiums Payable to Age
American General Life (AIG)	Platinum Protector G	Age 100	3,100	4,000	6,751	100
American General Life (AIG)	Elite Universal Life G	Age 100	3,223	4,301	7,002	100
American General Life (AIG)	Platinum Provider Ultra G	Lifetime	3,223	4,301	7,002	100
AmerUs Life	Freedom ULFlex	Lifetime	4,434*	4,878*	6,993	100
AmerUs Life	Freedom ULC	Lifetime	3,723	4,238	6,252	100
Banner Life	Continuity Lifetime UL	Lifetime	3,115	5,298	6,453	N/R
CNA (Valley Forge)	Next Step UL	Age 100	3,417	5,302	8,012	100
Equitable	Athena Universal Life	Lifetime	3,062	4,100	6,815	100
General American Life	UL Secondary Guarantee	Lifetime	3,237	4,326	7,568	100
Indianapolis Life	Horizon ULFlex 2001	Lifetime	4,434*	4,878*	6,993	100
Indianapolis Life	Horizon ULC 2001	Lifetime	3,723	4,238	6,252	100
Jefferson Pilot Life	Legend 300 Plus	Lifetime	3,283	4,302	6,917	100
John Hancock Life	Performance UL	Lifetime	6,447	7,387	9,553	100
John Hancock Life	Protection UL	Lifetime	3,228	4,327	6,828	100
Lincoln National Life	UI-LPR	Lifetime	3,239	4,141	6,151	100
Manufacturers Life (USA)	Manulife UL-G	Lifetime	3,313	4,322	6,799	100
Manufacturers Life (USA)	Manulife UL-LC	Lifetime	4,271	5,192	7,952	100
Massachusetts Mutual Life (CM Life)	UL 2 Guaranteed (UL2G)	Lifetime	3,321	4,744	7,253	100
Midland National Life	Innovation Universal Life	Age 100	3,470	4,770	7,380	100
MONY Life	MONY UL	Lifetime	3,815	4,663	7,123	100
National Life	NaviTrak II	Lifetime	3,352	4,554	6,859	99
North American Life	Custom Term UL	Age 100	3,570	4,950	8,160	100
Nationwide Provident	UL 100	Age 100	3,604	4,636	7,171	100
Nationwide Financial	Legacy Provider	Lifetime	4,237	5,041	7,380	100
New York Life	NYLIAC Accumulator	Age 100	4,868	5,821	8,562	100
New York Life	NYLIAC Protector	Age 100	4,421	5,431	8,286	100
Ohio National Life	Virtus 100	Lifetime	3,563	4,297	5,940	100
Pacific Life	Versa-Flex V	Lifetime	3,657	4,362	6,119	99
Penn Mutual Life	Protection Builder	Age 100	3,466	4,469	6,820	100
Phoenix Life	Phoenix Protector UL II	50 years/Age 100	3,237	3,985	6,462	N/A
Principal Life	Universal Life (LPR)	Lifetime	3,378	4,998	7,495	100
Protective Life	Protective Custom UL	Lifetime	4,753	5,113	8,123	120
Protective Life	Protective Select UL	Lifetime	3,083	4,102	6,314	100
Prudential Financial	PruLife Universal Protector	Lifetime	3,225	4,158	6,254	100
ReliaStar Life	Guarantee Premium (GPUL)	Lifetime	3,061	4,029	7,072	100
Security Life of Denver	ING Asset Leverage	Age 100	4,974	5,774	7,674	100
Sun Life	Sun Universal Protector LP	Lifetime	3,333	4,305	6,936	100
TIAA-CREF Life	Flexible Premium Adjustable Life	Age 100	3,106	3,769	5,924	100
Transamerica Occidental Life	TransAce EX	Lifetime	3,383	4,855	8,235	N/A
Transamerica Occidental Life	TransAce XL	N/R	3,791	4,918	8,311	N/A
Travelers Life	Travelers MVP	Lifetime	3,197	4,057	6,501	100
Union Central Life	Excel Protector	Age 100	3,639	4,941	7,931	100
United States Life of NY (AIG)	Medalist Premier	Lifetime	3,800	4,875	7,676	100
West Coast Life	LifeSpan Gold 120	Lifetime	3,055	4,970	6,790	100
Western Reserve Life	Freedom 100	Age 100	3,375	4,800	7,075	100
Equity Indexed UL (Values indexed	to the upward movement of the S	&P 500 index)				
AmerUs Life	Vision Builder Series II	Lifetime	4,415*	4,720	7,410	100
AmerUs Life	Liberty Builder Series II	Lifetime	3,577	4,209	6,622	100
		the same of the sa				

#### Illustration Footnote & Clarification

Indianapolis Life

Indianapolis Life

Amerus Life - Freedom UL Flex Amerus Life - Vision Builder Series II Annual Premiums (years 6+): Best Nontobacco \$4,049; Standard Nontobacco \$4,431 Annual Premiums (years 6+): Best Nontobacco \$3,724

Lifetime

Lifetime

4,415\*

3,577

Indianapolis Life - Horizon ULFlex 2001 Annual Premiums (years 6+): Best Nontobacco \$4,049; Standard Nontobacco \$4,431

Vista Elite Series II

Vista Select II

Indianapolis Life - Vista Elite Series II Annual Premiums (years 6+): Best Nontobacco \$3,724

#### **Current Universal Life Policy Illustrated Values** Minimum \$1,000,000 Male Age 40/Best Nonsmoker^/Level DB; Premium Level DB Level DB IRR Max IRR Level DB to Carry Premium \$7,500 Annual Premium Current Level DB Current Minimum Level Current Age/Year for Current Current Current Current As of July 1, 2003; In Most States Death Current Guaranteed Current Accum Current Accum Accum Current Level Premium (Min Current Secondary Maximum Increasing Increasing **Benefit** ċν@ 10-Pay Creditina Creditina Value CV (net) Value Value Accum DB to Fndow Target Guarante Secondary DR DR Policy Year 40 Company Rate Rate Year 5 Year 5 Year 30 Year 40 Year 40 Year 40 Maturity) Premium Premium Available Guarantee Year 40 Year 40 Current Acacia Life Flex Account Ultra 5.50% 4.00% 29,386 22,716 361.865 639,942 3.39% 1.000.000 5.20% 6,498 6,058 6,670 13,632 30 years 11,130 1,465,887 6.67% American General Life (AIG Inc.) Platinum Protector G 3.00% 3.00% N/A\* N/A\* N/A\* N/A\* N/A N/A\* N/A N/A\* N/A\* N/A\* N/A\* N/A\* N/A N/A\* American General Life (AIG Inc.) Elite Universal Life G 5.15% 3.00% 20.174 174 305.251 494.642 .000.000 5.20% 7,389 6,854 6,120 15.348 Lifetime 7,185 1.382.054 6.44% American General Life (AIG Inc.) Elite Universal Life 5.15% 4.00% 23,554 3.554 349.783 3.11% 1.000.000 5.20% 6.588 5,992 5.730 13,150 10 years 3,480 1.490.269 6.73% American General Life (AIG Inc.) 5.00% 20.516 310.893 1.000.000 7.293 6.707 6.800 7.185 1.392.040 Platinum Provider Ultra G 4.00% 516 506.763 2.40% 5.20% 15.044 Lifetime 6.47% American General Life (AIG Inc.) Platinum Provider Ultra 5.00% 23.875 355.136 6.526 5,896 6.370 13,037 10 years 3.480 1,499,703 6.75% AmerUs Life Freedom UI Flex 6.50% 4 00% 11.522 402 362 276 679 868 3.65% 1.000.000 5.20% 8.636\* 8.6363 11.750 13.513 Lifetime 9.796\* 1.508.262 6.77% AmerUs Life Freedom ULC 6.50% 4.00% 28,774 14 224 420,255 808 061 4 35% 1,000,000 5,779 5,604 4,470 11,180 Lifetime 7,120 1,623,637 7.05% 5.35% 000,000 5,651 4,766 Banner Life Continuity Lifetime UL 4.00% 27.959 13.973 397.261 708.367 3.81% 5.20% 6.120 10.775 Lifetime 6,120 N/A N/A CNA (Valley Forge) Age 100 1.230,596 Next Step UL 4.00% 2.50% 35.110 24.490 320.526 0.32% 1.000.000 5.20% 8.400 6,294 7.080 N/A 7,077 6.00% Conseco Life Conseco EIUL 3 (100% PAV) 5.35% 3.00% 30.546 11.865 430.859 838.207 4.50% 1.000.000 5.20% 5,770 5,510 8.190 12,071 30 years 7,440 1.583.979 6.96% Conseco Life Conseco UL 4.75% 3.00% 28,814 8,189 393,592 690,059 1,000,000 5.20% 6,334 5,776 7,500 12,979 30 years 7,440 1,440,995 6.60% 5.25% 30.510 7,291 6.502 Age 100 5.969 1.381.778 Fauitable 3.00% 10.110 313.459 1.000.000 5.20% 6.784 15.163 6.44% Athena Universal Life 507.649 2.41% 5,574 General American Life **UL Secondary Guarantee** 6.10% 22,730 6,233 6.600 11,604 Lifetime 6.583 1,504,981 6.77% Indianapolis Life Horizon ULFlex 2001 6.50% 4.00% 11,522 402 362,276 3.65% 1.000.000 5.20% 8,636\* 8,636\* 11.750 13,513 Lifetime 9.796 1,508,262 6.77% 679.868 Indianapolis Life Horizon ULC 2001 6.50% 4.00% 28.774 14.224 420.255 808.061 4.35% 1.000.000 5.20% 5.779 5,604 4.470 11.180 Lifetime 7,120 1,623,637 7.05% Investors Life of North America Univestor UL 10 5.50% 3.50% 27,473 399,427 1.000.000 6.309 5,948 6.080 12,494 10 years 3.450 Jackson National Life UL 2 4.50% 4.50% 31.998 7,148 N/A 1.000.000 10,050 9,948 4,320 16,133 16,133 12,453 1,003,441 5.21% lefferson Pilot Life 5.10% 3.00% 33,290 8.470 401.434 4.06% 1.000.000 5.513 5.037 11.302 1.630.948 7.07% Legend 300 Plus 752.585 5.20% 7.110 Lifetime 6.704 6.20% 3.00% 12,919 3.49% 000,000 5,913 5,544 12,740 Age 100 11,990 1,506,988 John Hancock Life Performance UI 356,180 5.20% 11,476 6.77% 5.75% 6,582 John Hancock Life Protection UL 3.00% 30,292 4.172 369.814 659.815 3.52% 1.000.000 5.20% 6,502 6,182 7.900 12,740 Age 100 N/A N/A Lincoln National Life **UL-LPR** 5.30% 4.00% 27,489 5.342 336,443 565,607 2.88% 1,000,000 7,016 6,673 7,600 14,283 Lifetime 7,468 1,396,105 6.48% 5.20% Lincoln National Life UL-DB 5.30% 4.00% 32,726 3.97% 5,849 5,230 7,220 1,400 1,726 6.93% 8,769 735,062 1,000,000 5 years 1,572,475 380.533 18,984 Manulife UL-G 6.00% 31.640 1 000 000 N/A\* 8,277 8,277 1,401,717 6.50% Manufacturers Life (USA) 4 00% 16.161 3.31% 5.20% 8,277 Lifetime Manufacturers Life (USA) 6.00% 3.00% 28.473 11.554 396.081 3.68% 1.000.000 5.20% 6,448 6,156 5,911 13,062 Lifetime 9.885 1.467.033 6.67% **VUL GuardSM** 5.80% 3.00% 293,712 2.15% 1.000.000 7,357 6,925 6,830 14,484 Lifetime 6,832 1,328,645 6.29% Massachusetts Mutual Life (CM Life) 24.457 Massachusetts Mutual Life (CM Life) UL 2 Guaranteed (UL2G) 5.80% 3 00% 30 564 9 345 314 660 545 483 2 72% 1 000 000 5 20% 6 844 6,257 5 860 13 169 Lifetime 6 846 1 411 013 6 52% Massachusetts Mutual Life (CM Life) Universal Life 2 5.80% 3.00% 36.620 1.000.000 5,644 5,151 5.860 10,952 30 years\* 7,746 1.616.437 7.03% Midland National Life 5.25% 3.50% 35.746 721,951 1.000.000 6,514 6,388 6,630 13,026 3,344 Premier Universal Life 4 403.383 10 years 1.459.671 6.65% 5,130 7,638 5.25% 3.50% 4,702 Age 100 Midland National Life Innovation Universal Life 29.197 4.67% 1.000.000 6.040 10.409 1.716.468 7.26% Midland National Life Executive Universal Life 5 5.00% 3.50% 26.267 428.312 4.51% 1.000.000 5.327 4,910 10,750 10.327 15 years 3.610 1.688.513 7.20% MONY Life MONY UL 6.00% 4.00% 33.246 25,480 452.129 896,220 4.76% 1.000.000 5.20% 5,444 5,274 7,450 10,582 Lifetime 8,073 1.681.125 7.18% National Life NaviTrak I 4.50% 4.00% 28,159 23,064 323.242 501,665 2.36% 1,000,000 5.20% 6,574 6.278 5,770 15,353 Lifetime 6.016 1.403.631 6.50% Nationwide Provident UL 100 5.00% 7,231 6,719 7,700 14,506 Age 100 7,427 4.00% 26.746 9.246 294.942 2.27% N/A 1.357.878 6.38% 5.70% Nationwide Financia Legacy Provider 3 00% N/A\* NI/A\* N/A\* N/A\* NI/A N/A\* N/A N/A\* N/A\* N/A\* N/A\* N/A N/A N/A\* N/A Age 100 New York Life **NYLIAC Accumulator** 5.40% 4.00% 31,893 15,400 379,449 689,757 ,000,000 5.20% 6,314 5,988 11,630 12,589 8,681 1,497,434 6.75% 1,479,304 New York Life NYLIAC Pinnacle UL 5.70% 3.00% 17,995 17.995 352.070 3.34% 1,000,000 5.20% 6,413 5,945 9,440 13,118 10 years 2,150 6.70% 6,139 5,697 11,630 1,517,137 New York Life NYLIAC Protector 4.70% 4.00% 33.899 17.406 378.883 684.323 3.67% 1.000.000 5.20% 12.920 Age 100 7,942 6.80% North American Life Custom Term UL 5.50% 4.00% 35.050 12.000 429.565 1.000.000 5.20% 5,516 4,780 6.990 10,704 Age 100 7,920 N/A\* N/A Ohio National Life Virtus 100 5.25% 4.00% 36.375 416.362 739,224 3.99% 1.000.000 5.20% 7,230\* 7,230\* 7,392 10,826 Lifetime 7,230 N/A \* N/A 6.25% 5,233 4.00% 4.390 3,693 1.839.536 7.51% Ohio National Life Virtus Value 37.078 11.118 503.025 991.470 5.16% 1.041.043 5.35% 5.232 8.241 10 years Pacific Life Versa-Flex \ 6.70% 4.00% 29.026 26.155 428.167 1.000.000 5.500 5,446 7.500 12,342 Lifetime 5,765 1.589.990 6.97% Penn Mutual Life Protection Builder 5.80% 4.00% 26.546 22.766 365.152 649.251 3.46% 1.000.000 5.20% 6.575 6,257 7.980 13.008 Age 100 7,461 1,480,548 6.70% 5.00% 31,487 12.525 7.818 7,207 Phoenix Life Phoenix Protector UL II 4.00% 297.876 439.981 1.78% 1.000.000 5.20% 6.162 16.348 Lifetime 7,343 N/A\* N/A Phoenix Life Phoenix Accumulator UL II 6.00% 4.00% 30.028 11.066 787.749 5.399 4,724 10.550 9.952 None N/A 1.644.101 7.10% Age 100 Principal Life Universal Life (LPR) 4.20% 4.00% 33.205 22.520 333.599 2.51% 1.000.000 5.20% 7,268 6,569 7,030 15,395 6,849 1.381.137 6.44% UI3 6.25% 3.00% 39,469 26.323 4.643 4.548 7.030 9.485 17.235 7.34% Principal Life 501.087 966.858 5.06% 1.015.200 5.26% Age 88 1.756.124 Protective Life 5.10% 4.00% 8,110\* 13,580 13,689 Age 120 8,110 Protective Custom U N/A\* N/A\* N/A\* N/A N/A\* N/A 8,110\* N/A\* N/A 6,446 6.588 5.10% 30.156 386.354 705.933 1.000.000 6.330 12.496 1.446.609 Protective Life Protective Select UI 4.00% 6.796 3.80% 5.20% 6.616 Age 120 6.62% Protective Life Protective 100Plus 5.35% 4.00% 29,289 5,929 417,702 745,768 4.03% 1,000,000 6,781 6,713 6,350 12,706 10 years 4,570 1,381,763 6.44% 5.20% Protective Life 5.35% 4.00% 27,742 1.000.000 5,467 4,355 3,370 9,835 3,290 7.06% Protective Classic UL 726,709 15 years 1,626,842 Prudential Financial 6.05% 30.562 1.000.000 5,307 5,071 6,250 10,716 4,750 7.23% Prul ife Universal Plus 3.00% 464.579 4.78% 1.705.742 7 years **Prudential Financial** Prul ife Universal Protector 5.85% 3.00% 18.108 303.132 2.45% 1.000.000 7,240 6,944 6.860 14.891 Lifetime 6,530 1.353.759 6.36% ReliaStar Life Guarantee Premium (GPUL) 5.05% 4.00% 24,487 3,677 283,784 2.01% 1.000.000 5.20% 7,338 6,703 6,720 14.885 Lifetime 6,565 1.347.711 6.35% ReliaStar Life 4.880 Premier Design 5.05% 3.00% 31.971 20.671 375.085 668.179 3.57% 1.000.000 5.20% 5.827 6.390 11.058 5 years N/A 1.558.988 6.90% Security Life of Denver Explorer UL 5.50% 4.00% 9.033 1.288 221.377 8.573 8,475 14.130 16,903 9 years 18,643 1,108,759 5.60% Security Life of Denver ING Asset Leverage 5.35% 3.00% 22.780 18.380 93.969 29.897 N/A 1.000.000 5.20% 9.490 9,163 16.500 19.013 Age 100 16,963 N/A Security Mutual Life of NY 5.75% 4.50% 33,512 22,992 4.55% 1,000,000 5,172 4,578 9,140 9,530 3,848 1,692,619 7.21% Security UL Plus 440,448 849,987 5.20% 5 years Southland Life Legacy Protector 5.35% 4.00% 35.211 386.815 643.624 3.42% 1.000.000 6.639 6,220 4.200 13,716 15 years 3,060 N/A N/A Southland Life 5.35% 7.860\* 7,860\* 10.500 7,860 1.345.003 6.34% Legacy Provider 4.00% 33.508 12.508 344.660 2.59% 1 000 000 5.20% 16,233 5 years Sun Life Sun Universal Protector LP 5.40% 3.00% 20.009 308.805 494.197 2.29% 1.000.000 5.20% 7,149 6,430 7,450 14,204 60 years 7,309 1,364,544 6.39% 5.90% 5,665 4,617 6,800 1,529,239 Sun Life Sun Universal Protector Plus 21.551 676.203 1.000.000 9,479 33 years 6.83% TIAA-CRFF Life 6.35% 403 401 4 09% 1 000 000 5,994 5,619 6.714 11.320 6.714 1,566.894 6 92% Flexible Premium Adi. Life 3 00% 31.537 757 509 5 20% 5 years Transamerica Occidental Life TransUltra EX 5.00% 4.00% 32,281 11,581 360,835 601,600 3.14% 1,000,000 6,504 5,671 6,800 12,742 Lifetime 1,467,944 6.67%

# **Universal Life Product Design Objectives**

#### Acacia Life Flex Account Ultra

High Cash Value; Maximum Retirement Income; Living Benefits; Older Markets.

# American General Life (AIG Inc.) Platinum Protector G

Low Cost Death Benefits; Term Alternative; Full Death Benefit Guarantee.

#### American General Life (AIG Inc.) Elite Universal Life G

Lifetime Death Benefit Guarantee; Maximum Death Benefits; Low Premiums to Carry.

#### American General Life (AIG Inc.) Elite Universal Life

Low Premium to Carry; Low Cost Death Benefits.

# American General Life (AIG Inc.) Platinum Provider Ultra G

Death Benefit Guarantee to Age 100; Catch-Up Provision; High Issue Ages.

#### American General Life (AIG Inc.) Platinum Provider Ultra

Low Premiums; Death Benefits; Business Applications; Term Blending; High Issue Ages.

#### AmerUs Life Vision Builder Series II

Equity Indexed; Death Benefit Guarantee to Age 100.

#### AmerUs Life Liberty Builder Series II

Equity Indexed; Death Benefit Guarantee to Age 100; Interest Bonus.

#### AmerUs Life Freedom ULFlex

Low Face Amounts; Low Premium to Carry; Low Expenses.

#### **AmerUs Life Freedom ULC**

Low Cost Death Benefit Protection; Standard Classes; Older Ages; Low Premium to Carry; Death Benefit Guarantee to Age 100.

#### **Banner Life Continuity Lifetime UL**

Lifetime Death Benefit Guarantee.

#### CNA (Valley Forge) Next Step UL

Death Benefit Guarantee to Age 100.

#### Conseco Life EIUL 3

Equity Indexed; Long Term Values; Blending Between Portfolio Rate and EIUL.

#### Conseco Life Indexed UL 2

Equity Indexed; Death Benefit Guarantees; Commissionable Face Increase; Commissions on Substandards; Interest Bonuses.

#### Conseco Life UL

Death Benefit Guarantees; Low Premium to Endow & Carry; Interest Bonuses.

#### **Equitable Athena UL**

Term Alternative; Return of Premium Rider; Lifetime Death Benefit Guarantee; Premium Financing.

#### General American Life Universal Life Secondary Guarantee

Lifetime Death Benefit Guarantee; Low Premium; Flexibility

#### Indianapolis Life Vista Elite/Select Series II

Equity Indexed; Death Benefit Guarantee to Age 100; Bonus.

# Indianapolis Life Horizon ULFlex 2001

Low Face Amounts; Older Ages; Death Benefit Guarantee to Age 100; Low Premium to Carry

#### **Indianapolis Life Horizon ULC 2001**

Maximum Death Benefits; Older Ages; Standard Classes; Death Benefit Guarantee to Age

(Continued next page)

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# \$7,500 Annual Premium Company Transamerica Occidental Life Transamerica Occidental Life Travelers Life Union Central Life Union Central Life West Coast Life Western Reserve Life Western Reserve Life Western Reserve Life Western Reserve Life AmerUs Life AmerUs Life Conseco Life Conseco Life Conseco Life Indianapolis Life Indianapolis Life

#### **Current Universal Life Policy Illustrated Values (continued)** Minimum Premium \$1,000,000 Male Age 40/Best Nonsmoker^/Level DB; to Carry IRR Current Max Premium Age/Year Current Level DB Current Current Minimum (Min for Current Current Current As of July 1, 2003; In Most States Death `CV Current Guaranteed Accum Current Accum Current Level Premium Current Current Secondary Maximum Increasing Increasing Accum Crediting CV (net) Creditina Benefit DB Value Value Value Accum to Fndow @ Target 10-Pay Guarantee Secondary DB Year 40 Policy Rate Rate Year 5 Year 30 Year 40 Year 40 Maturity) Available Year 40 Year 40 Year 5 Year 40 Current Premium Premium Guarantee 4.75% 4 00% 309 918 467.962 1,000,000 5.20% TransAce EX 33.188 8.188 2.06% 7,562 6,626 6,800 15,634 Lifetime 7,210 N/R TransAce XL 4.75% 4.00% 34,412 7,812 287,017 405,634 1.42% 1.000.000 5.20% 8,112 7,370 7,680 17,239 Lifetime 7,731 N/R Travelers MVP 5.15% 3.00% 31.645 23.265 423.566 785.735 4.24% 1,000,000 5.20% 5,282 4,623 6,683 10,226 Age 100 6,951 1,661,667 7.14% 1 000 000 5,515 5,045 4,890 3,093 1,643,244 Excel UL/Excel Edge 6.00% 34 447 25.890 450.580 4 49% 5.20% 10,528 7.09% 4 00% 5 years **Excel Protector** 6.30% 3.00% 30.131 8.704 455.482 880.400 4.69% 1.000.000 5,168 4,642 7,120 9.514 Maturity 7,427 1,711,220 7.25% United States Life of NY (AIG Co. Medalist Premier 5.60% 31,818 422,536 792,028 4.27% 1,000,000 5,618 5,233 7,600 10,823 Lifetime 8,020 1,624,841 7.05% 4.00% 21.553 LifeSpan Gold 120 5 50% 4 00% 34 130 11 130 359 701 661 601 3 53% 1 000 000 5 20% 5,330 4,874 6 350 10 750 Age 120 6,180 1,551,963 6 88% 6.20% 6,900 Freedom 100 4.00% 27.315 5,995 365,602 658.520 3.51% 1.000.000 5.20% 6,900 6,900 12,579 Age 100 6,900 N/A Freedom UL II 5.50% 4.00% N/A\* 5.45% 7,100 Freedom Protector II 4.00% 26.778 5.178 359.019 586.226 3.03% 1.000.000 5.20% 6,863 7,700 14.442 15 years 4.080 1.353.156 6.36% Fin'l Freedom Accumulator 5.15% 3.00% 27.904 216.772 300.921 0.01% 1.000.000 8.487 7,610\* 7,450 16,050 20 years 7,450 1,170,648 5.81% Equity Indexed UL (Values indexed to the upward mover nt of the S&P 500 index) Vision Builder Series II 7.90% 2.00% 22,835 4,186 391.730 886.081 4.72% 1.000.000 5.20% 8.225\* 8,225\* 12,710 11,207 Lifetime 8,765\* 1,595,284 6.98% Liberty Builder Series II 7.90% 2.00% 31,528 18,108 457,420 969,055 5.07% 1,017,508 5.26% 5,951 5,891 9,150 10,439 Lifetime 7,117 1,657,299 7.13% CIUL 2 6.23% 3.65% 6,379 5,807 7,500 1,436,991 3.00% 30.054 9.429 391.129 680.242 1.000.000 5.20% 13.098 30 years 7,440 6.59% Conseco EIUL 3 6.68% 3.00% 31,122 12,440 447,909 868.952 4.64% 1.000.000 5,697 5,435 8,190 11,611 30 years 7,440 1,608,376 7.01% (50% EIUL/50% PAV) 6.68% 31.697 13.016 464.981 4.78% 5.20% 5.628 5.364 8.190 11.192 1.632.626 7.07% Conseco EIUL 3 (100% EIAV) 3.00% 899.452 1.000.000 30 years 7.440 12,710 4.72% 1.000.000 8.225\* 8,225\* 11,207 6.98% Vista Elite Series II 7.90% 2.00% 22.835 886.081 Lifetime 8.765 1,595,284 Vista Select II 7.90% 2.00% 31,528 18,108 457,420 969,055 5.07% 1,017,508 5.26% 5,951 5,891 9,150 10,439 Lifetime 7,117 1,657,299 7.13%

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^ Best issue class representing at least 15% of all policies issued.

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Illustration Footnote & Clarification		
American General Life (AIG Inc.)	Platinum Protector G	Policy is a term alternative not designed to generate cash value.
AmerUs Life	Vision Builder Series II	Premium required to guarantee face to guarantee period: \$6,648 (years 6+);
		Min. Annual Premium to Endow/Carry (years 6+): \$5,784/5,727
AmerUs Life	Freedom ULFlex	Premium required to guarantee face to guarantee period: \$6,876 (years 6+);
		Min. Annual Premium to Endow/Carry (years 6+): \$5,885/\$5,652
Indianapolis Life	Vista Elite Series II	Premium required to guarantee face to guarantee period: \$6,648 (years 6+);
		Min. Annual Premium to Endow/Carry (years 6+): \$5,784/5,727
Indianapolis Life	Horizon ULFlex 2001	Premium required to guarantee face to guarantee period: \$6,876 (years 6+);
		Min. Annual Premium to Endow/Carry (years 6+): \$5,885/\$5,652
Lincoln National Life	UL-LPR	All values based on UL-LPR not UL-LPR II. UL-LPR is the more competitive product.
		Lincoln is currently allowing the sale of both UL-LPR and UL-LPR II.
Manufacturers Life (U.S.A.)	Manulife UL-G	Premium defaults to the Guaranteed Coverage for life premiums. Current solve premiums are not
Massachusetts Mutual Life	Universal Life 2	UL2 has a no lapse guarantee for the life of the contract, contingent upon payment of the Current
(CM Life)		Test Premiums (payable to age 100).
Nationwide Financial	Legacy Provider	Designed for the guaranteed benefits not current illustration numbers. Please see Lifetime Guaran
		Premium section (QS Chart) for illustration numbers.
Ohio National Life	Virtus 100	Min. Annual Premium to Endow/Carry (years 5+): \$5,063/\$4,148
Phoenix Life	Phoenix Protector UL II	PPUL II is a GDB UL contract and therefore not designed for current assumption scenarios.
Protective Life	Protective Custom UL	Insufficient premium to run illustration. Smoker Class used for Preferred Smoker class.
		Min. Annual Departure to Endougleany (years 10.), C 340/C 075

t available nt Safety

Min. Annual Premium to Endow/Carry (years 10+): 6,349/6,075

#### **Investors Life of North America** Univestor UL 10

Middle Market: Rolling Target; Long Term Values; Extended Maturity.

#### Jackson National Life UL 2

Low Cost Death Benefits: Death Benefit Guarantees; Extended Maturity.

#### **Jefferson Pilot Life Legend** 300 Plus

Flexible Death Benefit Guarantees to Age 100; Maturity Extension; Living Benefits.

#### John Hancock Life Performance UL High Cash Value; Maximum

Retirement Income: Living Benefit; Premium Solves.

#### John Hancock Life Protection UL

Flexible Death Benefit Guarantees: Low Endowment Premium; Living Benefit.

#### Lincoln National Life UL LPR

Lifetime Guaranteed Death Benefit.

#### **Lincoln National Life UL DB**

Low Endowment Premi-

um; 5-Year No-Lapse Guaran-

#### Manufacturers Life (USA) Manulife UL-G

High Early Funding Scenarios; High Targets; Lifetime Death Benefit Guaran-

#### Manufacturers Life (USA) Manulife UL-LC

Low Cost Death Benefit Protection.

#### Massachusetts Mutual Life (CM Life) UL 2 Guaranteed

Lifetime Death Benefit Guarantee.

#### Massachusetts Mutual Life (CM Life) UL 2

Low Endowment and Carry Premium; Lifetime Death Benefit Guarantee: Third Death Benefit Option.

#### Midland National Life Premier UL 4

No Loads; High Accumulation Values; Short Term Values;

Bonus; Low Premium to Carry; Maturity Extension

Protective Select UL

Protective 100Plus/

Freedom Protector II

Financial Freedom

Classic UI

Legacy Provide

Freedom UL II

#### Midland National Life Innovation UL

Protective Life

Protective Life

Southland Life

Western Reserve Life

Western Reserve Life

Western Reserve Life

Low Premium to Carry: Maximum Death Benefits; Pre-funding Discount; Long Term Values: Death Benefit Guarantees to Age 100.

#### **Midland National Life Executive UL 5**

Long Term Cash Values; Bonus; Liquidity; Commission Options.

### MONY Life UL

Large Face Amounts: Lifetime Death Benefit Guarantee; Maturity Extension; Waiver of Specified Premium Rider.

#### National Life NaviTrak II

Lapse Protection Provision:

through age 100.

Smoker classification

Guaranteed coverage to age 120 requires sufficient premiums be paid

Smoker Class used for Preferred

Min. Annual Premium to Endow/

Carry (years 5+): \$7.607/\$7.359

Band. No preferred smoker class.

Age 40 \$1MM blended with term

\$26,000; Min. Annual Premium to Carry (years 6+): \$7,382

Will not illustrate with these variables

as maximum face amount is \$50,000. Used \$250.001 to reach next COI

Lifetime Death Benefit Guarantee; Living Benefits.

#### **North American Life Custom** Term UL

No-Lapse Guarantees; Low Minimum Premiums: Extended Maturity Option; Underwriting; Minimum Premium to

#### Nationwide Provident UL 100

Death Benefit Guarantee to Age 100.

#### Nationwide Financial Legacy **Provider**

Full Death Benefit Guarantee; Underwriting.

#### **New York Life NYLIAC Accumulator**

IRR

DB

N/A

N/A

N/A

N/A

Long Term Values; Maximum Retirement Income.

#### New York Life NYLIAC Pinnacle UL

No Surrender Charges; High Funding; Business Applications; Maturity Extension.

#### **New York Life NYLIAC Protector**

Death Benefits: Low Expenses; Low Premiums.

#### **Ohio National Life Virtus 100**

Full Death Benefit Guarantee; Low Premium to Carry; Long Term Values.

#### Ohio National Life Virtus Value

Low Endowment Premium; High Cash Value: Maximum Retirement Income; Long Term Accumulation.

#### Pacific Life Versa-Flex V

Noncommissionable Term Rider; Lifetime Death Benefit Guarantee; Early Surrender Values; No Maturity Age; High Issue Ages; High Face Amounts.

#### **Penn Mutual Life Protection** Builder

Lifetime Death Benefit Guarantee: Riders: Maximum Death Benefits; Maximum Retirement Income.

#### Phoenix Life Protector UL II

Built-in Lifetime Death Benefit Guarantee; Guaranteed Limited Pay.

# **Phoenix Life Phoenix Accumulator**

Long Term Values.

#### Principal Life Universal Life (LPR)

Full Death Benefit Guarantee: Low Endowment and Carry Premium; Super Preferred Class; High Face Amounts.

#### **Principal Life UL3**

Low Endowment and Carry Premium; High Cash Value; Maximum Retirement Income; Long Term Values; Business Applications.

#### **Protective Life Protective Custom UL**

High Cash Value Accumulation; Maximum Retirement Income; Long Term Values; 1035 Loan Transfers.

#### **Protective Life Protective** Select UL

Low Premium to Guarantee Death Benefit; Low Endowment and Carry Premium; Flex-

#### Protective Life Protective 100 Plus

High Cash Value Accumulation; Maximum Retirement Income; Long Term Values; Interest Enhancements.

#### Protective Life Protective Classic UL

Low Endowment and Carry Premium: Term Alternative.

#### **Prudential Financial PruLife Universal Plus**

Low Endowment Premium; Low Premium to Carry; High Cash Value.

#### **Prudential Financial PruLife Universal Protector**

Full Death Benefit Guaran-

#### ReliaStar Life Guarantee Premium (GPUL)

Low Premium to Carry: Full Death Benefit Guarantee.

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#### ReliaStar Life Premier Design

Flexible Premium UL; Low Premium to Endow; Term Alternative.

#### Security Life of Denver Explorer UL

Cash Values; No Maturity; Maximum Retirement Income; Flexibility.

#### Security Life of Denver ING Asset Leverage

Early Year Cash Values; Maturity Extension; Term Blending; Preferred Tobacco Class.

#### Security Mutual Life of NY Security UL Plus

Low Endowment and Carry Premium; Long Term Values; Broad/Favorable Underwriting; Attractive Target Premiums.

#### Southland Life Legacy Protector

Low Cost Death Benefits; Cash Accumulation; Maximum Retirement Income; Favorable Underwriting; Term Alternative.

#### **Southland Life Legacy Provider**

1035 Exchanges; Loan Rescues; Low Face Amounts; Low Issue Ages; Favorable Underwriting.

#### Sun Life Sun Universal Protector LP

Flexible Death Benefit Guarantee to Age 100.

#### Sun Life Sun Universal Protector Plus

Low Premium to Endow and Carry; Third Death Benefit Option; Age 100 Death Benefit Guarantee; Interest Bonus.

#### TIAA-CREF Life Flexible Premium Adjustable Life

Low Premium to Endow; No Surrender Charges; High Cash Values.

#### Transamerica Occidental Life TransUltra EX

Large Face Amounts; Built-in Death Benefit Guarantee; Select Nonsmoking Class.

#### Transamerica Occidental Life TransAce EX/XL

Lifetime Death Benefit Guarantee; Large Face Amounts.

#### Travelers Life Travelers MVP

Full Death Benefit Guarantee; Low Endowment and Carry Premium; Broad/Favorable Underwriting.

#### Union Central Life Excel Protector

Long Term Values; Low Premium to Carry.

#### United States Life of NY (AIG Co.) Medalist Premier

Maximum Death Benefits; su Business Applications; High Issue Ages; Guaranteed Bonus; P. Lifetime Death Benefit Guarantee. B

#### West Coast Life LifeSpan Gold 120

Lifetime Guarantees; Rolling Targets.

#### Western Reserve Life Freedom 100

Death Benefit Guarantee to Age 100; Unlimited Catch-Up Provision.

#### Western Reserve Life Freedom UL II

Low Face Amounts.

#### Western Reserve Life Freedom Protector II

Long Term Values.

# Western Reserve Life Financial Freedom Accumulator

Cash Value Accumulation; Maximum Death Benefits; Bonus; Policy Conversion; Interest Bonus.

## T E C H N O L O G Y

# Productivity Is The Buzzword Of The Hour

By **Ara C. Trembly** 

San Francisco

Productivity—enhanced and enabled by technology—was the buzzword of the hour, as vendors and insurers met here recently for the IBM Global Insurance Executive Conference.

While the conference was sponsored by one of the world's leading information technology (IT) vendors, most of the presenters, including those from IBM, emphasized the need for efficiency, company differentiation and resiliency (leading to productivity) to help insurers succeed.

In today's economic climate, success means "a relentless focus on execution," stated William Pieroni, general manager, Global Insurance Industry, for IBM Business Consulting Services, based in White Plains, N.Y. "Efficiency must go beyond cost cutting to productivity."

"Productivity is the watchword for the coming years," stated Ginni Rometty, managing partner, IBM Business Consulting Services, in her address to the conference. "Long-term earnings are going to come from productivity improvements."

Rometty pointed out that many insurers still rely on legacy systems that "are not responsive" and can hamper productivity. "Many of us still have [information] silos, and often work is replicated between them," she explained.

The solution, she stressed, lies in integrating systems across all parts of the business, rather than in a single piece of "killer application" software. This would provide an "on demand"

computing scenario fusing business and IT functions for better organizational productivity.

Rometty focused on five components of an insurance business:

- Insight: customer analytics and campaign management.
- Distribution: policyholder services and channel management
- Core insurance: policy administration, claims and underwriting.
- Risk and financial management: treasury, fraud and trading oversight.
- Infrastructure: human resources and procurement.

She recommended that insurers who are not competitive in any of these areas look for a partner to support those functions. "Outsource what is not core," she suggested. "Are you world class at a business component? If not, partner."

Rometty emphasized that technology in the future "won't be islands of automation." She pointed to a need for standards to integrate technology, a need to decide who is responsible for governance of customer information that is part of enterprise data, and a need for "resiliency"

