

Think about this: **Do you study an illustration presented to your client?**

Most Universal Life products require a signed illustration from the client along with the application. Financial advisors use these illustrations as a tool to explain the performance of a product to the client. A typical illustration will show guaranteed values on one side and hypothetical non guaranteed values based on assumptions involving mortality experience, interest rates and administration expenses. Most of the times, the illustrations are prepared by the brokerage agency and consists of about 10-15 pages. ***The question here is “Do you review all pages of the illustration in detail and explain the same in detail to your client?”***

Clients who are not financially savvy do not understand the illustration and depend mostly on the advisor to explain the performance of the policy. It is important for the advisor to explain the following:

- **The guaranteed values will continue subject to (as is the case with most companies) premiums being paid when due and on time. Paying the premium during the grace period could negatively affect the guarantees and the catch up premiums could be costly.**
- **The current values are purely based on assumptions and may vary considerably from company to company. This prevents the client from assuming that the policy “promises” higher values. There is a possibility but no promise of values on the non guarantees.**

Advisors who fail to take the time to explain the illustration in detail could be held liable at a later date. An advisor who focuses on the assumed values and makes a client believe the values are promised by the insurance company can be held for misrepresentation.

The time spent to carefully read the illustration pages has 2 advantages:

- **You increase your knowledge on how illustrations are presented by different insurance companies.**
- **Your knowledge helps you win over your client’s trust and business. Clients always want to work with honest, knowledgeable and trustworthy advisors according to market surveys.**

**Don’t we all want to be the ones to be trusted?**

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