



The effect of COVID-19 is widespread, with nearly all facets of life changing as a result of the outbreak. Certainly a big change might be with your client relationships due to the difficulty of scheduling face-to-face meetings. During this time of social distancing, consider the opportunity that exists to strengthen client relationships by being a source of information and comfort. Here are 5 things you can discuss:

1

Review their life insurance needs and determine any shortfalls.

- According to the Life Insurance Management Research Association (LIMRA), less than 50% of the population in the United States owns individual life insurance, with their only life insurance coverage provided by their employer.
- Employer-provided life insurance is typically a multiple of salary (1 or 2 times salary) and capped at \$50,000. As a result, most people are under insured. In addition, many people have lost their employer-provided life insurance due to layoffs as a result of the economic crisis created by COVID-19.
- There are a number of calculators available to determine life and insurance needs. Check out the DBS website for help, including our thorough product selector tool that helps you determine not just how much they need, but what type!
- Review their beneficiary designations. Make sure that if something happens to them, the intended beneficiaries are named in their policy(ies). See #4 for more on beneficiary designations.

2

There is premium relief available during these uncertain times. If your clients have a premium due and would like to maintain their coverage but paying the premium will be a burden, consider the following:

- If your client is paying premiums annually, they may be able to change the premium frequency to monthly, quarterly, or semi-annual if a premium is due.
- If they own a whole life policy, they might consider an automatic premium loan (APL) or changing their dividend option to offset premiums due, if dividends are available.
- If your client has a universal life policy, they could consider paying the mortality and expense charges ONLY, or skip a premium altogether if their cash value is sufficient to pay for the mortality and expense charges.
- Many insurance companies have extended their grace period from the usual 30 days to as many as 90 or 120 days. Furthermore, certain state insurance departments have mandated a grace period extension. Check with your DBS team member if you have questions about carrier changes as it is changing frequently.

3

If your clients need cash for emergency needs during these uncertain times, life insurance can be a source of inexpensive funds.

- Cash value from universal or whole life policies may be available via withdrawals, loans, or the surrender of paid up additions.
- Be sure to evaluate the impact of your clients' withdrawal or loan before taking the money.
- Certain loans may be available at a very low interest rate. If they take a loan, they can consider paying the loan interest if their circumstances allow.

4

Life insurance is an asset that needs to be managed. Schedule time with your clients to review their policies.

- Pay attention to term durations and conversion privileges. The conversion period does not always match the term duration period. If they want to convert to a permanent product it may be a good time to convert, given the COVID-19 pandemic and the impact on interest rates. Future insurance contracts may be more expensive or unavailable.
- Check the ownership of existing life insurance and make sure it is as they intended it to be. Many people have employers, trusts, or family members own the life insurance; make sure they understand the consequences of each.
- Review their beneficiary designations. Much has changed due to recent legislation.
- Make sure their permanent insurance continues to perform per the expectations when they purchased it. Interest rates and other performance factors have changed.
- If they own a variable life policy, review their asset allocation and make changes accordingly. Consider having the cost of insurance and other expenses deducted from a fixed account or a stable value fund.
- If they own a Guaranteed Universal Life policy (GUL), consider how a late premium payment will impact the guarantee provision of the contract.
- Review all policies that have a loan balance or where they've made withdrawals to make sure that they are performing and will not lapse.

5

Life insurance is still available if your clients currently do not own any, feel they don't have enough, or simply would be more comfortable buying more today.

- Insurance is still available at attractive rates, but that may change. Carriers are making changes daily to their offerings.
- Automated underwriting programs are available for as much as \$3 million depending on age and health status.
- Many of the DBS carriers offer a completely digital, end-to-end process. Contact your DBS team member for the latest information.

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