



June 2018



Letter from the C.E.O.

Important Changes That Will be Effective This Month!

The insurance world is changing. Several carriers have revised the cost of insurance on large books of policies. Now, most of our term policies can't be converted to a more competitive permanent product.

1 - Effective June 29, 2018, Protective Life will change its conversion product to one that's equal to a rated contract based on 4 to 6 tables. This includes all carriers that Protective Life has purchased as well, which is more than 25 companies. On the plus side, Protective Life has never raised the cost of insurance on any of their companies or the one's that they manage. Prudential, Cincinnati Life, Columbus Life, Lafayette Life, New York Life, and a few others still allow conversion to the most competitive contracts being offered.

2 - On business insurance plans, Key man, Deferred Compensation, and any life insurance on company employees must comply with IRS Code Section 101(j), which applies to all contracts that are issued after August 17, 2006 (with very few exceptions). The Notice and Consent rule requires the following:

- Prior to the issuance of the contract, the employee is notified in writing that the applicable policyholder intends to insure the employee's life and the maximum face amount for which the employee could be insured at the time the contract was issued.
- Provide written consent to being insured under the contract and that such coverage may continue after the insured terminates employment.
- Proceeds are payable upon the death of the employee.

See the attached [Notice-and-Consent application](#).

Consider the impact to your clients' current term policies, and call us today for more information about converting to a permanent policy. Thanks for your business, and Happy Summer!

Tom