

IP-AI

Insurance Planner AI

Policy Analysis Report

PRODUCT NAME

Custom Guarantee UL Gen 9

INSURANCE CARRIER

North American Company for Life and Health

ANALYSIS DATE

March 17, 2025

POLICY OVERVIEW

Let's Review the Basics: Here's where we break down what makes up this policy - the core benefits, premium requirements, and additional features that provide the foundation for your coverage.

PRODUCT NAME



**Custom Guarantee UL
Gen 9**

ISSUER



**North American
Company for Life and
Health**

DEATH BENEFIT



\$1,000,000

ANNUAL PREMIUM



\$30,531.72

POLICY TYPE



Universal Life Insurance

RIDERS

- **Accelerated Death Benefit Endorsement for Terminal Illness**
- **Accelerated Death Benefit Endorsement for Chronic Illness**
- **Accelerated Death Benefit Endorsement for Critical Illness**
- **Premium Recovery Endorsement**

YOUR POLICY CHASSIS

How This Policy Works: Understanding the building blocks of this coverage - from how the death benefit is structured to how premium payments keep it running smoothly.

- The Universal Life (UL) policy provides a flexible coverage structure, allowing adjustments in premium payments and death benefit amounts.
- The policy promises a level death benefit while offering a guarantee for death benefits that can last up to age 120 if sufficient premiums are paid.
- Flexibility with premium payments and coverage options distinguishes this policy as it suits changing needs over time.

Hidden Gem

The policy allows the death benefit to transfer to beneficiaries generally income tax-free.

Blind Spot

While offering flexibility, alterations in premiums or coverage can impact policy guarantees and value accumulation.

Red Flag

The policy may become a Modified Endowment Contract (MEC) based on premium payments, affecting tax treatment.

Key Takeaway:

The structure provides adaptability and longevity, but requires careful monitoring of premium payments to maintain desired benefits and tax status.

PREMIUM FUNDING STRATEGY

Making the Numbers Work: A clear look at the premium requirements and payment flexibility that keep this policy performing as intended.

- The initial annual premium is set at \$30,531.72, with a Required Minimum Premium of \$20,532.00 to maintain the policy for the first five years.
- Variations in premium payments can significantly impact the policy's cash accumulation and death benefit guarantees.
- The policy carries a Premium Load, which decreases the net premium credited to the Account Value.

Hidden Gem

You can choose how long to fund the policy, allowing for tailored financial planning.

Blind Spot

Minimum premium payment only guarantees coverage for the first five years, risking negative or zero Account Value thereafter.

Red Flag

Underfunding the policy could jeopardize its guarantees and benefits, especially if reduced below the Required Minimum Premium.

Key Takeaway:

Consistent and sufficiently high premium payments are crucial to safeguard coverage and maximize benefits.

POLICY CREDITING AND INTEREST RATES

Growing Value: Breaking down how your policy builds value over time through interest crediting and what that means for long-term performance.

- The guaranteed interest rate applied to the account value is set at 2.50%.
- Policy charges and withdrawals can affect the net interest credited to the Account Value, influencing growth potential.
- Interest rates on loans are netted at 3.5% within the first 20 years if crediting exceeds charges, transitioning to Net Zero Cost Loans after 20 years.



Hidden Gem

Guaranteed interest rates provide a stable foundation for account value growth.



Blind Spot

Net crediting may be lower than anticipated if policy charges outpace the credited interest rate.



Red Flag

Interest rate changes affect both policy growth projections and loan cost calculations.



Key Takeaway:

Your interest crediting strategy ensures minimum growth, with careful consideration needed for charges impacting overall value.

CASH VALUE ACCUMULATION AND GROWTH

Building Worth Over Time: Here's how your policy can accumulate value, what affects that growth, and when they can access it.

- Cash value growth is contingent upon the balance between credited interest and deducted policy charges.
- Illustrated values show non-guaranteed projections, emphasizing the need for additional funding to sustain coverage over time.
- Policy cash value can be impacted by account level maneuvers like loans or withdrawals, reducing net growth potential.

Hidden Gem

The policy's account value can be flexible, altering premium structures to boost accumulation during advantageous times.

Blind Spot

Over time, account value may weaken due to excessive policy charges if not effectively managed.

Red Flag

If account value becomes insufficient to cover monthly deductions, the policy might lapse unless covered by premium payments.

Key Takeaway:

Carefully monitoring cash accumulation and using strategic payments will aid in maintaining policy sustainability and value.

POLICY LOAN PROVISIONS AND STRATEGIES

Accessing Policy Value: Understanding the flexible loan options available to you while keeping their coverage intact and working as designed.

- Policy loan availability is tied to the Net Cash Surrender Value, with withdrawals available up to 90% of the value starting year two.
- Interest on loans within the first 20 years bears a net cost, which evens out post-20 years, lowering long-term strategy impacts.
- Loans affect policy growth, reducing both ultimate death benefits and the net cash surrender value.

Hidden Gem

Loan provisions allow the policyholder to tap into cash value for financial needs without surrendering coverage.

Blind Spot

Outstanding loans increase with unpaid interest, consuming potential future death benefits.

Red Flag

High loan balances can destabilize policy if they surpass cash surrender value, causing potential grace periods or lapses.

Key Takeaway:

Strategic use of loans can fund immediate needs without sacrificing coverage, necessitating careful planning to avoid negative impacts.

DEATH BENEFIT GUARANTEES AND NO-LAPSE PROVISIONS

Keeping Coverage Strong: Let's look at what maintains the guaranteed death benefit and how to ensure it stays in force for the long haul.

- The policy incorporates an Extended No Lapse Guarantee, ensuring coverage up to age 120 provided that requisite premiums are met.
- Any variation in premium payment patterns or additional policy changes can affect the duration of this guarantee.
- The policy indicates that lower-than-required premiums can potentially expire coverage benefits, impacting death benefit stability.

Hidden Gem

Guarantees provide lasting peace of mind by extending policy benefits without imminent lapse threats.

Blind Spot

Breaching premium patterns or altering policy terms might inadvertently nullify guaranteed coverage.

Red Flag

Deviations from planned premium payments risk early cessation of desired benefits, demanding attentive payment tracking.

Key Takeaway:

Safeguarding the no-lapse guarantee requires adherence to premium schedules and fund adequacy to support long-term coverage.

DIVIDEND AND RIDER/FEATURE ANALYSIS

Extra Features and Benefits: A detailed look at the additional benefits built into this policy and how they enhance your your protection.

- The policy's Accelerated Death Benefit Endorsements afford access to funds upon qualifying health events, protecting 401(k) and home assets.
- Premium Recovery Endorsement offers the ability to recoup premiums during specified policy durations, maintaining highlights of the policy.
- Riders do not incur additional deductions but can dilute other benefits or reduce the death benefit directly.

Hidden Gem

Riders enhance policy flexibility and potential liquidity, fortifying retirement and healthcare funding contingencies.

Blind Spot

Utilization of riders can inadvertently diminish overall death benefit allocations, impacting beneficiaries.

Red Flag

Administrative fees for rider execution could lessen the net value of advanced payments, requiring proactive financial assessment.

Key Takeaway:

Maximizing rider benefits demands informed decision making, balancing immediate needs against future policy outcomes.

IN-FORCE ILLUSTRATION STRESS TESTING

Testing Performance Scenarios: See how your policy might perform under different conditions to help plan for various situations.

- Stress testing of policy shows near-zero values in projections if variations alter premium continuity or coverage dynamics.
- Persistent funding aligns future policy endurance and projecting a consistent trajectory without volatile outcomes.
- Contingent outcomes rely heavily on non-guaranteed assumptions, emphasizing vigilance on future detail.

Hidden Gem

Proactive monitoring of in-force standings mitigates policy exposure to adverse changes in premium or interest rates.

Blind Spot

In-force tests heavily turbocharge premium cadences, clouding future decision making if predictions are off mark.

Red Flag

Unforeseen interruptions in premium dues might prompt value depreciation faster than anticipated, upending coverage stability.

Key Takeaway:

Frequent validation through in-force testing forestalls unforeseen issues but prescribes constant attention to fundamental premium and cost consistency.

BEST PRACTICES FOR MANAGING THIS POLICY

Keys to Success: Essential strategies for keeping this policy on track and performing optimally for your needs.

- Consistently reviewing and adjusting premiums is crucial to maintain policy value and coverage guarantees.
- Periodic consultation with financial professionals ensures alignment with tax implications and evolving policy dynamics.
- Remain vigilant about any life changes impacting insurance needs to proactively adjust policy terms or benefits.

Hidden Gem

Engaging with professional advice frames upcoming decisions around informed policy choices and potential restructurings.

Blind Spot

Delayed action in revisiting funding strategies could impair policy utilities, risking unanticipated future shortcomings.

Red Flag

Misinterpretation of policy terms or deadlines poses risk to successful execution, necessitating clear comprehension at the forefront.

Key Takeaway:

Strategic management, leveraging professional insights, projects policy resilience while smoothing over potential informational gaps.

POLICY VALUES OVER TIME

Charting Future Performance: See how your policy is projected to evolve over the next decade, highlighting critical points and primary considerations for informed planning.

Value Trajectory

Beginning at \$0 as of the illustration date, this policy is projected to grow moderately over the coming decade. The near-term (years 1-3) shows initial growth in cash value. Moving into years 4-7, values peak slightly but stabilize. The longer outlook (years 8-10) indicates fluctuations with a slight decline due to progressive policy costs.

Key Value Points

- Year 1: \$6,718 -> Initial growth when funding begins
- Year 6: \$30,503 -> Peaks before stabilizing due to higher cost offset
- Year 10: \$27,688 -> Value tapers off with old-age coverage adaptation

Primary Consideration

Maintaining cash value necessitates regular premium updates; cost adjustments may soften projected declines. Important: These projections reflect non-guaranteed assumptions and actual results may vary.

***Note:** These projections reflect non-guaranteed assumptions and actual results may vary.*

FINAL ANALYSIS & STRATEGIC DIRECTION

Policy Performance Intelligence: Critical insights into your policy's mechanics, potential challenges, and recommended management approaches.

The Custom Guarantee UL Gen 9 offers a flexible route to securing life insurance coverage with a notable guarantee period and riders enhancing liquidity options for unforeseen health circumstances. A key feature is the balance between potential financial benefits afforded by premium recovery and accelerated benefits against inherent risks such as evolving cost impacts on cash value. The interaction of continued premium payments with policy charges distinctly shapes account value over time, underscoring the need for disciplined financial planning and proactive premium adaptation. To optimize your policy's sustainability and performance, consider frequent in-force reviews and precise premium management, ensuring coverage goals align with your evolving lifestyle needs.

IMPORTANT DISCLOSURES

Understanding the Fine Print: Essential information about policy assumptions, limitations, and regulatory requirements that affect this analysis.

About Our Analysis: This analysis uses artificial intelligence to interpret your policy illustration. While we strive for accuracy, AI technology can sometimes misinterpret information or make mistakes. The analysis is based solely on the information provided in your in-force illustration. Policy guarantees, benefits, and provisions mentioned are subject to the terms outlined in your actual policy documents.

Not Professional Advice: This analysis is not tax, legal, insurance, or financial advice. We do not sell, solicit, recommend, or endorse any life insurance companies, policies, or products. Never make insurance, financial, legal, or tax decisions based solely on our analysis. Always consult qualified professionals before making any decisions about your policy.

Policy Considerations: Life insurance products contain fees, such as mortality and expense charges, and may contain restrictions, such as surrender periods. Guarantees are backed by the claims-paying ability of the issuing insurance company. Market conditions, insurance company performance, and other factors may affect actual policy performance differently than shown in illustrations.

Intended Use: This analysis is meant to serve as a starting point for discussions with your professional advisors. Consider it a translation tool to help you better understand your policy and prepare for conversations with your advisors. Different illustration dates or assumptions may lead to different analytical results.

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