

# CENCO STREET JOURNAL

Volume 17, Issue 3

March 2017

## Check Out The Cenco Website:

[www.cencoinsurance.com](http://www.cencoinsurance.com)

You will have access to:

- Quotes
- Forms
- Introduction Kits for Our Core Carriers
- Archived and current issues of the **Cenco Street Journal** and the **Cenco eNews**

## Inside this issue:

<b>Review Individual Federal Income Tax Returns to Boost Sales</b>	2
<b>DI Covers What Workers' Comp Doesn't</b>	3
<b>Whole Life Guarantees Sales Strategy</b>	3

## Does Your Old Policy Have The Same Rider Advantages As A New Policy?

Advisors are missing out on many opportunities to greatly improve their customer's protection by offering more benefits while maintaining the same amount of death benefit with little or no increase in premium.

Older life insurance policies may not include Accelerated Benefit Riders for Chronic, Critical and Terminal Illnesses that are now common on life insurance policies. These Living Benefits (Accelerated Benefit Riders) provide the potential for the owner to accelerate the death benefit when the insured experiences a shortened life expectancy due to a chronic, critical or terminal illness.

Think about this...what if you were offered a life insurance policy based solely on price only to find out several years later there were benefits available from a virtually identical product for less than 5% more in price, which you now desperately need? Would you be upset at your advisor for denying you the opportunity to buy the policy that included the Living Benefits? Your customers will be upset too if you don't show them the advantages of life insurance that includes Living Benefits for when they may need and want access to cash the most.

As the old saying goes, "in the absence of value, price is the only differentiating factor". Are you offering value to your customers or only price? Selling any life product (Term or Permanent) without allowing your client to know there are products available with valuable Living Benefits is a disservice to the insured, beneficiary and owner.

What happens if your customer experiences a life shortening heart attack or stroke, or cannot satisfy 2 of 6 Activities of Daily Living (ADLs), or has a life threatening illness with only months to live yet there is not enough cash to pay for the life insurance premium which could have been covered by Living Benefits that were not offered?

Ask potential customers...Do you have Accelerated Benefit Riders on your existing life insurance policies? Don't miss the opportunity to win over new customers... educate them on Living Benefits!

## Review Individual Federal Tax Returns to Boost Sales

How many of you have studied federal income tax returns? If you're not asking for copies of tax returns to analyze, then one of your competitors probably is. But it won't do any good to start doing this if you don't know what to look for.



The first place to start in the examination of an individual tax return is the Form W-2 (wage and tax statement). First, see if there is a difference between line one (wages, tips, other compensation) and line three (Social Security wages). If so, this difference indicates that a person could be a participant in a 401(k) plan, a 403(b) plan or a Section 125 plan.

The same section of the W-2 indicates the taxable portion of group term life insurance in excess of \$50,000. The premium attributable to the first \$50,000 of group term insurance is tax-free. This information is important because it raises several questions:

- ◆ Is there a need for additional individual owned life insurance coverage?
- ◆ Is the client's employer a prospect for group and individual life insurance coverage?
- ◆ Could you position yourself to review the employer's existing employee benefit plans?

In addition to the W-2, the Form 1040 must also be assessed in order to provide clients with the highest level of service. When engaged in any type of financial planning you must always request that clients provide copies of tax returns from the last 2 to 3 years so that you can establish a thorough financial plan.

When reviewing the Form 1040 begin by evaluating the tax rate schedules for each filing status, which highlights the difference between marginal and real tax brackets. Remember that taxpayers do not pay taxes on their income at marginal tax rates. Instead, income taxes are paid based upon average tax rates.

For instance, a taxpayer is married and filing jointly with \$125,000 of taxable income. They are "scheduled" in a 25% marginal tax bracket. However, the actual tax bracket is 19.2%, as it is his or her real tax bracket. The 19.2% tax bracket is important because it could be an indicator as to the type of advice you ultimately would ask this client to consider.

Also on the Form 1040 is a section where dependent children of any age are listed. Addressing this section with your clients or prospects is sure to open up some important discussions and consequently create a natural sales opportunity. Several questions should be asked at this point:

- ◆ Are you planning to set up a fund for your children's future education?
- ◆ What happens to your children if you should die or become disabled permanently?
- ◆ Are there dependents that do not live with you due to divorce or separation?
- ◆ If so, where do these dependents live and who is responsible for their care?

If you have never reviewed their tax returns, then you probably don't know everything about your clients from a financial standpoint. But if you will take the time and make the effort, you can uncover many sales opportunities, create the trust necessary for long-term relationships and become an expert at uncovering problems and needs that will make you all the more valuable.

## DI Covers What Workers' Comp Doesn't

Alarming, nearly 70% of business owners are not covered under the same Workers' Comp policy they use for their employees. If they were seriously injured on the job, what would they lean on? Medical insurance doesn't cover lost income, and pulling revenue out of the corporation is dicey.

An affordable income protection policy to help your business owner clients protect their income from injury and illness - both on and off the job - is available through Cenco. Business Overhead Expense Insurance will reimburse the business owner for all fixed expenses - keeping the doors open while they recover.

**Every business owner who carries Workers' Comp Insurance is an opportunity** - ask if they have a plan in place for themselves. Already covered? Compare the cost. And remind them that even a striving company may not survive long without a chief executive overseeing operations.

Business owners aren't alone - Federal Employees, Independent Contractors, Private Home Domestic Workers, Farm Owners/Laborers, Maritime Workers, and Railroad Employees are just some of the other occupations also at risk.

## Whole Life Guarantees Sales Strategy

Universal life products with long-term secondary guarantees have been sold since the late 1990's. The low-cost guarantees they offered made them an attractive option for many clients. However, in recent years, interest rate and regulatory changes have led to multiple companies exiting the market and others raising price.

The idea of paying a specific premium in exchange for a guaranteed death benefit is an appealing concept. However, your clients may be looking for lower cost lifetime coverage that also provides flexibility that they may need as their life changes, such as cash value accumulation. Secondary guarantee universal life policies are generally not designed to provide strong cash value accumulation.

### Consider Whole life Instead

If you haven't taken time to look at the whole life alternative in the past, now may be the time. Whole life insurance provides the same guarantees as guaranteed universal life - it provides a guaranteed death benefit and guaranteed cash values at a premium that will not increase. By adding the Level Term rider at issue, your clients gain the flexibility of additional coverage for 10, 15, 20 or 30 years. The whole life and term rider combination creates a situation where clients can get all the guarantees they want at a cost that's competitive with universal life prices, without sacrificing cash value accumulation.

**Call Cenco today and ask about our whole life portfolio.**

**CENCO  
INSURANCE  
MARKETING  
CORPORATION**

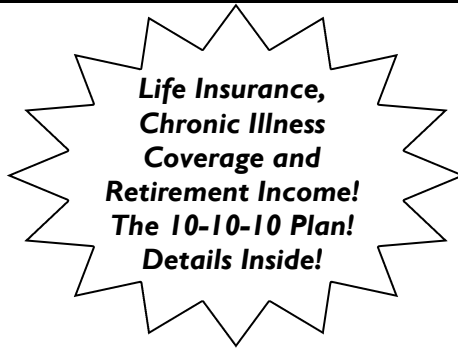
1501 El Camino Ave., Suite 1  
Sacramento, CA 95815

Phone: (916) 920-5251  
(800) 45-CENCO  
Fax: (916) 920-8734  
www.cencoinsurance.com

*HELPING AGENTS  
SUCCEED...IS  
OUR BUSINESS!*

**We're on the web!  
www.cencoinsurance.com**

**M  
a  
r  
c  
h  
  
2  
0  
1  
7**



***In every interaction - including  
conversations about life insurance  
- Generation Matters! Become an  
expert at connecting with each  
generation:***

- ◆ ***Millennials***
- ◆ ***Generation Xers***
- ◆ ***Baby Boomers***

***For quick and easy training visit  
[aig.com/GenerationMatters](http://aig.com/GenerationMatters)***

***The Definitive  
Marketing  
Publication  
For Life &  
Disability  
Insurance***

**A Disability Can Happen to Anyone...At Any Time**

- 1 in 4 of today's 20 year olds will become disabled before reaching age 67.
- In the U.S. a disabling injury occurs every second, a fatal injury occurs every 4 minutes.
- In the home a fatal injury occurs every 8 minutes and a disabling injury occurs every 2 seconds.
- There is a death caused by a motor vehicle crash every 15 minutes, there is a disabling injury every 9 seconds

**The bottom line is this: If your clients work and rely on their paycheck, they need disability insurance!**

## QoL Flex Term policies below \$100,000 now available with simple non-medical underwriting!

Now QoL Flex Term's market-leading rates can meet the needs of even more customers! For smaller policies, you can now provide simplified, non-medical underwriting, resulting in a fast, convenient path from submission to approval!

### New! Low band with non-medical underwriting

- Face amounts from \$50,000-\$99,999
- Two rate classes on accept/reject basis<sup>1</sup>
- 10, 15-30, 35 year terms
- Tele-interview
- No lab tests or APS required for clients below age 60



#### STEP 1

Review the low band underwriting qualifications list below to determine if your client is a candidate for approval. Clients must qualify as standard or better.



#### STEP 2

Submit case via AG Quick Ticket or iGo.



#### STEP 3

Client completes phone tele-interview.



#### STEP 4

Client signs electronically through DocuSign.<sup>2</sup>



#### STEP 5

Approved/not approved underwriting decision made.<sup>3</sup>

**Helping your clients prepare for the unexpected just got simpler!**

*Choose Wisely. Choose QoL Flex Term.*

Low band underwriting qualifications ►



# Low band underwriting qualifications<sup>4</sup>

- **Ages: 20 – 59<sup>5</sup>**
- **Face amount: \$50,000 to \$99,999**
- **Total inforce coverage<sup>6</sup> with American General Life Insurance Company cannot exceed more than \$3,000,000.**
- **Normal height and weight - BMI 18 to 33**
- **No history of a chronic disease or impairment from list below**
- **Treated cholesterol and blood pressure may be acceptable if current readings are in normal ranges: Cholesterol (less than 240); Blood Pressure 135/85 or less.**
  - **Applicants treated for cholesterol or blood pressure will need to provide current readings.**

## NON-MEDICAL REQUIREMENTS

- No history of DUI within the last 5 years
- No felony convictions during the past 10 years
- No history of bankruptcy during the past 5 years
- Currently actively at work or a dependent spouse (if dependent spouse, both spouses must apply)
- US permanent resident (includes US Citizens or legal permanent residents) only
- No temporary visas or foreign residents allowed
- Foreign travel to "A" or "B" countries for 8 weeks or less annually (where foreign travel underwriting allowed by state law)
- No participation in ratable hazardous sports or activities e.g., skydiving, private pilot, or motor vehicle racing, etc. (See field underwriting guide for activities that result in table ratings.)
- No hazardous avocations or activities (e.g. base jumping, paragliding, or other similar extreme sport pursuits)
- Not previously rated or declined by any US insurer for any reason during the past 5 years

## CHRONIC ILLNESS / IMPAIRMENT LIST<sup>4</sup>

**The following impairments and medical conditions are generally not eligible for non-medical underwriting consideration.**

- Bi-polar Disorder
- Blood Disorders
- Cancer (Any type but basal cell and squamous cell skin cancers are acceptable.)
- Chronic Bronchitis (COPD)
- Chronic Kidney Disease
- Chronic Mental Condition or Disease
- Coronary Artery Disease (CAD)
- Diabetes
- Heart Disease
- Heart Surgery
- Hepatitis
- Leukemia
- Motor Neuron Disease
- Muscular Diseases (e.g. ALS, SLE, or muscular dystrophy)
- Nervous Condition/Disease
- Parkinson's Disease
- Rheumatoid Arthritis
- Stroke
- Tumor (any type)

# Non-Medical Part B Instructions and Tips

This document provides information and guidance for agents completing the application part B on non-medical business. Agents should ask all the questions on this form and correctly record all of the client's answers. The more details provided, the more likely it is we will be able to process your client's application successfully.

## Question 1: Physician Information, date and reason for visit

- Complete Physician Information
  - If no personal doctor state "no personal doctor and no other doctors seen in last 10 years."
- Provide date of last office visit, reason, findings and treatment
  - Provide date and reason for last visit. Clearly explain with as much detail as possible, the reason seen. Tell us why the client went to see the doctor, what they found, how was it resolved, and any medications or treatment given. If the problem has since resolved, state so. Avoid unclear, incomplete, or vague responses. See examples below.
    - Best example: "Saw doctor for a routine female physical 6 months ago, normal findings. No medications or follow up needed."
    - Acceptable example: "Saw doctor for a routine physical April 2016 – Normal."
    - Bad example: "Don't know date of last visit, maybe 3 years ago"; *no additional details or explanation given.*
    - Worst example: \_\_\_\_\_ *Question is left blank or unanswered*

## Question 2: Pending medical appointments

- Be clear as to why the client has a pending medical appointment. Remember, it is OK and common to have a pending medical appointment, for example, it's very common with women who see doctors frequently for well woman care.
- Worst example: answer this question "Yes" and then not to share why there is a pending medical appointment

## Question 3: Build.

- **3A. Accurately record your client's answer to the height and weight question.** Most people know their height and weight; record their answers as given.
- **3C. Note any recent weight loss and explain reason.** Diets and exercise regiments to lose weight are common. Tell us if the reason your client lost 50 pounds was due to diet and exercise. If you don't give us a reason for weight loss it is going to create doubt and may lead a perfectly good case to be rejected.
  - **Take careful consideration for recording weight changes associated with pregnancy.** Most women gain weight during pregnancy but then lose most or all of that weight shortly after giving birth. Accurately record your client's pre-pregnancy weight and subsequent weight gain and loss due to pregnancy.

## Question 4: Family History. Carefully fill in the family history information in the grid provided.

- Enter their current age if living, age at death, cause of death, and if they had any history of coronary artery disease, or cancer history. Record age of disease onset for CAD or cancer history if present.
- **4B - give special attention to this question** that asks if any familial diseases are present in immediate relatives. Be clear who has or had disease, which disease they had, and age of onset.

**Question 5: Personal Health History.** Beginning with question 5 we ask several detailed questions about specific impairments your client may have been diagnosed with, suffered from, or treated for in the past. Since these questions reference multiple diseases or impairments in each sub-question, it is absolutely essential you clearly identify which specific disease, condition, or impairment your client is answering “Yes” to in that particular question. Use the details section at the end of each question to identify which condition or disease caused your client to answer “Yes” to that question. Provide date of diagnosis, treatment, medications taken, any surgeries, or any other pertinent information.

- **Question 5A: Personal history of Cholesterol elevation, high blood pressure, or diabetes.** Enter last cholesterol level (if known), last blood pressure reading (if known), and last glycohemoglobin A1c (if known). Tell us how your client is being treated for these conditions if they are present. This information is critical in ensuring we are able to make the best offer possible to your client.
- **Question 5B: Common diseases and impairments are covered in this question.** Identify which condition or disease led the client to answer the questions “Yes”, date of diagnosis, treatment, medications, surgeries, tests performed, and any other pertinent details.
- **Question 5C: any other treatment or medication question.** Ask for names of any and all prescription medications your client is taking or has taken during the past 12 months. Instruct your client that the company will conduct a prescription database search and any discrepancies may cause delays or lead to the life insurance being denied.
- **Question 5D: alcohol use question.** Encourage your client to honestly disclose his or her alcohol use. Moderate alcohol consumption is a good thing,
- **Question 5E: Drug and alcohol abuse question.** Complete all multi-part questions and sub questions. Provide details on any past treatment, attendance at substance abuse groups. Clearly identify which drugs may have been abused. Pay special attention to the frequency of use question and provide as much detail as requested.
- **Question 5F is the HIV question.** Provide all details if this question is answered “Yes”.
- **Question 5G is the hospitalization question.** If any of questions 1 – 4 are answered “yes”, provide as much explicit detail as possible in the Details section. Provide details about any hospitalization. Women will typically have to answer “Yes” to this question if they’ve been hospitalized for childbirth.

Please answer all remaining questions on the exam with as much detail as possible. The remaining questions deal with use of assistive devices such as a cane, walker, or if the client requires assistance with activities of daily living such as bathing, dressing, etc.

One last piece of advice: before you complete recording the client’s questions on the exam, double check it to make sure ALL questions have been answered and that you’ve asked and recorded all the details asked on the examination form.

<sup>1</sup> Standard non-tobacco and Standard tobacco rate classes available. No table ratings available for this band. Our underwriting team renders a decision based on the submitted applications, declarations of Part A and B, supplementary forms, and result of various database searches.

<sup>2</sup> A wet signature process will be available following the tele-interview if the client is unable to sign via DocuSign.

<sup>3</sup> Our underwriting team renders a decision based on the submitted applications, declarations of Part A and B, supplementary forms, and result of various database searches. No table ratings are available for policies in this band.

<sup>4</sup> This list is representative and is not a guarantee of approval for the policy.

<sup>5</sup> The low band \$50,000 to \$99,999 is available to clients ages 60-70 but they must go through full underwriting.

<sup>6</sup> Face amount is based on the total amount of coverage issued and placed in-force by AGL and US Life within the past 12 months.

Policies issued by American General Life Insurance Company (AGL), Policy Form Numbers ICC16-16901, 16901; Rider Form Numbers, ICC14-14012, 14012, ICC16-16420, 16420, ICC14-14001, 14001, ICC15-15602, 15602, ICC15-15603, 15603, ICC15-15604, and 15604. Issuing company AGL is responsible for financial obligations of insurance products and is a member of American International Group, Inc. (AIG). AGL does not solicit business in the state of New York. Products may not be available in all states and product features including rates may vary by state. Guarantees are backed by the claims-paying ability of the issuing insurance company. For important consumer disclosures on the Accelerated Benefit Riders, please visit [qualityoflifeinsurance.com](http://qualityoflifeinsurance.com). Rider names, availability, benefits and features may vary by state.

FOR FINANCIAL PROFESSIONAL USE ONLY – NOT FOR PUBLIC DISTRIBUTION

AGLC110452







WHAT IF...  
 YOU COULD  
 KNOCK OUT  
**three**  
 BIRDS WITH  
**one?**  
 STONE?

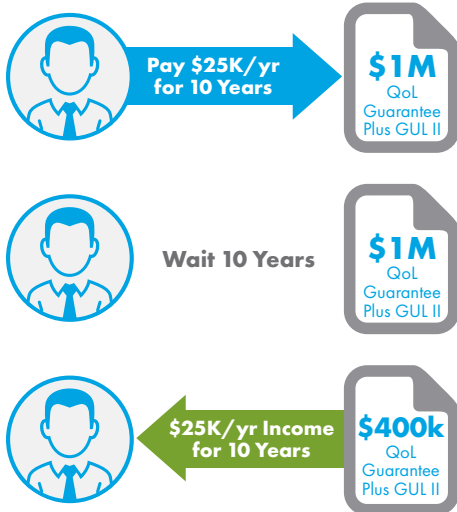


**One policy** can help with life insurance, chronic illness coverage and retirement income.

## The 10-10-10 Plan!

What if you could buy permanent life insurance, guaranteed to age 100 WITH a chronic illness benefit where you can:

- Pay premiums for 10 YEARS;
- Wait for 10 YEARS; and
- Get your money back over 10 YEARS – as a supplemental retirement benefit.



**FULL Return  
 of Premium  
 GUARANTEED  
 Over 10 Years**

### BACKGROUND

While term insurance is the most popular form of life insurance policy – mostly because it’s inexpensive up front – it only provides temporary coverage. For longer term (permanent) needs, there are a variety of choices – with one of the most secure and economical options being Guaranteed Universal Life (GUL). Often, GUL is a ‘no frills’ policy – offering few additional benefits. But, the Quality of Life (QoL) Guarantee Plus GUL II provides innovative extras!

### PROBLEM

Let’s look at a hypothetical example. George is 50 years old and looking for \$1,000,000 of coverage for his family. He wants to provide life insurance for his spouse well into retirement, but sees that need dropping as he approaches the latter retirement years. He is also concerned about the impact of a chronic illness on his retirement.<sup>1</sup>

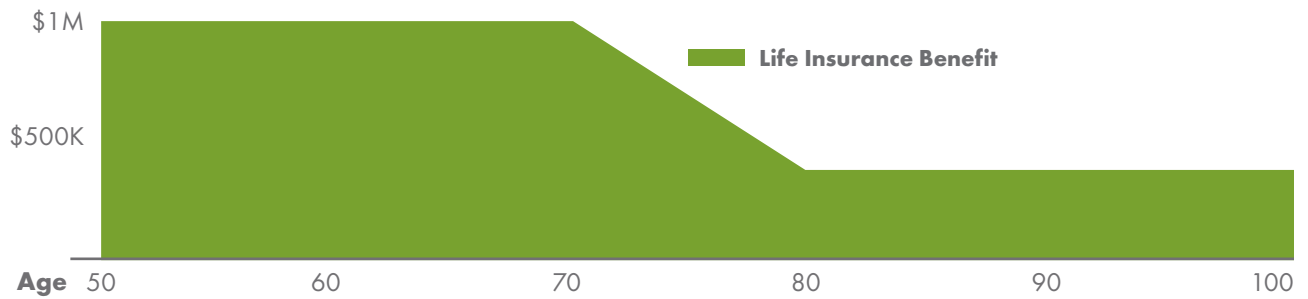
### SOLUTION: THE 10-10-10 PLAN<sup>2</sup>

He pays \$25K/yr for 10 years. Then, he pays nothing for 10 years. Then he takes \$25K/yr out of the policy for 10 years (tax free!) using a unique feature of this policy – The CustomerChoice Lifestyle Income Solution! This withdrawal of \$25k/year for 10 years from the policy will reduce the amount of life insurance coverage to \$400,000.

## LIFE INSURANCE BENEFIT

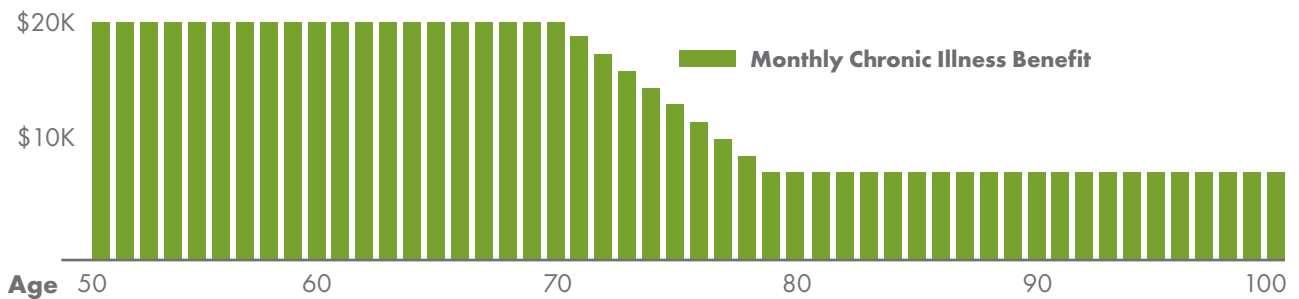
\$1,000,000 to age 70; then it steps down to \$400,000 by age 80 and continues to age 100.

**Guaranteed!**



## CHRONIC ILLNESS BENEFIT

While several options are available, George chooses to provide 2% of the life insurance coverage as a monthly chronic illness benefit – starting at \$20,000/month during his earning years. The benefit then steps down to \$8,000/month during retirement. **Guaranteed!**



**Talk to your Financial Professional**  
**about getting your own 10-10-10 Plan with QoL Guarantee Plus GUL II!**



**Quality of Life...Insurance®**  
Your Money. Your Insurance. Your Choice.

<sup>1</sup> This hypothetical example is for illustrative purposes only. Not an actual case and intended solely to depict how the product features might work. It does not reflect the value of any specific Policy. Restrictions and limitations apply.

<sup>2</sup> For the purpose of easing the explanation, all numbers have been rounded. The QoL Guarantee Plus II product solution is based on an illustration dated 12/20/16 for a 50-year-old male, preferred non-tobacco with premiums paid for 10 years and death benefit guaranteed to age 100. The policy included the approximately \$25,000 of Lifestyle Income Solution rider, beginning at age 70 and a 100% Accelerated Access Solution rider with a 2% monthly benefit.

Policies issued by American General Life Insurance Company (AGL), Policy Form Numbers 15442, 15442-5, ICC15-15442, 15442-10A; Rider Form Numbers 15602, ICC15-15602, 15603, ICC15-15603, 15604 ICC15-15604, 15600, ICC15-15600, 15972, 15972-5, 82012, 82012-CA, 82410, 88390, 14002, 14002-5, ICC14-14002, 15990, 13600-5, AGLA 04CHIR-CA (0514), AGLA 04CRIR, and AGLA 04TIR. AGL does not solicit business in the state of New York. Issuing company AGL is responsible for financial obligations of insurance products and are members of American International Group, Inc. (AIG). Products may not be available in all states and product features or rates may vary by state.

There may be a charge for each rider selected. See the rider for details regarding the benefit descriptions, limitations and exclusions. Riders are not available in all states. Please consult your financial professional or review the policy and outline of coverage for your state.

Guarantees are backed by the claims-paying ability of AGL. They are not backed by the broker-dealer and/or insurance agency from which this policy is purchased or any affiliates of those entities and none makes any representation or guarantees regarding the claims-paying ability of AGL. California residents should be provided the "California Resident Supplemental Information" flyer on the Accelerated Access Solution (AGLC110145). © 2017 AIG. All rights reserved.