

Recent Examples of the Ongoing Problematic Life Insurance Industry Information

Pages 2 and 3 show information prepared by **Penn Mutual** for its agents. While **Penn Mutual** acknowledges on page 3 that this information is not to be used "in sales situations," **Penn Mutual** somehow disregards the Society of Actuaries statement: "Sales illustrations should not be used for comparative policy performance purposes" and went ahead and "educated" its agents regarding the attractiveness of its products by "comparing illustrations." **Penn Mutual** is hardly the only insurer to engage in this practice, but pages 2 and 3 which were received by Breadwinners in January 2010 documents this ridiculous practice of this dysfunctional industry. **Upshot: If your agent recommends that you purchase or renew a policy based on an illustration, it's time to find a new agent.***

Page 4 shows an example of a life insurer's "happy" sales talk. **Mutual Trust Life** tells consumers its mission is to have "ten year historical performance of our permanent life insurance products that will place us in the top five of all companies." **Mutual Trust Life** may be a company of well-intentioned individuals, but it is such a small insurer with severe limitations (small scale, unspectacular persistency, investment management, underwriting experience and capabilities) that I find it absolutely inconceivable that **Mutual Trust Life** has ever had a reasonable chance of providing its general policyholders with a 10 year performance worthy of a Top 5 industry ranking.

Years ago, A.M. Best published summaries of historical policy performance data. Best's stopped providing this information when the NAIC in the mid 1990s eliminated these data from insurers' Annual Regulatory Statements. Full-Disclosure.com, a business run by my friend, Roger Blease, works with insurers to assemble and distribute information largely to insurers and their agents. (Roger may also provide some information directly to consumers, I'm just not exactly sure, but feel free to contact him at 610-330-9766 for details.) The significance of this aside is that Roger's data for 20 year policy performance shows that out of a mere 14 companies voluntarily providing historical data for 2009, **Mutual Trust Life** finished 12th or 14th by almost every measure. Admittedly, these results are based on 20 year, not the 10-year performance about which **MTL** waxed, but finishing nearly dead last or dead last out of such a small group of companies makes me highly skeptical of **MTL** ever having a Top 5 ranking in any category, except perhaps chutzpah. The life insurance industry has more than a 1000 companies, approximately 100 of which typically account for 90+% of the industry's total business. I would be willing to wager that **MTL** has never finished in the top 50 of an industry wide sample of 100 active insurers. **Upshot: If your agent recommends that you purchase or renew a life insurance policy, based on some insurer's happy sales talk, it's probably time to find a new life insurance agent.***

Page 5 shows **Northwestern's** recently adopted disclaimer informing consumers that its agents do not act as the client's fiduciary when selling products. **Northwestern** agents, of course, have long claimed to be fiduciaries, in fact, several with whom I've spoken in recent months (circa April 2011) still claim to act as a fiduciary. For years, **Northwestern** required agents to multi-page document which contained the clauses shown on Page 6: To Always Act in the Best Interests of the Client and To Avoid Any Situation With a Potential Conflict of Interest with the Client. These clearly conflicting **Northwestern** documents (Page 5 vs. Page 6) are indicative of the pervasive duplicitous conduct that exists in the life insurance marketplace. **Upshot: If your agent wittingly or unwittingly engages in such duplicitous conduct, it is probably time to find a new agent.***

Pages 7-9 show information from **IMSA's** website. **IMSAethics.org** was created in the mid 1990s to provide a 'Good Housekeeping Seal of Approval' to insurers. My letter to **IMSA's** President documents why I have always considered **IMSA** to be a fraud. <http://www.breadwinnersinsurance.com/letters-to-insurers-and-regulators-imsa-president/> **IMSA's** President had stated in 2009 that **IMSA** was "beefing-up" its website to provide more and better information about life insurance. Pages 7-9 show how pathetic **IMSA's** "beefed-up" website is. In fact, a month after it received my August 2010 letter, **IMSA** announced it would be shutting down. **Upshot: Even** if your life insurer has been an **IMSA** member (as both **MTL** and **Northwestern** have been), it is time that you reconsider any decision that you might have been led to make as a result of believing **IMSA's** approval meant any meaningful protections for you and your family.

*Even if you're not presently planning to purchase a new policy, it could be smart to contact Breadwinners' Insurance now to review your past insurance decisions. Given the types of problems described above and the fact that the regulators – whom you had probably assumed worked to safeguard you against such types of practices – have been blithely indifferent to consumer concerns, obtaining Breadwinners' good information could be a very smart decision.

competitive Edge

Flexible ChoiceSM Whole Life, Paid Up at 65: Highly Ranked on All Key Measures

When you think of whole life, you think of protection and guarantees. Now, when you think of Penn Mutual's Flexible Choice Whole Life you can be confident you are offering a unique and highly competitive product that **consistently ranks #1 or #2 in all key measures.**

PREMIUM

Company	Policy	Annual	Rank
Mass Mutual	Legacy 65	12,030	1
Penn Mutual	Flexible Choice Whole Life	15,320	2
New York Life	Custom Whole Life	16,130	3
Guardian	Limited Pay Life	16,850	4
Northwestern	Whole Life Paid Up @ 65	17,680	5
Lafayette Life	Sentinel	31,300	6

**Comparison Scenario: Male 35
Preferred Non-Smoker
Paid Up - 65
Face Amount: \$1,000,000**

GUARANTEED CASH VALUES

Company	Policy	Year 5			Year 10			Year 20		
		GCV	IRR	Rank	GCV	IRR	Rank	GCV	IRR	Rank
Penn Mutual	Flexible Choice Whole Life	50,000	-13.9%	1	121,000	-4.3%	2	302,000	-0.1%	2
Mass Mutual	Legacy 65	37,880	-15.0%	2	109,830	-1.7%	1	273,210	1.2%	1
New York Life	Custom Whole Life	50,510	-15.2%	3	123,450	-4.9%	3	306,300	-0.5%	3
Guardian	Limited Pay Life	51,310	-16.1%	4	125,460	-5.4%	4	311,700	-0.7%	4
Northwestern	Whole Life Paid Up @ 65	49,270	-18.9%	5	120,710	-7.1%	5	301,060	-1.6%	5
Lafayette Life	Sentinel	74,250	-23.9%	6	151,430	-13.8%	6	305,790	-7.5%	6

CURRENT CASH VALUES

Company	Policy	Year 10			Year 20			Year 30		
		CCV	IRR	Rank	CCV	IRR	Rank	CCV	IRR	Rank
Penn Mutual	Flexible Choice Whole Life	169,522	1.8%	1	503,930	4.5%	1	1,104,015	5.2%	2
Lafayette Life	Sentinel	341,666	1.6%	2	899,434	3.3%	6	1,873,445	4.1%	6
New York Life	Custom Whole Life	166,603	0.6%	3	490,118	3.8%	5	1,050,166	4.6%	5
Mass Mutual	Legacy 65	122,636	0.3%	4	383,792	4.3%	2	903,310	5.4%	1
Guardian	Limited Pay Life	168,663	0.0%	5	522,158	4.0%	3	1,184,241	5.0%	3
Northwestern	Whole Life Paid Up @ 65	172,273	-0.5%	6	538,869	3.9%	4	1,187,515	4.8%	4

DEATH BENEFIT

Company	Policy	Year 10			Year 20			Year 30		
		CDB	IRR	Rank	CDB	IRR	Rank	CDB	IRR	Rank
Mass Mutual	Legacy 65	1,048,661	38.0%	1	1,303,156	14.3%	1	1,857,171	9.2%	1
Penn Mutual	Flexible Choice Whole Life	1,148,521	35.3%	2	1,476,674	13.4%	2	2,019,369	8.4%	2
New York Life	Custom Whole Life	1,123,357	34.0%	3	1,411,304	12.6%	5	1,868,249	7.7%	5
Guardian	Limited Pay Life	1,129,877	33.3%	4	1,484,481	12.7%	4	2,135,000	8.2%	3
Northwestern	Whole Life Paid Up @ 65	1,178,290	33.2%	5	1,592,008	12.9%	3	2,206,704	8.1%	4
Lafayette Life	Sentinel	1,646,754	29.1%	6	2,454,868	11.8%	6	3,436,064	7.4%	6

Note: IRR (Internal Rate of Return) is the best way to measure product performance when comparing different premium payment patterns.

IRR represents the compounded interest rate at which the accumulated premiums would have to earn to achieve the cash values or death benefit.

Flexible Choice Whole Life:
Highly ranked and providing valuable benefits and features not offered by all competitors.

Did you know Penn Mutual...

- * **Does not charge a fee** to purchase or to exercise the overloan protection feature
- * **Pays a dividend** in the first year on paid up at 65
- * **Offers two Paid-up Additions riders:**
 - Supplemental PUA rider: increases death benefit
 - Accelerated PUA rider: accelerates replacement of term with permanent insurance
- * Allows **skipping** PUA rider **payments**

	Penn Mutual	Guardian	Lafayette Life	Mass Mutual	New York Life	Northwestern
Overloan protection on Whole Life products	Yes	No	No	No	No	No
Term blend rider with paid-up at 65	Yes	Yes	No	Yes	Yes	No
Enhanced waiver of premium option for own-occupation disability	Yes	Yes*	No	No	No	No
Preferred loan provision	Yes	Yes	No	No	No	No
Choice of PUA Rider	Yes	Yes	No	No	No	No

*Guardian has a 5 year own occupation definition and then any occupation thereafter. However, if disability continues beyond age 60, disability remains for life.

Paid-up at 65 whole life insurance is well suited for individuals 30-50 years of age:

- * Looking to maximize accumulation and income
- * Requiring permanent insurance
- * Prefer insurance premiums be paid up as they enter retirement at 65
- * Seeking lower cost coverage with a term blend rider

Don't miss out on this highly competitive product that delivers your clients protection and guarantees. Take advantage of Flexible Choice Whole Life and get the COMPETITIVE EDGE.

contact

To learn more Penn Mutual's Flexible Choice Whole Life, visit Producers Place or call the Life Sales Desk at 1-800-818-8184, option 4



COMP EDGE-2-09-WHOLE LIFE

Information as of 2/4/09. Dividends are not guaranteed. All guarantees are based upon the claims-paying ability of the issuer. Flexible Choice Whole Life is a whole life insurance policy offered by The Penn Mutual Life Insurance Company. Product or features may not be available in all states. Policy form numbers: TL-08(S) and TL-08(U). (Policy form numbers may vary by state).

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Earning Your Trust is Our Way of Life

Our Mission

The mission of MTL Insurance Company (MTL), a member of the Mutual Trust Financial Group is to underwrite and service profitable, quality life insurance and annuity products to meet the financial security needs of individuals and businesses. Each MTL employee fulfills a part of the mission and objectives to help achieve our vision.

Our Vision

By executing our annual plan and building upon it we will maintain and improve our prominence as a premier provider of profitable, quality life insurance and annuity products to the middle, upper middle income and select niche markets.

There are several elements that define this vision:

1. **Product Performance** – Product performance is a core strength of MTL Insurance Company, a member of the Mutual Trust Financial Group. The ten-year historical performance of our permanent life insurance products will place us in the top five of all companies.
2. **Product Flexibility** – Products will be developed based on market trends and products sold by our peer competition in our target markets. Success will be driven by product design derived from market analysis, demographic and economic data and systems which allow rapid development. Consistent success in this element will be evidenced by 75% of sales coming from products developed or enhanced in the last five years. Product development will be a critical and continuous process. We will seek input from our partners in the field. The Company's core product strength will remain participating ordinary life insurance.
3. **Customer Satisfaction** – One of our primary responsibilities is to provide exceptional service to our policyholders and our field partners. This responsibility is shared by every employee. Signifying excellent customer satisfaction, our NAIC lapse rate for permanent life insurance will be less than 4.5%.
4. **Sales and Marketing Excellence** – We recognize that we have a responsibility to provide value-added sales and marketing support systems. A major focus is to bring information, sales systems and concepts to our field force to increase the effectiveness of their efforts. Marketing concepts and the products to support them will be a driving force for increasing sales and distribution. The result of these efforts will be a clearly demonstrated track record of helping the field succeed. This will be evidenced by better retention of experienced producers (90% or above) and higher average sales per producer (\$50,000 net annualized commission or higher).
5. **Operational Excellence** – We will strive to create efficiencies that will enable Mutual Trust Financial Group to keep products and services for producers and policyholders on the leading edge. We will seek excellence in administration, compliance, human resources and technology. Our average cost per policy will rank in the top 25% of life companies.

Success in the areas defined above will mean increased success for Mutual Trust Financial Group. If we can succeed as outlined, we expect sales to grow by 10% or more per year. We will provide superior value and service to our producers and policyholders.

Our Performance Standards

Accountability: Taking personal responsibility for results and often exceeding expectations in terms of quality and timeliness.

Why it matters – We will only succeed as a business by delivering outstanding results in both the short and long term. This means that we need employees who want to meet and go beyond their own targets and goals, and who will be accountable for delivering outstanding results in their own area.

Teamwork: Working with others throughout the organization to achieve shared goals

Why it matters – We need to draw on our diverse strengths and skills to gain competitive advantage in tackling the increasingly complex problems of developing our business. We are committed to partnering with each other, and our partners, in win-win relationships. We can only accomplish this through cooperation and commitment to shared goals.

Flexibility: Aligning immediately with new organizational needs and realities. Modifying approach to achieve goals in changing circumstances

Why it matters – The organization will keep reshaping itself; shifting and flexing in order to excel in this fiercely competitive environment and maintain our prominence as a premier provider of profitable, quality life insurance and annuity products to the middle, upper middle income and select niche markets.

How Does Mutual Trust Compare?

Mutual Trust enables employees to act, not by withholding power, but by giving it away. We believe that people with more discretion, more authority, and more information are more resourceful and better able to affect growth.

Imagine working with leaders who show genuine acts of caring and who believe in recognizing contributions by showing appreciation for individual excellence. We believe that by setting high standards and having high expectations, ordinary people can produce extraordinary results.

Is Mutual Trust Right For You?

If you seek a dynamic work environment that rewards initiative and provides multiple opportunities to contribute, along with a broad base of responsibilities, choose a career with Mutual Trust Financial Group, Chicago's 101 Best and Brightest Company to Work For. Here you will experience a corporate culture built on trust, integrity, innovation, and a shared vision for success—the Mutual Trust experience.



**Chicago's 101
Best & Brightest
Companies to
Work For**



Mutual Trust Financial Group is proud to announce that we have received the coveted award of Chicago's 101 Best and Brightest Companies to Work For.

In addition to being recognized as one of Chicago's 101 Best and Brightest Companies to Work For, Mutual Trust has also been nominated by the Great Place to Work Institute® for their *50 Small and Medium Best Companies to Work for in America* award. We are especially proud of these awards because they are granted based on results from employee surveys.

Current Openings

We are looking to fill several positions in our home office. Browse our list of current openings to see if one is right for you.

Search current openings

Join Our Sales Force

At Mutual Trust, we have a reputation for providing superior sales and technical support to our agents in the field. If you are interested in joining our nationwide network of independent general agents, then contact one of our regional sales directors today.

Learn more

A proud past.

A promise for the future.

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Life Insurance

Definition:

Insurance that provides protection against the economic loss caused by the death of the person insured. *©LOMA Glossary of Insurance Terms

Why Life Insurance?

Life insurance provides financial protection. A life insurance policy can provide cash resources for your dependents after you die. This money could save your family from selling assets to pay bills or debts and could provide for educational or other large future expenses you foresee. Also, your dependents will not have to pay federal income taxes on life insurance benefits.

Do You Need Life Insurance? You most likely need insurance if you: have dependent children, a stay-at-home or financially dependent spouse or an aging parent who depends on your support; have a significant amount of assets or own a business; or want to supplement your retirement savings.

How Much Insurance Do You Need? Your particular insurance needs will depend upon your age and stage in life, your net worth and earning potential, the number and age of your dependents and their likely needs in the event of your death.

There are two main types of life insurance: term insurance and permanent insurance.

Term Insurance

Term insurance provides financial protection for specified periods of time, paying a benefit only if you die during the term. Terms may be one or multiple years. Some policies allow you to renew at the end of the term, with an increase in premium rates at each renewal date.

Term policies tend to be less expensive than other insurance types, and can be beneficial for the young or for families on a limited budget that need a large amount of life insurance protection.

Permanent Insurance

Permanent insurance provides lifetime protection, as long as you continue to pay the premiums. These policies are designed and priced to keep you as a customer for extended periods of years. There are different types of permanent policies-you may have heard them called whole, ordinary, universal, adjustable and variable life.

- Whole or ordinary life offers premiums and a death benefit that typically remain constant over the life of the policy.
- Universal or adjustable life allows you to adjust the death benefit and your premium payments, within certain limits, to fit your financial situation.

Turn Page To Be
Sure to See the
Tips on Page 2

- Variable life policies allow you to select a portfolio of investments. Based on the performance of your investments, the death benefit and cash value vary. Typically, the cash value and death benefit grow more quickly in a variable life policy than in other types of policies, but there is also more risk. The cash value and death benefit could decrease with poor market performance. However, some policies will guarantee the death benefit to not fall below a minimum level.

Unlike most term insurance, permanent life insurance allows you access to the cash value of a permanent insurance policy, which increases over time tax-deferred. You can borrow against the cash value to help pay the policy's premiums or other expenses but such policy loans may reduce the death benefit. You could also cancel the policy and use that accumulated cash value at your discretion, but you may owe taxes on part of the cash value if the sum exceeds what you have paid in premiums.

Tips on Buying Life Insurance

- Check with your state's insurance department to make sure the company is licensed in your state.
- Life insurance decisions are complex and will affect your family at a time when they are most vulnerable, therefore, you want to be sure the company you choose is reputable and ethical. A good place to start is to look for the IMSA logo. The IMSA logo can be displayed only by an insurance company that has been successfully measured against IMSA's Principles and Code of Ethical Market Conduct.
- Be sure the company is financially strong. Many independent services rate the financial strength of insurance companies, such as A.M. Best Company, Fitch Ratings, Inc., Moody's Investor Services Inc. and Standard & Poor's Insurance Rating Services.
- Ratings may vary among services and slight variations are normal, such as between AAA and AA. Be aware that not all companies choose to be rated by every service, since rating services charge a substantial fee for such comprehensive reviews.
- Before you select an agent, be sure he or she is licensed to sell insurance in your state. Agents who sell variable life insurance products must be registered with the National Association of Securities Dealers and have additional state licenses.
- Ask your agent to explain the sales process he or she uses. Most professional agents utilize a needs analysis process prior to recommending a life insurance, annuity, or long-term care insurance product. Needs analysis is the process of determining your insurance needs by building a profile about you. It includes such things as the needs of your spouse or family should you die prematurely, your assets, your risk tolerance, your retirement needs, your net worth, etc. The agent will be in a much better position to recommend the appropriate insurance product for you if he or she has all the facts.

There's virtually
nothing on
page 3 worth
reading

- Before meeting, ask the agent which companies he or she represents and what types of products these companies sell.
- Always check the date the insurance becomes effective.
- When you purchase a policy, make your check payable to the insurance company and be sure to get a receipt.

IMSA Member Companies

To locate an IMSA member insurance company, [click here](#).

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call today for more information **240.744.3030**

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