



## POLICY MANAGEMENT TEAM RESCUES KEYMAN POLICIES AFTER CORONAVIRUS BUSINESS INTERRUPTION AND CARRIER ERROR

### THE SITUATION

Ken Flowers<sup>1</sup>, age 74, owns a nationally-prominent restaurant that was temporarily shuttered due to the coronavirus. Two years ago, Ken converted his \$10M Term policy (owned by the business) to two separate permanent \$8M and \$2M Guaranteed Universal Life policies. The policies were guaranteed for 13 years as long as the business paid the premiums for 10 years on a semi-annual basis.

Meanwhile, the temporary business interruption caused by the coronavirus led to a cash flow shortage at the restaurant. Ken and his professional team reached out to us to determine if premiums could be deferred until after the coronavirus crisis ended. However, because the policies are guaranteed, the timing of the premiums is important to maintain the policies' 13-year guarantees without needing significant additional premium. Also, because the policies are new, a missed premium could cause the policies to lapse.

### THE SOLUTION

We worked with our Policy Management Company (PMC) Team to research several options. We proposed that Ken change his policies' premium mode from semi-annual to monthly. This would allow the premiums to be stretched out over a greater period of time without risking a reduction in the policies' 13-year guarantee duration.

### QUICK TURNAROUND ON ERROR RESOLUTION

Upon Ken's approval of the proposal, our PMC Team immediately sent the change request to the insurance carrier. The carrier missed the first request and by the time they instituted the change, the due date on the new monthly premium payments was missed which would negatively impact the policies' guarantee duration.

The PMC team immediately worked with the carrier to create an exception that would permit a delay on the initial monthly payment (due to carrier error). This allowed Ken to maintain the policies' guarantee duration without having to pay any additional catch-up premium.

### THE OUTCOME

By employing the PMC team's strategy, Ken was able to continue paying for his Keyman policies despite a sustained business interruption. Our quick intervention to avert a carrier error helped Ken avoid a situation that would have otherwise impaired the 13-year guarantee duration on his policies.

<sup>1</sup>Client name has been changed to protect confidentiality. This material is intended for informational purposes only and should not be construed as legal or tax advice or investment recommendations. Consult a qualified attorney, tax advisor, investment professional or insurance agent about the issues discussed herein. Guarantees are based on the claims-paying ability of the issuing company. Securities offered through ValMark Securities, Inc. Member FINRA. Investment Advisory Services offered through Valmark Advisers, inc., a SEC Registered Investment Advisor. 130 Springside Dr., Akron, OH 44333. 800.765.5201. Miller Wealth Advisors is a separate entity from Valmark Securities, Inc. and Valmark Advisers, Inc.

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