



REVIEW UNCOVERS CARRIER MISTAKE AND PREVENTS POLICY LAPSE

THE SITUATION

Joe Rizzini¹, age 73, and his wife, Rose, age 72, owned and operated a successful winery in upstate New York. In 1998, the couple purchased two Variable Adjustable Life (VAL) Second Death policies on each of their lives. Both policies were owned by a family trust and the Rizzini's Valmark Advisor had arranged for their policies to be managed and monitored by the Valmark Policy Management Company (PMC).

Just before Joe's 2018 policy anniversary date, the Valmark Advisor requested that the policy include a "Zero Pay" provision that automatically pays the premium from the policy's cash value after a certain number of years. The policy on Rose's life already included the Zero Pay provision.

While preparing the annual review on Rose's policy (her policy anniversary date fell two months after Joe's policy anniversary date), the PMC team discovered that Rose's policy had lapsed.

WHAT WENT WRONG

Upon investigation, the PMC team discovered that the insurance company's administrator mistook Rose's policy for Joe's. Since the administrator had recently implemented a Zero Pay provision on Joe's policy, and then saw a very similar policy number under the same family trust in her queue, she ignored the task on Rose's policy to re-extend the guarantee to keep it from lapsing, thinking she had already completed the task.

THE OUTCOME

Prompted by the PMC team's inquiry and follow up, the insurance company discovered their error and reinstated Rose's policy. The PMC resolved the issue proactively on behalf of the client before the client and advisor became aware of the problem.

¹ Client name has been changed to protect confidentiality.
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