



2017 TOLI Portfolio Statistics

Payment of the Trust Owned Life Insurance (TOLI) policy death benefit is fundamental to the estate liquidity and wealth management planning purpose of every Irrevocable Life Insurance Trust (ILIT). Further, it is usually the primary measure of an ILIT trustee's prudent practices on behalf of trust beneficiaries.

TOLI policies, both guaranteed and non-guaranteed, require annual/periodic risk management attention to assure guarantees have not been compromised and premium payments will sustain the policy to the insured's estimated life expectancy, as a minimum. The TOLI risk management process has two basic components – risk identification and risk mitigation. The following statistics reinforce the need for risk mitigation corrective action, especially when the policy risks and mitigation options have been identified.

Our 2017 statistics confirm the continued trend back to fixed premium guaranteed death benefit products following the trend to flexible premium nonguaranteed products during the 1990s and early 2000s. Guaranteed universal life products have become the 'product of choice' but 15% already need risk mitigation attention, up from 10% in 2013 and 13% in 2015. The TOLI Center has maintained objective TOLI policy statistics since 1991 from our database of TOLI policies outsourced by professional (skilled) and personal (unskilled) trustees.

TOLI Portfolio Performance Summary

Policy Classification Code	2006	2013	2015	2017
Performing Policies				
<i>Current carrier prepared inforce illustration projects the policy to sustain at least six years beyond the insured's assumed mortality.</i>	82%	83%	83%	83%
Under-performing Policies				
<i>Current carrier prepared inforce illustration projects the policy to lapse without value prior to or within five years after the insured's assumed mortality.</i>	18%	17%	17%	17%

Product Summary

Product Type	1999	2006	2013	2015	2017	Perf	UPerf
Guaranteed Products							
Term	11%	12%	10%	11%	11%	85%	15%
Whole Life	68%	46%	32%	31%	31%	99%	1%
Gty Universal Life			27%	28%	27%	85%	15%
	79%	58%	69%	70%	69%		
NonGuaranteed Products							
Universal Life	17%	30%	19%	19%	20%	65%	35%
Variable Universal Life	4%	12%	12%	11%	11%	62%	38%
	21%	42%	31%	30%	31%		

Total Portfolio Death Benefit Summary

Avg Death Ben/ Policy	\$797,730	\$1,710,923	\$2,787,019	\$2,878,272	\$2,812,386
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