

## EXAMPLE - Restructuring your Insurance Portfolio : Client X

### Existing policies to be replaced by a new policy

Insurance Company	Policy Number	Annual Premium	Life Cover	Surrender Value	Additional Profit	Total Trading Price
XXX	111111	R 0.00	71 676	5 072	0	5 072
XXX	222222	R 344.00	81 443	19 871	13 755	33 626
XXX	333333	R 551.20	130 202	62 238	5 305	67 543
XXX	444444	R 1 660.00	407 213	99 356	71 888	171 244
XXX	555555	R 96.00	114 652	44 119	972	45 091
		<b>R 2 651.20</b>	<b>R 805 186</b>	<b>R 230 656</b>	<b>R 91 920</b>	<b>R 322 576</b>

If these policies have only been surrendered the client would have received only (A) an amount of R230,656 as total surrender value. However these policies were referred for valuation. These existing policies can be traded for an additional value (B) of R91,920 above the surrender values. This amount is disclosed to the Adviser and Client. Say for example the negotiated commission charged was R20,957.76 {20% of B(EXCL VAT)} then the client would still receive the Total Surrender value (A) of R230,656 + Additional Value (profit) of R70,962.24. The Total of R301,618.24 (C - Commission). The total commission of R20,957.76 will be shared between the trader and the accredited Adviser, or the Adviser can negotiate his own commission with the client.

New Replacement Policy			
Insurance Company	Life Cover	Monthly Premium	Premium & Benefit Increase
Insurer A	710 000	R 966.00	None
	710 000	R 644.00	5% / 5% Compulsory
Insurer B	710 000	R 641.00	7% / 0% Compulsory
Insurer C	710 000	R 863.00	None
	710 000	R 472.00	Age Rated
Insurer D	710 000	R 868.00	None
	710 000	R 642.00	5% / 5% Compulsory

The total premiums of all the existing policies amounted to R2,651.20 per annum (R220.93 per month). Quotations to replace the existing policies are illustrated above.

**COMMISSION:** The Adviser who referred these cases received the following commission:

1)	From Trading rather than Surrendering the existing policies	R10 478.88	(50% of R20 957.76)
2)	Commission on new Replacement Life policy	R 5 500.00	(New Life Policy)
3)	Commission on the Investment of the surrender values & profit paid to the client	R 6 032.36	(2% of R301 618.24)
Total Commission earned by Adviser		R22 011.24	

**BENEFIT TO THE ADVISER:** In this case the Adviser earned more than double the commission than he would have if he only surrendered these existing policies

**BENEFIT TO THE CLIENT:** In this case the client received an additional 30% over and above the normal surrender value he/she would have received if he/she only surrendered these existing policies

**Please note that it is always in your best interest to retain your policy or investment!**