



TAC
Trust Asset Consultants, LLC

TOLI Fiduciary Risk Management Consulting • The TOLI Center • Large Case Specialty Analysis and Products • Litigation Support

Premium Adequacy Percent - 0%

1,000 Random Trial Illustrations



0%

■ Sustains
■ Does Not Sustain

Second Opinion Consulting Service

Who is safeguarding the interests of insurance trust beneficiaries? The failing TOLI policy crisis begs this question. A lapsed TOLI policy usually documents fiduciary negligence and quantifies damages. Approximately 25% of in-force non-guaranteed death benefit TOLI policies are predicted to lapse during the insured's lifetime.

A Trust Investment Policy Statement (TIPS) outlines a "best practices" risk management process, including annual performance monitoring expectations. To avoid breach of duty allegations, a TOLI trustee must (1) demonstrate defensible policy acceptance, management, and restructure determinations consistent with TIPS guidelines, (2) employ actuarially defensible policy evaluation for non-guaranteed policies, and (3) provide copies of TIPS and annual performance monitoring reports to trust beneficiaries.

Our **Second Opinion Consulting Service** can be engaged to:

- Provide an actuarially certified evaluation of in-force TOLI policy performance.
- Assist restructure of about-to-lapse, under-performing, unsuitable, and unwanted policies.
- Facilitate informed beneficiary communication.
- Assist resolution of disputes.

Red flags that warrant an impartial second opinion:

- An irrevocable life insurance trust without a TOLI Investment Policy Statement (TIPS).
- A limited duty arrangement. The trustee is generally the **ONLY** party who has the power to act to protect the beneficiaries' interests.
- A trust agreement that does not permit delegation of periodic policy evaluation.
- Personal trustee management without credible third-party policy evaluation.
- Trustees that do not provide annual policy performance monitoring reports to beneficiaries.
- Annual performance reports for non-guaranteed death benefit policies that are not actuarially certified.
- Annual performance reports for variable universal life policies that do not affirm the asset allocation strategy and related volatility-tested premium adequacy evaluation.
- Any policy replacement recommendation. Insurance regulators and experts concur that replacement generally is not in the client's best interest. For TOLI, the **burden of proof** rests with the trustee to justify a replacement recommendation. Such justification should employ defensible policy evaluation, investigate and affirm that costs are reasonable and appropriate, and avoid factual omissions.