

Policy Plans, Provisions and Benefits

- A. What changes have occurred in the distribution of sales by plan? What success has been had with the Family Plan? Are term or reducing term plans being offered? Are any other new or additional coverages available?
- B. Is it desirable to have different nonforfeiture values for standard and sub-standard business?

MR. MAURICE V. DONOVAN discussed recent Metropolitan policy changes, explaining that three classes of personal life insurance are issued: Premium Notice, Monthly Account, and Weekly Account. While Monthly Account business is classified as Ordinary, it is administered and compensated for in the same manner as Weekly Account policies.

No changes were made in the Weekly Account portfolio. Monthly Account business is comprised of all monthly policies of less than \$2,000, plus monthly policies of \$2,000 and over where the monthly premium is less than \$12.00. The Metropolitan series is limited to amounts ranging from \$250 to \$4,999, and automatically includes dismemberment, disability waiver, and triple indemnity. The Tower series includes policies for \$5,000 and over, with disability waiver automatically included.

Level and decreasing term plans are available only in the Tower series. The Family policy is available in the Tower series in \$5,000 units and in the Metropolitan series for \$3,000. Family Income riders are available in both series with policies of \$2,000 or more, subject to a minimum of \$20 monthly income.

Metropolitan series policies are issued in three underwriting classifications for amounts of \$2,000 or more, and in two classifications if less than \$2,000. Tower series policies are issued in seven classifications. Values are based on 1941 CSO at $2\frac{1}{2}\%$ interest, on an age last birthday basis, and providing for immediate payment of claims.

MR. HAROLD G. PAFF stated that Prudential offers only individual limited payment life plans in Industrial insurance, and that the distribution by plan has not changed appreciably, except for a shift in favor of plans sold at issue ages 50 and over. This he attributed partly to the introduction of the Ordinary Family policy.

The Prudential recently introduced a triple indemnity benefit to be included automatically at no extra charge in both Industrial and Intermediate Ordinary policies. This provides that if an accidental death benefit is payable, an additional payment equal to the face amount will be made if the accidental injury resulting in death was sustained (1) while in a pleasure car not in use for business purposes, (2) as a result of being

struck by a motor vehicle, or (3) while a passenger on a public conveyance provided by a common carrier.

MR. LUCIAN R. LEE stated that the Standard class of Industrial business had remained predominantly on the 20 payment basis in the Liberty Life, but some decrease had occurred at juvenile ages after the introduction of a Weekly Premium Family Plan.

Continuous payment plans were most popular under their Substandard class. Increases in policy size were being accompanied by a further shift from limited payment to continuous payment life.

Liberty Life has used a Family Plan rider in its Monthly Debit Ordinary line, which produced about 24% of the Company's M.D.O. new business in 1958. A Weekly Premium Family Policy was introduced late in 1958 and it has produced more volume than the M.D.O. rider, amounting to about 11% of total Weekly Premium production in 1959.

It was Liberty Life's experience that reducing term riders did not sell well where decreasing term policies were available.
