

# Foreword

Are you intimidated by life insurance? Do your eyes glaze over as you review pages of illustrations? How much coverage do you need? What types of policies should you buy and which carriers should you choose? Do you understand both the credit risks and the investment risks inherent in life insurance policies? Do you understand the differing management requirements of different types of policies? Once the policy is issued, can it be tossed into a drawer and not be worried about until the insured's death? Where can you get help with these issues?

All of these questions and more are answered in plain and understandable language in *Understanding Life Insurance and Rethinking Policy Management and Evaluation: Explaining the Unexplainable*. This book indeed makes the unexplainable understandable. It is an excellent resource for individuals seeking insurance coverage and lawyers, CPAs and other advisers trying to plan for their clients' personal and business needs, and trustees since they have fiduciary obligations to manage these policies owned by their trusts. Life insurance professionals should find this book useful too.

Many books in this field cover narrow areas and sometimes are so technical that they are not understandable to the general audience. Not so with Gary Flotron's book. It covers all of these fields with many helpful tables and charts.

In Chapter 2, he explains the building blocks of life insurance, including mortality charges, life expectancy, and the mathematics of term and permanent insurance. Chapter 3 describes the risks, advantages, and disadvantages of the various life insurance policies, including term, whole, universal, and variable life policies. Chapter 4 shows how to manage your policy after it is purchased, particularly with regard to universal life policies. The process of monitoring and evaluating policies is discussed in Chapter 5; this area is essential but all too often overlooked, sometimes with disastrous consequences. Finally, Chapter 6 answers those questions posed at the beginning of this foreword plus many more.

While life insurance has been around for many years and has benefits granted under the Internal Revenue Code that are not available to other assets, newer forms of policies raise issues of management that older types of policies (whole life and term) never did. Most people need coverage for personal needs (e.g., income replacement at premature death; children's college education; payment of estate taxes, mortgages, or other debts), for business needs (business succession, deferred compensation, key person coverage), or for charitable goals of providing large endowments or contributions at death to a favorite charity. This exceptional book will be a trusted guide to accomplishing these goals efficiently and effectively.

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