



A Profile of InsMark and Its Product Line

Background: InsMark was established by Robert B. Ritter, Jr., in 1983 to provide illustration software and related marketing services for the insurance and financial services industry. InsMark provides its customer base with marketing strategies derived from his extensive experience in the upscale personal and business insurance markets.

Prior to the formation of InsMark, Bob Ritter had been an agent and general agent with Mass Mutual Life Insurance Company followed by several years as an independent broker. Until the development of InsMark, he was a consistent qualifier for the insurance industry's most exclusive marketing groups -- the MDRT's Top of the Table and the International Forum.

Product Technology: InsMark's product line utilizes a unique approach to illustrating all forms of cash value life insurance. Illustration design requires the coordination of three disciplines: actuarial, legal and creative presentation, and no system is good at mastering all three. InsMark deals solely with creative presentations -- leaving actuarial and legal considerations to the carrier's primary illustration system. To do this, InsMark developed its proprietary specifications (Button File) that each licensed insurance company uses to "link" data from its illustration systems.

With this approach, the field producer can present InsMark illustrations as "top page" concept proposals or, as the MDRT has called them, "diet" proposals. Mathematical and legal compliance is covered by requiring that the insurance company's illustrations must accompany the InsMark presentation. To this end, InsMark was the driving force behind the NAIC's acceptance of "supplemental illustrations" as a special presentation category.

Although client companies often request customization of InsMark output for compliance purposes, separating the creative presentation from the actuarial number crunching gives InsMark -- and its customers -- a distinct advantage in software development. Typically, such development requires an extensive commitment of time and dollars due to the actuarial demands of the project. This leaves little time or resources to develop the artistic portion of the presentation. InsMark's linking technology allows its research and development staff to concentrate on the artistic aspects of the presentation. Proving that this technique works, InsMark is the only illustration system consistently asked for by name by insurance producers in the field.

Market Share: InsMark has an unusually large market share in its field. With more than 100 insurance companies licensed to use its illustration products, InsMark has three times as many client companies as its nearest competitor, and thousands of producers use InsMark products. Sales to insurance companies are produced by InsMark's corporate marketing staff. Sales to individual producers are made through an in-house retail sales force.

Other Resources: InsMark also maintains an active website, and we welcome your visit. Our Internet address is www.insmark.com.

Products and Services Available From InsMark

InsMark® Illustration System: This is InsMark's flagship product. Organized under several tabs, it includes the following:

- ◆ **The Personal Planning tab** has several illustration modules that focus on proving the Financial Firepower® of any form of cash value life insurance:
 - Dollars of Benefits for Pennies of Cost
 - Term and Invest the Difference
 - Other Investments vs. Your Policy
 - Various Financial Alternatives

To review a coordinated presentation of these modules in action, see www.insmark.com and click on the blue bar that says "Take a look at InsMark's web-based Computer Business Cards" and review the Financial Firepower presentation featuring Universal Life. In addition to Universal Life, we have three other variations (any of which is available on request) that feature either Whole Life, Equity Indexed Universal Life, or Variable Universal Life.

Also included on the **Personal Planning tab** are a **Mortgage Retirement Illustration** and **Pension Maximizer Calculator**.

- ◆ **The Executive Benefits tab** features a variety of "top hat" benefit plans including **Executive Bonus Plans**, **Salary Continuation / Deferred Compensation Plans** plus the four economic benefit split dollar concepts that survived the Final Split Dollar Regulations, i.e., **Endorsement Split Dollar**, **Endorsement Split Dollar with Optional Transfer**, **Endorsement Split Dollar with Salary Continuation**, and **Limited Collateral Assignment Split Dollar**.
- ◆ **The Private Split Dollar tab** has **Limited Collateral Assignment Private Split Dollar** -- the only remaining **traditional** private split dollar transaction with any degree of efficiency after the Final Split Dollar Regulations. (For another variation, see Loan-Based Private Split Dollar on Page 3.)
- ◆ **The Personal Needs Analysis tab includes:**
 - **Educational Needs Analysis** which measures how much life insurance coverage is needed to ensure children have sufficient funds for college.
 - **Survivor Needs Analysis™** which measures how much life insurance coverage is needed to maintain a family's overall lifestyle. (Our Survivor Needs Analysis is the analytical program used by the "winning" entrant to MONEY magazine's "The Money Life Insurance Test" which asked, "How much life insurance do I need?")
 - **Retirement Needs Analysis™** which measures retirement goals and calculates funding solutions. This is the only retirement program available that can include **proposed** life insurance in its various solve routines. It can also include proposed coverage on both spouses in the same analysis -- a critical feature with today's two-income families.
- ◆ **The InsCalc® Calculators tab** has presentation-quality calculators for taxable, tax exempt, tax deferred, and equity accounts (these after tax reports are very valuable for comparisons to life insurance) as well as Social Security survivor, retirement, and disability as well as IRA/401(k) pre-retirement accumulation and retirement distributions.
- ◆ **The Guide To Marketing** has one-click access to 800+ indexed pages of "how to" and "when to use" tips -- all written by InsMark's CEO, Bob Ritter.

Note: Each illustration module noted above contains a case-specific, presentation-quality, narrative Preface and InsScribe® graphics (see Page 4 for detailed remarks regarding graphics).

Wealthy and Wise® (InsGift's new name): Wealthy and Wise helps producers become more effective in the wealth preservation market. By changing the focus from taxes and the cost of life insurance, Wealthy and Wise helps clients have confidence that a particular pattern of gifts to heirs and/or charity will not jeopardize their retirement lifestyle. Only after a client is convinced that gifts are affordable can life insurance be analyzed for its planning effectiveness.

Whether the need is comprehensive wealth preservation, retirement, or charitable planning (or a combination), Wealthy and Wise is the industry's preeminent planning software due to its comparative logic ("here's what happens if you do it versus here's what happens if you don't"). Concepts such as Stretch-IRA, Charitable IRA, Charitable Bequest of Annuity Assets, and the Zero Estate Tax Plan can be easily analyzed. (To review an example of the power of one of the wealth preservation features of Wealthy and Wise comparing a Stretch-Out IRA to a Charitable IRA, see www.insmark.com and click on "Take a look at InsMark's web-based Computer Business Cards" in the blue bar on the Home Page.)

With Wealthy and Wise, you can also evaluate whether to insure or self-insure such risks as Long-Term Care or Disability. The System is also terrific at assessing the impact of cash value life insurance on retirement income, overall net worth, and wealth transferred to heirs. Once on the InsMark website, click on Producer's Center and take a few minutes to review a report entitled *Wealthy and Wise* that discusses the logic of the System in detail.

The International Forum and the Million Dollar Round Table Foundation endorse Wealthy and Wise.

Life Plan™ System: Life Plan produces a concise illustration containing all a producer needs to convince a customer of the exceptional value of a life insurance policy. This illustration is particularly efficient when used with first-time buyers of permanent life insurance. It is also useful for those working with new producers -- whether they are "novices" or sophisticated individuals who are inexperienced with life insurance (stockbrokers, bankers CPAs, property and casualty agents, etc.).

InsMark® Loan-Based Split Dollar System: This System contains two core modules designed to illustrate loan-based split dollar as authorized by the Final Split Dollar Regulations issued in September 2003.

- ◆ **Loan-Based Split Dollar** involves employer-sponsored loans to key executives for the purpose of purchasing cash value life insurance policies. The loans bear interest at the Applicable Federal Rate ("AFR") established under IRC Sections 7872(f)(2)(A) and 1274(d), and the System can illustrate the employer using bonuses to help offset the executive's loan interest. This concept is a powerful replacement for equity split dollar plans and is truly the "split dollar strategy for the 21st century".
- ◆ **Loan-Based Private Split Dollar** is designed for use by wealthy parents and irrevocable trusts formed on behalf of children. Using a so-called "defective" grantor trust as policy owner (see IRC Sections 671, 675, IRS Reg. 1.671-2(c), and Rev. Rul. 85-13), this System features grantor loans that allow virtually unlimited funding of irrevocable trusts. Loan-Based Private Split Dollar is a powerful replacement for private equity split dollar plans and is the most efficient, parent-funded, trust-owned, wealth preservation strategy available.

InsMark® Loan-Based Deferred Compensation System: Using the new loan-based split dollar authorized by the Final Split Dollar Regulations, this System uses an executive-owned policy approach that couples the exchange of current taxable compensation with *tax free retirement income* (via policy loans) for virtually any executive who can afford the deferral. Any profit-making or tax exempt organization can use this arrangement, and the concept provides an irresistible executive benefit that typically produces a powerful *credit to earnings* for the employer in all years.

Documents On A Disk®: This System contains 600+ specimen documents (arranged in 150+ document sets) corresponding not only to concepts illustrated by InsMark, but to every imaginable business, estate, and charitable circumstance. Each set is accompanied by a “layman’s language” Highlight of the Plan that explains the concept. Each set also includes a Technical Preface outlining the legal basis for each of the concepts. A substantial number of Flow Charts are also available. A special web-based version called **Documents On The Net®** is available to institutional clients.

InsScribe® System: All the above Systems include InsScribe, a presentation supplement that produces narrative text, flow charts and graphs in coordination with the concept presented. While InsScribe has thousands of combinations, users do not need to spend time constructing plan descriptions or graphical output since the program automatically makes selections for users based on the keystrokes used to create the illustration concept.

InsWord® On The Net: All 150+ Highlights of the Plans from Documents On A Disk are available in InsWord On The Net (“InsWord”) in website locations unique to each InsWord licensee. Professional advisers (and others) in each InsWord licensee’s community can review Highlights-only of all the concepts and, if copies of associated specimen documents used for implementation of a concept are requested, the specific request is immediately forwarded by InsMark to the InsWord licensee containing specific information about the person making the inquiry. The lead generation possibilities of InsWord are considerable. Significant support material is provided to licensees in order to drive activity to their exclusive InsWord site. (InsWord On The Net is available only to licensees for Documents On A Disk.)

InsMark Advanced Underwriting Registry®: This is a senior users’ group which focuses on estate, business, and charitable issues. Two newsletters, **Marketing Alert** and **Inner Circle**, are published monthly for members. Both are written personally by InsMark’s CEO/Founder, Bob Ritter, and each is devoted to adding to a producer’s sales skills in prospecting, presentation, and closing.

Computer Business Cards™: CBCs are sensational visual marketing tools for computer presentations. Each CBC is customized with the licensee’s name, and the license also includes authorization for unlimited duplication for distribution to clients and prospects (or their advisers). CBCs are also useful for seminars. There are 27 CBCs in the series, two of which can be viewed at www.insmark.com. (Click on “Take a look at InsMark’s web-based Computer Business Cards”.)

Multi-Media Presentations: InsMark produces a 10-minute **Wealth Preservation Video** showing techniques for effective estate planning initial interviews. InsMark also produces a narrated multi-media CD entitled **Wealth Planning Leverage** which examines four charitable estate planning techniques, each of which is presented on a “you-can’t-afford-not-to-do-it” basis.

Power Producers® Marketing System: This is InsMark’s highest level marketing System. Each Power Producer is provided with a wide array of InsMark products and enjoys a special relationship with the company regarding advanced marketing; however, each Power Producer is free to place business with companies of his/her choosing. There are currently several hundred Power Producers, and it is one of InsMark’s fastest growing divisions.

Marketing Seminars: InsMark holds its acclaimed 1 and 1/2 day **Advanced Marketing Seminar** frequently throughout the U.S. In addition, InsMark hosts its annual 2 and 1/2 day **Symposium** each November in San Francisco. The **Seminar** and **Symposium** leader is InsMark’s CEO, Bob Ritter.

Other Information: We are located at 2274 Camino Ramon, San Ramon, CA, 94583. Our website is www.insmark.com, and our telephone number is 1-888-InsMark (467-6275). Institutional customers should call David Grant, Senior Vice President, Sales, at 1-925-543-0513.