

Term Insurance – Finding the Right Fit™ Policy

Many people believe all term insurance is the same and that the lowest price is the only point to focus on. Since term insurance has become commoditized, most are unaware of all the benefits it actually has. Insurance companies have lowered pricing by removing some of these benefits to be competitive. Below is more insight to the features and benefits term insurance can offer. However, any insurance conversation should start with the company's quality, ratings and reputation.

Flexibility

Term insurance can be available for as little as one year, up to 35 years, depending on your age. The most popular plans guarantee price and a level death benefit for 20 or 30 years. After the initial lock-in period, coverage may end, incur a drastically higher premium or have a significant reduction in face value. It is also important to know that some insurance companies do not allow you to reduce your insurance coverage. If you would like that option available to you, you will want to make sure you select the right policy.

Future Insurability

You may decide you want to carry your coverage longer than originally projected. If you are healthy you can shop for new insurance but if your health has deteriorated, what happens? Not all term policies continue past the original "lock-in" period and many insurers now limit the number of years they will allow you to extend coverage via a term conversion. A term conversion allows you to convert your term insurance to a permanent policy without having to go through underwriting or proving insurability. This is an important feature to have available should your health deteriorate. If you purchase a 20 or 30-year term policy, you may want to consider one that allows you to convert for the full period or add a conversion extension rider.

Conversion Options

This benefit can be very different among insurers. Some term policies do not offer this option while others may only offer you to convert to a "special conversion policy" which is often very expensive. The best policy does not limit your options and allows you to convert to any permanent policy the insurance company offers at the time of conversion.

Riders & Features

Today, various riders and features can add significant value to term insurance. In addition to spouse or children riders, a few insurers offer a return of premium option at the end of your level term period, and living benefits for critical and chronic illness situations. These critical and chronic illness riders allow you to collect your own death benefit during your life. They can add value when “what if” turns into “what now”?

Critical illness rider – ability to accelerate a portion of your death benefit should you be diagnosed with a critical condition such as cancer, stroke, coma, etc.

Chronic illness rider - ability to accelerate a portion of your death benefit should you be unable to perform 2 of 6 activities of daily living or have a severe cognitive impairment. Activities of daily living include: *Bathing, Dressing, Transferring, Eating, Continence and Toileting.*

Key Questions™

1. What are the ratings and reputation of the insurance company?
2. Do you want the ability to carry coverage longer than originally designed? If so, do you prefer:
 - a. Death Benefit to remain level with premiums to increase
 - b. Death Benefit to reduce annually while premiums remain level
3. Do you intend to reduce your coverage amount at some point in time?
4. Do you have intentions to convert to permanent insurance or would you like to keep that option open?
5. Are you looking for the least expensive option and not concerned with other features?

The Next Step

Determining the right plan is just one step in The Right Fit™ process. To accurately quote your insurance protection we will start with a prescreen. This helps us find the best company, pricing and value available to you. The underwriting process will ultimately determine your insurability and final cost for coverage.

Integrated Insurance Consulting is dedicated to finding you the Right Fit™ policy!