Life insurance

Term: Term insurance provides the least expensive death protection for a specified period of time, or term.  At the end of the initial term period, the policy may generally be renewed with a substantial increase in premium, or may be converted to a permanent plan of insurance.

Term insurance is well suited for individuals or businesses who need coverage for a temporary period of time, or who need a large amount of insurance at a low cost.

Term Conversion: The conversion rights on many term policies guarantee that for a specified period of time and/or up to a certain age, the policy can be converted to a permanent plan for the equivalent amount of coverage without having to provide additional evidence of insurability.  
  
Permanent life insurance coverage can be important to your client’s overall financial plan. When your clients convert their term insurance coverage, they can take advantage of several benefits:

* Lock in permanent rates now while they are young and premiums are affordable
* Permanent products offer a guaranteed death benefit and level premiums for the life of the policy.
* Term conversions do not require medical or financial re-qualification.
* The opportunity to build cash value, for loans or withdrawals on the policy to help supplement retirement or other future cash needs.

Universal Life: Universal Life insurance is a form of permanent insurance, however, it differs from Whole Life in how the company’s current experience (e.g., mortality results, investment earnings and expense management) is passed through to the policyowner.  Whereas Whole Life uses conservative assumptions to set the premium rate, then returns excess premiums in the form of a dividend, Universal Life allows policyowners to set their own premiums based on current assumptions, guaranteed\* assumptions, or anywhere in between.  If premiums are not sufficient, the account value ultimately goes to zero and the Universal Life policy may lapse.

This type of coverage may be useful for customers seeking premium flexibility, including the ability to fund for less than lifetime coverage (e.g., targeting $1000 of cash value at age 105).

 \*All guarantees subject to the claims paying ability of the issuing insurer

Index UL: Indexed Universal Life insurance offers many of the same features and benefits of traditional, or fixed, Universal Life, along with indexed interest that may be credited, in part, based on the performance of an underlying stock market index over a period of time.  These indexed interest crediting strategies provide clients the potential for higher interest crediting rates than traditional Universal Life, while the guaranteed\* minimum interest crediting rate, or floor, protects the account value from market downturns.

Indexed Universal Life is often marketed as an ideal product for individuals with a more moderate risk tolerance - they recognize the advantages of long-term equity performance, but they also value protection from the volatility of the stock market.

\*All guarantees subject to the claims paying ability of the issuing insurer

Whole Life: Whole Life insurance is the oldest form of permanent insurance.  It features guaranteed premiums, guaranteed\* cash values and guaranteed death benefits, and it requires funding based on conservative guaranteed premium levels to maintain coverage for life.  Participating Whole Life policies may include non-guaranteed dividends if the company’s current experience (e.g., mortality results, investment earnings and expense management) is more favorable than the assumptions used to determine the guaranteed premiums.  Dividends can be paid in cash, used to reduce premiums, or used to increase policy cash values and death benefits by purchasing “paid up additions,” among other uses.

Whole Life may be ideal for clients who want a fixed premium that won’t change over time, or those who want a guaranteed cash value that increases every year.

\*All guarantees subject to the claims paying ability of the issuing insurer