

The document titled "Life Insurance 101" by Breadwinners' Insurance serves as an educational resource for consumers, emphasizing the fundamental concepts of life insurance and the importance of informed decision-making. It explains that life insurance primarily consists of term insurance, with costs increasing as individuals age due to the higher probability of death. The document compares insurance agents to doctors, highlighting the necessity of thorough information before purchasing or evaluating policies. It outlines various types of life insurance, including term, cash value, universal life, whole life, and group life insurance, while cautioning against relying solely on sales illustrations for cash value policies, which have unique characteristics such as declining insurance amounts and tax privileges.

The document details the underwriting process, which begins with an application and assesses the applicant's risk and health class, affecting premium costs that can vary significantly based on health classification. Policies may feature annually increasing premiums or level premiums for specific terms, with cash value policies incorporating a savings component that can be accessed by the policyholder. It is crucial to understand that the annual premium does not equate to the annual cost of coverage, as only a portion is allocated for potential claims, with the remainder contributing to cash value. Beneficiaries receive both the cash value and the at-risk amount upon the policyholder's death, countering misconceptions about cash value loss.

The document critiques the lack of transparency in the life insurance industry regarding financial aspects and emphasizes the importance of understanding both the insurance and investment components of cash value policies. It introduces Whole Life and Universal Life insurance, explaining that Whole Life policies have guaranteed premiums but can still see rising costs as the insured ages. Universal Life policies offer flexible premium payments but require consistent payments to ensure growing cash value. The document also discusses Guaranteed No Lapse Universal Life policies, which prevent lapsing under certain conditions, and highlights the implications of lapse-supported pricing.

Additionally, the document covers various life insurance types, including single premium life insurance, variable and equity-indexed policies, Return of Premium (ROP) term policies, survivorship life insurance, and group life insurance. It emphasizes the differences between group and individual policies, noting that group policies often lack personalized service and can be terminated by the group manager or insurer. The text critiques the misleading dichotomy between whole life and term insurance and the inadequacies of policy comparison metrics provided by regulatory bodies.

The document concludes with a commitment from Breadwinners' Insurance to provide accurate information and encourages consumers to inquire about their life insurance needs. It addresses frequently asked questions regarding coverage, term policies, and cash value policies, aiming to empower consumers with the knowledge necessary to navigate the complexities of life insurance, understand its costs and benefits, and make informed decisions.