

# Insurance Made Simple

## A guide to Term Life Insurance



### Term life insurance provides low-cost peace of mind.

Term life provides low-cost protection for a specific time period – usually 10, 15, 20, or 30 years. It has no cash value, and the premiums are guaranteed to stay level within the period specified. As with all insurance, the younger you purchase term life, the lower the premiums.

But with term life, it's all about qualifying. Anyone can purchase a term life policy, but it takes expertise and experience to pair the right policy with your qualifications. That's what Low Load Insurance Services, Inc. (LLIS) provides: the expertise to match your needs with policies that offer the desired coverage for the lowest cost.

### Term life can also help divert disaster.

Term life insurance can protect a family facing the untimely loss of a breadwinner or caregiver. Those starting a business can use term life to ensure that their business could continue should they not be there to run it. Term life can also be used as collateral on some types of loans.

### Premiums that aren't at a premium.

Term premiums are calculated at a *rate per thousand*. This is the cost of insurance per \$1,000 of coverage. Term premiums are based on several factors, including age, tobacco use, and family history. The older the person, the higher the rate per thousand and smokers pay more than non-smokers. In addition, most companies add a yearly charge for policy administration. This charge commonly ranges from \$40 to \$70 per policy. Premiums are lowest for preferred risks and higher for impaired risks. A \$1 million policy might actually cost less per thousand than a \$900,000 policy because of the \$1 million premium band.

### You might be older than you think.

For most of us, that's a scary thought. But some insurance companies determine age differently than the general population. Some use actual age, and others use age nearest your next birthday. If you are 39 on June 1, a company that uses age nearest birthday would say that you were 40 beginning January 1 – even though your actual birthday is still six months away.

### Many different factors determine premiums.

The underwriting process is the insurance company's way of understanding and placing a value on the "risk" they are agreeing to insure. In addition to the application paperwork, you must also complete a paramedical exam which includes a blood test, urinalysis, and depending upon age, an EKG. The insurance company pays for the exam, and the examiner will come to either your home or office.

You must also supply personal financial information, such as annual income, assets, liabilities and net worth. All information is held in strictest confidence during and after application review and policy issue.

### Factors that determine premiums:

- Paramedical exam results
- Personal medical history
- Review of doctors' records
- Height/weight ratio on exam
- Family history (A history of heart disease in the family before age 60 might disqualify an applicant from the best rates.)
- Tobacco use, including cigars and chewing tobacco
- Alcohol or drug use
- Hazardous sports or hobbies
- Motor vehicle record
- Foreign travel and/or residency

### Conversion from term to permanent universal life is easy.

Typically, term policies can be converted into permanent life policies at any time during the guaranteed conversion period for policy holders up to the age of 65, 70 or 75. No evidence of insurability is needed to convert the policy. Conversion rules vary widely among insurance companies.

### Renewal options are virtually ageless.

Policy holders can usually renew term life policies each year without evidence of insurability. At the end of the level-premium guaranteed period, the policy may be continued on an Annual Renewable Term (ART) basis until 95 or 98, depending upon the insurance company. However, renewal premiums are dramatically higher than guaranteed term premiums.

### We're the advisor's insurance advisor.

Your advisor has recommended that you contact us. They know that we're experienced in finding policies for their very healthy clients as well as for those with special underwriting challenges.

To get started, visit us online at [www.llis.com](http://www.llis.com) or call us toll-free at 877-254-4429.

Confidentiality is paramount. All information obtained during the underwriting process is strictly confidential. This information will be used solely to determine your eligibility for the insurance applied for, and will not be released to any other party without your permission.

