

Circle Of Safety: Avoid the 7 Deadly Sins of Term Life Insurance...



Do You Know What to Look For When Selecting a Term Life Insurance Plan?

The reason I'm asking you this is because the selection of the wrong type of Term Life insurance plan could cost you and your family dearly.

Imagine you've just been told that you have cancer and that you've been told that you have 2 years left to live and then when you check out your Term Life Policy, they tell you that your 10 year term plan that you've paid on for 9 years ends in 6 months. When you ask how much it'll cost to renew for the next 10 years they tell you that they won't be able to write your insurance anymore because you have cancer. Then you call around and find that no one will sell you insurance at any price. I don't know about you, but if I was just told all of this, I would be boiling mad. How could a Billion Dollar Insurance Company be so heartless and throw my family and me out in the Financial Dumpster?

Now what? I have 2 kids, a wife, a mortgage and all the bills that go along with raising a family and I've just been told by a billion dollar Insurance Company that I can't provide for my family. Just when I need it the most. What do I do now?

Well unfortunately there's not a whole lot that you can do except to hope to win the lottery or a wealthy family member gives you a bunch of money in a hurry.

Why am I telling you this? Well, I just recently received a call from a frantic caller looking to get some term life insurance in this exact situation. After recovering from the initial shock from hearing about this horrible situation, I vowed that I would never allow this to happen to any of my clients. Not if I could help it anyway.

So what is the right kind of life insurance to get? Well that does depend a lot on your situation. How much coverage you need and for how long you need the coverage. It also depends on what you're buying the coverage for. Is it for a Mortgage on a home loan or on a Car Loan or for your childrens' Educational Funds protection? It's very important to tailor your term life needs to your situation. A qualified Financial Advisor will make sure that you have the correct term life insurance.

There are many different flavors of term insurance out there in the market today. Following are the 7 Deadly Sins of Term Life Insurance and why they're so vitally important to your financial health and how to avoid falling into the different Term Life Insurance Traps.

The 7 Deadly Term Life Sins to Avoid

1) No or Limited time to Convert to other Policy Types

Term Life Insurance generally offers an exchange or what's called a conversion option to another life insurance policy type. For example if you want to exchange your 10 year term plan for a whole life plan with the company that you bought the term life plan from, you can without having to prove evidence of good health. This is something to watch out for when applying for term life insurance coverage. Many Insurance Companies that offer Mortgage protection through the mortgage company offer no exchange option at all, not a good option for folks that refinance. For Term life plans purchased through an insurance company, whether it be through an agent, the internet or some 1-800 #, there generally is an option for conversion. However, not all conversion options are created equal. For example, lets say that you obtain a 10-year term policy. Some companies will allow you to convert anytime during the 10-year term and some other companies may only allow you 5 years from the initial policy date to make the change. The best companies will allow you to exchange to another policy anytime before age 65 or ten years, whichever is later.

2) No Renewal Feature

Lets say that you buy a ten-year term plan from company X because they've got the lowest premium. Many policies drop the policy after ten years and you have no coverage at all. Not a bad deal if you die in those ten years. But if you live and develop a serious health condition during this 10-year policy period, with the wrong company, you're out of luck. Be sure that the term policy you purchase has a renewal feature.

3) No Guarantee on what Renewal Rates or Term will be

This provision ties into the renewal feature explained above, but takes it one step further. If a term life policy renews, it generally renews on a one-year term basis. As an example lets say that you buy a 10-year term policy and in the 11th year it changes to a 1-year term. Guess what, instead of the company raising your rates every 10 years, now they are raising your rates every year. And if the company is having financial problems, they can raise the rates even more on top of the annual rate increases. From my experience, the 1-year term rate that companies charge once a policy gets to the period beyond the initial guarantee period, is very high. Not a good option for someone that can't re qualify for the best rates. Some companies offer what's called a reentry provision. If they do, you generally have to qualify for reentry. Even if you can qualify for reentry, many companies don't offer the their very best rates to you, like they would if you're a new customer coming in the door to apply for coverage. Heck of a way to treat a loyal long-term customer isn't it. The best companies will offer to renew your coverage for the same term period that you applied for. So if you bought a 10-year term

policy, it should offer to renew for another 10-year term on the second go around and the third time and so on so forth. If your life insurance company isn't protecting you and family with this type of policy, get away from this company as fast as you can. Get a Financial Advisor to help you get the best protection possible.

4) No true Premium Guarantee for the Term Period

Here you'll have to look for the fine print in your policy. Many companies that sell term policies, for example a 10-year term or 20-year term, don't guarantee the premiums for the 10 or 20 years. What they do is give you an illustration or projection showing the rates table for that particular period of time, but it's only guaranteed for say 5 years. If you buy a 10 or 20-year term policy, then you should have a guarantee for that period of time, don't you think.

5) Lack of Decent Policy to Switch to

When choosing the Life Insurance Company that you want to business with, be sure that you also find out about the life products that the company offers for conversion or exchange from the term life plan should you decide to switch plans. Many companies have inexpensive term rates but when you exercise your option for an exchange assuming you have one, you end up with a very expensive whole life or Universal life Plan. If you know ahead of time what your options are, in the long run you'll end up in a much better financial position.

6) Life Insurance Company with a Questionable Financial Rating

I can't stress this enough, be sure that the Life Insurance Company that you choose is financially stable. If the company that you choose ends up going out of business or being bought out by another Life Insurance Company, You may end up spending a whole lot more in the long run than if you had gotten with a well rated company in the first place. Be sure to ask about the financial rating of any life company before committing your hard earned dollars.

7) No Critical Illness or Income protection to supplement your term life plan

Imagine with me that you have a massive heart attack and are delivered to the E.R. room (D.O.A.). Instead of dying they revive you and you live to tell about it. And now you're not going to be able to back to work for at least 12 months or more and maybe not at all depending on your occupation. Let me ask you a question, how long could you survive financially without a paycheck. Maybe you've got this one already taken care of, but the majority of people go into bankruptcy or have to invite their parents over for dinner at \$2,000 per plate per month. This situation happened to a neighbor of mine. He had a massive heart attack and was (D.O.A.) then revived. It turns out that he won't be able to go back to work at all because he's in construction and is not supposed to lift anything heavy. With life insurance, you have to die for family to get anything. I know I'm not telling you anything that you don't already know. All I'm saying is that there's more to your financial protection than just a term life policy. The best Plan will protect you while you're alive as well as when something tragic happens.

PROPER PLANNING IS YOUR BEST CHANCE TO BEAT THE ODDS, AND JOIN THE 7% OF AMERICANS THAT ARE SUCCESSFUL IN HAVING A SECURE LIFE PLAN!

The only way to be sure you get a good term life plan is to work with a professional who will provide you with a complete examination before recommending any solutions for your problems! An advisor that recognizes the need for a thorough analysis of your situation, sounds good, doesn't it?

If all this makes sense, and you are curious about our approach to helping people with their life insurance needs, you have two choices.

One is to say "No thanks".

The other is to take us up on our invitation for a FREE, NO OBLIGATION interview to find out anything you want about our Life Insurance Planning. At that time, we can discuss any concerns that you may have. Call our office and set up an appointment.

NO PRESSURE! NO SALES! NO HYPE!

No one is going to try to sell you anything. This is simply a chance for you to see if our services can benefit you. If after our meeting, you believe there is no benefit to be derived from working with us, you simply leave and that is that. If however, if you do find that our services could benefit you, we will discuss how we proceed from there.

Either way, we wish you good luck with your current life protection. We hope we've given you a good, sound idea of the kind of things you should be looking for in a term life plan.

Call Dakkak Insurance Agency at 941-926-2800 to discuss you personal needs.

P.S. No matter what else you do, commit to doing some form of a financial life check up today! Planning will significantly increase your chances of being among the 7% of the people that are financially successful.

P.P.S Many people end up saving money on their Term Life Protection and getting more protection.

© 2006, George R. Dakkak. The reader assumes all responsibilities for his/her own actions in regards to any items discussed in this report. Adherence to all applicable laws and regulations, federal, state and local, governing the use of any product or service described in this report in the US or any other jurisdiction is the sole responsibility of the reader. The publisher and author assume no responsibility or liability whatsoever on the behalf of the reader of these materials. The reader is encouraged to consult directly with his/her insurance professional.