



Six Tips to Saving Money on Your Life Insurance

Have your debts, equity or investment values changed lately? Have you lost your job or had your income drop dramatically? If so, you should review your life and health insurance to see if you can save money AND to make sure you are properly covered.

You may not be getting the best value or price for your term insurance. Term insurance is simple: You buy a policy, pay the premiums and if you die while your policy is in-force, the insurance company pays a death claim.* However, it is a complex process to shop for the best value and price.

Many companies offer low-cost term on the surface. However, behind the scenes there is an intricate web of underwriting requirements necessary to obtain those low published rates. A survey of eight low-priced term policies showed underwriting variations for their lowest rates as follows:

- Tobacco free 36-60 months
- Family history of heart disease/cancer from age 60-65
- Cholesterol levels 205-240
- HDL/LDL ratios 4.5 – 5.0
- 2 moving violations within the last 3-5 years

Money-Saving Tips

- Use an experienced agent to shop for you.
- Tell your agent upfront about your medical conditions, smoking history, driving history, hazardous activities or jobs, foreign travel etc.

- Bring your old in-force policies with you for review.

Tell the agent about improvements in: weight, driving record, blood profile, smoking cessation.

- Tell the agent about halting hazardous activities or jobs like: piloting, racing, scuba, sky-diving, hang gliding etc.

- Buy insurance in blocks of \$100,000, \$250,000, \$500,000 or \$1 million due to “rate band” discounts. A 45-year-old male can get \$450,000 for \$616 per year or \$500,000 for \$610 per year. The result is that you’ll pay less and receive \$50,000 more in benefit.

Value benefit

Getting the lowest-priced term policy doesn’t necessarily equate to the best value. There are many other features in a term policy that might affect the overall value of the contract. For example:

If you are contemplating “converting” some or all of your policy within a few years, look for “conversion credits” (sometimes equaling six to 12 months of your term premium) to be applied to your permanent insurance.

People contemplating converting to permanent insurance should be more concerned about the competitiveness of the per-

manent insurance vs. the cost of the term. In addition, since the intention is to keep the policy until death (hopefully a long time), the financial security of the insurance company is even more important.

In addition, the cost of riders (such as disability) and their definitions should be compared.

Also, find out if you can add children or your spouse to one contract.

Ultimately, it is much better to get your insurance from an experienced agent who has the ability to shop 100’s of companies on your behalf. There is no cost to you and the professional guidance will likely save you money.

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Lastly, while term insurance is most cost-effective when your needs are for a fixed time, it is not the cheapest insurance for your lifetime. I’ve had hundreds of people in their 60’s and 70’s approach me for life insurance because their circumstances changed or their plans fell short of expectations. Ten to 20 percent of your insurance in a permanent format will give you flexibility and more choices as you get older.

*Note: New Contestability Period - If you die within the first two years of getting new policy, the insurance company can contest the death benefit by determining if there is any material or fraudulent misrepresentations or omissions. If there are, they can reduce or eliminate paying the death claim. Check the answers on your actual policy when delivered for accuracy.

Mike Grumet has been providing insurance and annuity advice since 1992. He assists consumers and business owners in utilizing life insurance for family protection, estate preservation, business continuation planning, buy-sell funding, wealth generation and overall financial security. In addition, Mike assists consumers and business owners with Health Insurance, Disability Insurance, Dental, Vision and Supplemental Insurance Programs. His office is located at 16541 Gothard St., #202 Huntington Beach, Ca 92647. There is no fee charged for insurance advice or reviews. For more info, call 714 698-MIKE (6453). CA License # OB00162