

LIFE 101

Term Insurance



Term insurance is typically the most basic and affordable form of life insurance. It is designed to provide pure death benefit protection for a stated period of time, usually between one–30 years.

Term Insurance

Term insurance will only pay the death benefit if the client passes away during the term period. If the client is still alive when the level premium period ends and wants to keep the same coverage, premiums will usually increase significantly each year thereafter.¹

Many term products may be convertible to permanent insurance without going through additional medical underwriting; however, the conversion periods and products available for conversion will vary by carrier.

Term insurance lacks premium and death benefit flexibility and generally does not accumulate cash value. In general, term insurance is well-suited for:

- Temporary protection needs (i.e., until children graduate college, to pay-off mortgage, etc.)
- Those who need a large amount of insurance at the lowest cost

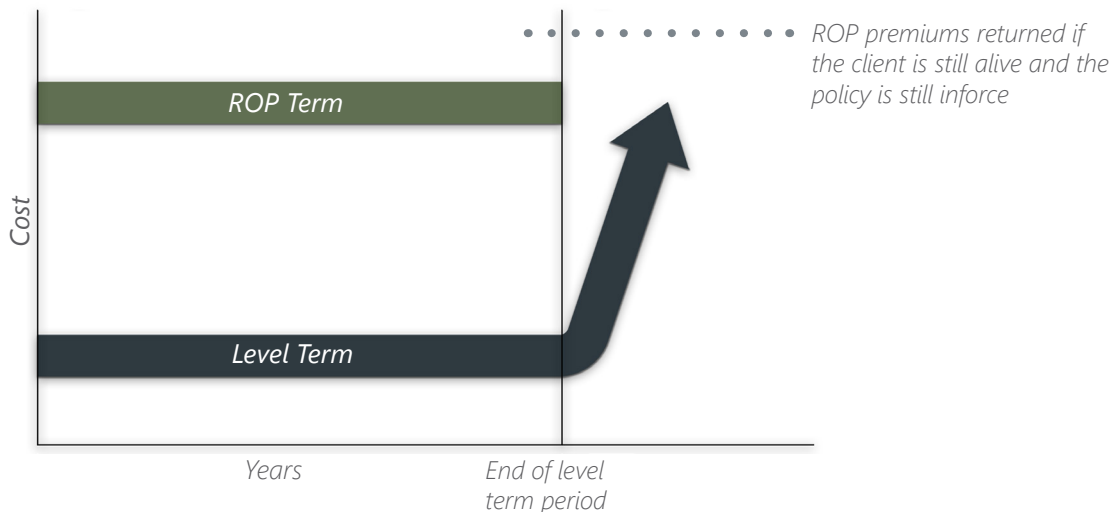
44% of millennials estimate the cost of term life insurance to be more than six times higher than it actually is.²

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ROP term is usually at least four times more expensive than level premium term³

Return of Premium Term

Another type of term insurance is return of premium (ROP) term. ROP term provides a return of premiums paid at the end of the term period if the client is still alive and the policy is still in-force.

Often, ROP term is used for business cases where cost recovery is the goal.



¹ There are exceptions to this where certain products may allow for the premium to remain level while the face amount decreases, but in general expect the premium to increase by a large amount.

² LIMRA's Annual Life Insurance Barometer Study, January 2021

³ Based on current best available carrier illustrations, subject to change

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