

Your Guide To Life Insurance Pricing

Life insurance pricing can be confusing. When you're shopping for a policy, understanding what goes into your insurance quote can help you pick the plan that meets your needs and budget. Here's an example inside look at how it works.

What is the average life insurance cost per month?

While the total cost depends on factors like age, gender, and other personal information, it's actually much less expensive than most people think. In fact, some millennials have overestimated the price of life insurance by as much as five times.

Take a look at a few "example quotes" for term life policies (\$250,000 in coverage for 10 years):

- Frank, a 31-year-old smoker in good health: \$13.91 a month.
- Janie, a 45-year-old non-smoker in fair health: \$21.32 a month.
- Britt, a 26-year-old non-smoker in excellent health: \$12.18 a month.

How do life insurance companies price my policy?

Most life insurance companies follow these steps to determine if you're eligible and how much your life insurance will cost:

1. Understanding your needs
2. Gathering information about you and your lifestyle
3. Offering you a quote
4. Underwriting your policy
5. Finalizing the purchase

Get a closer look at each step in our pricing infographic below. Your family (and your wallet) will thank you.

Understanding Life:

Your Guide To Life Insurance Pricing

Life Insurance Rates Can Be Confusing:

Why does each company seem to have a different price for coverage? Here, we explain what goes into calculating those rates so you can shop confidently.

Step 1: Understanding Your Needs

30-year term life insurance?

Final burial expense policies?

When you first contact an agent,
They'll help determine your coverage
needs based on:

- Your **goals** in purchasing a policy
- Number of **children** and their ages
- Who **depends** on you financially

Step 2: All About You

Your agent will then ask you a number of questions to determine the right policy and price.

Here are some standard questions you could be asked:

- Basic Information
 - Like gender, age, height, and weight
- Tobacco Use
- Adventurous
 - Activities, like flying a private plane or scuba-diving
- Occupation

- Including any bankruptcies or other red flags
- Health History
 - Including serious conditions, prescribed medications, and family members with serious illnesses
- Foreign Travel
- Criminal History
- Current Amount Of Life Insurance
 - If any
- Your Finances
 - Including your income and savings

Step 3: Getting Your Quote

Once you answer these questions, the insurance company will offer you an **estimated price**. Based on the responses, different companies might place you in different "rate classes" (or the price and coverage you qualify for).

For Example:

Smoke an occasional cigar?

Company A:

Considers you a smoker, raises your rate.

Company B:

Doesn't consider you a smoker, no rate change.

Pricing Tip:

Working with an agent who sources quotes from multiple insurance carriers can help you find the best coverage and price based on your lifestyle, while saving you the hassle of calling them yourself.

Why Is My Rate Higher Than Advertised?

Those rock bottom prices on insurance websites are typically based on a 20-something in perfect health. If you have any risk factors, expect to pay more.

Step 4: Time For Underwriting

Once you've chosen a quote,

the insurance company gets to work verifying your application. Based on the policy, you might need to take a medical exam or provide additional info from your doctor.

Pricing Tip:

It's Important

To be upfront throughout
The application process:

If the carrier finds anything
that **wasn't disclosed**,
they can raise your rate
or even withdraw the offer.

Step 5: Buy Your Policy

Success, you have been approved, and pay your first premium then.

Once underwriting is complete, you'll be the proud owner
of a new life insurance policy.

Guarantees are based on the claims paying ability of the issuing company.

Please keep in mind that insurance companies alone determine insurability and some people may be deemed uninsurable and some people may be deemed uninsurable because of health reasons, occupation, and lifestyle choices.



Ready to own your own policy?

[Click Here To Get Your Quote](#)

