

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 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 Term insurance also lacks premium and death benefit flexibility and generally does not accumulate cash value.

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.

Client Profile

Clients who:

- Need coverage for a temporary period of time
- Are focused on death benefit protection and are not interested in cash accumulation
- Want the largest amount of insurance for the lowest possible cost
- Want a guaranteed premium

55%

of Americans estimate the cost of term life insurance to be two-to-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 term.³



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.

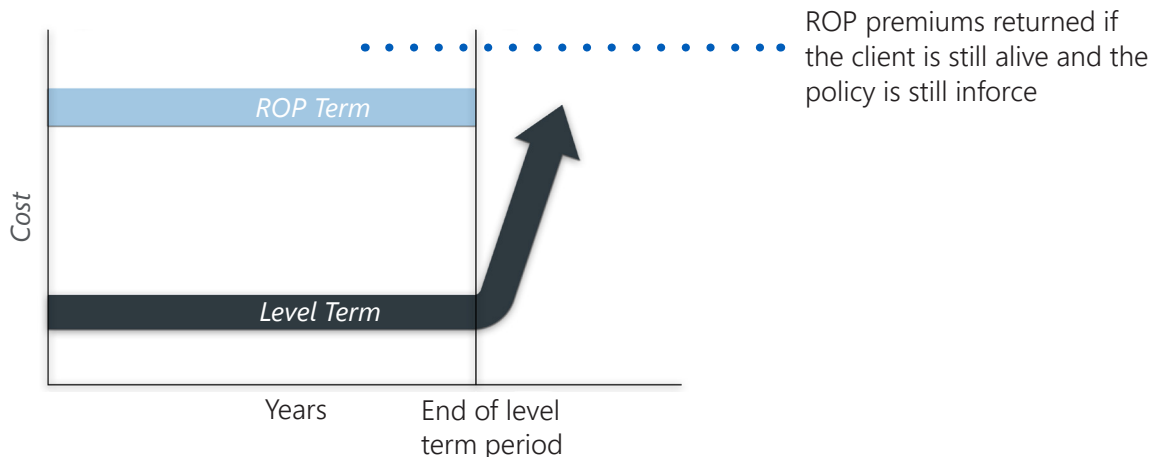
² LIMRA's Annual Life Insurance Barometer Study, January 2023

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

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.



Contact your Crump representative to discuss how term insurance might be beneficial for your clients.



All guarantees are subject to the claims paying ability of the issuing carrier.

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