

Life Insurance ▶ by Brian Greenberg

Five Life Insurance Game-Changers & Cautions in 2015

Many consumers shy away from purchasing or modifying a life insurance policy due to high premiums and a glut of red tape. However, over recent years and even months, the life insurance industry has made great strides and is now more consumer-oriented than ever before. Common barriers and challenges that once blocked shoppers from securing great coverage with ease and at affordable prices are a thing of the past. Indeed, amid a handful of game-changing industry innovations, the time to consider life insurance coverage is now. Here's why.



1 No Medical Exam Necessary

Medical exams have always been a major pain point in the life insurance process. Increasingly, companies are offering policies for lower benefit amounts (like \$400,000 and under) without the need for a medical exam. However, insurance companies do check pharmacy records to see all medications prescribed in the past five years. While underwriting times for these policies average about three

weeks, some companies do offer coverage in just 24 to 48 hours and you can even find instant issue term life insurance.

Cautionary note: With new "no medical exam" processes leading to quicker issue policy options, be careful to research an insurance company before submitting an application, even when the process is entirely online. When an insurance company declines an applicant, that status is stored in the Medical Information Bureau (MIB) database, which is a service that gives all of the major insurance companies access to shared data. The MIB services alert underwriters to errors, omissions,

or misrepresentations made on insurance applications in an effort to mitigate their risk exposure and, in doing so, allow them to pass cost-savings to consumers. This declined status will tarnish your client's record and can make it difficult for them to secure insurance from another provider.

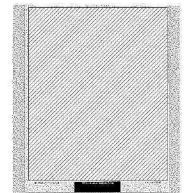
2 Technology-Driven Price Drops

Today's life insurance rates are down as much as 70% from their highs in the mid 1990s. This is largely due to the Internet, which has fostered aggressive competition among insurance companies. New technologies have made it possible for companies to cut administrative costs, and those savings are passed on to the marketplace. If your client has an older life insurance policy, there's a good chance that they can get a better deal on an updated policy. As with refinancing a home mortgage to take advantage of better rates, it's a good idea to revisit the current policy to see what's available in terms of lower costs and higher benefits.

While consumers can get insurance quotes online, many of the rate comparisons on the Internet will just quote based on the lowest premiums for the healthiest of applicants. One attractive rate may be advertised but, after the underwriting and health questionnaire process, many individuals find they actually qualify for more expensive policy rates. In addition, many rate comparisons found online require the customer to enter in their name, phone, and email address to run a quote. This can be problematic for consumers since this personal information is often sold to agents as leads, which can result in the consumer receiving sales calls from up to eight agents that bought the lead. Unfortunately, these calls can continue for years, and email can be spammed for years. Companies that sell your information as such are required by law to disclose that they will use automated dialers or provide your information to third parties.

3 Ageism is Extinct

Don't make the mistake of thinking that once your client is past a certain age,



they can no longer get affordable life insurance. Regulators have revised life-expectancy projections -- known as mortality tables -- for the first time since 1980. A man who is 40 years old today can expect to live to be 78, not 73, as was the expectation 25 years ago. Because of this, an 80-year-old male can get a 10-year term policy and an 85-year-old can still get a fully underwritten whole life policy.

As we get older we experience more medical issues. Anyone who is over 50 or has known medical issues is best off contacting an experienced agent to handle their life insurance needs, as this agent will contact underwriters of multiple insurance companies to discuss the nuances of their application before applying in order to avoid the client being declined or adversely rated in the MIB. This agent-driven process also allows for insurance companies to compete to provide the best rate. More inexperienced agents can submit an application without reviewing multiple options and/or are captive and can only sell/submit to one specific insurance company. An independent agent or brokerage is best to ensure flexibility and customized service.

4 New Living Benefits

New living benefit riders enable your client to use their life insurance policies while they are alive. For example, the accelerated death benefit rider allows your client to use up to 75% of the coverage amount if they have a terminal illness. The chronic illness rider allows your client to use up to 90% of the policy's death benefit if they are unable to perform two of the six daily living requirements of bathing, continence, dressing, eating, toileting, and transferring. This is very similar to a long term care policy. Companies leading the way for living benefits riders are Transamerica and Protective Life Insurance. There is also a critical illness rider, which allows your client to use up to 90% of the death benefit of their policy if they suffered a critical health condition such as cancer, heart attack, stroke, a major organ transplant, end stage renal failure, ALS, blindness, or paralysis of two or more limbs. Life insurance companies realize

that people are living longer. This is good news for everyone. No longer are great benefits only for the young or for those willing to pay high premiums and jump through multiple hoops. The insurance industry has listened and has responded to the needs of the consumer in order to streamline the application process and deliver benefits that make sense. Now not only can your client get life insurance at any age, but they can also enjoy those benefits during your lifetime. It doesn't get much better than that.

While some of these new benefits are wonderful, they are still very new. State regulators are still reviewing some of these benefits and some of them may even be required for free in some states, like California. For example, waiver-of-premiums due to disability has been under scrutiny in various regions. So, it's important to capitalize on these benefits while they are in play. Gaining access to insurance benefits while the insured is living stops unscrupulous businesses from buying insurance policies from sick people for pennies on the dollar. Using life insurance to fund long-term care is a great idea for some, though an estate planner can advise regarding the best solution based on personalized needs. Accelerated death benefits, chronic illness riders, and critical illness riders are outstanding considerations and should be discussed.

5 Painless Policy Procurement

Traditionally, to buy life insurance, a consumer had to have an in-person meeting with an insurance agent. In fact, most insurance companies required their agents to be present in order to witness the application. This practice has gone the way of the dinosaur. Fifty percent of consumers prefer buying life insurance without a face-to-face meeting, according to a 2013 study by LIMRA and The Life Foundation. The industry apparently heard this collective marketplace voice and, today, there is no need to meet with the insurance agent in person. Applications can be filled out over the phone or on the Internet, the entire process is quicker and easier than ever. To that end,

insurance carriers are offering express or rapid applications that include time-saving features, such as digital applications, the acceptance of digital and voice signatures, and the ability to scan or fax the applications, thus avoiding snail mail altogether. In addition to making the application process simpler and faster, insurance companies are making it easier and more convenient for consumers to comparison shop and find the policy that best fits their budget. You can research all the insurance carrier's rates online; some brokers even allow consumers to run rate comparisons online without requiring them to enter their contact information as part of the process. This model is a bona fide hit, with 80% of the marketplace now researching and running rate comparisons online before purchasing a policy.

While new insurance policy shifts are positive for consumers and allow them to make more informed decisions and offer more convenience, be mindful of potential security and identity theft issues. First, ensure you are dealing with an A-rated insurance carrier, which you can easily confirm by utilizing online resources like www.ambest.com. This online resource allows consumers to search any insurance company's financial ratings. Because insurance applications contain social security numbers and much other personal information, don't send your application to more than one person and, before hitting "send," confirm the recipient's email address is correct. Second, because you have an application in digital format, be sure your own computer or device is secure, which may require firewall, virus and malware cleaning software.

For those who put off getting life insurance because of the medical exams, paperwork, price, or pushy salesmen, the good news is that modern industry enhancements have largely alleviated those concerns. But, keep in mind that just a few minutes of due diligence can make a huge difference in the outcome of the life insurance endeavor. □

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