

## Life insurance lower than ever

by *The-Sun-News*

Yes, the cost of living keeps going up - if you have any doubts, drive into any gas station.

But the cost of dying is a downright bargain.

In fact, rates for plain-vanilla term life insurance policies are the lowest they've ever been. Premiums - the annual fee you pay for a policy - have fallen by about 50 percent since 1995, according to AccuQuote, an insurance-shopping Web site.

Rates have fallen so far so fast that it may pay to replace a term-life policy you already have, even if you got it only a year or so ago, AccuQuote says. For the same amount you're paying now, you might get considerably more coverage or a longer term - the period the coverage lasts.

I found I could replace the 20-year policy I bought 10 years ago with a new one costing about 25 percent less, even though I am 10 years older than when I qualified for the earlier policy. A new one would give me \$500,000 of coverage for 10 years for just over \$1,100 a year.

A variety of factors have driven term-life premiums down. The computer age has made insurers more sophisticated in assessing risks, and easy Internet shopping has forced insurers to compete on price.

Also, insurers have learned it pays to gather more information about applicants - physical exams are more common - so they can better identify the healthy applicants who qualify for lower rates.

Most important: People are living longer. If a 40-year-old takes out a 20-year policy today, there's less chance the insurer will ever have to pay a death benefit than there would have been in decades past.

Term policies are the simplest kind of life insurance, typically charging an unchanging annual fee for a given amount of coverage for a set period such as 10, 15 or 20 years. If the policy holder dies during that period, the insurer pays the death benefit.

Die after the term expires and you get nothing - just as you get nothing on an automobile policy if you don't have a wreck.

While term policies are the most common, there are other types of life insurance, many offering lifetime, or "permanent" coverage, as well as a "cash value" that is a form of investment. In the early years, these policies generally charge several times as much as term policies for the same death benefit, but in later years the investment earnings may be used to pay the premiums.

Which type of policy is best for you?

Consider a permanent policy if you really need permanent coverage. That might be the case, for example, if you have a nonworking spouse who will have little to fall back upon if you die first. Also, older people sometimes get these policies to pay their estate taxes after they die.

But don't be wooed by the investment component of permanent policies. High fees, confusing rules and, in many cases, early withdrawal penalties, make these less attractive than more straightforward investments such as mutual funds.

Term policies are ideal if you require coverage only for a certain period of time - until your children are grown, for instance.

How much coverage should you get?

The rule of thumb says the death benefit should be five to 10 times your annual income. But the figure will vary. A sole breadwinner needs more coverage than someone who has a working spouse with a good income.

AccuQuote has a basic coverage calculator at [www.accuquote.com](http://www.accuquote.com), and there's a more elaborate one at [www.dinkytown.net/java/LifeInsurance.html](http://www.dinkytown.net/java/LifeInsurance.html).

Keep in mind that insurance death benefits are not taxed.

Although AccuQuote is one option, there are many online shopping sites for term policies. Just type "term life insurance" into your search engine. Look for an insurer rated A, A or A by A.M. Best.

And be truthful about your health and lifestyle. Only about 5 percent of applicants qualify for the "premium-plus" rates, the absolute rock-bottom. But you'll find the premium and standard rates are pretty attractive, too.

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