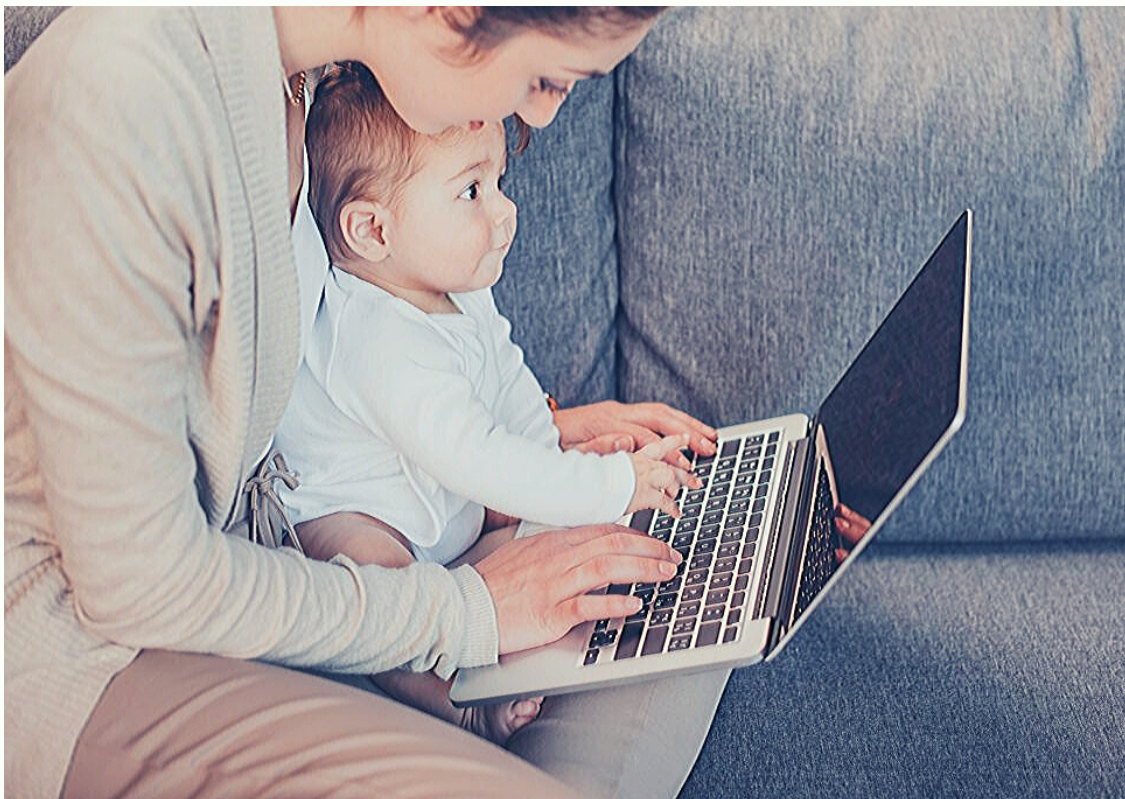


Life Insurance Essentials

10 Common Questions Answered



What is Life Insurance Good For?

Life insurance is designed to protect your family and other people who may depend on you for financial support. Life insurance pays a death benefit to the beneficiary of the life insurance policy. Over the years, life insurance has also evolved to provide options for building wealth or tax-free investments.

The amount and type of life insurance that you choose will depend upon your goals and whether you are solely focused on obtaining a death benefit for loved ones OR you have other lifetime needs or goals for your life insurance protection.

How Much Life Insurance Do I Need?

In general, you should find your ideal life insurance policy amount by calculating your long-term financial obligations and then subtracting your assets. The remainder is the gap that life insurance will have to fill. But it can be difficult to know what to include in your calculations, so there are several widely circulated rules of thumb meant to help you decide the right coverage amount. Here are a few of them.

Multiply your income by 10.

Buy 10 times your income, plus \$100,000 per child for college expenses

[For more help, check out our nifty life insurance calculator here.](#)

LIFE INSURANCE ESSENTIALS REPORT

Debt and final expenses: Add up your debts, other than your mortgage, plus an estimate of your funeral expenses.

Income: Decide for how many years your family would need support, and multiply your annual income by that number. The multiplier might be the number of years before your youngest child graduates from high school.

Mortgage: Calculate the amount you need to pay off your mortgage.

Education: Estimate the cost of sending your kids to college.

What Kind of Life Insurance is Best for Me?

The next step is to decide which life insurance benefits matter most to you.

- Death Benefit – the amount of protection for loved ones
- Cost Savings – maximum protection at lowest cost
- Company – obtaining coverage with a particular company
- Permanent Protection – the kind of protection that never expires
- Lifetime Benefits – access to cash value within policy
- Tax Benefits – tax advantaged cash accumulation
- Retirement Planning – using policy cash for supplemental income
- Long Term Care Planning – using policy cash for chronic medical costs
- Estate or Business Succession Planning
- Planning for Key Employees

The different types of life insurance are:

Term life insurance.
Whole life insurance.
Universal life insurance.
Variable life insurance.
Variable universal life insurance.
Simplified issue life insurance.
Guaranteed issue life insurance.
Final expense insurance.

What Company is Best?

How to Choose the Best Life Insurance Company for You?

Customer Satisfaction Scores

Complaints filed against the company with state regulators.

Financial strength is especially important for life insurance companies because you'll want a company that can pay claims many years down the road. **Financial strength ratings** are available through ratings agencies such as A.M. Best and Standard & Poor's.

We don't recommend considering insurers with an A.M. Best rating of B or lower.

Prices: The cost of coverage varies among companies, so it's smart to compare prices.

Evaluate product

selection: Although many companies sell similar policies, some focus more on certain products, such as whole life insurance, or on certain customers, such as seniors.

Knowing generally the **type of life insurance** you want to buy will help you narrow the choices.

Advice from educated experts.

[Click here for more life insurance company information and reviews by type of product.](#)

Do I Need a Medical Exam?

In **most cases, you must submit to a medical exam** in order to purchase a life insurance policy, because the insurance company wants to assess the risks involved with insuring you.

However, the life insurance application process has become more user-friendly over the years, particularly with the advent of automated accelerated underwriting providing life insurance without an exam.

So, **some companies offer coverage without a medical exam**. With that in mind, even if you qualify for accelerated underwriting, there is still an application to fill out and questions to answer.

[Click here for more about life insurance underwriting and avoiding the medical exam.](#)

What if I Have Pre-Existing Conditions?

Even if you have a preexisting medical condition, it is **still possible to obtain life insurance**. That said, if you qualify for life insurance coverage, a preexisting condition can raise your quote significantly.

A preexisting medical condition can also affect your life insurance rate class which is a standard that life insurance companies use to assess risk and as a basis for quotes.

Life Insurance Rate Classes

Preferred Plus:

Insurance underwriters consider you an ideal risk.

Preferred:

Underwriters consider you to be low risk.

Standard

Underwriters consider you to be average risk.

Substandard

Underwriters consider you to be consider you substandard, or table-rated,

Uninsurable

Underwriters consider you to be too high risk.

[Visit here for a glossary of preexisting conditions related to getting life insurance.](#)

How Do I Apply?

Applications Vary Based Upon Type of Life Insurance and Underwriting Guidelines of Company

The life insurance company, the product you choose, and the amount coverage you choose are going to determine how involved the application process is

However, there is **always a process of providing information** so the life insurance company can determine your risk level and offer a quote.

There are various types of policies AND numerous companies, and each has a set of underwriting guidelines.

Underwriting Standards for Applications Vary But Generally May Include:

1

Medical and lifestyle history – ranging from detailed medical information to "vices" and hobbies.

2

Medical exam – may include blood pressure, various blood and/or urine testing, ekg, or other.

3

Other records – may include background check, driving records, medical records and prescription records.

4

Financial questionnaires, particularly for higher coverage amounts.

5

If there are medical concerns, sometimes an attending physician statement is required.

Can I Apply On Line?

Use of Web and Virtual Conferencing

At some point in the process, interaction with a **licensed agent** is required to submit an application. However, with today's technology, you can complete the entire process by phone or video conference AND web based tools.

Even most medical exams (*paramed*) can be completed from the comfort and convenience of your home or office.

[Visit here for more in depth information about applying for life insurance.](#)

Sample Application Process:

- 1 Quotes and Education – This step may or may not involve discussions with Pro Client Guide.
- 2 Identify Company and Products - This step often involves the illustration phase to determine coverage and company of choice.
- 3 Apply for Coverage – This step involves a formal (non-binding) application to a specific company for coverage.
- 4 Paramed and investigation process for issuing coverage.
- 5 Approval and/or feedback with follow up evaluation and potential for 2 second application or negotiation with company.

How Long Does it Take to Get Coverage?

Once the life insurance company has collected all of the information possible about you, there will be some time that you're just hanging out wondering if you meet their standards. How long will this process take? While the application can be expedited, sometimes approval by the company can take several days, weeks or longer if issues arise or in large cases.

The **waiting game** is never fun, but the good news is most people who apply will qualify for coverage.

The tricky part is how much your premiums will be after the underwriting dust has settled. A skilled life insurance underwriter will take all the information collected and look at compared to the company's underwriting guidelines.

This side by side comparison permits the underwriter to place you in a group of people with similar risk characteristics to yours.

What if I Need More Coverage as My Family Grows?

You can always **apply for more coverage** as your needs change. And, the good news is that if little changes (other than your age) then the application process may be expedited or at least smooth.

Remember that you can always go back to the formula suggested on page 1 of this report to maintain an ongoing sense of whether you are maintaining enough coverage.

Meet the Team

Steve Gibbs, CEO, Insurance and Estate Strategies LLC

Jason Herring, National Sales Director

We are striving to **reinvent the life insurance planning industry** to better serve you, as a unique, complex individual with highly specific planning needs.

Thus, rather than use worn out stereotyped industry terms and outdated roles like “agent”, we’ve coined the role Pro Client Guide for our vetted professionals who are committed to serving you and not just pushing products or sales mantras.

Your Pro Client Guide’s sole concern is to come alongside and guide you on your life insurance journey.

This usually means walking with you through your own process, beginning with some educating and culminating with your application and approval process.

Finally, your Pro Client Guide will serve as a resource for years to come during the as your needs and priorities continue to evolve.

Connect with us for more info!



info@insuranceandestates.com

Resources:

1

[Meet Our Experienced Licensed Advisors \(Pro Client Guides\) Here](#)

2

[Find Estate Planning Education and Permanent Life Resources Here](#)

3

Search Blog Articles Here:

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