

Questions To Ask About Your Life Insurance Policy

These questions represent important aspects of choosing your life insurance. Some questions may not apply in your situation. Your advisor / agent / insurance company's ability to provide accurate timely answers to these questions may be as enlightening as the answers themselves.

Company Strength:

- What is my company's A.M. Best Rating history?
- What about other ratings such as S&P or Moody's?
- If the company has only a Best's rating, why?
- What happens if my company fails?

Policy Loans / Withdrawals:

- What is my policy loan interest rate?
- How does the company determine the loan interest rate?
- Is the loan interest rate Variable or Fixed and which is better?
- Why do I have to pay loan interest in the first place? It's my money, isn't it?
- If there is an outstanding loan on my policy, am I credited with the full Dividend (Non-Direct Recognition) or is my dividend reduced (Direct Recognition)?
- Can my agent explain Direct versus Non-Direct Recognition and why it matters?
- Does my company charge a processing fee for withdrawals?
- Can my agent explain the difference between loans and withdrawals and which is better?
- Can my company provide me with official ledger illustrations showing Existing as well as future hypothetical loans and withdrawals?

If You Have Universal Life:

- Has my company ever INCREASED the internal “cost of insurance” (Mortality Charge) rates?
- Has my company ever DECREASED the internal “cost of insurance” (Mortality Charge) rates?
- Can my Agent / Company document this?

If You Have Term:

- When can I convert my term policy to a permanent policy?
- At the time of conversion, does my company choose the permanent policy I can convert to or can I choose from any permanent policy in the company’s portfolio?
- Does my company offer a “Term Conversion Credit” ?

Value Added:

- Did my agent discuss “Economic Human Life Value” with me?
- Have I been shown how to utilize the full living value of my policy by Integrating and coordinating it with my other assets?
- Did my agent or company offer to show me how my policy would work with the “Private Reserve Strategy” ?
- Does my policy have the “Waiver of Premium” benefit? Was it explained to me and was I given the opportunity to include this benefit?