

With Life Insurance Rates at an All Time Low, Now Is the Time to Purchase Life Insurance

NEW YORK, Oct. 10, 2006 /PRNewswire/ -- With term life insurance policy premiums continuing to drop, there has never been a better time to consider purchasing life insurance, according to the Insurance Information Institute (I.I.I.).

A study by Dr. Steven Weisbart, an economist specializing in life insurance and annuities for the I.I.I., predicts that life insurance premiums will decline by 4 percent in 2007, making them lower than they were over a decade ago.

"Purchasing life insurance is perhaps the best way a consumer can provide for his or her dependents all of the financial security they are going to need in the event of an early death," Dr. Weisbart said. "And most people can plan on spending less than 1 percent of their annual gross income to purchase all of the coverage they'll require."

"This is an excellent time to shop around and find a cost-effective policy that protects your dependents' financial future," said Jeanne M. Salvatore, senior vice president and consumer spokesperson for the I.I.I. She pointed out that there are four questions a consumer must ask before buying a term life insurance policy:

- * Who are my beneficiaries?
- * How much will they need to live if I die?
- * What other assets do I have?
- * Is there a gap between the anticipated financial needs of my beneficiaries and what I've set aside for their future?

The determination of beneficiaries is perhaps the simplest part of the equation, according to I.I.I. Before approaching an agent or broker about life insurance, consumers must list who depends on the income that they earn and/or services they provide (such as child care). Taking it a step further, consumers must also look at their so-called hidden sources of income, such as an employer-subsidized health insurance policy that provides coverage to spouses and children. Such employer-employee arrangements, however, do not survive an employee's death.

Moreover, a consumer who is entering the life insurance market should identify assets, such as a 401(k) or group life insurance plan obtained through an employer, which survivors could draw upon after an employee's death.

Group life insurance policies pay a death benefit to an employee's designated beneficiaries that is often anywhere from one to three times an employee's base salary. In addition, Social Security survivor benefits for children aged 18 and under should be considered as a source of income in the wake of an income-earner's early death.

Consumers who take a hard look at their beneficiaries' current and anticipated expenses are often surprised at the amount of money they will need in order to make continued mortgage payments, pay college tuition, and cover the day-to-day family expenses that translate into tens of thousands of dollars when spread out over a period of years.

"Once you've made the decision to proceed with buying a life insurance policy, find and use a professional agent, broker or financial advisor who deals with more than one highly rated insurance company, explains the policy you're purchasing in easily understandable terms, and is willing to disclose how he or she will be compensated," noted Salvatore.

Consumers can narrow the list of life insurers by reviewing the independent rating agencies, such as A.M. Best, and seeing which ones are rated 'A,' or higher. Those companies are members of the Insurance

Marketplace Standards Association (IMSA) have also committed to maintaining the highest ethical standards-IMSA members are listed online at <http://www.imsaethics.org/>.

Finally, it is worth noting that if you plan on replacing an existing life insurance policy with a new one, don't let the current one lapse until a new one is fully in effect.

For more information on life insurance or to find a licensed life insurance company insurance company in your state, go to the Insurance Information Institute Web site at <http://www.iii.org/individuals/life>.