



Considerations for Life Insurance

There are two basic types of life insurance.

The first is **term insurance**, which covers you for a term of one or more years. It pays a death benefit only if you die in that term. Term insurance generally offers the largest insurance protection for your premium dollar. It generally does not build up cash value, and it may not be renewable at the end of the term or may cost considerably more to continue.

The second type is **permanent life insurance**, which goes by several names, such as universal life, variable universal life and whole life. Permanent insurance may provide long-term financial protection. These policies include both a death benefit and, in some cases, cash savings. Because of the savings element, premiums tend to be higher.

A number of factors affect life insurance premiums. These include:

- The age you purchase your policy. The older you are, the more expensive the premiums.
- Your overall health. Life insurance companies typically ask you about your medical history, request access to medical records and even obtain blood and urine samples for testing.
- Pre-existing and/or chronic health problems, such as diabetes, heart disease, cancer or sexually transmitted diseases may prevent you from getting life insurance or place you in a high-risk pool at greater cost.
- Poor health habits, such as smoking and excessive drinking. Be aware that insurance companies may look back and consider these behaviors for the past five years.
- Engaging in dangerous hobbies, such as skydiving, skiing or rock climbing
- Your driving record, in terms of accidents, DWI/DUI citations, claims and tickets. The better your driving record, the better rates you'll receive for your life insurance.
- Your geographic area. Life insurance companies have access to regional data that document mortality rates and life expectancy, and they use that data to calculate the rates they offer.

Some of these factors are in your control. Others are a function of your genetics, occupation or location. Either way, it's important for you to be educated on these issues so that you can make the best insurance decisions to fit your life.