

Term Life Insurance

Coverage for a defined period. The simplest form of life insurance, the least expensive per dollar of death benefit, and usually the first one a family meets.

WHAT IT IS

Term life insurance covers you for a set number of years — commonly ten, fifteen, twenty or thirty. If you die during that period while the policy is in force, the insurer pays a death benefit to the people you named. If the level period ends and you are still living, the level price ends with it and nothing is paid out. Coverage itself does not always stop on that date — most policies continue at annually increasing rates — but the affordable part is over.

That is the whole design. Term life is built to cover a season, not a lifetime, and it is priced accordingly.

HOW IT WORKS

- 1 You choose an amount and a length.**
The face amount is the death benefit. The term is how long the insurer promises to hold the price level.
- 2 The insurer prices your health once, at the start.**
Underwriting — questions, medical records, sometimes an exam — sets the rate class that determines your premium.
- 3 The premium is level for the term. Not for life.**
Level for twenty years means level for twenty years. What happens in year twenty-one is a separate question, and it is the one people forget to ask.
- 4 At the end of the term, the price changes sharply.**
Most term policies can be renewed annually after the level period, but at rates that climb steeply with age. Renewal is the safety net, not the plan.
- 5 Many term policies can be converted.**
A conversion privilege lets you exchange some or all of the coverage for a permanent policy without new medical underwriting — but only inside a window the contract defines.

THE TRADE-OFF

You are generally buying the largest death benefit per dollar available, and you are buying it for a limited time. Term is inexpensive because the insurer's obligation ends on a date you both agree to in advance. In a standard term policy there is no cash value, nothing to borrow against and nothing returned at the end — return-of-premium designs are the exception, and they cost more. What you get is a large, clean promise for a defined stretch of years. What you give up is coverage that outlives the term.

WHAT THIS KIND OF COVERAGE IS USUALLY BROUGHT IN TO ANSWER

These are time-bound obligations. Coverage that ends can be a reasonable match for a commitment that ends.

- What replaces my income while the children are still at home?
- What pays off the mortgage so my spouse is not forced to sell the house?
- What covers the business loan I personally guaranteed?
- What funds a buy-sell agreement between partners for a defined stretch of years?
- What covers the years between now and the point where the plan stands on its own?

WHAT TO ASK BEFORE YOU BUY

01 How long is the level period — and what happens the day after it ends?

Ask for the post-level renewal rates in writing. Not “it goes up some.”

02 Is this policy convertible, until when, and into what?

Conversion windows differ — some run the full term, some stop at a set age. It is often the most valuable feature in a term policy and the one most easily overlooked. And a conversion privilege is only as good as the products the insurer offers when you go to use it.

03 Is the level premium guaranteed, or is it a current rate?

Some contracts carry a lower current premium alongside a higher guaranteed maximum. Ask which number is contractual.

04 Is my rate class final, or is the quote pending underwriting?

The number on the quote and the number on the delivered policy are not always the same.

05 Who owns the policy, and who is the beneficiary — by name?

Blank, stale or “my estate” designations route the money through probate instead of straight to the person you meant.

06 What would more coverage cost today?

Age and health are the two inputs that only move one direction.

WORDS YOU WILL SEE

Face amount — The death benefit stated in the contract.

Level term — The period during which the death benefit and the premium are both held level.

Convertible — The right to exchange for permanent coverage without new medical underwriting.

Rate class — The health and lifestyle category that sets your price.

Grace period — The window after a missed premium before coverage lapses.

Lapse — Coverage ending for non-payment. A lapsed policy pays nothing; reinstatement is sometimes possible.

Bring the illustration. We'll read it with you.

Most people meet life insurance through a quote, not an explanation. If you have been shown a policy and are not sure what you are looking at, bring it. If you have not been shown anything yet, bring nothing at all — a first conversation is about your situation, not a product.

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