



TREAD LIGHTLY

YOUR ONLINE RESOURCE FOR UNDERSTANDING
AND NAVIGATING THE LIFE INSURANCE INDUSTRY

Term Life Policy Purchase Checklist

Term insurance is a fairly simple product. It builds no cash value and typically has a guaranteed fixed premium for a limited period of time.

The biggest mistake we see consumers make when buying term insurance is that they don't know if they have purchased a true term policy or a term/universal life policy. The difference is that the term/universal life policy does not have a traditional conversion option. If you want to continue that policy past the guaranteed period of time, you must understand the set policy details (as opposed to buying an actual convertible policy and converting it into some form of a permanent plan).

The answers to the questions on this checklist will help you determine whether a term policy will meet your needs.

CARRIER / POLICY NAME:

Carrier Rating AM Best:

Carrier Rating Comdex:

Carrier Rating ALIRT:

Is the carrier on any rating company's watch list?

Is there any public information on the carrier that could affect future ratings?

Is the recommended policy true term or a term/UL policy?

Is there a premium guarantee? How long does it last?

Is the policy convertible? For how long?

Can the policy face amount be reduced post-issue?

What products are available for conversion purposes?

What are the riders illustrated?

Did you follow the Life Insurance Underwriting Process Guideline Checklist?

Have you been provided with a financial profile on the carrier (such as ALIRT or VitalSigns)?

Were you provided a final illustration that *exactly* matches the policy that was issued?

Have you verified that ownership and beneficiary designations are correct?

Has your agent committed to providing an in-force ledger at least every two years?

Are there carrier incentives tied to the sale of this policy?
