

Beware... Term Convertibility

Hi Brian:

I have one deciding question for you before deciding which way to go. I believe you've heard me discuss term convertibility before. This is the policy owner's right to convert to a permanent policy at the favorable existing rates of the term policy with no underwriting.

This means the insured individual could have been diagnosed with cancer or had a heart attack or taken up a dangerous hobby or sport or planning foreign travel to a country that would preclude favorable underwriting, etc. and still be able to convert to a permanent policy on a favorable basis.



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Beware Series
Life Insurance Consulting

This would be obviously financially beneficial if one discovered he had a shortened life expectancy, and/or could not currently qualify for insurance at any rate yet could get new insurance at the same cost as a perfectly healthy individual.

That all being said, many, if not most, insurance companies are renegeing on their traditional practice of allowing conversion to any product they have available at the time of conversion. Instead, they put restrictions on the timing and conversion product. Many of these conversion only products have absolutely terrible pricing that no one would ever choose unless they were backed into a corner.

However, there are a few insurance carriers that offer contractual language that does allow conversion to any product in their portfolio so they can't change the rules on the policy owner later.

Please take a look at the attachment and you will see the Lincoln numbers are lower but they don't have favorable conversion options while the other options do.

Please review and then let me know your thoughts and if you have questions.

Thanks,
Bill