

**IN THE**

**KNOW**

## **State of the Life Insurance Industry: How Does it Affect You?**

**By Dan Kuczek, LUTCF**

### **State of the Industry**

As a result of recent turmoil in the financial markets, life insurance companies are increasing rates for the cost of insurance to offset investment losses and low interest rates. In the past, life insurance companies were able to rely on high rates of investment returns, not just to bolster their profits, but to provide surplus for loss reserves. Additionally, companies sold cash value policies based on illustrations that projected high rates of return into the future that are now, in reality, unachievable. These policies are lapsing today. In response, life companies are raising premiums, terminating certain products, restricting coverage, and tightening up acceptability requirements.

**Bottom  
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### **How do the changes in the industry affect you?**

It depends partly on your life insurance company, partly on the economy, but most importantly on whether or not your current policy has kept up with your needs during times of change. Change is certain. At any given time, the life insurance industry, the economy, and/or your own situation are always changing. One change in any of the three can affect the others. Nothing is static. Bottom line: reassess your needs when anything changes. Consider the following questions:

1. What changes have occurred in your life that may affect how much life insurance you need? When was the last time you reviewed your level of protection compared to your needs?
2. How old is your current policy? Would you know if it no longer effectively serves your needs?
3. What do you want your life insurance to do for you? Do you want a death benefit that will pay off debts and leave a clean slate, or a death benefit that will provide an income for your family, or a combination of both?

4. How is your current policy performing? Do you have a cash value policy that is self-destructing slowly?
5. Is your term insurance going to expire soon? When it does, are you healthy enough to qualify for another term policy if you still have the need? Can you convert your term policy to a permanent product?
6. Have you reviewed your beneficiary designations lately?
7. Have you adjusted your death benefit to offset for investment losses to your retirement accounts?
8. Does your agent only represent one company, or do they have access to all the markets?
9. Do you have a buy-sell agreement for your business funded with life and disability insurance? If so, will the policy have enough legs to stand up to change?
10. Do you have a trust, a will, and durable power of attorney?
11. If the estate tax laws sunset, will you have an estate tax problem?

Change is inevitable, sometimes without choice. However, if given a choice, will you be the victim of change, or the one prepared to exercise choice and change to protect yourself and your loved ones? If you would like to review your needs with one of our professional consultants, please call.

*Dan Kuczek brings 20 years of experience to his clients. He has worked in multiple areas of the insurance industry, including both the agency and company side. He is a graduate of Western Michigan University. Dan has earned the designation of Life Underwriting Training Council Fellow.*

**We're here for you.**

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