

BUYER'S GUIDE: TERM LIFE INSURANCE

Find answers to your most important questions, including:

- ✓ What is life insurance?
- ✓ Why term life insurance?
- ✓ What riders should I consider?
- ✓ Do I need life insurance?
- ✓ What are the top life insurance companies?

What is life insurance?

Life insurance is financial protection you can leave for your dependents and spouse. The death benefit payout can be used for things like paying off debt and replacing income. If you are a stay-at-home parent, the death benefit can cover child care costs.

What are my life insurance options?

You can purchase term or permanent life insurance coverage. Or you can purchase both kinds. Term life insurance offers coverage for a set number of years. Permanent policies offer a lifetime of coverage as long as you make your monthly premium payments.

Permanent life insurance has several different policy-types: whole, universal, and final expense. Whole and universal life insurance accrue cash value that you can use while living. Keep in mind that the death benefit will be reduced by the amount you've borrowed.

Whole life insurance accrues cash value at a guaranteed rate and has set premiums. Universal life insurance offers more flexibility when choosing how your policy accrues cash value and setting premium payments.

Final expense insurance offers lower amounts of coverage because it is designed to cover funeral costs.

Why term life insurance?

If you're buying life insurance because you got married, bought a house, or are raising kids, term life insurance can be a good fit. Many life insurance needs can be temporary, especially if you plan your finances and save.

Term life insurance can be beneficial because it can be much cheaper than any kind of permanent life insurance, which makes purchasing a higher level of coverage more affordable.

What riders should I consider?

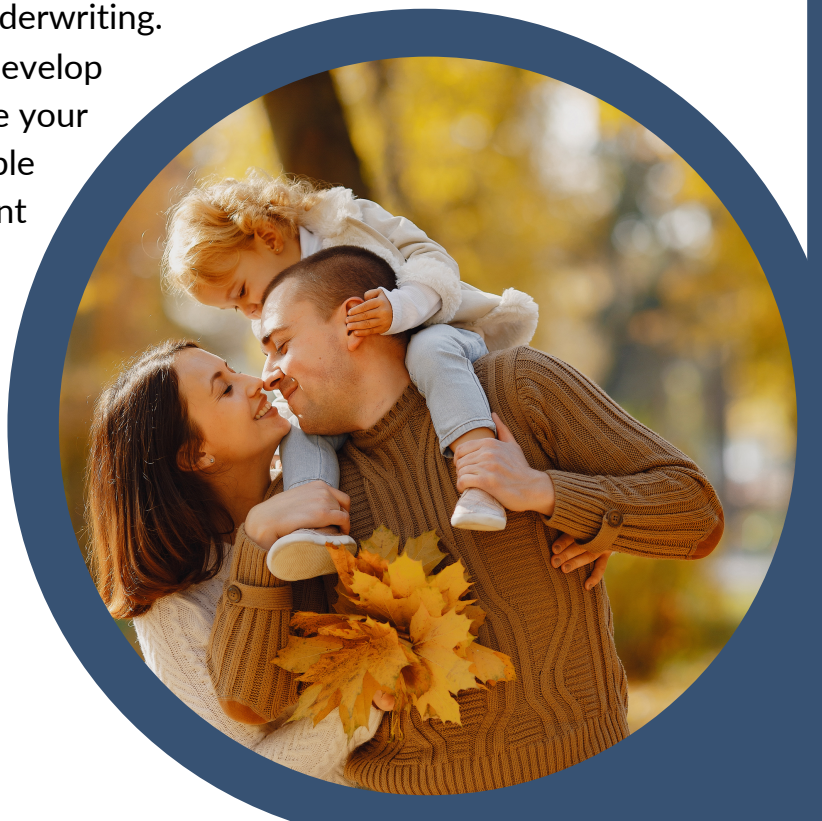
Life insurance riders can provide additional coverage or protect your policy. Some life insurance policies automatically include riders. Others have to be added separately. The addition of riders will usually affect your life insurance premium.

One of the most common riders that is sometimes included with policies is an accelerated death benefit. This rider allows you to access part of the death benefit early if the insured is diagnosed with a terminal illness that meets the policy definitions. These funds can be used to pay for medical expenses. Some policies also have an accelerated death benefit for chronic illness diagnoses.

Another valuable rider is a disability waiver of premium. This rider allows you to maintain your policy without paying further premiums if you become disabled. Be sure to understand your life insurer's terms and definitions when you purchase this rider.

If you think you may need additional life insurance after your term policy ends, a guaranteed insurability or guaranteed renewable rider may be worth looking into. These riders allow you to purchase additional coverage or renew your policy during a set timeframe without additional underwriting.

They are especially valuable if you develop health conditions after you purchase your first policy. Realize that the renewable rider does not guarantee your current rates. The guaranteed insurability rider does.



Quiz: Do I Need Life Insurance?

- | | |
|---|-----------|
| 1. I am married. | Yes OR No |
| 2. I have children. | Yes OR No |
| 3. I am the primary provider for my family. | Yes OR No |
| 4. I am the primary caregiver for my family. | Yes OR No |
| 5. I am a homeowner. | Yes OR No |
| 6. Some of my debt would be passed on to my family. | Yes OR No |
| 7. I have enough savings to cover my family's needs and debt if I or my spouse were to pass away. | Yes OR No |
| 8. My family would suffer financially if I or my spouse passed away. | Yes OR No |

If you answered yes to question 7 you may not need life insurance. If you answered no to questions 1 and 2, you may not need life insurance unless your student loan debt would be passed to your family.

If you answered yes to questions 1 through 6 and question 8, you should consult with a financial adviser to get a better sense of your life insurance needs and purchase a policy that best meets your needs.

How do I know I've got a good life insurance company?

Since life insurance claims are large payouts, you need to choose a reliable and trusted insurance provider. You should only buy from life insurance companies with high financial strength ratings from A.M. Best. A.M. Best rates insurers for their financial stability, which is a good indicator of their ability to meet claims obligations. The top ratings from A.M. Best are A-, A, A+, and A++.

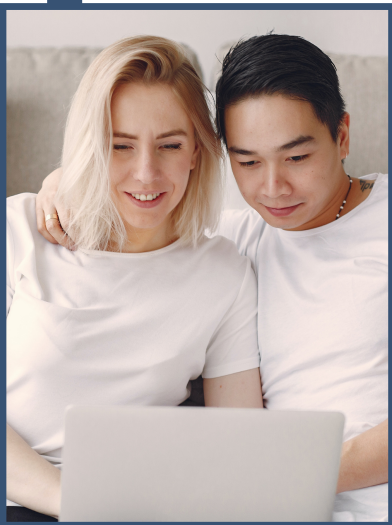
It's also wise to consider how long the insurer has been in business. You'll want to buy from an insurer that has stood the test of time and has a strong history of good financial management and paying claims.

With newer online companies, you'll want to be sure that they are backed by financially strong insurers.

You can also work with a life insurance agent or agency. Check to make sure that your agency or agent sells policies from top-rated insurers. Be sure that you can trust your agent or agency. Work with agencies that pay their agents a salary because this helps you avoid upselling and get good advice for your financial situation.

Customer reviews can help you understand the customer experience and gauge how trustworthy an agent or life insurer is.

As you read customer reviews, pay attention to what they say about the purchase process, claims filing, and customer service. These factors will help you identify trusted agencies and insurers which will give you peace of mind when you purchase a policy.



What are the best life insurance companies?

Learn about eight of Best Company's top-ranked life insurance companies that offer term life insurance. We'll cover quick facts and a featured customer review.

Haven Life

Best Company Rank: 1

Financial Strength: Policies from MassMutual (A++ from A.M. Best).

Term Policy Details: Buy a 10- to 30-year policy online.

"I went to the website to get a quote on life insurance on a Sunday night. The process was very simple and I got my quote in 5 minutes, sign my documents. Within 15 minutes, I received my policy paperwork in my email."

— Kudurika Clark from Jonesboro, Georgia

Bestow

Best Company Rank: 3

Financial Strength: Policies from North American Company for Life and Health Insurance® (A+ from A.M. Best).*

Term Policy Details: Apply for a 10- to 20-year policy online.

"I'm a stay at home mom and this was perfect. Got my policy while the kids were sleeping and it only took a few minutes. Definitely provides peace of mind!"

— Julie from Dallas, Texas

*North American is rated A+ (Superior) by A.M. Best. Limitations or restrictions may apply. A+ (Superior), the second highest rating out of 15 categories, was affirmed by A.M. Best for North American Company for Life and Health Insurance as part of Sammons Financial Group on August 19, 2020. A.M. Best is a large third party independent reporting and rating company that rates an insurer on the basis of its financial strength, operating performance, and ability to meet its ongoing obligations to policyholders.

Best Life Insurance Companies

Quotacy

Best Company Rank: 4

Financial Strength: Only sells policies from top-rated insurers.

Term Policy Details: Compare quotes and policies online. Work with an agent to find the best fit.

"The price is good. Their online layout is really simple and easy to navigate through. Customer service did a good job and weren't obnoxious."

— Toby

USAA

Best Company Rank: 5

Financial Strength: A++ from A.M. Best

Term Policy Details: Sells term life insurance and a military term policy that offers additional coverage for severe war injuries.

"USAA has been able to give us the best price on term life insurance! And we were even able to get a rider on the kids. And their customer service is amazing!"

— April Jones from Tremonton, Utah

Prudential

Best Company Rank: 6

Financial Strength: The insurance subsidiaries that are rated have A+ A.M. Best ratings.

Term Policy Details: Offers four kinds of term policies that can be tailored to meet your needs.

"Prudential has always been responsive to make a change to my life insurance policy. My agent has been courteous, knowledgeable and helpful. I would recommend this company for their professionalism and they go to take care of my family."

— Syl from North Port, Florida

Best Life Insurance Companies

National Life Group

Best Company Rank: 8

Financial Strength: A from A.M. Best

Term Policy Details: Limited online information on term policies. Work with company directly for more information.

"Our representative is so helpful! I always feel like my family will be easily taken care of if something were to happen (in terms of making contact with a real person and not a robot). It was really easy to understand as we navigated income changes and new policies."

— Aliza Henline, Provo, Utah

Fidelity Life

Best Company Rank: 9

Financial Strength: A- from A.M. Best

Term Policy Details: Offers three types of term life insurance with 10- to 30-year lengths that you can buy online.

"Fidelity everything!! Fidelity has great customer support, great products. I feel like my family's future is in good hands. Less worry about life's unexpected events."

— Christy Suguturaga from Orem, Utah

New York Life

Best Company Rank: 10

Financial Strength: A++ from A.M. Best

Term Policy Details: Offers two term policies with term lengths of 1 year or 10 to 20 years that can convert to permanent policies.

"New York Life offers a great, affordable Life Insurance plan. My family and I enjoy their low rates and amazing customer service."

— Christyan Bennett from Baton Rouge, Louisiana

Additional Resources

Click on the links below to learn more about life insurance from helpful BestCompany.com articles:

- ["Understanding Types of Life Insurance"](#)
- ["7 Common Life Insurance Policy Riders"](#)
- ["10 Things to Consider When Buying Term Life Insurance"](#)
- ["5 Pieces of the Worst Life Insurance Advice"](#)
- ["How to Apply for a Life Insurance Policy"](#)
- ["What's the Best Way to Buy Life Insurance?: What You Need to Know About Buying from an Insurer, Agency, and Online Retailer"](#)
- ["Why Is My Premium So High?: What You Need to Know About Life Insurance Underwriting"](#)

For more information on life insurance companies and to read more customer reviews, visit:

<https://bestcompany.com/life-insurance>

