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Give the Gift of Life Insurance

By John D. Doak, Oklahoma Insurance Commissioner

February is the month of love, and many of us are searching for the perfect gift for our Valentines. According to the National Retail Federation, Americans spent an average of \$142.31 on Valentine's gifts last year. But instead of giving roses or chocolates, consider giving the gift of security to your loved ones this year. Give the gift of life insurance.

Many people think life insurance is too expensive, but according to LIMRA, the cost of a \$250,000 term life insurance policy is around \$150 a year. That's nearly the same amount of money the average person spent on Valentine's Day gifts last year.

Choosing the right type of life insurance can also be confusing. Here are some guidelines that can help you narrow down your options.

You might consider **term life insurance** if:

- You need life insurance for a specific period of time. Term life insurance enables you to match the length of the term policy to the length of the need. For example, if you have young children and want to ensure that there will be funds to pay for their college education, you might buy 20-year term life insurance.
- You need a large amount of life insurance, but have a limited budget. In general, term life insurance pays only if you die during the term of the policy, so the rate per thousand of death benefit is lower than for permanent forms of life insurance.

Premiums for term life insurance policy are lower when you are younger. Some term insurance policies can be renewed when the policy ends, but the premium will generally increase as you age.

You might consider **permanent life insurance** if:

- You need life insurance for as long as you live. A permanent policy pays a death benefit whether you die tomorrow or live to be over 100.
- You want a savings element that will grow on a tax-deferred basis and could be a source of borrowed funds. The savings element can be used to pay premiums to keep the life insurance in place if you can't pay them otherwise, or it can be used for any other purpose you choose. You can also borrow these funds even if your credit is shaky. The death benefit is collateral for the loan, and if you die before it's repaid, the insurance company collects what is due before determining what goes to your beneficiary.

Premiums for permanent policies are generally higher than for term insurance, but it remains the same no matter how old you are.

There are also a number of different types of permanent insurance policies, such as whole life, universal life, variable life, and variable/universal life. For more details, talk to your insurance agent.

You can also find more information on this and other insurance topics on our website at www.oid.ok.gov or by calling 800-522-0071.

About the Oklahoma Insurance Department

The Oklahoma Insurance Department, an agency of the State of Oklahoma, is responsible for the education and protection of the insurance-buying public and for oversight of the insurance industry in the state.

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