



From the Desk of Adam Ziff
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How Much You Pay For Life Insurance Depends On 8 Major Factors

Here is a simple question to decide whether you need life insurance: Does anyone rely on your income for their financial well-being? That could be children, a spouse, aging parents, or anyone else who could be considered some level of dependent.

If someone else relies on your income, then you probably need life insurance. Stay-at-home parents, retirees, and children generally don't.

You can think of a life insurance premium — the amount you pay monthly to the insurance company — like a three-legged stool. How much you pay depends on how much coverage you want, the type of policy you get, and how much risk you pose. The average person can expect to pay between \$300 and \$400 a year for life insurance, but it really depends on your situation.

The first step is calculating how much life insurance you need. This amount is called the death benefit and will generally be paid out to your beneficiaries in a tax-free lump sum. Typically, the higher your income and the more expensive the city you live in, the more money your family will need in your absence.

Next, you'll decide what type of policy you want. In most cases, a limited-time, or term life insurance policy is a good fit for coverage because it's the most affordable option. Whole life insurance policies can be six to 10 times more expensive than term life.



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Current News:

Insurers Want to Know How Many Steps You Took Today

A smartphone app that measures when you brake and accelerate in your car. The algorithm that analyzes your social media accounts for risky behavior. The program that calculates your life expectancy using your Fitbit.

This isn't speculative fiction — these are real technologies being deployed by insurance companies right now. Last year, the life insurance company John Hancock began to offer its customers the option to wear a fitness tracker — a wearable device that can collect information about how active you are, how many calories you burn, and how much you sleep. The idea is that your Fitbit or Apple Watch can tell whether or not you're living the good, healthy life — and if you are, your insurance premium will go down.

Consumers buy insurance to protect against possible losses. But this contractual relationship is increasingly asymmetrical. The insurance companies once relied on a mix of self-reported information, public records and credit scores to calculate risk and assess how much to charge. But thanks to advances in technology, the capacity to collect, store and analyze information is greater than ever before.

(Source: The New York Times)

Finally, you can start getting quotes. Websites can help you compare premiums from different carriers based on the coverage you want, and you can apply as soon as you find one you like.

According to one source, a 30-year-old male with "preferred health" can expect to pay a monthly premium of \$23 for a \$250,000 30-year term life policy to \$73 a month for a \$1 million 30-year term life policy. Women pay less, on average, ranging from \$19 to \$58 a month for the same policies. By comparison, a whole life policy would cost the same 30-year-old male about \$122 a month.

The carrier will then evaluate you on a variety of factors to determine your level of risk. This is often the most "rigorous" part of the process. Each insurance company weighs risk differently, but there are certain factors that they all consider when evaluating your application.

Here are the major factors every carrier considers:

Age: Life insurance premiums increase an average of 8% each year you age, regardless of health. The younger you are when you apply, the less it will cost.

Nicotine use: Being a nicotine user is one of the quickest ways to raise your life insurance rates. Smokers can pay two to three times more than nonsmokers. Some carriers also consider marijuana use.

Weight: Being overweight or underweight can affect your premium.

Health history: This includes your prescription history and diagnoses.

Medical exam: Life insurance companies also require — and pay for — a medical exam with blood and/or urine tests.

Credit history: Credit scores don't affect premiums much, but financial red flags, including bankruptcy, will.

Driving history: Insurance companies will look over your motor vehicle report, which includes any officially documented violations, to determine risk.

Occupation: If your job involves high-risk activities, you could either be charged a higher premium or declined coverage altogether.

While some types of life insurance policies don't require a medical exam for those in good health, going through an exam can give you more options for coverage. Finally the insurer will set a premium and you can activate your policy with the first payment.

(Source: Business Insider)

The Underwriter's Corner: Underwriting Q & A

Access to Digital Data is Revolutionizing Life Insurance Underwriting

Coupled with automation, access to data such as electronic medical records, health claims data, and social media information is now enabling insurance carriers to greatly decrease underwriting and cycle times. Some of the more innovative carriers have already started offering completely fluid-less underwriting eliminating the need for an attending physician statement (APS).

The concept of the algorithmic impact assessment will have a role to play here, making insurance offerings and claims settlement more efficient. The market will also have little choice but to adapt and be resilient to what is being called the "goals to guidelines" model in AI-based research. Besides looking at algorithmic bias, the insurance and insurtech industry will need to evaluate data privacy from a whole new perspective. The EU and certain technology-savvy states like California are already enacting laws that will grant consumers and social media users more control over how and why their data is being used in the future.

(Source: ThinkAdvisor)

INSURANCE 101
Famous Estate
Planning Failures



NAME: Philip Seymour Hoffman

DIED: February 2, 2014

AGE: 46

CAUSE: Drug overdose

ESTATE BLUNDER:

Willing his \$35 million estate to his girlfriend, not his children.

Philip was a talented act, but not a good estate planner. He died in 2014 and was survived by his girlfriend, Mimi, and their three children, ages 10, 7 and 5. He did not want "trust fund kids" so he used a will prepared by his CPA to leave his \$35 million estate to his girlfriend. She was to provide for their children.

The lack of planning results in his estate owing estate tax of approximately \$12 million. If Philip had married Mimi, his family would have saved approximately \$12 million and paid no estate tax whatsoever.

Philip could have provided for Mimi with a Personal Asset Trust, which would help protect her from divorce, lawsuits by predators, creditors and even a second estate tax imposed on Mimi when she dies.

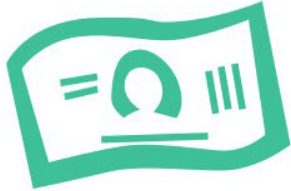
(Source: Kiplinger)

Facts about Annuity

Most non-qualified annuity owners are **female.**



Defendants and their liability insurers can **save anywhere between 10% and 30%** by using a structured settlement.

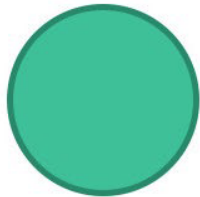


Owners demonstrate a **unique loyalty and commitment** to their annuity purchases, with **almost all (93%) reporting that they still own their first annuity.**



Eight out of 10 non-qualified annuity owners (80%) **have annual household incomes below \$100,000.**

People typically buy annuities to **help manage their income in retirement.**



average age at RETIREMENT
62
average retirement length
18 YEARS

Top stated uses of **ANNUITY INCOME**

- **Extra income** for exceeding your life expectancy
- **Avoid financial burden** on your loved ones
- **Emergency funds** for unexpected medical needs
- **Extra savings** for retirement

61% of men have life insurance

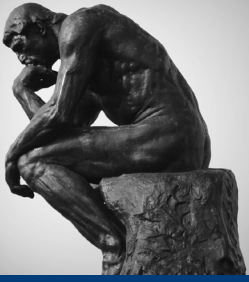
57% of women have life insurance

41% of the American population has no life insurance

6 MILLION households have **NO** life insurance (10% of homes with kids under 18)

\$405,840 - AVERAGE recommended LIFE INSURANCE coverage

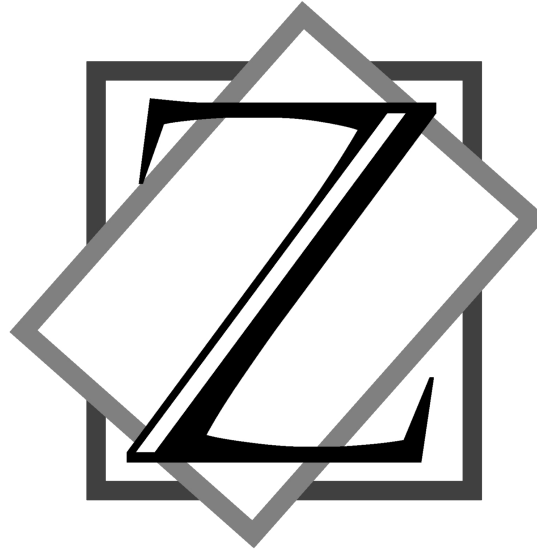
(Source:TIG Insurance)



HERE'S A THOUGHT...

*"Success is not final; failure
is not fatal: It is the courage
to continue that counts.."*

- Unknown



The Ziff Agency, LLC

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*Congratulation to all of
the Graduates!
Get started on the right
track with Life Insurance!*