

Understanding Your Insurance

Almost Half Of American Households Think They Don't Have Enough Life Insurance

(NAPSA)—Though most Americans know that life insurance is one of the best ways for a family to protect against misfortune, 44 percent of all U.S. households (48 million households altogether) either do not own life insurance and believe they should, or own life insurance and believe they need more, according to the experts.

This is an eye-opener for sure, because life insurance is designed to help protect your family and others that depend on you financially. Some immediate needs that life insurance can help cover are burial and funeral expenses, uninsured medical costs, current bills and debts. Future needs that a family will have include income replacement, education plans, ongoing family expenses, emergency funds, mortgage/rent payments and retirement expenses.

Here are some facts from a recent study about what Americans think about life insurance:

- Fifty-six percent of married parents believe their current life insurance coverage is inadequate.
- Twenty-five percent of married parents say they haven't bought life insurance because no one has contacted them.
- Forty-five percent of married parents would like to speak with a professional.

In view of those statistics it would seem insurance companies need to find ways to make selecting the best life insurance as simple a process as possible.

"At Aflac, our associates know our products, which helps them better educate their customers," said Karen Riedel, Aflac's Second Vice President, Director of Product Marketing. "There are just so many



Fifty-six percent of married couples with children younger than age 18 believe they need additional life insurance.

choices out there, so we consider thoroughly educating our customers about our life products to be vital. By making the process simpler through education, we want to help policymakers to make the most informed decision possible."

If the term "life insurance" leaves you feeling dazed, here's a quick look at the four major types of policies:

Term insurance—The simplest form of insurance. You're covered for a specific price for a specified period. If you die during that time, your beneficiary receives the value of the policy. There is no investment component.

Whole life—Similar to term, but the policy covers your "whole life," not just a set period. Premiums remain level throughout the life of the policy and the company invests at least a portion of your premiums. Some firms share investment proceeds with policyholders in the form of a dividend. Many companies will offer "a relatively low guaranteed rate of return," but in reality pay at a rate in excess of the guarantee.

Universal life—You decide how much you want to put in

over and above a minimum premium. The company chooses the investment vehicle, which is generally restricted to bonds and mortgages. The investment and the returns go into a cash-value account, which you can use against premiums or allow to build. A variation of a universal policy, often called universal variable life, allows policyholders to choose investment vehicles.

Variable life—With a variable policy there is usually a wider selection of investment products, including stock funds. As with a universal policy, returns on investments can help with the cost of premiums or build in the account. And depending on the type of policy, the beneficiaries will either receive the face value of the policy or the face value plus all or part of the cash account.

Aflac, known for its guaranteed-renewable health insurance policies, offers life insurance as either term or whole and can be paid through payroll deduction. It's portable, so you can maintain coverage even if you change employment.

To learn more about life insurance, visit www.aflac.com.

