

# Reviewing Term Life Policies

## INDIVIDUAL PLANNING

Regularly reviewing term life insurance policies is critical because term coverage is time-sensitive. Conversion options, expiration dates, and changing protection needs can create or eliminate planning opportunities if they're not addressed before key windows close. Here's why policy reviews matter:

### Protects Valuable Conversion Rights

Most term policies include a conversion privilege, allowing the policyholder to convert some or all of the coverage to permanent insurance without evidence of insurability, but only within a specific timeframe.

- Health changes matter: If your client's health has declined the conversion option may be the only path to permanent coverage.
- Conversion deadlines vary: Some policies allow conversion for the full term, while others restrict it to the early years.
- Product options can be limited: Reviewing early allows selection of the most appropriate permanent product, riders, or funding strategies

Missing the conversion window can permanently eliminate this benefit.

### Avoids Coverage Gaps At Policy Expiration

Term policies end on a set date. Once this term expires, it will renew as an annual renewable term, and at that renewal, the insurance premium increases significantly. Without review, your client may face a sudden loss of coverage at a time when it's no longer affordable or obtainable.

- Premium shock at renewal: Renewable term rates can increase dramatically after the initial term expires
- Uninsurable risk: Your client may no longer be able to qualify for new coverage due to age or health.
- Estate and business exposure: Expiring coverage can leave estates, families, or business obligations under-protected.

Proactive reviews allow time to replace, extend, or convert coverage in a planned, cost-effective way.

### Aligns Coverage With Changing Needs

Term insurance is often purchased to meet temporary needs, but those needs frequently evolve.

- Income replacement needs may decline, while estate liquidity or legacy planning needs increase.
- Children become financially independent, shifting the purpose of coverage.
- Business or wealth changes may require permanent solutions instead of temporary protection.

Regular reviews ensure coverage still matches the reason it was originally purchased or adapts if that reason has changed.

### Supports Tax-Efficient Wealth and Legacy Planning

Converting term coverage can play a meaningful role in broader planning strategies.

- Permanent insurance can provide tax-advantaged death benefits for heirs or charities.
- Trust-owned policies may help address estate liquidity or tax exposure
- Layered conversions can spread costs over time and align with gifting strategies.

Identifying these opportunities early allows for more flexibility and better outcomes.

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### Preserves Client Choice and Control

Once a term policy expires or a conversion window closes, options narrow significantly.

- Reviewing policies early keeps choices open
- Allows time to evaluate multiple scenarios
- Enables thoughtful planning instead of reactive decisions

### Bottom Line

Term life insurance is not a “set-and forget” product. Regular policy reviews help ensure:

- Conversion privileges are not lost
- Coverage doesn’t expire unexpectedly
- Enables thoughtful planning instead of reactive decisions

Timely reviews turn term life insurance from a temporary solution into a strategic planning tool, before a critical window closes.



# TIME FOR REVIEW

Reach out to your AIMCOR  
office with any questions.

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