

Insurance Matters

The Benefits Of The Fastest-Growing Type Of Life Insurance

(NAPSA)—Life insurance has been around for hundreds of years, but one of the newest products in the market is becoming increasingly popular with consumers.

Indexed universal life insurance is a flexible premium policy that credits interest based on the movement of a stock market index. These products offer the security of lifetime death benefit protection along with great flexibility through access to policy cash value.

A few carriers introduced the first indexed universal life products in 1997. Just nine life insurance carriers offered the product at the start of 2005, but in the past couple of years that number has ballooned to 46. Sales of the product approached an all-time high of \$800 million in 2011 alone, quite a contrast to the \$667 million sold over the six-year period from 2000 through 2005.

The reason? Indexed universal life is perfect for consumers seeking the middle ground in the risk continuum. It's a product with more upside potential than traditional fixed universal life—especially in a low-interest rate environment—that also offers strong guarantees, eliminating downside market risk associated with a variable universal life product.

Indexed universal life policy performance is typically linked, in part, to a major stock index such as the S&P 500. Generally, these policies include a cap on the upside movement of the index, typically ranging between 10 and 14 percent, as well as a minimum interest rate that is applicable should the index perform poorly during a particular period.

“Consumer needs and preferences change, and so do market



You can get life insurance coverage you can count on—in good times and bad.

opportunities,” said president and CEO Chris Littlefield of Aviva USA, which has been the leading provider of indexed universal life since 2001. “Our indexed universal life products are battle tested through all conditions. During two of the worst bear markets in recent history [early 2000s and 2008–09], none of Aviva’s indexed universal life policyholders lost any accumulated value in their policies because of a declining stock market.”

Through the first three quarters of 2011, the life insurance industry saw modest 5 percent growth. Indexed universal life sales, however, grew a whopping 38 percent over the same nine-month period. The only other life insurance product hitting double-digit sales increase during that time frame was whole life, with a 10 percent jump.

“Relative to other products in the industry, indexed universal life is fairly new,” Littlefield said. “It’s the fastest-growing product in the life insurance business because its cash accumulation features, death benefit protection and flexibility are simply a great fit for many consumers.”