



Flexibility, Insurability—and Your Money Back!

What is Return of Premium (ROP) term insurance?

This rider returns the sum of all annual premiums paid (including base policy, policy fee and ROP rider premium) to the policyholder at the end of the initial term period, provided the policyholder is still living and the policy remains in force. The Return of Premium is available for 20-year and 30-year policies.

How can you ensure your insurability today while addressing affordability of premiums?

Life insurance has become a staple in financial planning, but at times is overlooked when affordability becomes an issue, especially in light of recent years' market headlines.

As we get older, health issues affect insurability to reach certain underwriting qualifications. People in their prime tend to have fewer medical issues, yet it is precisely those younger ages who may not have the premiums required to devote to permanent insurance or just may not understand the benefits of permanent insurance.

In either case, how can you ensure your insurability today while addressing affordability of premiums? Why not consider a return of premium (ROP) option?

Let's look at two case studies using Dr. Smith and Dr. Jones.

Problem:

Both have the same problem the only difference between the two doctors is that Dr. Smith is 45 years old and Dr. Jones is 35 years old. Let's see what the problem is—both doctors know the importance of life insurance but with recent economic issues, they aren't available to fund a permanent life insurance product at this time. They are in great health, but are concerned that as they get older, health problems may arise that would prevent them from getting a favorable underwriting class.

Solution:

I suggest to them in order to ensure their future insurability using a ROP policy. They act on my suggestion when they learn that this ROP policy can be converted to permanent insurance in the future with **no additional underwriting**.

My suggestion to them is to purchase a ROP term insurance policy for \$1,000,000 for either 20-year or 30-year.

When the economy strengthens and they are able to afford more premium, they can covert their ROP policy to any permanent products without any additional underwriting. They will lock in their underwriting class and benefit from a permanent life product in the future. Plus, if either doctor decides to convert anytime after the fifth year and before his policy anniversary in the 20th year for the 20-year ROP policy or the 30th year for the 30-year ROP policy, they'll receive a percentage of their premiums back!¹

	Dr. Smith 45 yrs old		Dr. Jones 35 yrs old	
	Monthly	Annual	Monthly	Annual
20-Year ROP	\$ 236.30	\$ 2,780.00	\$ 119.85	\$ 1,410.00
30-Year ROP	\$ 268.60	\$ 3,160.00	\$ 136.00	\$ 1,600.00

¹ Illustrations based on male either 35 or 45, Preferred Plus Tobacco Abstainer. Solved for monthly premium to fund \$1,000,000 20-year or 30-year term with Return of Premium (ROP) rider

ROP can be a great solution for your needs, especially when affordability is a concern. Becoming familiar with how ROP works will better equip you with the most cost-effective solution to meet your needs.

ROP is a long-term investment, designed to return a percentage of premiums paid up until the policy anniversary in the final year of the term. At that time it will return 100% of the premiums paid including premiums for the policy and the policy fee. For both the 20-year and 30-year terms, cash value builds slowly initially, but accelerates as it nears the policy's full 20-year or 30-year term.

If premiums are paid on time, and you keep the policy in force until the end of the term, you are assured to recover all or most of your premiums. But what if the policy lapses before the end of the term? A graded percentage of all qualifying premiums paid for the policy will be applied to a reduced paid-up benefit or, if you request a single case payment. In the case of a surrendering or converting, the ROP terminates and the cash value (if any) is paid to the policy owner. While conversions can only take place during the term period, you can reap the benefits of a "best of both worlds" scenario.²

In the final year of the term, you pay your premium; then, before the policy anniversary date, requests a conversion. You will receive almost all of your premiums back that can be used to pay the premiums on a new permanent product of your choosing.³

It's easy to see why the Return of Premium (ROP) term policy is an option you'll want to consider. Insurance you can afford today, and assurance you can be covered in the future!

For more information about how this and other CAP Physicians Insurance Agency, Inc. products can solve your needs, call Bob Wolf at 213-473-8747 or log onto our website at www.capphysiciansinsurance.com.

For your convenience click onto [Fact Finder](#) and fax back the filled out form to Bob Wolf at 213-576-8563, please check the ROP box on the form to indicate this option.

² If the end of the term is reached and premiums are paid back to the client through the ROP provision before conversion is made, then the conversion option is lost. The conversion option must be exercised before the end of the policy term.

³ Conversions can only be done using the same insurance company. That is why we use financially strong companies with a diverse product portfolio that is in your best interest.