Why Some Life Insurance Premiums Are Skyrocketing by Julie Creswell and Mary Williams Walsh

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In their article, Julie Creswell and Mary Williams Walsh comment on a problem that is plaguing the aging generation in the US. Insurance companies are finding it more and more difficult to pay their policy holders with interest rates so low. The article explains,

> Around the world, life insurers are wrestling with existential questions. Interest rates are near zero, and in some places have turned negative — unprecedented until recent years. It is contributing to a crisis moment for a business once considered a bedrock of financial stability and an industry that supports the retirement of millions.
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> In particular, companies that sell policies that run for decades, like life and long-term care insurance, face a twofold challenge: how to fund policies

that were sold back when their actuaries couldn't envision a world of interest rates below 8 percent, and what to sell now, when those same actuaries can't envision an appreciable rise in rates anytime soon.

People who bought universal life policies in the 1980s and 1990s — some of which guaranteed annual returns of 4 percent or more — are seeing their premiums soar.

It has precipitated about a dozen lawsuits against insurers, some seeking class-action status. Many of the lawsuits claim that the insurers are raising their rates to force people to drop their policies entirely, often when they are too old to buy replacements. A canceled policy means an insurer gets to keep years of premiums without facing a future death-benefit payout.

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Posted by Allison Trupp, Associate Editor, Wealth Strategies Journal