

Overview

There were 25,730 mentions of life insurance on social media sites in August, down 43 percent from July's 44,983. Blog comments, the major source of activity, were down 50 percent. Twitter activity was down 44 percent, while activity on Forums and News sites was similar to July.

Sampling of What's Being Said

This month's examples feature some different ways that people have configured their life insurance coverage and other's reactions to what they did. Wonder where the advisors got the ideas?

Post: Multiple-term policies

When our insurance agent first told us about it, whole life sounded great. Then, the more research I did online, it's not that great, at least for most people. We ended up getting several term policies. My husband did it so he did a 30 year policy, a 20 year policy and then a 10 year policy so that we'd have more coverage initially that scaled down as we got older. Most people I know who did whole life ended up canceling it a few years into it. I don't know; it seems that whole life policies are mainly for insurance agents to earn commission.

Responses:

1. Just curious, don't you end up paying more this way if you have to pay for 3 separate policies?
2. We don't have insurance but this is something I want to look into. Probably the only thing that's holding me back is that you don't get anything back if nothing happens during the period. Husband thinks it's a waste of money.

Post: Term insurance that converts to an annuity

The purpose of insurance is to protect you if something WERE to happen... We actually have a premium rider on our policy and we can convert the premiums paid to an annuity at the end of the 30 year term so we just consider it part of our retirement investments. We only pay \$500 and some change a month for \$1.5 million.

Responses:

1. Are you saying you pay \$500 per MONTH for a \$1.5 million policy? That seems high. I shopped pretty aggressively but we pay \$600 and something per YEAR for a \$750k policy (it does not convert into an annuity though . . . but many annuities are not good investments, you really have to understand what you are getting into in annuity-land).

2. Yeah, \$500/month is crazy high for any kind of term policy (especially only \$1.5 million face), but that's what return of premium riders (and this is just another variation) can do to you.
3. I didn't want to come out and say this initially because it sounds a little rude, but I have always considered whole life insurance to be a bad idea and really a search for "suckers" - - by which I mean the uninformed. It is especially egregious because my suspicion is that whole life policies disproportionately target lower-middle and lower income individuals. All of the higher income families I know have term and also "self-insure" - - in other words dump all the money they save from buying term rather than whole into a savings vehicle (mixed stock/bond; munis; bond fund, etc).

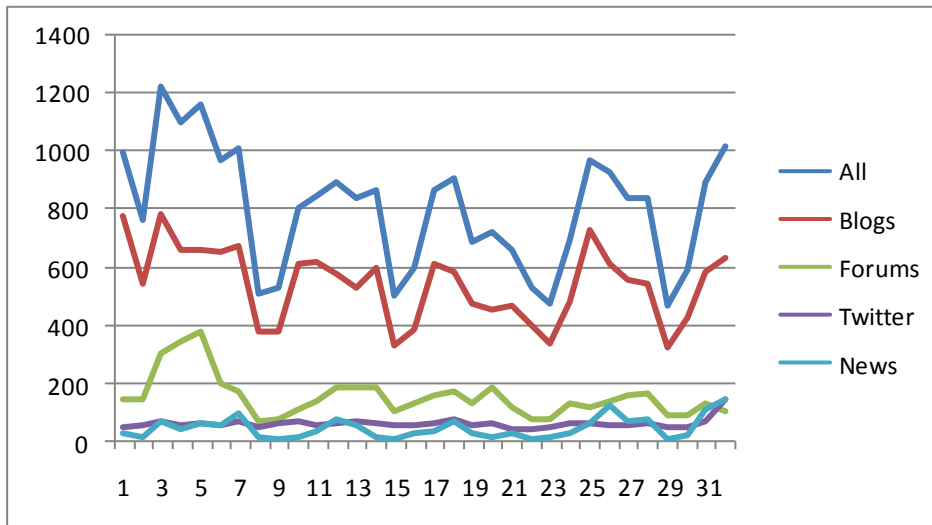
Post: Gift of life insurance to unborn baby

As a baby shower gift, my new aunt and uncle in-laws gave me and my wife a life insurance policy for our baby in the sum of \$1,000,000. I'm ignorant when it comes to life insurance, can anybody explain what the point of this would be? Will my baby girl get this when she turns 18?

Responses:

1. Strange gift. Yes, you would get that money if she dies, but from the sound of it though its' probably a whole life policy where upon maturity, there's a cash value given. Should have just put the money in an ESA or 529 for her. I'm sorry but this isn't a trust fund my dude. What kind of sick demented gift is this?
2. You probably typed it wrong or I'm reading it wrong - but who is the policy on? It sounds like it should be a policy on YOU, her parents, so if something happens to you the child gets the money. I never heard of a baby having life insurance and the parents getting the money if it dies. That's just silly. I'm pretty sure it's on you or both parents and the child is the beneficiary (maybe the aunt too if she's shiest like that) but I would think you would have some say in somebody taking a policy involving you.
3. Just spoke with the insurance agent, she said the \$1 million dollar plan is in place and will start to MATURE as soon as she is born. When she turns 18, she either has the choice of cashing this out or to keep on letting it mature from there. You're just mad because my unborn child has more bread then you will ever have.
4. Thought about doing this after our first child was born, financial advisor pretty much laughed at us and said it was a stupid investment even though he would have profited from selling us the policy. Once he broke it down to us the benefits of investing that money elsewhere outweighed the benefits of the policy.

Activity



The cause of the spike in News and Blog activity the end of the month centered around press releases for Life Insurance Awareness month and a LIMRA study showing ownership of individual life insurance at a 50 year low.

Blog and Twitter comments about life insurance were down, while comments from other sources remained relatively constant. Comments about all the various types of life insurance were down in August from July.

