



Estate, Asset & Retirement Tax Attorneys

## Universal “Lies” Insurance

“Crash and burn” is what’s happening with frightening frequency to many of our senior clients’ life insurance policies which they purchased in their thirties and forties. Senior citizens typically are uninsurable after they lose an existing policy.

The life insurance product in question is “universal life insurance.” It has an almost infinite number of brand and subcategory names, like “flexible premium life”; “guaranteed universal life”; and the most misleading of all—“variable universal life.”

Conceptually, universal life and permanent whole life are the same type of insurance. With universal life, the burden of obtaining the projected death benefit falls onto the insured (the buyer), who has to manage the cost/benefit relationship of the policy. Despite that hidden flaw, life insurance illustration software and unrealistic long term performance assumptions can make them look as if they are providing the same level of permanent life insurance.

**While universal life and permanent life insurance are conceptually the same, contractually they are profoundly different.**

Permanent whole life insurance promises the following benefits: (1) A true guaranteed death benefit through ages 100-121, if premiums are paid; (2) The burden of fulfilling the guarantee is on the life insurance company.

Universal life insurance is structured as follows: (1) An illustrated death benefit based on long term assumptions with a low probability of fulfillment; (2) Flexible premium payments which are marketed as being in the policy owner’s interest; (3) Failure to warn the policy owners that they have the duty to determine the dollar amount of the ongoing premiums necessary to obtain the promised death benefit.



Diana Law, Rick Law & Zach Hesselbaum

If you have any questions or comments regarding our opinion, please feel free to contact me, Rick Law, at [ricklaw@lawelderlaw.com](mailto:ricklaw@lawelderlaw.com)

**Rick L. Law, Esq.**

A handwritten signature in cursive script, appearing to read 'Rick L. Law', with a large, sweeping flourish underneath.

*Serving Seniors*