



Consumer Federation of America

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Warning: Internet Shopping May Not Produce the Best Prices New CFA Study Rates 36% of Term Insurance Websites as “NOT RECOMMENDED”

Washington, DC: Today the Consumer Federation of America released a comparative study of 25 web-based Internet sites offering comparative term life insurance information. The results show tremendous differences in the quality and reliability of these sites in finding the most economical term life insurance policies. “We chose term life insurance to test the reliability of the Internet as a shopping tool because of the straightforward and comparative nature of the product,” said J. Robert Hunter, CFA’s Director of Insurance and report co-author. “Clearly, shopping around can pay off, but the best deal is very much dependent on where you land on the web,” said Hunter.

36% (9 out of 25) of the sites analyzed are so inadequate and potentially misleading that they are Not Recommended by CFA. These sites are Insure Rate, Intelli-quote, Insure One, Compusurance, SpeedInsure, 4freequotes, answerfinancial, ebix, and SelectOne. In addition, some sites are merely referral services to put a consumer in touch with an agent.

Despite the poor quality of many of the sites, by landing on the right site consumers CAN lower their insurance costs as well as conveniently compare and purchase term life policies. “On-line insurance quote services improve the efficiency of insurance markets, while also lowering the prices,” said report co-author James H. Hunt, CFA Life Insurance Actuary.

The analysis of 25 web-based Internet sites showed a range of offerings from simply providing information to consumers about term life insurance policies, to selling insurance directly from the site on commission, to simply generating leads for agents. “For many consumers shopping on the Internet is still a very new experience and it is difficult to immediately discern which of these sites truly offer fair prices,” said Hunter. “Our study clearly indicates that shopping around can save hundreds of dollars on term life insurance, but at the wrong site can cause you to inadvertently pay hundreds too much thinking that you are getting a good deal.”

Other findings include:

5 Best Sites for Term Insurance Shopping: Term4Sale was the highest recommended site because of its very complete list of insurers, including no-load insurers, and ease of use. Compulife, another site, is also favored because of its extensive listing of all life insurers in the U.S., and because it quotes premiums for low-load insurers. InsWeb, Accuquote (please see addendum at end of press release for information on why we changed our rating on Accuquote since the first press release) and Quotesmith are also recommended.

72% Of Sites Fail To Show Lowest Price: For the hypothetical male consumer used for the research, the actual low-cost insurer was C.N.A. Life. However, only seven (28%) of the sites actually displayed C.N.A.

Life as the low-cost insurer. The sites that properly identified the actual low cost insurer are Accuquote, Insweb, NetQuote, Quicken, Quotesmith, Youdecide.com, and term4sale.

Lowest Priced Term Insurance Often Absent: Because many sites make a profit through commission on insurance sales, they do not include no-load insurance companies. Such no-load insurance companies are usually low-cost providers, so their quotes can be useful. Term4Sale.com is one site that does provide no-load insurance companies.

IMPORTANT CONSIDERATIONS FOR BUYING TERM LIFE INSURANCE

Get the Right Length of Coverage: Because companies receive higher commissions the higher the insurance premium, consumers may be urged to purchase the longest term of coverage with the highest guarantees. In order to minimize premiums, CFA recommends that consumers steer clear of guaranteed coverage terms beyond 20 years, and instead look to buy a 10-year term with a low-load insurer.

Look for Renewability: The level premium policies are generally renewable without evidence of insurability to a high age. However, because premiums often skyrocket after the original term, the only reason one might pay these high premiums after the original term would be in an instance of very poor health.

Convertibility: The policies reviewed by CFA can all be exchanged for higher premium cash value policies. Beware, conversion periods vary, and the longer the conversion period, the higher the premium. Generally, CFA considers most conversion policies to be of low value. However, level premium policies such as USAA (800-531-8000), Ameritas (800-552-3553), and SBLI (800-GET-SBLI), might be a worthwhile investment.

Check your current policy: If you already have a policy and are in good health, it is a good idea to compare one's current policy to other available policies every 3 – 4 years.

Use the Web or 800 Numbers Only for Term Insurance: Because of the complexity of life insurance products, one should only consider online or 800# purchasing for term life insurance. For other insurance products, consumers are encouraged to review written explanations from insurers. For help, consider hiring a fee-only financial planner, or contact CFA about their low cost service that provides evaluations of any cash value policy (visit www.consumerfed.org).

“As the potential for consumers to believe that all term insurance shopping sites are equal, CFA urges the National Association of Insurance Commissioners to make information available on the quality of private insurance quote services, and provide consumers with recommendations on the best web services,” said Hunter.

METHODOLOGY: Each website was searched for a \$500,000 policy in a ten-year term for a hypothetical 40-year-old male in excellent health. Research was terminated for any site that was too difficult to navigate, or asked for too much personal information. The complete report may be found at www.consumerfed.org/termlifeinsurance.pdf, or by contacting the Consumer Federation of America.

The Consumer Federation of America is a non-profit association of more than 280 groups that, since 1968, has sought to advance the consumer interest through advocacy and education.

Addendum:

CFA has undertaken additional research on accuquote.com at the request of Accuquote. We had originally found that the company was "not recommended" because we could not get a quote on-line. It turned out that they do offer quotes on line but that the browser we were using, AOL 5.0 for Macintosh, did not work to show the quote button. When we tried the same computer but different browsers, we were able to obtain quotes.

We therefore retested [accuquote](http://accuquote.com) and found that it did have good coverage and did produce the lowest quote. We have thus determined that [accuquote](http://accuquote.com) should be included as one of CFA's "best sites." Term4Sale.com remains our highest recommended site.

[Accuquote.com](http://accuquote.com) is in the process of making the site functional for those people who might encounter the AOL 5.0/Mac browser problem.