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Online Term Life Insurance Quotes Show Wide Variation among Vendors

by Ara C. Trembly

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While online insurance marketplaces are battling to deliver the lowest quotes from the best companies in the fastest time for today's price-driven, time-deprived consumer, a survey of those marketplaces confirms that consumers should shop around and shop carefully when it comes to term life insurance.

To test the performance and limits of these marketplaces, I conducted an informal online survey of several online insurance marketplaces that offer term life quotes. The purpose of the survey was to see how quickly the services could deliver quotes and how long (or high) the quotes would be at each Web site.

The basic questioning format and content was similar at each of the Web sites, but that's where the similarity ended. The life term quotes I received differed by more than 100% for the same risk between some sites, and in one case the difference was that large even within the same family of companies.

In seeking quotes, I specified a \$100,000 face amount for 10 years, just to keep the numbers round. Great care was taken to answer the questions in the same way at each site. The results here are reported in no particular order and are not intended to rate the sites or their products.

The first site I visited was that of San Mateo, Calif.-based InsWeb (www.insweb.com). It took just over five minutes from the moment I clicked on the

icon to get a quote until I received my four online quotes. During that time, I answered standard questions about my health background, risks associated with my occupation, smoking habits, recreational risks (e.g., skydiving) and family health history.

InsWeb delivered four quotes, including Standard & Poors ratings for the companies, as reported by InsWeb. The annual premiums ranged from \$306 to \$492, but a footnote cautioned that the quotes "are not offers to contract." It's worth noting that the other sites I visited posted similar disclaimers.

A second visit to the InsWeb site a day later produced the same quotes, although, interestingly, they were placed in a different order.

Next, I visited the Web site of Alexandria, Va.-based Quicken Insure Market (www.insuremarket.com), which claimed it could give me a term life insurance quote within four minutes. The

for occasional bouts of asthma, I had answered "no." (Over-the-counter medication is all that's needed in my case.) When I changed that answer to "yes" and re-submitted my information, I received a single instant quote of \$342 from Lincoln Benefit Life.

I got yet another surprise when I visited the InsureMarket site again the next day. Again, I tried to submit information that included a "no" answer to the asthma question, anticipating that I would receive no instant quotes as before. To my amazement, however, I received three instant quotes—one from Lincoln as before and two lower quotes (\$256, \$273) from Old Republic Life and Banner Life. A.M. Best Ratings were provided for all three companies, along with a graphic breakdown of features.

QuickQuote (www.quickquote.com), based in Incline Village, Nev., lived up to its name, delivering three term life quotes in about three minutes. The annual premium quotes ranged from \$293 to \$336, but no independent company ratings were provided. A second visit to the site the following day produced identical results.

Two other sites, both utilizing the quoting engine of Internet Pipeline, Exton, Pa., provided markedly lower numbers for the same risk, and both gave me quotes in under two minutes.

QuoteTermLife, a service of Akron, Ohio-based URL Insurance Agency, Inc., offered five quotes ranging from \$165 to \$310. The lowest rate came from First Penn-Pacific, which, ironically, lists Lincoln National Life as its "parent," while offering a quote that is only half as much as Lincoln's.

QuoteTermLife offered no independent

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actual process took about 30 seconds longer, but the real surprise was that I could not get an instant online quote. Instead, I was invited to contact agents for several well-known insurers in order to get quotes.

In reexamining the questions to figure out why I didn't get an instant quote, I saw that when Insure-Market asked me about whether I was receiving treatment

ratings of insurance companies, although a check of FirstPenn-Pacific's Web site showed an AA- from S&P.

When I visited QuoteTermLife a second time a day later, however, I received only three quotes—the two missing ones being from First Penn-Pacific. Apparently, one day can make a significant difference in what is available.

The second Internet Pipeline site, Insurance InLinea (www.inlinea.com), is a service of Financial Machine.Com, LLC, a Web site that offers links to almost anything from auto loans to Viagra sources. No phone numbers were provided and no geographical location could be ascertained for the company involved. InLinea claims to be "sponsored by various insurance wholesalers, agents and various firms within the industry."

Despite using the same engine, InLinea produced different results from QuoteTermLife. I did get the First Penn-Pacific quote, but the premium was \$6 higher for the same product. Lower quotes came from Banner Life (at \$163, the lowest I could find) and Old Republic Life (\$168).

Again, there was no rating information on the individual companies. A second visit to InLinea produced the same results.

Needless to say, shopping online for term life insurance via an insurance supermarket is very much a process of the moment. Judging by my experience noted here, consumers would be wise to shop around, get a variety of quotes, research the companies, then try again to actually discuss rates with an agent, either independently or with one of the online services.

The bottom line when it comes to online shopping for term life insurance: Caveat emptor—let the buyer beware.

Ara C. Trembly is associate editor at National Underwriter magazine in Cincinnati, Ohio.

Reflections on Being 50

by John O'Sullivan

I have been involved with actuarial work since 1973, which makes me an old timer. Quite a few changes have occurred in that period: Short-term interest rates went from 4% to over 20% and back to 3%. Insurance companies went from a "mutual" perspective to a "stock" perspective. A few prominent insurers, such as Mutual Benefit and Confederation Life, went into receivership. The industry saw the margins in its products shrink as commodity pricing became the rule and customers went to annuities and term insurance.

On the actuarial front, we have learned to pronounce "stochastic" and "paradigm." Other things that we learned include humility and the need for relevance. In a broader sense, our industry has changed and our implicit decision 50 years ago to tie ourselves to a single segment of the financial services industry has had unpleasant side-effects for many actuaries.

Every once in awhile, it is desirable to reflect on where we have been, the lessons we have learned, and where we want to go in the future. Along with an excuse for a celebration, this is the reason to have milestones like our 50th anniversary.

One of my fond remembrances as a young actuary was being trained by a very seasoned actuary, named Henry Huntington. Henry would have had a more difficult time in our new age; he was not very articulate nor very image conscious. This never stopped Henry from making a contribution to solving any problem. He would always start by laying out some principles to follow and then grind through his logic to an answer. In a tradition that Henry would be proud of, I will lay out the principles that we can follow as we prepare for the next 50.

There are three principles. The first is to keep the good. Actuaries have a great training to tackle a broad array of problems and generally work at keeping current. We should have faith in our abilities as we pursue less familiar paths. The second element is to have a positive attitude toward what we tackle and the future. Unfortunately, all of us have been trained by the actuarial perspective to focus on the downside of following a particular course of action rather than the

necessity of doing something or trying to work the idea into something better. The last principle is to work together. Our Society has the hallmark of helping one another through volunteer activities, maintaining a high degree of professional integrity, and a strong dedication to professional courtesy and cooperation. This mutual

support will encourage more initiatives and eventually more success for our profession.

Each of us should grind through our own logic to an answer. The Society of Actuaries has had a positive influence on all of us. This milestone is a great opportunity for us to think about how we can have a positive influence on the Society as it prepares for the next millennium.

John M. O'Sullivan, FSA was the 1994-95 chairman of the Smaller Insurance Company Section and is a consulting actuary with Actuarial Science Associates, Inc. in Closter, New Jersey. He can be reached at josullivan@asabenefits.com.

