

Return of Premium Life Insurance

Some life insurance companies offer a variation on a base term life insurance policy known as “Return of Premium” or (ROP) life insurance. A ROP policy guarantees¹ to return to the policy owner the total premiums paid if the insured survives to the end of the term period. In some cases, this feature is part of the policy and in other cases it is added to a basic term policy through a policy rider.

- **Policy premiums:** Policy premiums are a fixed, level dollar amount, for the life of the contract. Premiums for ROP policies tend to be higher than for a term life policy without this feature.
- **Policy term:** The length of the policy term will vary depending on the insurance company. Typically, ROP policies have a longer term, for example from 15 to 35 years.
- **If the owner cancels the policy:** If the policy owner cancels or surrenders the policy before the policy term ends, there is typically no refund of the premiums paid.
- **If the insured dies:** If the insured dies before the end of the policy term, the policy will pay the face amount, less any policy loans, withdrawals, or interest due.
- **If the insured lives to the end of the policy term:** If the insured lives to the end of the policy term, the policy owner can generally surrender the policy and receive the total amount of premiums paid. In some instances, a term policy will allow the owner to convert the term insurance to a permanent policy.

¹ Guarantees are based on the claims-paying ability of the life insurance company issuing the policy.