

SINGLE PREMIUM - ONE YEAR TERM INSURANCE

35 year old male

Assume payments of premiums are at the beginning of year

Assume death benefits are paid at the end of year

Assume money earns 3%.

Use CSO Table 2.11 per 1000 lives

% that die = $2.11/1000 = .00211$

Premium = Death % * Death Benefit * Present Value Factor

Premium = $.00211 * 1000 * 1/1.03 = \2.05

- No Sales Commissions
- Medical Exams
- Clerical Expenses

SINGLE PREMIUM FIVE YEAR TERM INSURANCE

Using CSO Tables

5 year premium = Sum of five single premiums

1000 DEATH BENEFIT

Year	% of Pool Who Died	Death Benefit	Discount Factor	Premium
1	$\frac{20028}{9491711}$	$\times 1000$	$\times \frac{1}{1.03}$	$= 2.05$
2	$\frac{21217}{9491711}$	$\times 1000$	$\times \left(\frac{1}{1.03}\right)^2$	$= 2.11$
3	$\frac{22681}{9491711}$	$\times 1000$	$\times \left(\frac{1}{1.03}\right)^3$	$= 2.18$
4	$\frac{24324}{9491711}$	$\times 1000$	$\times \left(\frac{1}{1.03}\right)^4$	$= 2.28$
5	$\frac{26236}{9491711}$	$\times 1000$	$\times \left(\frac{1}{1.03}\right)^5$	$= 2.38$
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