

What is a modal factor and how does it affect life insurance premiums?



When you run a life insurance illustration, the premium you see may be an annual premium. While it seems logical that you would simply divide that premium by 12 if your client wants to pay monthly premiums, that's not the case.

Like other insurance issuers, Sagicor includes a modest charge for premiums paid monthly, quarterly and semi-annually. This modal factor is used to convert annual premiums to those smaller, more frequent premiums.

Sage Term 10-, 15- and 20-year modal factors	
Annual	1.00
Semi-annual	0.52
Quarterly	0.262
Monthly bank draft	0.0875

Sage Whole Life modal factors	
Annual	1.00
Semi-annual	0.52
Quarterly	0.262
Monthly bank draft	0.09

How to calculate your client's premium using the modal factor

The formula is to multiply the annual premium by the modal factor. The following examples show the calculation of monthly, quarterly and semi-annual premiums of a term policy with an **annual premium of \$1,200**.

Monthly premium calculation \$1,200 Annual premium **X** Monthly modal factor = Premium
\$1,200 **X** 0.0875 = **\$105.00 Monthly premium**

Quarterly premium calculation \$1,200 Annual premium **X** Monthly modal factor = Premium
\$1,200 **X** 0.262 = **\$314.40 Quarterly premium**

Semi-annual premium calculation \$1,200 Annual premium **X** Monthly modal factor = Premium
\$1,200 **X** 0.52 = **\$624.00 Semi-annual premium**

Questions?

Please contact the Producer Resource Center at **888-724-4267, ext. 4680**, or email PRC@SagicorLifeUSA.com. Visit us online at SagicorProducer.com.

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