

The California Department of Insurance emphasizes the importance of life insurance as a critical financial decision for individuals and their families, tailored to their financial planning needs. The necessity for life insurance varies with age and responsibilities, and the amount purchased should align with the desired standard of living for dependents, considering available assets and income sources. To determine the appropriate coverage, individuals should assess their insurance needs, budget for premiums, and select a policy type that fits their financial goals. The two primary types of life insurance are Term Life Insurance, which provides coverage for a specified period, and Cash Value Life Insurance, which accumulates cash value over time.

Annuities, which differ from life insurance in that they provide income during the insured's lifetime, come in two forms: immediate annuities, where a lump sum is paid for immediate periodic payments, and deferred annuities, where funds accumulate interest over time before being paid out, often with tax advantages. Both types typically offer monthly payment options.

Life insurance agents, licensed by the state, should assist clients in assessing their needs and goals beyond merely selling policies. For variable annuities, agents must also be registered with the Financial Industry Regulatory Authority (FINRA). The California Department of Insurance does not endorse specific products but provides resources and guides on various insurance types, including life insurance and annuities. Consumers can contact the Department for assistance with insurance-related questions or issues, including filing complaints regarding claims, policy cancellations, or agent misconduct. The Department's consumer assistance hotline is available for inquiries, and additional materials can be requested through their outreach program.