

This Life Insurance Buyer's Guide, prepared by the National Association of Insurance Commissioners, aims to assist consumers in selecting life insurance policies that meet their needs and budget. It emphasizes the importance of assessing personal insurance needs, determining the appropriate coverage amount, and understanding the types of policies available. Key considerations include ensuring affordability of premiums, reviewing applications for accuracy before signing, and the potential costs associated with replacing existing policies. The guide advises against dropping a policy without careful evaluation of the new one and suggests consulting with an agent for clarity on any uncertainties.

When determining how much insurance is needed, individuals should consider their financial contributions to the family, dependents, final expenses, debts, and potential estate taxes. The guide outlines two primary types of life insurance: term insurance, which provides coverage for a specified period without cash value accumulation, and cash value insurance, which includes whole life, universal life, and variable life policies that build cash value over time. Each type has distinct features, such as premium structures and benefits, which should align with the policyholder's financial goals.

The guide also highlights the importance of understanding policy illustrations, which depict how benefits may change based on various factors, and encourages consumers to compare policies from different companies, considering not just premiums but also the growth of cash value and any special features that may suit their needs. Overall, the guide serves as a foundational resource for making informed decisions about life insurance.