

The "Consumer's Guide to Life Insurance" from the Washington State Office of the Insurance Commissioner serves as a vital resource for individuals contemplating life insurance. It underscores the importance of purchasing life insurance from licensed companies that offer approved policies in Washington and emphasizes evaluating personal circumstances to determine the necessary coverage amount, particularly considering the financial impact of one's death on beneficiaries. Consumers are encouraged to shop around for policies due to significant variations in costs and services among companies and to act promptly to avoid health issues that could affect insurability or rates.

A notable feature of life insurance policies in Washington is the "free look" period, which allows policyholders to return their policy within ten days for a full refund if they are unsatisfied. The guide discusses various purchasing methods, including mail order, online, and through agents or brokers, highlighting the importance of selecting a qualified agent. It also advises consumers who are denied coverage to explore alternative companies or group insurance options, as insurers cannot refuse coverage based on discriminatory factors such as sex, marital status, or race.

Understanding the financial stability of insurance companies is crucial, and consumers are recommended to check ratings from independent organizations. Premiums are calculated based on various factors, including health and lifestyle, and the guide outlines the grace period for late payments. Life insurance policies are legal contracts that define the rights and responsibilities of both parties, with a recommendation for regular coverage reviews.

The document differentiates between term life insurance, which provides coverage for a specific period without cash value, and cash value life insurance, which accumulates cash value over time. It explains various types of cash value policies, including whole life, universal life, and variable life insurance, each with distinct features regarding premium payments and investment risks. The guide also addresses life insurance illustrations, cautioning against assumptions of guaranteed

performance and the misuse of terms like "vanishing premium." Group life insurance is mentioned as a more affordable option that allows conversion to permanent whole life coverage if the employer drops the plan, though it does not guarantee premiums or renewability.

Optional benefits available in life insurance policies include a waiver of premium for those unable to work due to serious illness, an accidental death benefit that increases the payout in case of accidental death, and an accelerated benefit for terminally ill policyholders. Policyholders may trade in policies for cash value or new options, but should be aware of potential restrictions and surrender penalties. When replacing a policy, a "Notice Regarding Replacement of Insurance" must be provided, and the "free-look" rule allows consumers to review new policies.

For death claims, beneficiaries must notify the insurer and provide a claim form, death certificate, and the policy or affidavit. Insurers are required to pay at least 8% interest from the date of death, with an additional 3% for claims not settled within 90 days. Beneficiaries can choose how to receive the death benefit, including cash, interest-bearing accounts, or annuities. Life settlements are also an option for seriously ill policyholders to sell their policies for cash before death.

The guide includes cautions for life insurance consumers, advising against offers that seem too good to be true, the importance of understanding coverage, and the necessity of keeping all documentation. For further assistance, the Washington State Office of the Insurance Commissioner provides a consumer hotline and resources to help individuals understand their insurance options and rights.