The Rhode Island Department of Business Regulation has implemented Regulation 27, which requires insurers to provide essential information to life insurance purchasers to aid in their understanding and selection of suitable policies. This regulation applies to all life insurance solicitations in the state, with specific exemptions for individual and group annuity contracts, credit life insurance, group life insurance, policies linked to ERISA plans, and variable life insurance. Key definitions include the "Buyer's Guide," a resource for consumers, and "Policy Summary," which outlines critical policy details such as premiums, death benefits, and cash surrender values. Insurers must deliver a Buyer's Guide to prospective purchasers before accepting initial premiums and provide a policy summary for policies not marketed with illustrations. For existing policies, insurers are obligated to furnish policy data or in-force illustrations upon request, detailing guaranteed values and any changes in nonguaranteed elements. Insurers must maintain a complete file of authorized documents for three years and ensure that agents disclose their role and the insurance company they represent. Noncompliance with these requirements is considered a misrepresentation of the policy's benefits or terms. The regulation has been effective for all life insurance solicitations since October 1, 2006, with earlier amendments dating back to 1979. The accompanying Life Insurance Buyer’s Guide emphasizes the importance of understanding premium payments, reviewing applications carefully, and considering the implications of replacing existing policies.

The document also outlines significant considerations for individuals contemplating replacing their current life insurance policy, noting that such a replacement can be costly due to initial payments covering the company's selling and issuing costs, which may be incurred again with a new policy. Policyholders are advised to consult a tax advisor regarding potential tax implications of dropping their current policy. Changes in the insured's age or health may result in higher premiums for a new policy, and obtaining a new policy may not be feasible if the individual is deemed uninsurable. The current policy may contain valuable rights and benefits not available in a new policy, and if the existing policy no longer meets the insured's needs, alternatives such as modifying or adding to the current policy may be available instead of outright replacement. Additionally, a new policy may not provide benefits for certain causes of death that the current policy covers.

When assessing life insurance needs, individuals should consider their financial contributions to the family, potential final expenses, debts, and any dependents. They should account for existing life insurance, including group insurance and Social Security benefits, as well as other assets that could be liquidated to cover expenses after death. The document distinguishes between two primary types of life insurance: term insurance and cash value insurance. Term insurance typically has lower initial premiums but does not accumulate cash value, providing coverage only for a specified term, which can be renewed at higher premiums, with some policies allowing conversion to cash value insurance. Cash value insurance, which includes whole life, universal life, and variable life policies, has higher initial premiums but builds cash value that can be borrowed against or used for various financial needs. Whole life insurance offers lifelong coverage with consistent premiums, while universal life insurance provides flexibility in premium payments and coverage amounts. Variable life insurance's benefits depend on the performance of underlying investments.

The document advises obtaining illustrations from insurance companies to understand how non-guaranteed benefits may fluctuate based on interest rates and other factors. It stresses the importance of comparing policies from different companies, considering not just premiums but also the growth of cash value, the stability of benefits, and any unique features that may suit individual needs. Factors such as the speed of cash value accumulation and the calculation of non-guaranteed values are also crucial in determining the best value in life insurance.