

The Delaware Department of Insurance provides a comprehensive guide to life insurance, emphasizing its role in financial planning for families after the policyholder's death. Life insurance can replace lost income, cover debts, pay estate taxes, and help achieve financial goals such as funding education or charitable donations. The guide outlines two primary types of life insurance: term and permanent. Term insurance offers coverage for a specific period, typically at lower premiums, but does not accumulate cash value. It can be renewed or converted to permanent insurance, though premiums may increase upon renewal. Permanent insurance, which includes various types such as whole, universal, and variable life insurance, provides lifelong coverage and builds cash value, but comes with higher premiums.

When determining the amount of life insurance needed, individuals should assess their family's financial needs, including income replacement, debt repayment, and future expenses, while considering existing resources. The guide advises careful review of policy applications to ensure accuracy, as inaccuracies can affect claims. It also suggests shopping around for policies, considering group insurance options, and maintaining a healthy lifestyle to potentially lower premiums.

If contemplating a policy change, it is crucial to avoid canceling an existing policy until the new one is confirmed, as replacing policies can incur additional costs and may affect tax liabilities. Annuities, which are contracts for future income payments in exchange for premiums, are also discussed, highlighting their types and potential risks, particularly for seniors. The guide encourages consumers to seek assistance from the Delaware Department of Insurance for any questions or issues regarding their insurance coverage.