

The consumer guide to life insurance provides a comprehensive overview of life insurance options, benefits, and considerations for potential buyers. It distinguishes between two primary types: term life insurance, which offers coverage for a specified period without cash value accumulation, and permanent life insurance, which provides lifelong coverage and may build cash value. Term life insurance is characterized by its straightforward nature, covering the insured for a set term with options for guaranteed renewability and conversion to permanent insurance. Permanent life insurance encompasses various types, including traditional whole life, universal life, and variable life, each featuring distinct attributes such as cash value accumulation, flexible premiums, and investment opportunities.

The guide underscores the significance of life insurance in ensuring financial stability for families following the loss of a primary earner, addressing both immediate expenses and long-term financial needs. It outlines standard policy provisions, including a grace period for premium payments, reinstatement options for lapsed policies, and nonforfeiture benefits like reduced paid-up insurance and cash surrender. Optional riders, such as accidental death benefits, disability income riders, and long-term care riders, can enhance coverage.

Policyholders have key obligations, including timely premium payments to prevent policy lapse and understanding the consequences of misstatements regarding age or gender. The guide details the application process for life insurance, the procedure for collecting death benefits, and provides a worksheet for assessing individual life insurance needs. For additional support, the North Carolina Department of Insurance offers consumer services and resources.

When considering life insurance, it is essential to evaluate coverage needs, premium affordability, and the most suitable policy type. Prospective buyers should determine the financial support required by dependents upon their death, as they will receive the insurance benefit instead of regular income. Tools available on insurance company websites or consultations with agents can

assist in calculating necessary coverage. Comparing products from different companies is advisable, focusing on variations in benefits and costs, which can often be done online or through agents. It is crucial to ensure that any agent is licensed in North Carolina and to verify their credentials through the Department of Insurance.

Gathering unbiased information is vital before making a decision, utilizing consumer publications, libraries, and the Department of Insurance for insights on company licensing and complaint history. Financial ratings from independent organizations can provide valuable insights into a company's financial strength. When reviewing policy illustrations, it is important to understand which figures are guaranteed and which are based on assumptions, and to be cautious of policies with "vanishing premiums," as these options are generally not guaranteed.

To effectively compare costs, the Surrender Cost Index and the Net Payment Cost Index can be used to evaluate similar policies based on premiums, cash values, and dividends, with a lower index number typically indicating a better buy. However, other factors such as policy features and customer service should also be considered. If replacing an existing policy, it is important to carefully weigh the advantages and disadvantages, as new policies may have different terms, including new incontestability periods and potential tax implications.

When applying for life insurance, applicants must provide complete and accurate personal and medical information, as inaccuracies can lead to policy termination or claim denial. Beneficiaries must be designated to receive the death benefit, and this designation can usually be changed later. Premium rates are influenced by various factors, including coverage amount, type, age, health, lifestyle, and family medical history.

To process a death claim, beneficiaries need to submit a completed claim form, a certified death certificate, and the policy contract, with additional documentation required if the death occurs during

the contestable period or under unusual circumstances. Upon claim approval, beneficiaries can choose from several settlement options, including lump sum payments, retained asset accounts, interest income, fixed amounts, fixed periods, or life income options.

The North Carolina Life and Health Insurance Guaranty Association provides protection against company insolvencies, ensuring that insured individuals are safeguarded, with benefits up to \$300,000 per person for guaranteed policy benefits in the event of insurer insolvency, funded by licensed insurers in North Carolina. The policy includes provisions for Accelerated Benefits, allowing insured individuals diagnosed with terminal illnesses to access life insurance benefits, with specific conditions varying by contract. Acceptance of accelerated benefits may affect eligibility for Medicaid or other governmental benefits and could be taxable, warranting consultation with legal and financial advisors.

Before purchasing a policy, consumers are advised to compare plans, ensure the agent and company are licensed in North Carolina, avoid cash payments, and thoroughly understand the policy. They should also consider the affordability of premiums and the implications of potential increases. After purchase, there is a minimum 10-day "free look" period for new policies and a 20-day period for replacements, during which the policy can be returned for a full refund. Policyholders should periodically review their policies, inform beneficiaries about the policy details, and keep the policy in a secure location.

The policy includes a grace period of at least 31 days for premium payments and specifies that death benefits may be limited to the amount of premiums paid if the insured commits suicide within the first two years. North Carolina insurance laws apply only to policies issued in the state, and companies must pay interest on death benefits if not paid within 30 days of receiving satisfactory proof of loss. The designated policyowner has full rights to policy values and changes, while beneficiaries are entitled to death proceeds. Outstanding loans will reduce the death benefits

payable. The North Carolina Department of Insurance offers assistance with insurance-related questions and complaints, helping consumers understand their options and resolve issues, but cannot act as legal representatives or intervene in lawsuits.

The insurance policy document outlines various types of coverage and financial products available to the policyholder, including life insurance death benefits, money market accounts, certificates of deposit, mortgage insurance, real estate coverage for home and business properties, retirement plans, and coverage for valuable personal property. The document concludes with a total assets section, summarizing the overall financial standing and suggesting additional insurance needs based on expenses minus assets, emphasizing the importance of comprehensive financial protection.