

Life insurance is a crucial financial product for many Americans, providing income replacement to beneficiaries upon the policyholder's death. With over 2,000 life insurance companies in the U.S., the National Association of Insurance Commissioners (NAIC) offers several tips for consumers to ensure they get the best value. First, individuals should assess their insurance needs, considering financial dependents and any debts or taxes that may arise after their death. Understanding the two primary types of life insurance—term insurance and cash-value insurance—is essential, and combining them may be beneficial during periods of significant need. Consumers are encouraged to compare policies from different companies to find the best price and value. It is also important to verify the financial stability of the chosen insurance company through reputable rating agencies and ensure the company is authorized to operate in the state. Before signing a policy, individuals should read it carefully, ensuring they understand all terms, guarantees, and potential surrender penalties. Regular reviews of the policy with an agent are recommended to adjust for changes in income and personal circumstances. Additionally, consumers should consider the costs associated with replacing insurance policies and seek further information, such as the “Life Insurance Buyer’s Guide” from the NAIC. If unfair treatment is suspected during the purchasing process, contacting the state insurance department is advised.