

The Life Insurance Buyer's Guide, prepared by the Maine Bureau of Insurance and reprinted by MassMutual in October 2010, serves as a resource for consumers to save money while shopping for life insurance. It emphasizes the importance of determining the necessary coverage amount, the type of policy needed, and comparing costs among similar policies. The guide outlines that life insurance primarily aims to mitigate the financial impact of unexpected death and can also be part of future financial planning. When considering a policy, it is crucial to evaluate existing coverage and the implications of replacing it, including potential costs, tax consequences, and the value of rights and benefits in the current policy.

The guide encourages individuals to assess their financial responsibilities, such as income provision, education costs for children, final expenses, debts, and potential estate taxes, while also considering inflation. It distinguishes between two main types of life insurance: term insurance, which provides coverage for a specified period and is generally more affordable, and cash value life insurance, which accumulates cash value over time and includes various subtypes like whole life, universal life, and variable life insurance.

Whole life insurance offers lifelong coverage with fixed premiums, while universal life allows for flexible premium payments and coverage adjustments. Variable life insurance's benefits depend on investment performance. The guide advises consumers to compare policies not only based on premiums but also on factors like benefit growth, guaranteed versus non-guaranteed elements, and the impact of interest rates.

Life insurance illustrations and cost comparison indexes are recommended tools for evaluating policies. The surrender cost index is useful for those prioritizing cash value, while the net payment cost index is for those focused on death benefits. The guide stresses that comparisons should be made between similar policies and that small differences in cost indexes may be outweighed by other policy features or service quality. It concludes by advising consumers to ensure they can

afford premiums and understand the policy's cash values and benefits before making a decision.