

The rules outlined in Chapter 0780-1-40 of the Department of Insurance focus on life insurance solicitation, aiming to enhance consumers' ability to select appropriate life insurance plans, understand policy features, and evaluate costs. These rules apply to all life insurance solicitations within the state, covering issuers of life insurance contracts, including fraternal benefit societies, while excluding certain types such as annuities, credit life insurance, group life insurance, and variable life insurance linked to investment accounts. A key component is the "Buyer's Guide," which provides essential information and various cost indexes to help compare policies. Insurers are mandated to provide a Buyer's Guide and a Policy Summary to prospective purchasers before accepting initial premiums, unless specific conditions regarding unconditional refund provisions are met. 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. The rules also require that any references to dividends clarify that they are not guaranteed, and presentations of benefits must distinguish between guaranteed and non-guaranteed amounts. Non-compliance with these disclosure requirements is considered a misrepresentation of the policy's benefits or terms.

The Life Insurance Buyer's Guide, effective from January 1, 1979, assists consumers in making informed decisions when purchasing life insurance. It emphasizes determining the appropriate amount of coverage needed, the type of policy suitable for individual circumstances, and comparing costs among similar policies. The guide outlines three primary types of life insurance: Term Insurance, which provides coverage for a specified period and is generally the most affordable; Whole Life Insurance, which offers lifelong coverage and accumulates cash value; and Endowment Insurance, which pays a benefit if the policyholder survives to a certain age or a death benefit if they pass away before that age.

The guide encourages consumers to utilize life insurance cost indexes, specifically the Surrender Cost Index and the Net Payment Cost Index, to effectively compare the relative costs of similar policies. It explains that the cost of a policy is determined by the premiums paid versus the benefits

received, including any cash values or dividends. Participating policies may offer dividends that can affect overall costs, while guaranteed cost policies do not. When using cost indexes, it is crucial to compare similar plans and consider factors such as service quality from the insurance provider. The guide advises against switching policies without thorough consideration of the existing policy's benefits and potential losses. It concludes by stressing the importance of periodically reviewing life insurance needs and understanding the terms of the policy to ensure alignment with changing financial responsibilities.