

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

LIFE INSURANCE AWARENESS MONTH

September 2020



Life Insurance Awareness Month

Editorial Calendar

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Want to Purchase Life Insurance? Tips to Help You Through the Process

Sept 2 / Social Media

Promote NAIC's Life Insurance Policy Locator

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Understand the Difference Between Term and Cash Value

Sept 10 / News Release

NAIC Life Insurance Policy Locator Helps Consumers Find \$XX Million in Unclaimed Benefits

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As Millennials Approach 40, Life Insurance Should Be on the Agenda – But Many Are Not Prepared

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NAIC Life Insurance Policy Locator Helps Consumers Find \$XX Million in Unclaimed Benefits

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Do You Know How to Be a Life Insurance Beneficiary? What You Need to Know to Prepare

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NAIC Life Insurance Policy Locator Helps Consumers Find \$XX Million in Unclaimed Benefits

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As Millennials Approach 40, Life Insurance Should Be on the Agenda – But Many Are Not Prepared

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NAIC Life Insurance Policy Locator Helps Consumers Find \$XX Million in Unclaimed Benefits

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As Millennials Approach 40, Life Insurance Should Be on the Agenda – But Many Are Not Prepared

Want to Purchase Life Insurance?

Here Are Tips to Help Your Through the Process

We all want to make sure our loved ones are taken care of after we pass. Life insurance can help make sure our families are prepared for financial hardships.

TOP CONSIDERATIONS

Types of policies:

- A *term life insurance policy* pays out if you die during the policy term. It might be appropriate if you are the primary wage earner for your family or if your spouse relies on you to pay the mortgage. Term policies are typically written for one, five, ten or twenty years. This type of life insurance is typically less expensive in your younger years than permanent forms of life insurance.
- A *cash-value insurance policy* is permanent life insurance. This policy will provide coverage throughout the policyholder's life. It comes in a variety of forms including whole life, universal life or variable life insurance. These various forms offer a cash value savings component which can be used for a variety of purposes including loans, as a source of cash or to pay the policy premium.

Questions to consider when determining what type of policy to buy:

- How many people are dependent on you financially?
- Will you have substantial debt and taxes owed after your death?
- Do you have alternatives to life insurance, such as savings accounts or other investments that could take care of expenses after your death?

Key terms to understand:

- *Primary beneficiary*: Receives the policy benefit (a portion or whole, depending on whether or not there are other beneficiaries) if they outlive the policyholder.
- *Contingent beneficiary*: Receives proceeds if a primary beneficiary dies before the policyholder.

Beneficiaries vs. estate: Naming individuals as beneficiaries rather than part of your estate allows those individuals to receive the proceeds immediately, and generally without taxation. As part of your estate, the proceeds will typically go through probate with the rest of your assets and might be subject to estate tax. Your Will does not affect the distribution of your life insurance proceeds unless the sum goes to your estate to be divided according to the Will.

HOW TO PROTECT YOURSELF

Comparison shop: Life insurance is a competitive marketplace, and much of that competition is focused on price. After you have decided which kind of life insurance is best for you, compare similar policies from different companies to find which one is likely to give you the best value for your money.

Know your company: Check the financial stability of the insurance company. There are several reputable rating companies that will help you do this. Some of these ratings are available at public libraries. Check with your state insurance department to verify that the company is authorized to do business in your state.

Read your policy carefully before signing: Never buy a policy you don't understand. If you are given illustrations or booklets, save these materials with your policy. Make sure you understand the guarantees in your policy and the surrender penalties if you choose to drop the policy at any time. Ask your agent or company about anything that is not clear to you.

Regularly review your policy and update accordingly: Every few years, review your life insurance program with your agent or company and keep up with changes to income and your needs. Double check that your beneficiaries are still the same. Review your net worth to reconsider the prospects your survivors may face when you pass away.

Consider replacement cost: It may be costly to replace your insurance if you change your mind during the early years of the policy. Don't drop one policy and buy another without a thorough study of the new policy and the one you currently have.

TOP THREE THINGS TO REMEMBER

1. Review your needs and determine how much life insurance to buy. Consider your financial responsibility to your dependents and what expenses there might be after death.
2. Get quotes from multiple companies and research each insurer to make sure it is reputable.
3. Don't sign anything you don't understand. Ask your agent or insurer if you have any questions about your policy.

What Type of Life Insurance Is Right For You?

Understand the Difference Between Term & Cash Value

All life insurance policies have one thing in common – they’re designed to pay money to “named beneficiaries” when you die. The beneficiaries can be one or more individuals or even an organization.

In most cases, policies are purchased by the person whose life is insured. However, life insurance policies can be taken out by spouses or anyone who is able to prove they have an insurable interest in the person. If you buy insurance on someone else’s life (a spouse, for example), the policy pays when that person dies.

TOP CONSIDERATIONS

There are many different types of life insurance policies, you should choose a policy with features that fit your individual needs. Based on their unique characteristics, it is possible to identify several distinct types of life insurance coverages. However, they fall into two classes of life insurance products: term and cash value policies.

Term life insurance – is a policy that is purchased for a period of time (a term). The policy pays money to the named beneficiaries if the insured dies during the term. Term life insurance is intended to provide lower-cost coverage for a specific period.

Term life policies may include a provision that allows coverage to continue (renew) at the end of the term, even if your health status has changed. However, those premiums may be higher than the original policy. Ask what the premiums will be before you renew. Also, ask if you lose the right to renew at a certain age. If the policy is non-renewable you will need to apply for coverage at the end of the term.

A **cash value life insurance policy** is different because you can keep it for as long as you need it. These policies also have savings or investment features, which make it possible for policy owners to get money from the policy while they’re still alive. Whole life, universal life and variable life are types of cash value policies.

Everyone’s financial situation is different. First, decide if life insurance is even necessary. If it is, here are some questions to ask.

Ask Yourself:

- How much of the family income do I provide?
- Will these financial obligations change over time?
- Knowing that the risk of death increases each year, in how many years do you anticipate the need for death benefits?

Ask the Agent:

- Do I pay the premiums on a set schedule?
- Does the policy have a cash value?
- Do the policy values change from year to year?
- What part of the premium or policy value isn’t guaranteed?
- Are there guaranteed minimums on my policy?

HOW TO PROTECT YOURSELF

If you already have life insurance, it's important to compare your current policy with any new policy you might consider. Also, keep in mind that any changes in your health may affect your ability to get a new policy or the premium that you'll pay. Don't cancel a current policy until you get a new one.

Before you buy a life insurance policy, be sure you can afford the premium. The premiums for many life insurance policies are sensitive to changes in the company's investment earnings, claim costs, and other expenses. Be sure to ask what the highest premium might be to keep your coverage.

Does your policy have a cash value? In some cash value policies, the values are low in the early years but build later. In other policies, the values build up gradually over time. Ask your insurance agent, financial advisor or insurance company representative for an illustration showing future values and benefits. Most term policies have no cash value.

THINGS TO REMEMBER

1. Make sure you understand how your policy works and that you clearly understand the payouts.
2. It is important to tell the truth on the application. Insurance companies will check your answers, so review the application before you sign. As with any insurance product, any false statements on the application could reduce or cancel your coverage.
3. Read your policy carefully to make sure your personal information is correct and that you included the Social Security or tax ID number of all beneficiaries.
4. Insurance companies won't pay a minor. Instead, consider leaving the money to an estate or trust.

GET MORE INFORMATION

For more in-depth information on life insurance get a copy of the NAIC Life Insurance Buyers' Guide.

NAIC Life Insurance Policy Locator Helps Consumers Find \$[XX] Million in Life Insurance

Without the Life Insurance Policy Locator, Insurance Benefits May Have Gone Unclaimed

WASHINGTON (September 10, 2020) –The National Association of Insurance Commissioners (NAIC) Life Insurance Policy Locator (LIPL) continues to connect consumers with lost life insurance. Each year, millions of dollars in life insurance benefits go unclaimed by beneficiaries who can't find their deceased loved ones' policies or in some cases may not even know the policies exist.

That's where the Life Insurance Policy Locator comes in. This free online tool, maintained by the NAIC, has received [000,000] requests which has led to [00,000] matches of lost or misplaced life insurance policies or annuities with claim amounts of \$000,000,000 million being reported by companies through July 31, 2020 since its November 2016 launch.

[QUOTE FROM STATE INSURANCE REGULATOR]

The policy locator requests are secure, confidential and free. Any matches found by participating insurers are reported to state insurance agencies through the NAIC Life Policy Locator. The companies then are responsible for contacting beneficiaries.

Who can use the locator?

Anyone. This service is open to the public, including beneficiaries and legal representatives.

If a requester is a beneficiary and is notified by the company that a lost policy has been found, what information do people need to request their benefits?

Typically, a certified death certificate and company claim form must be submitted to the insurer which found a policy.

How long does it take for a request to be completed?

It may take up to 90 business days to receive a response. Please note a requester will not receive a response if no matches are found, the requester is not the beneficiary, or the requester does not have legal authority to obtain information about the deceased.

How to Get State Specific Data from NAIC's LIPL to Customize Your News Release

Anyone with an NAIC I-Site account can get access. If you are unable to log in or follow the steps below, let the Communications Division know, and we will get the appropriate permissions.

FOLLOW THE STEPS BELOW

- Log in via I-Site at: <https://isiteplus.naic.org/life-policy-locator-regulator/>
- Once you're logged in, click the Analytics tab on the far right.
- Underneath the top tab set, you'll see three more tabs: Matches, Requests, State Specific.
 1. All of the pertinent information you may want to pull will be located in these three tabs
 2. On any of the tabs, you can adjust the date range to see a specific period (for example: 2019 or 2020).
 3. On the State Specific tab, use the drop down menu to view specific information for every state..
 - The total number of matches for the date range selected shows on top of dollar amount matched.
 4. On the Matches tab, you'll be able to see the matched face amount. If you scroll over a specific state it will show you the number of matches, the dollar amount and a specific date range.
 5. On the Request tab, you'll see just the number of requests.

Please reach out to Stefanie Bryant at srbryant@naic.org with any questions.

As Millennials Approach 40, Life Insurance Should Be on the Agenda – But Many Are Not Prepared

Understanding Beneficiary Responsibility Is Part of Preparation Checklist

WASHINGTON (September 16, 2020) –Today's millennials (24-39 years old) are getting older, and along with an impending milestone birthday as the first in the generation turns 40, they're also more likely to be the owners and beneficiaries of life insurance policies. Along with new life insurance policies come responsibilities to share and be aware of key information that will ensure that benefits get paid when needed.

There is a clear need for better communication about life insurance policies across all generations, according to a new survey by the National Association of Insurance Commissioners (NAIC). When the beneficiary is younger and potentially newer to the experience, the issue is even more significant. Overall, 55% of millennials surveyed said they are listed as a beneficiary on a friend's or relative's life insurance policy, yet only 30% said they are prepared for that role.

Lack of preparation—i.e., sharing and being aware of basic information about policies—leads to millions of dollars in unclaimed benefits each year by beneficiaries who can't find loved ones' policies or don't know they exist.

[QUOTE FROM STATE INSURANCE REGULATOR]

Beneficiaries Should Know Policy Basics

Millennials, who have grown up with cell phones and social media, recognize the power of communication and transparency. That's good news for buyers and their beneficiaries, who need to significantly improve their game when it comes to sharing and being aware of information about life insurance policies. According to the survey, only 29% of millennial beneficiaries say they know where the policy is kept, 30% know the name of the insurance carrier, and 26% know the benefit amount.

Whether the millennial is the owner of the policy or the beneficiary, it can be helpful to consider the information as part of a three-part checklist that includes knowing the answers to:

1. Who is the carrier?
2. What is the benefit amount?
3. Where is the policy stored?

To help consumers who do not have all the information that they need, there is a [Life Insurance Policy Locator \(LIPL\)](#) tool, maintained by the NAIC. The LIPL has helped consumers claim more than \$[XX] million in benefits since its introduction in 2016. It's free to use and available online, eliminating the need to contact multiple companies or agents to find a policy or identify whether there is a policy.

Survey Methodology

More than 1,000 consumers were surveyed online using SurveyMonkey between Jan. 2-13, 2020. Respondents included approximately equal numbers of Generation Z (18-23 years old), millennials (24-39 years old) and baby boomers (56-74 years old).

Do You Know How to be a Life Insurance Beneficiary?

What You Need to Know to Prepare

Tens of millions of dollars in death benefits go unclaimed each year because beneficiaries lack basic information about their deceased loved one's life insurance policies. The National Association of Insurance Commissioners (NAIC) wants to help consumers be prepared.

When it comes to receiving a death benefit after a family member or significant other dies, many people are unprepared to collect. Better communication between policyholders and beneficiaries will improve the situation.

TOP CONSIDERATIONS

Knowing you're the beneficiary is just the start. You will also need Information about the policy. It's helpful to think of it in three parts:

- Who is the insurance company?
- What is the benefit amount?
- Where is the policy stored?

Having this basic information will save time and help you learn what you need so benefits are paid properly.

THINGS YOU SHOULD KNOW

As a life insurance policyholder, there are important steps you should take now:

- Have you had a life changing event such as the birth of child or a divorce? It's important to update your policies after a major life event to make sure that you have the appropriate beneficiaries listed.
- Check your policies once a year to make sure that all beneficiaries are included and that the contact information for those listed beneficiaries is correct.
- Let your beneficiaries know about the policies.
- Provide beneficiaries or trusted advisors, such as accountants and attorneys, with the name of the life insurance company holding the policy.
- Place a current copy of the policy with your will or other estate paperwork in a safe place where family and beneficiaries will be able to easily find it.

As a beneficiary, there are some additional things you should know:

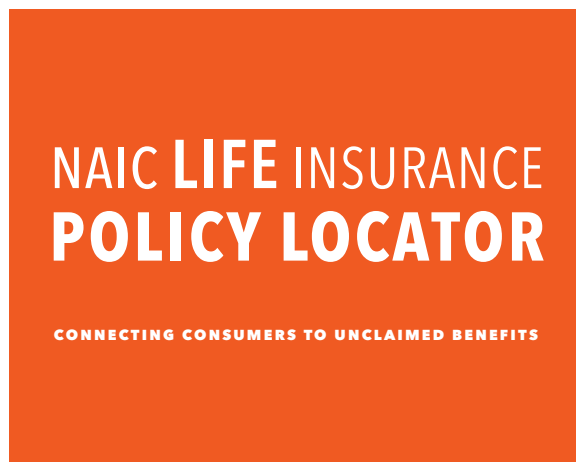
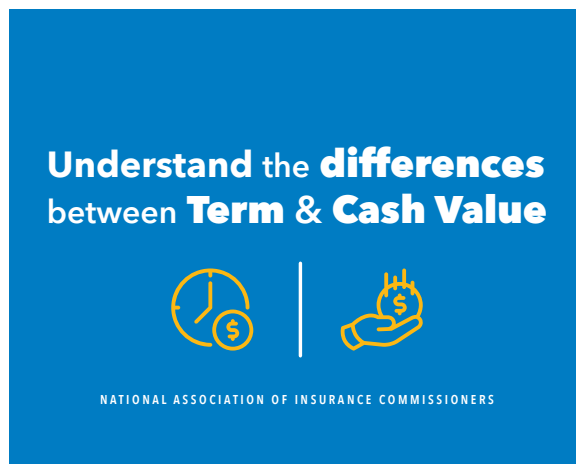
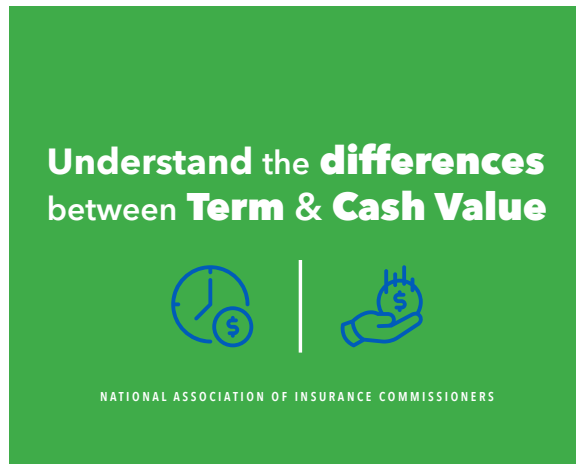
Once a loved one dies, a beneficiary may have options for how to receive the death benefit. One option is a single settlement check. Another option may be a Retained Asset Account, which is like a checking account maintained with the life insurance company. When evaluating your options, it is important to consult with a tax professional about any potential tax consequences.

While it's important for policy holders to plan ahead and prepare. The NAIC [Life Insurance Policy Locator \(LIPL\)](#) tool can help beneficiaries locate unclaimed benefits. The tool conducts a search of all participating life insurance and annuity companies regardless of where the deceased lived. For information on how to use this tool, please see the [Frequently Asked Questions](#).

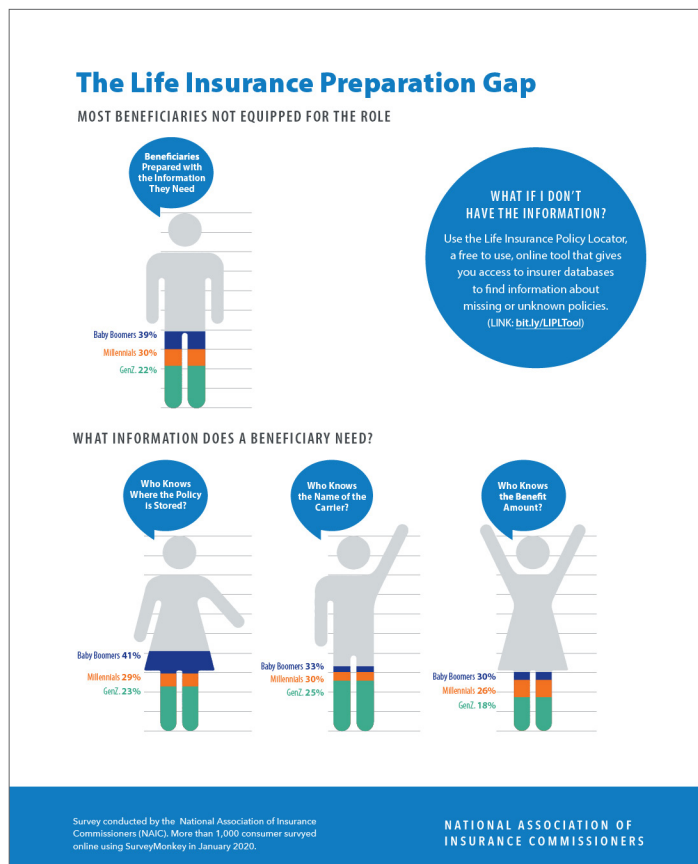
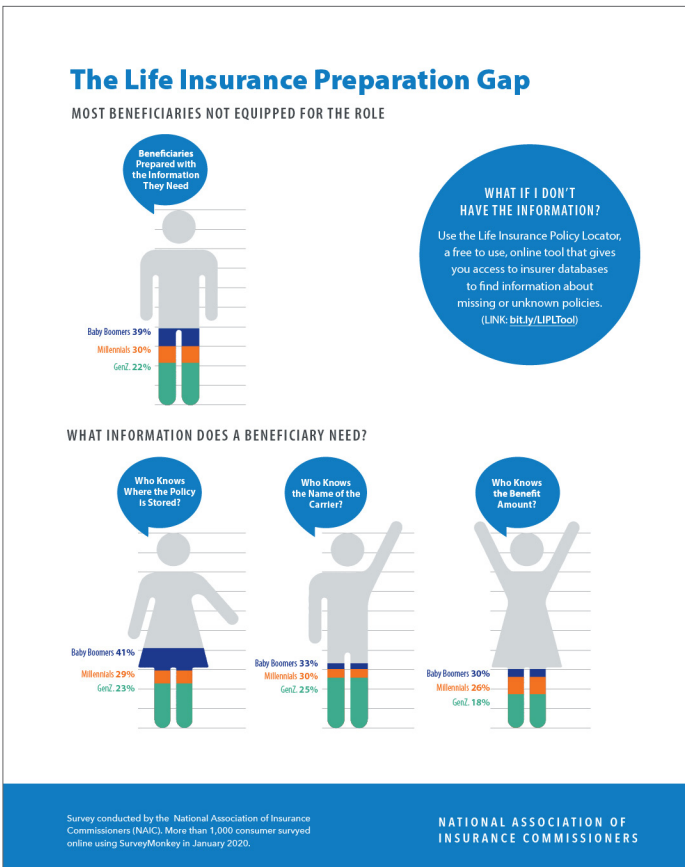
TOP THREE THINGS TO REMEMBER

1. Inform your beneficiaries that they are named in your life insurance policy, or if you'd prefer not to let them know directly, make sure a trusted advisor, such as an accountant or attorney, is aware.
2. Keep your policy in a safe place and inform beneficiaries or trusted advisors of the name of the carrier and the location of the policy.
3. If you believe that you are a beneficiary of a life insurance policy, but don't have the information you need to collect, the NAIC LIPL might be able to help.

SOCIAL MEDIA GRAPHICS



INFOGRAPHICS



NAIC Life Insurance Resources

Life Insurance Consumer Web Page

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Life Insurance Policy Locator

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New NAIC Survey Shows Most Life Insurance Beneficiaries Aren't Ready for this Role

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Only 22% of Generation Z Say They Are Prepared to Be Life Insurance Beneficiaries or Know About Life Insurance Claims

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