



State of Connecticut

Insurance Department

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FOR IMMEDIATE RELEASE

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Life Insurance: Securing Your Family's Future in Case of Unexpected Death

Insurance Commissioner Thomas R. Sullivan offers tips and urges Connecticut residents to take action during Life Insurance Awareness Month.

Would your family suffer financially were you to die unexpectedly? September is life insurance awareness month, and the Connecticut Insurance Department is reminding residents of the importance of securing your family's future in case of an unexpected or untimely death.

"Life insurance is not a one size fits all product" said Commissioners Sullivan, "your financial situation and family composition are unique, and you owe it to yourself to review your insurance needs, plan for life's uncertainties, and secure a financial future for those who depend on you."

The Connecticut Insurance Department offers three steps for understanding life insurance.

1. Determine Your Life Insurance Needs

Life insurance covers the financial effects of an unexpected or untimely death. It is one of many ways to plan for the future. Once you have decided that a life insurance policy would be beneficial, you will need to determine how much coverage you need, for how long, and what you can afford to pay.

Here are some questions to ask before buying:

- How much of the family income do I provide? If I were to die, how would my survivors, especially my children, get by? Does anyone else depend on me financially, such as a parent, grandparent, brother, or sister?
- Do I have children for whom I'd like to set aside money to finish their education in the event of my death?
- How will my family pay final expenses and repay debts after my death?
- Do I have family members or organizations to whom I would like to leave money?
- Will there be estate taxes to pay after my death?
- How will inflation affect future needs?

When considering your coverage, be sure to factor in life insurance you currently have, including group insurance where you work or veteran's insurance. Don't forget to include benefits from Social Security or survivor's benefits from a pension plan.

2. Identify the Right Type of Policy

The next step is to learn more about the types of life insurance policies available, since not all policies are the same. There are two basic types of life insurance: term insurance and cash value insurance.

Term Life Insurance: This policy covers you for a specific number of years, or term, such as 10, 20 or 30 years. It pays a death benefit only if you die in the insured term. Term insurance generally offers the largest insurance protection for your premium dollar. A term life policy has lower premiums than a cash value policy of the same amount; however, it does not build up cash values that can be used in the future. However, be aware that the cost of insurance will increase with your age.

Cash Value Life Insurance: Premiums are higher at the beginning for this policy than they would be for the same amount of term insurance. With a cash value life insurance policy, the part of the premium that is not used for the cost of insurance builds up cash value. Cash value life insurance may be one of several types, such as whole life, universal life, or variable life.

The Connecticut Insurance Department offers comprehensive information on life insurance types and is available to answer questions you may have about life insurance. Visit www.ct.gov/cid or call 800-203-3447 for more information.

3. Before You Buy – Shop Around

After you have decided which type 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.

A simple comparison of the premiums is not enough, you should consider, for example:

- Do premiums or benefits vary from year to year?
- How much do the benefits build up in the policy?
- What part of the premium or benefits is not guaranteed?
- What is the effect of interest on money paid and received at different times on the policy?
- Remember that no one company offers the lowest cost at all ages for all kinds and amounts of insurance.
- How quickly does the cash value grow? Some policies have low cash values in the early years that build quickly later on. Other policies have a more level cash value build-up. A year-by-year display of values and benefits can be helpful. Your insurance agent or company will give you a policy summary or an illustration that shows benefits and premiums for selected years. Be sure to ask questions to help ensure you fully understand the policy summary.
- Are there special policy features that particularly suit your needs?

- Do you understand how non-guaranteed values are determined? Ask your agent how the policy is affected by interest rate changes, changes in mortality charges, profits of the company, changes in the value of the investments supporting the policy, and changes in other key factors.

Before you purchase your policy, take the time to verify that the insurer, and the agent, is licensed to conduct business in the State of Connecticut.

For more information

Consumers interested in learning more, are encouraged to visit the Insurance Department Web site at www.ct.gov/cid, or call toll free 1-800-203-3447 or direct at 860-297-3900.

ABOUT THE CONNECTICUT INSURANCE DEPARTMENT

The mission of the [Connecticut Insurance Department](http://www.ct.gov/cid) is to serve consumers in a professional and timely manner by providing assistance and information to the public and to policy makers, by regulating the insurance industry in a fair and efficient manner which promotes a competitive and financially sound insurance market for consumers, and by enforcing the insurance laws to ensure that consumers are treated fairly and are protected from unfair practices. For more information, visit the Connecticut Insurance Department at www.ct.gov/cid.