

Texas Life Insurance Shopping Tips

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- Get "apples-to-apples" price comparisons from several companies when shopping for life insurance.
- Life insurance agents use charts or illustrations as sales tools to show how a policy's cash value might grow. Confirm that the illustration shows the guaranteed values based on the guaranteed interest rate the company promises to pay. Don't buy a policy based on projected future or current values. These are only estimates and may be higher than what you will actually receive. Understand the pattern of policy values, surrender charges, and other expenses. Ask your agent for this information if the illustration doesn't show it. Get copies of all the illustration pages, including those showing the guaranteed values.
- Be careful if an agent tells you that interest or dividends on your policy will cause your premiums to "vanish" during the life of the policy. If interest rates or dividends drop, you may have to pay additional premiums for a longer time. Also, the amount you pay may be greater than you estimated.
- Be sure the agent illustrates the guaranteed values based on the guaranteed assumptions stated in the policy. Projected values based on current assumptions are not guaranteed, and should never be considered or relied upon as a promise of future policy performance. Since a universal life policy is "interest-sensitive," it is likely to pay more in times of high interest rates and less in times of low interest rates.
- Read your policy carefully within the 10-day free look period after you receive it. If anything is unclear, ask your agent or company to explain. Although insurance companies must offer the free look period for variable life policies, they may opt not to offer it for others. During the free look period, which starts on the date you receive your policy, you may return the policy for a full refund of the initial premium.
- Insurance companies sometimes market life insurance policies as retirement, savings, or estate plans; education funds; or mortgage protection. Not clearly identifying the products as life insurance is misrepresentation and a violation of the law. If you believe an agent or company misrepresented a life insurance policy to you, call TDI's *Consumer Help Line*.

- Be wary of insurance agents who talk to you about buying a life insurance policy for the sole purpose of selling it. It's possible that you're being targeted to participate in fraud.
- Verify that the viatical/life settlement company or broker is properly registered in Texas. Call TDI's *Consumer Help Line*.
- It's important to shop not only for a good life insurance value but also for a company with a good record of service and financial strength. For a company profile that provides information about a company's financial strength and its complaint history, call TDI's *Consumer Help Line* or visit our Web site.

- Buy only from licensed insurance companies. If your life insurance company fails, each state has a guaranty association that pays claims for licensed companies that become insolvent. Most licensed life insurance companies in Texas belong to the Life, Accident, Health and Hospital Insurance Service Guaranty Association. The association does not provide coverage for all companies and policies. For example, if you have a variable life policy, the association does not cover the cash value in the separate investment account. The association may pay up to the following amounts for valid claims under a covered policy:
 - \$300,000 for death benefits from one or more life insurance policies on the same individual
 - \$100,000 for net cash surrender or net cash withdrawal for one or more life insurance policies on the same person
 - \$100,000 under one or more individual annuity contracts issued to the same person.