



THE INSURANCE COMMISSION
OF THE BAHAMAS

THINGS YOU SHOULD KNOW BEFORE PURCHASING LIFE INSURANCE

THIS NOTE IS NOT A SUBSTITUTE FOR SEEKING THE ADVICE AND ASSISTANCE OF A REGISTERED INSURANCE INTERMEDIARY.

What are Your Insurance Needs

Talking to an insurance intermediary can help determine your insurance needs. It can also provide you with information about available policies. Intermediaries consider many variables that consumers may not. For instance, they may ask: “How much of the family’s income do you provide?” “Does anyone else depend on you financially?” or “How will your family pay final expenses and debt?”

Based on the answers to these questions, the intermediary can help you decide the amount of coverage you need. Together you can also work out the payment schedule most suitable to your budget.

Assess Your Current Life Insurance Policy

You have a period of ten to review the new policy and decide if it is what you want.

Different Kinds of Policies

There are two basic types of life insurance coverage: term insurance and permanent insurance.

Term Insurance generally has lower premiums in the early years, but does not build up cash value.

Permanent Insurance (Whole Life or Ordinary Life) Choosing this type of insurance should be based on your needs now and in the future, as well as what you can afford.

Can You Afford the Premium?

Before purchasing any life insurance policy, ask yourself the following questions. Your answers to these questions should assist in determining if the policy is worth having.

- Can you afford the initial premium?
- Can you afford to maintain ongoing payments?

Evaluate the Future of Your Policy

If you have a permanent insurance policy, make sure that you know how quickly the cash value will grow? Some policies have a low cash value in the early years but grow quickly later on. Ask your intermediary for a year-to-year projection of values and benefits.

Understand Renewal Policies

You can renew most term insurance policies for one or more terms even if your health has changed. Each time you renew the policy for a new term, premiums may be higher.

Ask if the premium will increase if you renew the policy. Also, ask if you will lose the right to renew the policy at a certain age.



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Review Your Policy Every Few Years

- How will inflation affect your future needs?
- Do you need more insurance if your family size increases?

Review your policy with your intermediary every few years to keep up with changes in your income and needs.

Secure Your Policy Document

You should always secure your policy contract in a safe place so that it is readily available when you need it.

Know the name of your insurer.

Shop Around Before You Buy

When shopping for life insurance, remember that each insurer's rates are based, in part, on their own history and data, among other things. The formula an insurer use to calculate the terms of the policy may differ and this can work to a consumer's advantage. When searching for a new policy, it is important to provide the same information to each intermediary

Consumer Protection Information

Before signing any insurance application, make certain the insurer and intermediary are registered and in good standing with the Insurance Commission. It is important to remember that no insurance company can sell an insurance product to a consumer directly. This means that all insurance products must be sold through an intermediary; i.e. Agency, Brokerage, Sub-Agent or Salesperson. A list of all registered intermediaries can be found on the Commission's website (www.icb.gov.bs). **It is against the law for anyone to conduct insurance business without being registered with the Insurance Commission.**

Read Your Policy Carefully

Consumers should be aware that life insurance policies are legal contracts. A customer's rights and responsibilities, as well as those of the insurer should be clearly outlined in the insurance policy. When Life insurance is purchased, customers should always receive a physical copy of the policy. This copy should be read with extreme care. Customers should ensure that the contents are understood. If there are any questions about the policy, consumers should contact their insurance intermediary for clarification.

