



Maryland
INSURANCE ADMINISTRATION

LIFE INSURANCE

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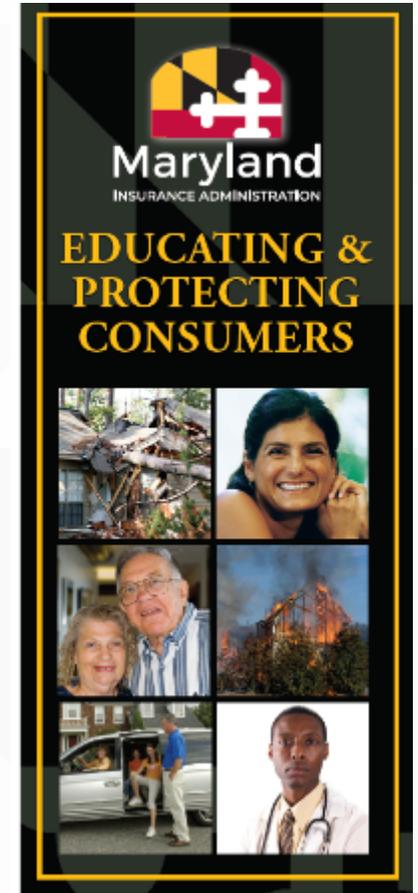
This presentation does not provide legal advice. You should discuss specific questions with your trusted financial advisor or insurance producer.



What is the Maryland Insurance Administration

The Maryland Insurance Administration (MIA) is the state agency that regulates insurance in Maryland. The MIA:

- Licenses insurers and insurance producers (agents or brokers).
- Examines the business practices of licensees to ensure compliance.
- Monitors solvency of insurers.
- Reviews/approves insurance policy forms.
- Reviews insurance rates to ensure rates are not inadequate, excessive or unfairly discriminatory.
- Investigates consumer and provider complaints and allegations of fraud.

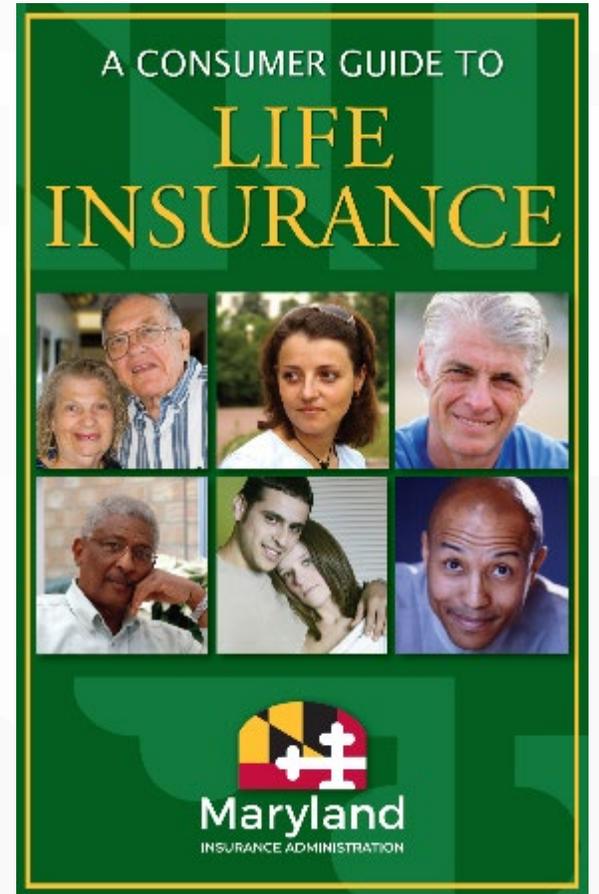


[Video: How the MIA Can Help](#)



Types of Life Insurance

Many people purchase life insurance (and annuities) to provide security for themselves and their loved ones. Your need for life insurance varies with your age and your financial responsibilities. All policies are not the same. Some provide coverage for your lifetime and others cover you for a specific number of years. Some build up cash values and others do not. Let's look at the different types of life insurance.



Types of Life Insurance

Term Insurance

- Term insurance covers you for a term of one or more years.
- It pays a death benefit only if you die during that term.
- Term insurance generally offers the largest insurance protection for your premium dollar, but generally does not build up cash value to use in the future.
- Generally, term insurance offers lower premiums in early years but premiums may increase as you get older.



Types of Life Insurance

Permanent Insurance

- **Permanent insurance** – (which includes types such as universal life, variable universal life and whole life) provides long-term financial protection. These policies include a death benefit and, in some cases, cash savings. Because of the saving element, premiums tend to be higher.
- **Whole Life** – Fixed premium payments, guaranteed death benefit and cash value growth.
- **Universal Life** – Premium payments may be flexible or fixed. Provides guaranteed death benefit as long as your policy is in effect. A minimum guaranteed interest rate is credited to the cash value.



Types of Life Insurance

Permanent Insurance

- **Indexed Universal Life** – Like Universal Life, premium payments may be flexible or fixed and the death benefit is guaranteed as long as your policy is in effect. Interest credited to the cash value is linked to an external index, such as the S&P 500.
- **Variable Universal Life** – A category of Universal Life, that offers flexible or fixed premiums, but the cash value is tied to the performance of one or more investment accounts, similar to mutual funds. The policy owner chooses the investment accounts. As with any investment products, the value of your investments may vary over time, and may in turn cause your death benefit and/or cash value to increase or decrease.



Frequently Asked Questions

When can someone buy a policy on my life without my consent or me signing the application?

- If the purchaser is your spouse.
- You lack the legal capacity to consent to life insurance and the person purchasing the policy has an insurable interest in your life.
- A parent, stepparent, or spouse is purchasing a family policy that insures two or more family members; or
- The person to be insured is a minor, and the purchaser either has an insurable interest in the life of the minor, or the minor is dependent upon the person for support and maintenance.



Frequently Asked Questions

Who has an insurable interest in my life?

- People with an “insurable interest” in your life generally includes you and individuals closely related by blood or law to you, such as a spouse or children. But others, such as your employer or business partner might also have an insurable interest.

Must my beneficiary have an insurable interest?

- No. If you buy a policy on your own life, you become the owner of the policy. As the owner, you can name anyone as beneficiary, including your estate, a family member, a charity, friend, or a stranger.

Frequently Asked Questions

What about companies that advertise “no physical exam?”

- The insurance may be more expensive than if the company required a physical. Although there is no physical, you will probably have to answer a few, broad health questions on your application.



Frequently Asked Questions

Some life insurance ads claim “you can not be turned down.” What’s the catch?

- Such ads are referring to “guaranteed issue” policies, where the company asks no health history questions. The company knows it is taking a risk because people with bad health could buy their policies. The company may balance the risk by charging higher premiums or by limiting the amount of insurance you can buy. Sometimes the premiums can be almost as much as the insurance benefit to be paid to the beneficiary. Be sure you clearly understand the policy you are purchasing, and remember to speak with an advisor if you do not.



Frequently Asked Questions

Term Life Insurance

Why is term life insurance often called “temporary” insurance?

- Insurance producers sometimes refer to term insurance as “temporary” because the policy only lasts for a specific period.



Frequently Asked Questions

Term Life Insurance

What do I get when I buy term life insurance?

- You have bought and received the company's guarantee that if you die during the term of the policy, it will pay a death benefit to your beneficiary.



Frequently Asked Questions

Term Life Insurance

Do I get any benefit if I don't die during the term of my policy?

- The policy **will not pay any benefits**



Frequently Asked Questions

Permanent Life Insurance

I understand my permanent policy would be “fully paid up” at age 65.

What does that mean?

- This means that you have made enough premium payments to cover the cost of insurance for the rest of your life. The company plans to use the cash value to pay premiums until you die. If you take out the cash value, there may not be enough to pay premiums.

PAID

Frequently Asked Questions

Permanent Life Insurance

What happens to the cash value in my policy when I die?

- It depends upon the terms of your policy, always read the terms of any life insurance policy carefully. Under the terms of some policies, when you die, the insurer will pay only the death benefit no matter how much cash value you may have had in the policy the moment before you died. But some whole life policies pay both the death benefit and the cash value when you die. It is important to remember though that whether your policy pays only a death benefit, or also the cash value, any loans (including interest) taken out against the policy that you have not repaid will be subtracted from the death benefit. The result is that your beneficiary could wind up with less than the face amount of the policy.

Shopping Tips

Factors you may want to consider when **shopping for a policy:**

- Determine what you want the life insurance to do:
 - Is it to pay burial expenses?
 - Will the death benefit be used to offset the income you previously provided?
 - How much coverage will you need?
- How much can you afford?



Shopping Tips

Factors you may want to consider when **shopping for a policy**:

- Is it possible the premium will increase, and if so, will you be able to afford it in the future?
- Does this policy require medical underwriting? This may include answering a series of health-related questions and may include a medical exam.
- Does the policy include a waiting period?



Shopping Tips

Factors you may want to consider when **shopping for a policy**:

- Are you considering canceling an existing policy? Make sure you understand the consequences of canceling your current policy.
- Understand the policy you are purchasing. Talk to a trusted family member or professional if you are unsure if the policy makes sense for you.



Shopping Tips

Once you have purchased your policy, place a current copy of your policy with your will or estate paperwork in a safe place where your family or beneficiaries will look for it and have access. And most importantly, make sure your loved ones know where they can find the policy.



Finding a Missing Policy

[Video: Locating a Missing Life Insurance Policy or Annuity Contract](#)

1. Check bank accounts and bills for evidence of an existing policy.
2. Check safety deposit boxes and online accounts. If you located a policy with contact information, you may contact the insurer directly. If you are missing contact information for the insurer, or the company is no longer in business, please contact the Maryland Insurance Administration for assistance at 800-492-6116.



Finding a Missing Policy

If your search has not uncovered any leads, the **National Association of Insurance Commissioners** can help you. This service is free of charge.

[Link: NAIC Policy Locator](#)

<https://eapps.naic.org/life-policy-locator>

Make sure you have as much information as possible. The insured's legal name, birthdate, death date, and Social Security number are required. Submitting previous legal names and addresses will allow the companies to conduct a more accurate search of their records. Anyone who believes they are a beneficiary, next of kin, or representative can request this information.



Final Note – Life Insurance

It is important that you understand the life insurance policy you own, or are considering purchasing.

Contact your insurer or insurance producer for advice if you don't understand the policy

It is a good idea to:

- Read your policy, and to review any updates or changes made to your policy carefully; and
- Review all statements carefully. If you find your statement confusing, please don't toss it out or file it away until you've spoken to your insurer or insurance producer and thoroughly understand your statement.



Additional Resources

Consumer Guide to Life Insurance

<https://insurance.maryland.gov/Consumer/Documents/publications/lifeinsurance.pdf>

Consumer Guide to Life Insurance - Spanish

<https://insurance.maryland.gov/Consumer/Documents/publications/lifeinsurancespanish.pdf>

Life Insurance for Military Personnel

<https://insurance.maryland.gov/Consumer/Documents/publications/militaryinsurance.pdf>

Information about pre-burial needs from DLLR

<http://www.dllr.state.md.us/license/cem/cemtips.shtml>



Homeowners and Renters Insurance

Presenter: Mary Jo Rogers
maryjo.rogers@maryland.gov



Why Do I Need Homeowners Insurance

- Your home is likely your largest asset.
- Homeowners insurance is there to pay for damages covered under the policy.
- Most people do not think about Homeowners insurance until they have a reason to use it.
- Although we know that fires, theft, and other accidents occur, we tend to think, “Odds are, that will never happen to me.”
- Unfortunately, if you experience a loss and you don’t have insurance, your finances may be ruined.

Why Do I Need Homeowners Insurance

We often think of insurance as paying to rebuild after a fire. Think about a smaller loss such as a burst pipe or roof damage caused by wind and how much these expenses would cost you without a homeowners policy in effect.



What does Homeowners Insurance cover?

Homeowners insurance policies protect more than just the structure of your home. Common coverages found in a Homeowners policy include:

Dwelling Coverage – provides protection if a covered peril damages or destroys your home.

Other Structures – provides protection if a covered peril damages or destroys detached outbuildings and structures, like fences, that are not part of your dwelling.

What does Homeowners Insurance cover?

Personal Property (contents) – provides protection if your personal property is lost, damaged or destroyed by a covered peril.

Additional Living Expenses (ALE) – may pay for additional expenses you incur when you cannot live in your home because of damage or loss that is covered by your policy. Generally, coverage will only pay for living expenses that are not “normal and customary”.



What does Homeowners Insurance cover?

Liability Coverage – may provide protection if you or a member of your family are legally responsible for an injury to another person or cause damage to another person’s property.

Medical Payments – provides payment up to a specified amount for reasonable and necessary medical expenses incurred by people injured in an accident in your home regardless of fault (**does not apply to you or member of your household**). This provision will pay covered medical expenses for a minimum of up to three years from the date of injury or accident.

Shopping for Homeowners Insurance: What else do I need to know?

Know the difference between ACV and RCV

Actual Cash Value (ACV) is the cost to replace the damaged property with “like kind or quality” minus depreciation for age and use.

Replacement Cost Value (RCV) is the cost to replace the damaged property **with “like kind or quality”**, at full cost without depreciation, **less the amount of your deductible.**

Shopping for Homeowners Insurance: What else do I need to know?

Deductibles

- You may have many options when choosing a deductible. If you choose a policy with a \$500 deductible – there must be \$500 of covered damage to your home or personal property for each claim before you are entitled to collect any money from your insurer. Your insurer will deduct \$500 from the total amount of covered damage.
- Higher deductibles reduce your premium. Choose a deductible that you will be able to afford to pay out of pocket if you have a claim.
- You can ask your insurer or insurance producer how much your premium will be reduced by increasing the amount of your deductible.

If you have problems obtaining a homeowners insurance policy

If you have been turned down by one insurer for homeowners insurance, try obtaining coverage through another insurer or other insurers. Do not assume that you will be turned down by all insurers. Just as insurers have different premiums, they also have different underwriting requirements. Call around and keep trying to obtain an insurance policy.



If you have problems obtaining a homeowners insurance policy

If you are unable to obtain insurance for your home from a private insurer, limited insurance protection may be available through the Maryland Property Insurance Availability Program, known as the **Joint Insurance Association (JIA)**

3290 North Ridge Rd Suite 210
Ellicott City MD 21043
410-539-6808
800-492-5670
www.mdjia.org

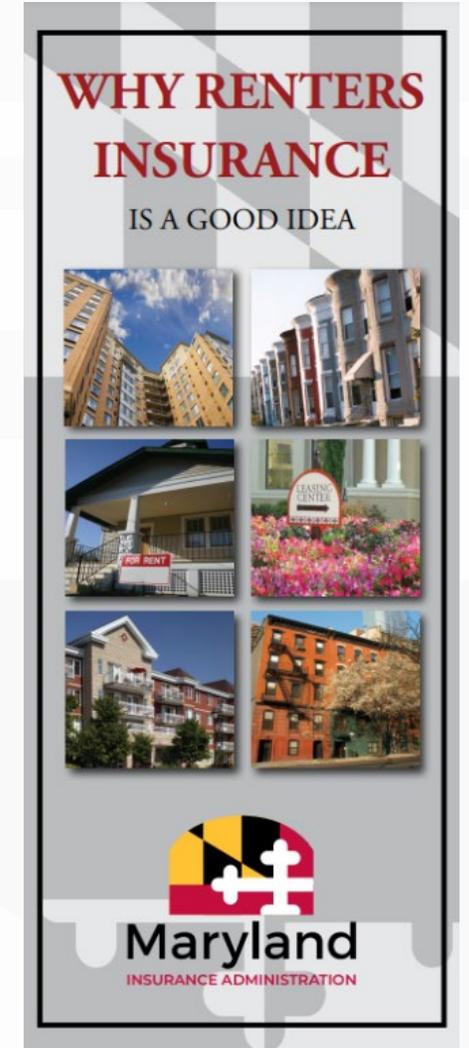
JOINT INSURANCE ASSOCIATION



What is Renters Insurance?

If you rent an apartment, a house, or a room in someone's home, your personal belongings will not be protected against loss or damage unless you have a renters insurance policy.

Most homeowners carry a mortgage and, therefore, have no choice but to purchase homeowners insurance as a requirement of their loan. But for renters, the choice is usually their own and many choose to go without renters insurance, even though they face many of the same risks as homeowners.



What is Renters Insurance?

Your landlord likely has an insurance policy that is responsible for structural damage to the building; however, **landlords are not responsible for damage to or loss of your personal property.**

Your landlord's insurance will not protect you from being liable for damage you might cause to the building inadvertently (like a kitchen fire or a plumbing mishap); or to others who are injured by your property (like a trip and fall over toys or furniture).



What does a Renters Insurance Policy Cover?

Loss or damage to household contents or personal possessions

- Renters insurance policies can cover everything from electronics to clothing to household appliances.
- Even a minimal number of items could add up to thousands of dollars' worth of personal property, which can be covered in a basic renters insurance policy.
- Many policies do not limit protection to your belongings located in your home or apartment. For example, items you have insured often are covered if they are stolen by someone who breaks into your car or if they are damaged by a covered peril while not on your property.

What does a Renters Insurance Policy Cover?

Additional living expenses in the event of a covered loss that makes your home, apartment or condominium uninhabitable

- If there is damage to the building you are renting and you must live elsewhere while the building is being repaired, or while you relocate, you will have coverage for additional living expenses incurred during this period of time, subject to the limits of your policy.

Liability coverage for injuries to others and/or their property caused by your negligence and medical payments coverage for others that are hurt while on your property even if you are not at fault

- A renters insurance policy covers your personal property and your personal legal responsibility (liability) for injuries to others or damage to their property.

What does a Renters Insurance Policy Cover?

What Perils Are Covered Under Your Renters Policy?

When you are shopping for renters insurance, it is important that you understand what perils (risks such as fire, wind, hail, theft and/or vandalism that can cause damage) are covered by your policy. Some policies cover multiple perils, while some policies cover only one very specific peril.

If your home is damaged by a peril that is not named in the policy, then the damage will not be covered. For example, if you have a policy that says it only covers damage caused by fire and you incur wind damage, your insurer will not pay to repair the damage.

A policy that only covers one peril will likely be less expensive than one that covers multiple perils, but it is essential that you understand the limitations of the policy.

What does a Renters Insurance Policy Cover?

What Perils Are Covered Under Your Renters Policy?

Although a policy that only covers one peril may cost less upfront, it may not provide sufficient coverage.

For example, recently a number of apartments in the city of Baltimore were damaged in a wind storm. Many of the tenants carried fire only renters insurance policies and, as a result – although their belongings were destroyed in the wind storm, they had no coverage under their renters insurance policies.



Frequently Asked Questions

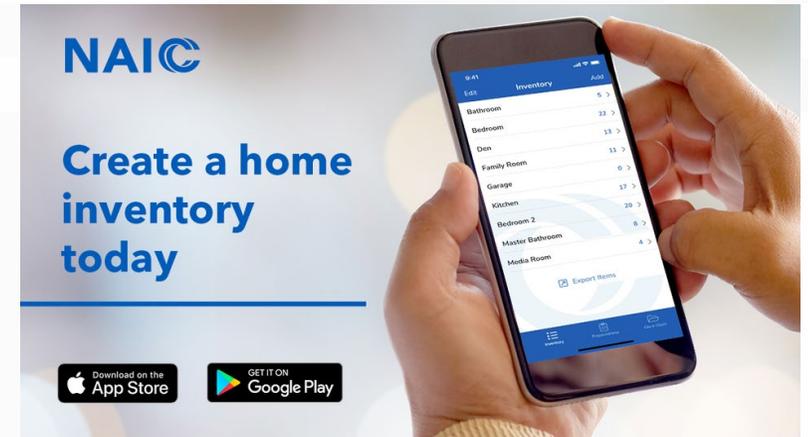
How much coverage do I need for my household property?

This depends on the value of your personal property. You should start by making an inventory of your personal property and determining the value of that property.

[Video: Creating a Home Inventory](#)

- Group items together in logical categories, or room by room. Don't forget rarely used items.
- Photograph or videotape each item or room.
- Store your home inventory and related items, such as sales receipts or appraisal documents, in a safe place such as in the cloud or in a fire-proof box or safe deposit box.

An updated inventory can also make it easier to file an accurate, detailed insurance claim in case your personal property is damaged or destroyed by a covered cause of loss under your policy.



<https://content.naic.org/consumer/home-inventory>

Frequently Asked Questions

How much does renters insurance cost?

- The actual cost depends upon the amount of coverage you want, the type of coverage (replacement cost value or actual cash value), and the deductible you select. The average renters insurance policy costs between \$15 and \$30 per month. Replacing all of your possessions or being liable for an accident on your premises will cost much more.



Are discounts available?

- Insurers will often reduce your premiums if you have fire or burglar alarms, fire extinguishers, sprinkler systems and/or deadbolts on exterior doors. Some insurers might also offer discounts if you have more than one policy with them.

Property Damage Liability Waiver

Your property management company or landlord may require that you purchase a Property Damage Liability Waiver (PDLW), or include a fee for a PDLW as part of your rent. ***It is important to know that a PDLW is not renters insurance, and typically will not cover any of your belongings.***

A PDLW generally only covers damage to the building, and may only apply to certain types of events, such as fire, smoke, explosions, or leaking water.



Renters Insurance: Introduction to our Rate Guide

Comparison shopping is the key to getting the most out of your insurance dollar.

Tips for getting the most out of insurance shopping:

- Make sure you provide the same information to each insurer or insurance producer.
- Ask about discounts.
- Ask about deductibles and when they apply.
- Ask about what is covered and what is excluded.
- In addition to price, consider factors such as coverage limits and customer service.
- Ask friends and neighbors about their experience with different insurers.



Contact Information

Maryland Insurance Administration

 800-492-6116 | 410-468-2000 | 800-735-2258 (TTY)

 insurance.maryland.gov



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[en Español: MDInsuranceAdminES](https://www.facebook.com/MDInsuranceAdminES)



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[MD Insurance](https://twitter.com/MD_Insurance)



<https://bit.ly/mdmiayoutube>

Contact Us

We're here to assist with all of your insurance questions or issues.

Contact us to verify the insurer or insurance producer you select is authorized to sell insurance in Maryland to protect yourself from fraud.

Maryland Insurance Administration

 410-468-2000

 800-492-6116

 www.insurance.maryland.gov

Additional Resources

National Flood Insurance Program

 800-427-4661

 www.floodsmart.gov

Maryland Department of Emergency Management

 877-636-2872

 www.mema.maryland.gov

Federal Emergency Management Agency

 202-646-2500

 www.fema.gov

Questions?

