Maryland
INSURANCE ADMINISTRATION

CONSUMER ADVISORY

UNIVERSAL LIFE INSURANCE

A universal life insurance policy is a type of permanent insurance. The premium for this type of insurance policy is flexible. This means that you may choose the amount that you pay. This is your "planned premium." Part of the premium pays for your life insurance, and any remaining funds are put into the cash value of your policy. The cash value will earn interest; your policy will indicate the minimum rate of interest you will earn. The premium payments plus the cash value must be enough to pay the cost of insurance and administrative charges for your policy. Administrative costs are expenses incurred by your insurance company to maintain computer systems, manage the investments, claims payments, or other affiliated fees.

The actual cost of insurance may be more or less than your planned premium. When you first purchase a policy, usually the premium will be more than the cost of insurance in the early years and therefore it builds cash value. Your cost of insurance will increase each year as you get older. If your planned premium payment is not enough to cover the cost of insurance and other charges, the required additional money will be deducted from the cash value of the policy. If your cost of insurance and other charges are more than the premium you pay and the cash value, you may need to consider increasing your premium or decreasing your death benefit so that your coverage may stay in force.

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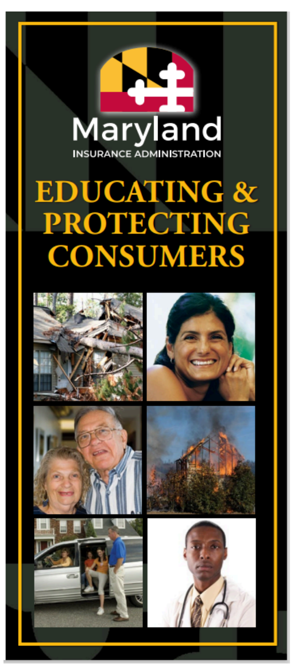
When you bought the policy, you may have selected the amount of premium based on the interest rates at the time and the belief that the interest would add enough to the cash value so that your planned premium would never have to go up. But if interest rates are not as high as predicted when the policy was sold, the planned premium may not be enough to pay for the policy. If you do not adjust the death benefit, or pay more in premium when interest rates fall or the cost of insurance increases, then the policy will lapse when the cash value is not enough to pay the cost of insurance.

You may no longer have a cash value benefit if you purchased the policy at a time when the interest rates were high, you did not change the amount of your premium and interest rates decreased. If you took money out of your policy and reduced the cash value, then you have decreased your cash account. As a result, you have earned less interest than you originally planned.

Each year, the company sends an annual statement. The annual statement tells you how the policy is doing, including the current cash value, and lets you know if you are paying enough to keep the policy in force. If you do not understand these statements, you should contact your insurance company or insurance agent to get a full explanation.

ABOUT THE MARYLAND INSURANCE ADMINISTRATION



The Maryland Insurance Administration (MIA) is the state agency that regulates the business of insurance in Maryland. If you feel that your insurer or insurance producer acted improperly, you have the right to file a complaint. The MIA can investigate complaints that an insurer or insurance producer has:

- Denied or delayed payment of all portions of a claim
- Improperly terminated your insurance policy
- Raised your insurance premiums without proper notice or in excess of what the law allows
- Made false statements to you in connection with the sale of insurance or the processing of insurance claims
- Overcharged you for services, including premium finance charges

Contact the Maryland Insurance Administration at:
200 St. Paul Place, Suite 2700
Baltimore, Maryland 21202
410-468-2000 | 800-492-6116 | 800-735-2258 TTY
https://insurance.maryland.gov/Consumer/Pages/FileAComplaint.aspx

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