

# LIFE INSURANCE

FOR MILITARY PERSONNEL



Maryland

INSURANCE ADMINISTRATION



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# LIFE INSURANCE FOR MILITARY PERSONNEL

Under the best of circumstances, insurance is a complicated issue for most consumers. For military personnel and their families, handling personal matters such as insurance coverage and other financial obligations can be made more difficult because of sudden deployment. Knowing who to trust and which questions to ask can be challenging, too.

That is why the Maryland Insurance Administration (MIA) has created this guide to *Life Insurance for Military Personnel* as a means to assist you with these efforts. The guide provides purchasing tips, contact information, and frequently asked questions about life insurance. The guide also includes warning signs regarding deceptive and fraudulent sales practices.

Please be aware that this guide is not intended to provide legal advice regarding coverage under any specific policy. You should determine the types of coverage you want to purchase, then review your policy upon receipt to be sure it provides you with the types and amounts of coverage you intend to obtain. Never hesitate to talk to your military base solicitation officer or to contact the Maryland Insurance Administration if you have questions. Thank you for your brave and courageous service to our nation.

## WHO WE ARE

The Maryland Insurance Administration is the state agency that regulates the business of insurance in Maryland. If you have a problem related to a life insurance policy that was sold to you in Maryland, the MIA will try to help you resolve that problem. If you have purchased the policy elsewhere, contact us and we can give you the contact information for the state that can help with your problem.

We provide assistance to consumers, businesses, health care providers (doctors, hospitals), and producers (agent or broker) in all areas of insurance, including life, health, disability, automobile, homeowners, and property.

The MIA is here to protect your consumer rights. If you feel that:

- the terms of any policy you receive are not what you agreed upon;
- you have purchased additional unnecessary insurance;
- you have been charged for a policy that you did not authorize;

please contact us at:

410-468-2000

800-492-6116

410-468-2020 (Fax)

*[www.insurance.maryland.gov](http://www.insurance.maryland.gov)*

When you contact us, it will be beneficial to know the name of the insurance company and the individual who sold you the policy.

## RESOURCES FOR CONSUMERS

The MIA produces consumer guides, rate comparisons and frequently asked questions related to various types of insurance. The following is a sample list of available publications:

- *Consumer Guide to Homeowners Insurance*
- *Consumer Guide to Automobile Insurance*
- *Annual Premiums for Medicare Supplement Policies*
- And more . . .

You can access this information in several ways:

- Download it from our website, *[www.insurance.maryland.gov](http://www.insurance.maryland.gov)*, on the Consumer Publications page, call or write to the agency to have copies mailed to you.
- Visit our display at community events throughout the state.
- Find these printed materials at various state and local agencies.
- For more information about what military personnel should consider when purchasing any insurance product, visit *[www.naic.org](http://www.naic.org)*.

# WHAT TO CONSIDER BEFORE YOU BUY LIFE INSURANCE

- Do I need it?
- How much do I need?
- Is the policy suitable for my needs?
- What types of life insurance are available?
- Where do I purchase it?
- Are there red flags that may indicate a problem?
- Where can I learn more?

## TYPES OF LIFE INSURANCE

**Term Insurance** – provides coverage for a specified length of time and does not build up cash value. The premium normally increases as the insured gets older.

**Permanent Insurance** – provides long-term financial protection, including a death benefit, and in some cases, a cash accumulation.

- *Universal Life* policies offer a flexible-premium life insurance policy under which the policy owner may change the death benefit from time to time (with satisfactory evidence of insurability for increases) and vary the amount or timing of premium payments.
- *Variable Life* policies permit the premiums to be invested in mutual funds available in the insurance contract. Although there is a minimum guaranteed death benefit as long as the premiums are paid, investment risk is born by the policy owner. The value of the policy depends on the performance of the mutual funds, and therefore, may increase or decrease.
- *Whole Life* policies provide lifetime protection at a level premium. Premiums generally must be paid for as long as the policy is in force.

# SERVICEMEMBERS GROUP LIFE INSURANCE (SGLI)

SGLI is a group term life insurance automatically available to all servicemembers on active duty, active duty for training or inactive duty for training and to members of the Reserves. As of September 1, 2005, this policy is automatically activated for a coverage amount of \$400,000, the maximum amount of coverage, unless the soldier opts out in writing. A servicemember can elect lower coverage or no coverage by completing the VA Form SGLV-8286.

Coverage is available for spouses; dependent children are automatically insured for \$10,000. In addition, an elected coverage option for up to \$100,000 is available for spouses. When released from active duty or the Reserves, members with full-time SGLI coverage can convert their coverage to Veterans Group Life (VGLI) or to an individual commercial life insurance policy with any one of 71 participating commercial insurance companies. For more information, call toll-free 800-419-1473.

## FREE-LOOK PERIOD

It is important to review your policy immediately upon receipt. The benefits contained in a policy that you purchase in one state may be different from the benefits you purchase in another state, even if the policy is written by the same company.

Maryland, like most states, has at least a 10-day free-look period to return the policy to the insurance company for a refund of the premium. If you are going to be deployed, inform your power of attorney to look for the policy.



# QUESTIONS BEFORE YOU SIGN ON THE DOTTED LINE

- Do I need more life insurance?
- Are there any war exclusions to the policy? (SGLI does not contain this exclusion.)
- Can I afford this policy? It may be very costly if you quit during the first few years of a policy.
- Am I feeling pressured to buy this policy?
- Are there any exclusions or limitations on coverage for death related to military service or residence outside of the United States?
- Are there any exclusions on the policy for travel on any non-commercial aircraft?

## RED FLAGS

- Make certain that you fully understand the implications before you purchase the life insurance products that are sold as or with savings or investment products.
- Agents selling on the base without authorization from your base solicitations officer or the Department of Defense. Check with military officials to determine if agents are authorized.
- Agents selling without a valid license from a state insurance department. Check with the state insurance department to ensure the agent is licensed and appointed to conduct business with the insurer in the state.
- Non-military, ex-military or former military personnel acting as investment advisors in a group or classroom setting. Again, check with your base solicitations officer or the Department of Defense to see if they are authorized.
- Pressure to rush through the application process, to complete an allotment form or to give a voided check for the purchase of a life insurance policy. Take your time before making a decision to purchase the policy.

# FACTORS TO CONSIDER IN PURCHASING ADDITIONAL LIFE INSURANCE:

## Outstanding Debt

- Credit Cards
- Loans (Mortgage, Car, Student, Equity)

## Expenses

- Monthly Expenses
- Medical Expenses
- Estate Taxes
- Cost of Living
- Inflation

## Beneficiaries

- Spouse (employed, retirement)
- Children (day care, college tuition)
- Other Family Support (siblings, parents)



This consumer guide should be used for educational purposes only. It is not intended to provide legal advice or opinions regarding coverage under a specific policy or contract; nor should it be construed as an endorsement of any product, service, person, or organization mentioned in this guide.

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