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Why Buy Life Insurance?

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There are almost as many reasons to buy life insurance, as there are people. Everyone has different responsibilities. Meeting those responsibilities usually requires money. Life insurance, a contractual agreement between you and a life insurance company, can guarantee that the money is there when it's needed.

What is Life Insurance

Life insurance was established to provide funds at death for such items as paying final expenses and debts, and providing an income for dependents. In the case of cash-value insurance, living policy owners can benefit from their policy in terms of disability coverage, annuity benefits and emergency funds. Policyowners may also be entitled to dividends.

Buying Life Insurance

Buying life insurance can be complex because of the array of options and types of policies available. Trained insurance and financial advisors are invaluable in sorting through the maze. An advisor who is licensed to sell life insurance can help you select the financial product that best fits your needs. He or she will conduct a needs analysis that addresses your financial situation, then will document current and future goals to develop an individualized financial plan to achieve those goals. As part of this process, he or she will thoroughly explain products and options to help you arrive at an informed decision.

Individual needs may vary and there is no single answer that will suit everyone. While term insurance may be appropriate to cover a short-term or temporary need, permanent insurance or a mix of the two might better serve your needs. Your insurance advisor can assist you in ensuring the appropriate type of coverage is considered by taking into account personal circumstances. Keep in mind that your level of life insurance coverage may need to be changed as your circumstances and age change. You should plan to review and update your policies every few years. When you make an application for a life insurance policy, with the help of your advisor, you must provide information that is accurate, honest and complete. Otherwise, the payment for a claim may be denied. In some cases, a medical examination may be required.

Reviewing your policy with your advisor

When you receive the policy, it is to your advantage to read it over very carefully and ask your advisor to explain any points that are confusing. If you change your mind about your purchase, most life insurance policies come with a money-back guarantee called a "rescission right." Simply return the policy to the insurer within 10 days of receiving it. Any premiums paid will be refunded.

Buying life insurance can be complicated because of the many options available. However, your life insurance advisor has a full understanding of insurance and insurance products, and can work with you to find the best insurance plan to meet your needs and your budget.

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