



Kansas Insurance Department

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Commissioner's Corner ***January 2012*** ***By Sandy Praeger***

Military families should consider a life insurance policy review

TOPEKA, Kan. — Military families throughout Kansas and the Midwest are relishing the thought of being together more now that troops and reservists have returned from the Middle East. As many settle back into more routine family life, family financial considerations will again become topics of conversation.

Within those conversations, I hope these military families will include a discussion about life insurance. Below are some ideas for consideration.

Servicemembers' Group Life Insurance (SGLI) is a program of low cost group term life insurance automatically available to all servicemembers on active duty, active duty for training or inactive duty for training and members of the reserve. This policy is automatically activated for a coverage amount of \$400,000, the maximum amount of coverage, unless the servicemember opts out in writing. In addition, designated beneficiaries now receive an additional payment of \$100,000 if a servicemember dies while on active duty.

When released from active duty or the reserve, members with full-time SGLI coverage can convert their coverage to Veterans Group Life Insurance (VGLI) or to an individual commercial life insurance.

For more information regarding SGLI and VGLI eligibility, benefits and premiums, call toll free 1-800-419-1473 or visit the Department of Veterans Affairs website at <http://www.insurance.va.gov/>.

If you are a servicemember that has opted out of the SGLI plan or are looking for additional life insurance above the \$400,000 amount, you should consider the following factors:

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- Medical expenses prior to death, burial costs and estate taxes in excess of amounts that would be covered by the military.
- Financial support for surviving family members as they try to secure employment.
- Continued monthly bills and expenses, daycare costs, college tuition and retirement of surviving family members.
- Whether a policy contains exclusions for death while performing military duties.

An important note to members of the armed forces involves a provision that is commonly included in life insurance policies. If you have opted out or decided to purchase additional life insurance outside of the SGLI/VGLI military offered life insurance plans, you should review the list of exclusions to the policies. Many life insurance policies include a “war exclusion” provision that specifically states benefits will not be payable if the death is a result of war or the action of a military force. The SGLI and VGLI policies do not have this type of exclusion. In addition, many life insurance policies also contain exclusions about traveling on any non-commercial aircraft.

Tips On Buying Life Insurance

- Make sure you feel comfortable with the insurance agent and company.
- Individuals that solicit life insurance on military installations are required to obtain authorization from the Department of Defense as an authorized solicitor, and all insurance agents must have a license by the Kansas Insurance Department (KID) to sell insurance within the state. Ask to see the agents’ licenses. Call KID to verify the company and agents are licensed to sell insurance.
- Decide how much you need, for how long, and what premium you can afford to pay.
- Learn what kinds of policies will provide what you need, and pick the one that is best for you.
- Do not sign an application until you review it carefully to be sure the answers are complete and accurate.
- Do not buy life insurance unless you intend to stick with your plan. It may be very costly if you quit during the early years of the policy.
- Do not feel pressured to sign an allotment form during a classroom session related to financial planning that includes a solicitation to purchase life insurance or investment products.
- Review your policy carefully to be sure it meets your objectives, and make sure the agent explains anything that is unclear or that you do not understand.

For more about life insurance issues, go to our Kansas Insurance Department website, www.ksinsurance.org, then go to “Quick Links > Publications,” and print or request a copy of our publication, “Life Insurance and Annuity Basics,” which is updated for 2012 and should be available by mid-January.

Happy New Year to all, and especially to our Kansas military personnel who have come home.

The Kansas Insurance Department, established in 1871, assists and educates consumers, regulates and reviews companies and licenses agents selling insurance products in the state. More about the department is online at www.ksinsurance.org.