# 02 DEPARTMENT OF PROFESSIONAL AND FINANCIAL REGULATION

031 BUREAU OF INSURANCE

Chapter 240: MAINE LIFE INSURANCE SOLICITATION AND COST DISCLOSURE

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**Section 1. Authority**

This Rule is adopted by the Superintendent of Insurance pursuant to Title 24-A M.R.S.A. §§ 212 and 2152-A.

**Section 2. Purpose**

(A) The purpose of this Rule is to require insurers to deliver to purchasers of life insurance information which will improve the buyer’s ability to select the most appropriate plan of life insurance for his or her needs, improve the buyer’s understanding of the basic features of the policy which has been purchased or which is under consideration and improve the ability of the buyer to evaluate the relative costs of similar plans of life insurance.

(B) This Rule does not prohibit the use of additional material which is not in violation of this Rule or any other Maine statute or Rule.

**Section 3. Scope**

(A) Except as hereafter exempted, this Rule shall apply to any solicitation, negotiation or procurement of life insurance occurring within this state. This Rule shall apply to any issuer of life insurance contracts including fraternal benefit societies.

(B) Unless otherwise specifically included, this Rule shall not apply to:

1. Annuities.

2. Credit life insurance.

3. Group life insurance.

4. Life insurance policies issued in connection with pension and welfare plans as defined by and which are subject to the federal Employee Retirement Income Security Act of 1974 (ERISA).

5. Variable life insurance under which the death benefits and cash values vary in accordance with unit values of investments held in a separate account.

**Section 4. Definitions**

For the purposes of this Rule, the following definitions shall apply:

(A) Buyer’s Guide. A Buyer’s Guide is a document which contains, and is limited to, the language contained in the Appendix to this Rule or language approved by the Superintendent of Insurance.

(B) Equivalent Level Death Benefit. The Equivalent Level Death Benefit of a policy or term life insurance rider is an amount calculated as follows:

1. Accumulate the guaranteed amount payable upon death, regardless of the cause of death, at the beginning of each policy year for ten and twenty years at five percent interest compounded annually to the end of the tenth and twentieth policy years respectively.

2. Divide each accumulation of Step 1 by an interest factor that converts it into one equivalent level annual amount that, if paid at the beginning of each year, would accrue to the value in Step 1 over the respective periods stipulated in Step 1. If the period is ten years, the factor is 13.207 and if the period is twenty years, the factor is 34.719.

(C) Generic Name. Generic Name means a short title which is descriptive of the premium and benefit patterns of a policy or a rider.

(D) Life Insurance Cost Indexes.

1. Life Insurance Surrender Cost Index. The Life Insurance Surrender Cost Index is calculated by applying the following steps:

a. Determine the guaranteed cash surrender value, if any, available at the end of the tenth and twentieth policy years.

b. Divide the result of Step (a) by an interest factor that converts it into an equivalent level annual amount that, if paid at the beginning of each year, would accrue to the value in Step (a) over the respective periods stipulated in Step (a). If the period is ten years, the factor is 13.207 and if the period is twenty years, the factor is 34.719.

c. Determine the equivalent level premium by accumulating each annual premium payable for the basic policy or rider at five percent interest compounded annually to the end of the periods stipulated in Step (a) and dividing the result by the respective factors stated in Step (b) (this amount is the annual premium payable for a level premium plan).

d. Subtract the result of Step (b) from Step (c).

e. Divide the result of Step (d) by the number of thousands of the Equivalent Level Death Benefit to arrive at the Life Insurance Surrender Cost Index.

2. Life Insurance Net Payment Cost Index. The Life Insurance Net Payment Cost Index is calculated in the same manner as the comparable Life Insurance Cost Index except that the cash surrender value is set at zero.

(E) Policy Summary. For the purpose of this Rule, Policy Summary means a written statement describing the guaranteed elements of the policy including but not limited to:

1. A prominently placed title as follows: STATEMENT OF POLICY COST AND BENEFIT INFORMATION.

2. The name and address of the insurance producer, or, if no producer is involved, a statement of the procedure to be followed in order to receive responses to inquiries regarding the Policy Summary.

3. The full name and home office or administrative office address of the company in which the life insurance policy is to be or has been written.

4. The Generic Name of the basic policy and each rider.

5. The following amounts, where applicable, for the first five policy years and representative policy years thereafter sufficient to clearly illustrate the premium and benefit patterns, including, but not necessarily limited to, the years for which Life Insurance Cost Indexes are displayed and at least one age from sixty through sixty-five or maturity whichever is earlier:

a. The annual premium for the basic policy.

b. The annual premium for each optional rider.

c. Guaranteed amount payable upon death, at the beginning of the policy year regardless of the cause of death other than suicide, or other specifically enumerated exclusions, which is provided by the basic policy and each optional rider, with benefits provided under the basic policy and each rider shown separately.

d. Total guaranteed cash surrender values at the end of the year with values shown separately for the basic policy and each rider.

e. Guaranteed endowment amounts payable under the policy which are not included under guaranteed cash surrender values above.

6. The effective policy loan annual percentage interest rate, if the policy contains this provision, specifying whether this rate is applied in advance or in arrears. If the policy loan interest rate is variable, the Policy Summary includes the maximum annual percentage rate.

7. Life Insurance Cost Indexes for ten and twenty years but in no case beyond the premium paying period. Separate indexes are displayed for the basic policy and for each optional term life insurance rider. Such indexes need not be included for optional riders which are limited to benefits such as accidental death benefits, disability waiver of premium, preliminary term life insurance coverage of less than 12 months and guaranteed insurability benefits nor for the basic policies or optional riders covering more than one life.

8. A Statement in close proximity to the Life Insurance Cost Indexes as follows: An explanation of the intended use of these indexes is provided in the Life Insurance Buyer’s Guide.

9. The date on which the Policy Summary is prepared.

The Policy Summary must consist of a separate document. All information required to be disclosed must be set out in such a manner as to not minimize or render any portion thereof obscure. Any amounts which remain level for two or more years of the policy may be represented by a single number if it is clearly indicated what amounts are applicable for each policy year. Amounts in item 5 of this section shall be listed in total, not on a per thousand nor per unit basis. If more than one insured is covered under one policy or rider, guaranteed death benefits shall be displayed separately for each insured or for each class of insureds if death benefits do not differ within the class. Zero amounts shall be displayed as zero and shall not be displayed as a blank space.

(F) Preliminary Statement of Policy Cost. For purposes of this Rule, Preliminary Statement of Policy Cost means a written statement describing certain elements of the policy and shall only contain such information and shall only be in such format prescribed in Appendix B to this Rule. In the event that the prescribed format is clearly inadequate for an accurate description of a particular policy or type of policy to be made, the Superintendent shall have discretionary authority to approve the use of such alternate format as may be necessary.

**Section 5. Disclosure requirements**

(A) In the case of life insurance policies marketed through aproducer, insurers shall:

1. Except as provided in subsection (F), provide to all prospective purchasers a Buyer’s Guide and a Preliminary Statement of Policy Cost before the application is signed.

2. Except as provided in subsection (F), provide a Policy Summary prior to or at the time the policy is delivered.

(B) In the case of life insurance policies not marketed through a producer, insurers shall:

1. Except as provided in subsection (F), provide to all prospective purchasers a Buyer’s Guide and a Policy Summary prior to payment of the initial premium or premium deposit, unless the policy for which application is made contains an unconditional right to a full refund of at least 30 days in which case the Policy Summary shall be delivered prior to or with the policy.

2. Except as provided in subsection (F), alert prospective policyholders, in advertisements and direct mail solicitations of their right to obtain a Buyer’s Guide and a Policy Summary prior to sale.

(C) Except as provided in subsection (F), the insurer shall provide a Buyer’s Guide and a Policy Summary to any prospective purchaser upon request.

(D) In the event the policy issued differs from the policy described in the Preliminary Statement of Policy Cost, or underwriting information causes the life insurance cost indexes developed pursuant to Subsection 4(E) of this Rule to differ from the life insurance cost indexes illustrated in the Preliminary Statement of Policy Cost, insurers shall so notify the applicant no later than the time of delivery of the Policy Summary.

(E) In the case of policies where the Equivalent Level Death Benefit does not exceed $5,000, the requirement for providing a Policy Summary will be satisfied by delivery of a written statement containing the information described in Subsection 4(E), items, 2, 3, 4, 5a, 5b, 5c, 6, 7, 8, and 9.

(F) If the policy solicited is designated to be marketed with an illustration subject to the requirements of Rule Chapter 910, a Preliminary Statement of Policy Cost and a Policy Summary are not required and the “Life Insurance Buyer’s Guide” published by the National Association of Insurance Commissioners may be used instead of that prescribed by Appendix A.

**Section 6. General rules**

(A) Each insurer shall maintain at its home office or principal office a complete file containing one copy of each document used by it authorized pursuant to this Rule. The file shall contain one copy of each authorized form for a period of three years following the date of its last authorized use.

(B) A producer shall inform the prospective purchaser, prior to commencing a life insurance sales presentation, that he or she is acting as a life insurance producer and inform the prospective purchaser of the full name of the insurance company which he or she is representing. In sales situations in which a producer is not involved, the insurer shall identify its full name.

(C) Terms such as financial planner, investment advisor, financial consultant, or financial counseling shall not be used in such a way as to imply that the insurance producer is primarily engaged in an advisory business in which compensation is unrelated to sales unless such is actually the case.

(D) Any reference to policy dividends must include a statement that dividends are not guaranteed.

(E) A system or presentation which does not recognize the time value of money through the use of appropriate interest adjustments shall not be used for comparing the cost of two or more life insurance policies. Such a system may be used for the purpose of demonstrating the cash-flow pattern of a policy if such presentation is accompanied by a statement disclosing that the presentation does not recognize that, because of interest, a dollar in the future has less value than a dollar today.

(F) A statement regarding the use of the Life Insurance Cost Indexes shall include an explanation to the effect that the indexes are useful only for the comparison of the relative costs of two or more similar policies.

(G) For the purposes of this Rule, the annual premium for a basic policy or rider, for which the company reserves the right to change the premium, shall be the maximum annual premium.

**Section 7. Failure to comply**

Failure of an insurer to provide or deliver a Buyer’s Guide, a Preliminary Statement of Policy Cost, or a Policy Summary as provided in Section 5 shall constitute an omission which misrepresents the benefits, advantages, conditions or terms of an insurance policy in violation of Title 24-A M.R.S.A. § 2153. In situations where disclosure occurs, negligent or intentional failure to provide complete and accurate disclosure shall be deemed a violation of Title 24-A M.R.S.A. § 2153.

**Section 8. Effective date**

This Rule shall apply to all solicitations of life insurance which commence on or after October 1, 1980. The 1999 amendments to this Rule are effective September 16, 1999 and shall apply to all solicitations of life insurance which commence three months or more after that date.

STATUTORY AUTHORITY: 24-A M.R.S.A. Chap. 3, § 212; Chap. 3, § 2152-A.

EFFECTIVE DATE:

October 1, 1980.

EFFECTIVE DATE (ELECTRONIC CONVERSION): January 14, 1997

AMENDED:

September 16, 1999

APAO WORD VERSION CONVERSION (IF NEEDED) AND ACCESSIBILITY CHECK: July 18, 2025

**APPENDIX A**

LIFE INSURANCE BUYER’S GUIDE

The face page of the Buyer’s Guide shall read as follows:

**Life Insurance Buyer’s Guide**

This guide can show you how to save money when you shop for life insurance. It helps you to:

— Decide how much life insurance you should buy,

— Decide what kind of life insurance policy you need, and

— Compare the cost of similar life insurance policies.

*Prepared by the Maine Bureau of Insurance*

Reprinted by (Company Name)

(Month and Year of Printing)

This Guide Does Not Endorse Any Company or Policy.

The remaining text of the Buyer’s Guide shall begin on page 2 as follows:

Buying Life Insurance

When you buy life insurance, you want a policy which fits your needs without costing too much.

**First**, decide how much you need—and for how long—and what you can afford to pay.Keep in mind the major reason you buy life insurance is to cover the financial effects of unexpected or untimely death. Life insurance can also be one of many ways you plan for the future.

**Next**, learn what kinds of policies will meet your needs and pick the one that best suits you.

**Then**, choose the combination of policy premium and benefits that emphasizes protection in case of early death, or benefits in case of long life, or a combination of both.

A good life insurance producer, consultant, or company will be able and willing to help you with each of these shopping steps.

If you are going to make a good choice when you buy life insurance, you need to understand which kinds are available. If one kind does not seem to fit your needs, ask about the other kinds which are described in this guide. If you feel that you need more information than is given here, you may want to check with a life insurance producer, consultant, or company or books on life insurance in your public library.

**What About the Policy You Have Now?**

If you are thinking about dropping a life insurance policy, here are some things you should consider:

If you decide to replace your policy, don’t cancel your old policy until you have received the new one. You then have a minimum period to review your new policy and decide if it is what you wanted.

It may be costly to replace a policy. Much of what you paid in the early years of the policy you have now, paid for the company’s cost of selling and issuing the policy. You may pay this type of cost again if you buy a new policy.

Ask your tax advisor if dropping your policy could affect your income taxes.

If you are older or your health has changed, premiums for the new policy will often be higher. You will not be able to buy a new policy if you are not insurable.

You may have valuable rights and benefits in the policy you now have that are not in the new one.

If the policy you have now no longer meets your needs, you may not have to replace it. You might be able to change your policy or add to it to get the coverage or benefits you now want.

At least in the beginning, a policy may pay no benefits for some causes of death covered in the policy you have now.

In all cases, if you are thinking of buying a new policy, check with the agent or company that issued you the one you have now. When you bought your old policy, you may have seen an illustration of the benefits of your policy. Before replacing your policy, ask your agent or company for an updated illustration. Check to see how the policy has performed and what you might expect in the future, based on the amounts the company is paying now.

**How Much Do You Need?**

Here are some questions to ask yourself:

How much of the family income do I provide? If I were to die early, how would my survivors, especially my children, get by? Does anyone else depend on me financially, such as a parent, grandparent, brother or sister?

Do I have children for whom I’d like to set aside money to finish their education in the event of my death?

How will my family pay final expenses and repay debts after my death?

Do I have family members or organizations to whom I would like to leave money?

Will there be estate taxes to pay after my death?

How will inflation affect future needs?

As you figure out what you have to meet these needs, count the life insurance you have now, including any group insurance where you work or veteran’s insurance. Don’t forget Social Security and pension plan survivor’s benefits. Add other assets you have: savings, investments, real estate and personal property. Which assets would your family sell or cash in to pay expenses after your death?

**Choosing the Right Kind**

All life insurance policies agree to pay an amount of money if you die. But all policies are not the same. There are two basic kinds of life insurance.

1. Term insurance

2. Cash Value Life Insurance

**Term Insurance**

Term insurance is death protection for a “term” of one or more years. Death benefits will be paid only if you die within that term of years. Term insurance generally provides the largest immediate death protection for your premium dollar.

Some term insurance policies are “renewable” for one or more additional terms even if your health has changed. Each time you renew the policy for a new term premiums will be higher. You should check the premiums at older ages and the length of time the policy can be continued.

Some term insurance policies are also “convertible.” This means that before the end of the conversion period, you may trade the term policy for a cash value policy even if you are not in good health. Premiums for the new policy will be higher than you have been paying for the term insurance.

**Cash Value Life Insurance**

Cash Value Life Insurance is a type of insurance where the premiums charged are higher at the beginning than they would be for the same amount of term insurance. The part of the premium that is not used for the cost of insurance is invested by the company and builds up a cash value that may be used in a variety of ways. You may borrow against a policy’s cash value by taking a policy loan. If you don’t pay back the loan and the interest on it, the amount you owe will be subtracted from the benefits when you die, or from the cash value if you stop paying premiums and take out the remaining cash value. You can also use your cash value to keep insurance protection for a limited time or to buy a reduced amount without having to pay more premiums. You also can use the cash value to increase your income in retirement or to help pay for needs such as a child’s tuition without canceling the policy. However, to build up this cash value, you must pay higher premiums in the earlier years of the policy. Cash value life insurance may be one of several types; whole life, universal life and variable life are all types of cash value insurance.

**Whole life insurance** gives death protection for as long as you live. The most common type is called “straight life” or “ordinary life” insurance, for which you pay the same premiums for as long as you live. These premiums can be several times higher than you would pay initially for the same amount of term insurance. But they are smaller than the premiums you would eventually pay if you were to keep renewing a term insurance policy until your later years.

Some whole life policies let you pay premiums for a shorter period such as 20 years, or until age 65. Premiums for those policies are higher than for ordinary life insurance since the premium payments are squeezed into a shorter period.

**Universal Life** **Insurance** is a kind of flexible policy that lets you vary your premium payments. You can also adjust the face amount of your coverage. Increases may require proof that you qualify for the new death benefit. The premiums you pay (less expense charges) go into a policy account that earns interest. Charges are deducted from the account. If your yearly premium payment plus the interest your account earns is less than the charges, your account value will become lower. If it keeps dropping, eventually your coverage will end. To prevent that, you may need to start making premium payments, or increase your premium payments, or lower your death benefits. Even if there is enough in your account to pay the premiums, continuing to pay premiums yourself means that you build up more cash value.

**Variable Life Insurance** is a kind of insurance where the death benefits and cash values depend on the investment performance of one or more separate accounts, which may be invested in mutual funds or other investments allowed under the policy. Be sure to get the prospectus from the company when buying this kind of policy and study IT caREfully. You will have higher death benefits and cash value if the underlying investments do well. Your benefits and cash value will be lower or may disappear if the investments you chose didn’t do as well as you expected. You may pay an extra premium for a guaranteed death benefit.

**Finding a Good Value in Life Insurance**

After you have decided which kind of life insurance is best for you, compare similar policies from different companies to find which one is likely to give you the best value for your money. A simple comparison of the premiums is not enough. There are other things to consider. For example:

Do premiums or benefits vary from year to year?

How much do the benefits build up in the policy?

What part of the premiums or benefits is not guaranteed?

What is the effect of interest on money paid and received at different times on the policy?

Once you have decided which type of policy to buy, you should compare similar policies from several companies. Life insurance agents or companies should give you either a life insurance illustration, a cost comparison index, or both. Life insurance illustrations and cost comparison indexes are described below.

Remember that no one company offers the lowest cost at **all** ages for **all** kinds and amounts of insurance. You should also consider other factors:

How quickly does the cash value grow? Some policies have low cash values in the early years that build quickly later on. Other policies have a more level cash value build-up. A year-by-year display of values and benefits can be very helpful. (The producer or company will give you a policy summary or an illustration that will show benefits and premiums for selected years.)

Are there special policy features that particularly suit your needs?

How are nonguaranteed values calculated? For example, interest rates are important in determining policy returns. In some companies increases reflect the average interest earnings on all of that company’s policies regardless of when issued. In others, the return for policies issued in a recent year, or a group of years, reflects the interest earnings on that group of policies; in this case, amounts paid are likely to change more rapidly when interest rates change.

**Life Insurance Illustrations**

You may be thinking of buying a policy where cash values, death benefits, dividends or premiums may vary based on events or situations the company does not guarantee (such as interest rates). If so, you may get an illustration from the producer or company that helps explain how the policy works. The illustration will show how the benefits that are not guaranteed will change as interest rates and other factors change. The illustration will show you what the company guarantees. It will also show you what *could* happen in the future. Remember that nobody knows what will happen in the future. You should be ready to adjust your financial plans if the cash value doesn’t increase as quickly as shown in the illustration. You will be asked to sign a statement that says you understand that some of the numbers in the illustration are not guaranteed.

**Cost Comparison Indexes**

If you are provided cost comparison indexes, there will be two types:

**Life Insurance Surrender Cost Index**. This index is useful if you consider the level of the cash values to be of primary importance to you. It helps you compare costs if at some future point in time, such as 10 or 20 years, you were to surrender the policy and take its cash value.

**Life Insurance Net Payment Cost Index**. This index is useful if your main concern is the benefits that are to be paid at your death and if the level of cash values is of secondary importance to you. It helps you compare costs at some future point in time, such as 10 or 20 years, if you continue paying premiums on your policy and do not take its cash value.

**How Do I Use Cost Indexes?**

The most important thing to remember when using cost indexes is that a policy with a small index number is generally a better buy than a comparable policy with a larger index number. The following rules are also important:

 Cost comparisons should only be made between similar plans of life insurance. Similar plans are those which provide essentially the same basic benefits and require premium payments for approximately the same period of time. The closer policies are to being identical, the more reliable the cost comparison will be.

 Cost comparison indexes reflect only guaranteed benefits and premiums. If the policy has non-guaranteed elements such as dividends, the actual cost may turn out to be less than what the index reflects.

 Compare index numbers only for the kind of policy, for your age and for the amount you intend to buy. Since no one company offers the lowest cost for all amounts of insurance, it is important that you get the indexes for the actual policy, age and amount which you intend to buy. Just because one company’s policy is a good buy for a particular age and amount, you should not assume that all of that company’s policies are equally good buys.

 Small differences in index numbers could be offset by other policy features, or differences in the quality of service you may expect from the company or its agent. Therefore, when you find small differences in cost indexes, your choice should be based on something other than cost.

 In any event, you will need other information on which to base your purchase decision. Be sure you can afford the premiums, and that you understand its cash values, dividends and death benefits. You should also make a judgment on how well the life insurance company or agent will provide service in the future to you as a policyholder.

 These life insurance cost indexes apply to new policies and should not be used to determine whether you should drop a policy you have already owned for awhile, in favor of a new one. If such a replacement is suggested, you should ask for information from the company which issued the old policy before you take action.

**APPENDIX B**

LIFE INSURANCE SOLICITATION AND COST DISCLOSURE

PRELIMINARY STATEMENT OF POLICY COST FORMAT

This Appendix contains the form to be used by all insurers for the Preliminary Statement of Policy Costs as defined in Subsection 4(F) of the Maine Life Insurance Solicitation and Cost Disclosure Rule (hereinafter referred to as the Rule), unless an illustration subject to the requirements of Rule Chapter 910 is used or unless approval of an alternate format is granted by the Superintendent pursuant to Subsection 4(F) of the Rule.

The Bureau of Insurance expects each life insurer to provide sufficient copies of the form to its marketing force and to instruct it in use of the form consistent with the Maine Insurance Code andRules.

Each insurer is also expected to establish a procedure to see that such form is processed in a manner that enables the insurer to comply with Subsection 5(D) of the Rule.

It is contemplated that the Preliminary Statement of Policy Cost will be capable of full completion by the agent in the large majority of sales situations. The Bureau of Insurance, however, realizes that specific situations may arise when an agent’s ability, in good faith, to complete the form may be limited. In these situations the Bureau of Insurance expects a good faith effort on the part of the agent to complete the form to the fullest extent reasonably possible. Sufficient information should be noted on this form so that the applicant understands the nature of and basic reason for any incomplete answers.

It is expected that each insurer will require its agents to answer fully all questions for which the appropriate information is available or should be available to the agent.

All insurers are expected to provide sufficient data and training to their agents, so that the agents can provide 10 and 20 year surrender and net payment cost indexes as defined in Section 4 of the Rule, on a preliminary basis, given an applicant’s age, sex and size of the proposed policy applied for.

Required use of this form in no way affects the use or distribution of any other sales material by an insurer or agent.

It should be stressed that the intent of this form is to provide applicants with basic preliminary data concerning specific life insurance contracts at a point in the sales process prior to issuance or delivery of the policy. The Preliminary Statement of Policy Costs is not, however, intended to include such extensive data as is contained in the final Policy Summary. Nor is there any intent to require agents to convey information beyond their ability to know or to create excessive market distortions.

The format to be used by all insurers is as follows:

NAME OF INSURER

ADDRESS OF INSURER

PRELIMINARY STATEMENT OF POLICY COST

For \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

(Proposed Insured) (Age) (Sex)

Policy Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

IMPORTANT NOTICE

BEFORE YOU BUY ANY LIFE INSURANCE, you should:

 Decide how much life insurance you need.

 Figure out how much you can afford to pay in premium. You should not buy a policy unless you can afford the premiums and intend to stick with it. A policy which is a good buy when held for 20 years can be very costly if you quit during the early years of the policy. If you surrender such a policy during the first few years, you may get little or nothing back and much of your premium may have been used for company expenses.

 Find out what type of policy best fits your individual and family needs.

 Note that the cost of protection varies depending on when and how the policy stops, that is by death of the insured or by surrender of the policy.

 Compare costs of similar insurance policies using the index numbers shown on the back of this notice. COMPARISON SHOPPING SAVES MONEY!

 Try to determine how well the insurance company and agent will provide service to you in the future.

 READ THE BUYER’S GUIDE. It will help you to make a good purchase decision.

 READ THE REVERSE SIDE OF THIS NOTICE!

Agent: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Prepared on: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

PLAN OF INSURANCE:

If this is term insurance, it is renewable to age \_\_\_\_\_\_ and convertible to age \_\_\_\_\_\_ .

AMOUNT OF INSURANCE:

ANNUAL PREMIUM:

COST INDEXES: When comparing the cost of two or more policies:

 LOOK FOR POLICIES WITH LOW INDEX NUMBERS. Generally, they will cost less than policies with higher index numbers.

 COMPARE POLICIES OF SIMILAR PLANS AND FACE AMOUNT ONLY.

10th Year 20th Year

Net Payment Cost Index

(Cost of protection if

insured dies at end of:) \_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_

Surrender Cost Index

(Cost of protection if

the policy is surrendered

at end of:) \_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_

Dividends: This policy is: \_\_\_\_\_ guaranteed cost (does not pay dividends)

\_\_\_\_\_ participating (pays dividends)

 REMEMBER TO COMPARE THE COST INDEXES ABOVE WITH THOSE WHICH WILL APPEAR IN YOUR POLICY SUMMARY. REQUEST AN EXPLANATION OF DIFFERENCES.

By the time the Policy is delivered, you will be given a complete Policy Summary, including cost data, which will be based on the benefits and premiums of the Policy as issued. The figures shown in this Preliminary Statement of Policy Cost are based on the assumption that a proposed Policy is issued as applied for. Adjustments will be necessary if the Policy is actually issued on some other basis. You may return any life insurance policy delivered in Maine within 10 days of delivery and obtain a full refund of all premium paid.