

Life Insurance Disclosures

This guide is derived from NAIC Model Regulations, Acts, and/or Bulletins. Because states independently determine whether to adopt NAIC Models—and may do so in whole, in part, or with state-specific modifications—requirements can vary by jurisdiction. CEFLI Oversight Guides provide checklists of potential oversight elements to help support regulatory compliance. The guides and any referenced resources are not legal advice. CEFLI Member Companies should ensure their oversight programs reflect their specific product portfolios, distribution strategies, risk tolerances, internal controls and prior market conduct examination findings. Member Companies should carefully evaluate and incorporate unique state regulatory requirements, including any deviations from NAIC Models, in the states where they conduct business.

Helpful Resources

- [NAIC Market Regulation Handbook 2025, Volume 1-IV](#)
- [NAIC Life Insurance Disclosure Model Regulation \(#580\)](#)
- [NAIC Life Insurance Disclosure Model Regulation \(#580\) Adoption Chart](#)
- [Life Insurance Disclosure Provisions NAIC Summary \(LI-30\)](#)
- [Life Insurance Buyer's Guide \(NAIC Current/2018 Version\) + Prior Format of the 2018 Version](#)

Scope of the Regulation

- Includes: Life insurance.
- Excludes: annuities (individual and group), credit life, group life (except disclosures related to preneed or funeral contracts – the disclosure requirements extend to the issuance or delivery of certificates and the master policy), life insurance issue in connection with pension welfare plans subject to ERISA, and variable life insurance when the amount or duration of the insurance varies according to the investment experience of a separate account.

Duties of Insurers

- Buyer's Guide.** Deliver a Buyer's Guide to all prospective purchasers prior to accepting the applicant's initial premium or, if the policy has an unconditional refund provision of at least 10 days, no later than at policy delivery. Refer to section 5.A.(1).
- Illustration or Policy Summary.** If the policy is not marketed with an illustration, a policy summary (showing only guaranteed values) must be provided. Refer to section 5.A.(2). (**Policy Summary criteria:** It must be a separate document. No elements of the policy summary may be minimized. Amounts that remain level for two or more years may be represented by a single number if it is clearly indicated what amounts are applicable for each policy year. Amounts must be listed in total (not per unit of coverage). If there is more than one insured, separate death benefits must be shown for each insured or class of insureds. Zero amounts must be displayed as blank spaces. Delivery timing must be consistent with that of the Buyer's Guide.)
- Policy Data Requests.** If a policy owner requests policy data, provide the policy owner with an in-force illustration. (**Format:** If the policy was issued prior to the state's adoption of the life insurance illustration requirements, policy data or an inforce illustration that conforms to the state's illustration requirements, may be used. If the policy was issued after the state's adoption of illustration requirements, The same holds true for policies issued after the effective date of a state's illustration requirements or policies marketed without an illustration. For policies marketed with an illustration, an inforce illustration should be used. Unless otherwise requested, the policy data shall be provided for twenty (20) consecutive years beginning with the previous policy anniversary. The statement of policy data shall include nonguaranteed elements according to the current scale, the amount of outstanding policy loans, and the current policy loan interest rate. Policy values shown shall be based on the current



application of nonguaranteed elements in effect at the time of the request. The insurer may charge a reasonable fee for the preparation of the statement.) Refer to section 5.B.(1).

- Change in Method for Determining Nonguaranteed Elements.** If the method changes, the insurer, must no later than when the first payment is made under the new basis, advise each affected policy of the change and its impact on the policy. This does not apply to policies with death benefit that does not exceed \$5,000. Refer to section 5.B.(2).
- Material Changes to Nonguaranteed Factors.** If the insurer makes a material revision in the terms and conditions under which it will limit its right to change any nonguaranteed factor, the insurer must notify the policyowner, no later than the first policy anniversary following the revision. Refer to section 5.B.(3).

Preneed Funeral Contracts

At the time of application and prior to accepting a premium for a preneed funeral contract or prearrangement funded with life insurance, an insurer must disclose the following:

- Life Insurance.** The fact that life insurance is involved. Refer to section 6.A.
- Nature of Relationships.** The nature of the relationship between the soliciting producer, the provider of the funeral or cemetery merchandise or services, the administrator or any other person. Refer to section 6.B.
- Nature of the Life Policy to the Prearrangement.** The relationship of the life insurance policy to the funding of the prearrangement, including the existence of any guarantees relating to the prearrangement. Refer to section 6.C.
- Impact on the prearrangement.** The impact in the event of:
 - Changes in policy assignment, beneficiary designation and use of proceeds. Refer to section 6.D.(1).
 - Penalties incurred by the policyholder due to the failure to make premium payments. Refer to section 6.D.(2).
 - Penalties incurred or monies to be received as a result of cancellation or surrender of the life insurance policy. Refer to section 6.D.(3).
- Merchandise and Services Included.** A list of the merchandise and services in the prearrangement and all relevant information concerning the price of the funeral services, including an indication that the purchase price is either guaranteed at the time of purchase or determined at the time of need. Refer to section 6.E.
- Handling of Funding Differences.** Information concerning what occurs, and whether any entitlements or obligations arise, if there is a difference between the proceeds of the life insurance policy and the amount needed to fund the prearrangement. Refer to section 6.F.
- Penalties or Restrictions Related to Services.** Any penalties or restrictions, including but not limited to geographic restrictions or the inability of the provider to perform, on the delivery of merchandise, services or the prearrangement guarantee. Refer to section 6.G.
- Commission.** If applicable, the fact that a sales commission or other form of compensation is being paid and the identity of the individuals or entities to whom it is paid. Refer to section 6.G.

General Rules

- Records.** The insurer must maintain a complete file containing each document authorized and used by the insurer pursuant to this regulation, for a period of three (3) years following the date of its last authorized use. Refer to section 7.A.



- Producer/Insurer Disclosure.** Prior to commencing a life insurance sales presentation, the producer must inform the applicant that he or she is acting as a life insurance producer and the full name of the insurance company the producer represents. If an agent is not involved, the insurer shall identify its full name. Refer to section 7.B.
- Prohibited Terms.** An insurance producer shall not use terms such as “financial planner,” “investment advisor,” “financial consultant” or “financial counseling” in a way that implies he or she is primarily engaged in an advisory business with compensation is unrelated to sales unless that is the case. Fees for services that are customarily associated with the solicitation, negotiation or servicing of policies are prohibited. Refer to section 7.C.
- Nonguaranteed Elements.** Any reference to nonguaranteed elements shall include a statement that the item is not guaranteed and is based on the company’s current scale of nonguaranteed elements. If a nonguaranteed element would be reduced by the existence of a policy loan, a statement to that effect shall be included. State illustration regulations apply. Refer to section 7.D.