

Purchasing Your First Life Insurance Policy



Life insurance, at its simplest, is a risk management strategy, similar to car insurance or homeowner's insurance. But while nobody thinks twice about their need to purchase home or car insurance – in most states it is mandatory – when it comes to life insurance, people are a little more hesitant to take the plunge.

Life insurance protects the people you love the most from the financial challenges that your death and the resulting loss of your income could bring. If someone else relies on you for financial support, like your spouse, children, or an aging parent, you need to make sure that you have life insurance coverage.

Life insurance provides your beneficiaries with a death benefit in exchange for premiums that are paid while you are alive. The death benefit can be used after your passing to settle your debts, pay for your final expenses, or set your loved ones up for success by providing extra income or funds to pay for higher education.

Even if you are protected by Servicemember's Group Life Insurance (SGLI) or Family SGLI, you may need additional coverage. SGLI provides up to \$400,000 and FSGLI provides up to \$100,000 (and \$10,000 for each child) but depending on the size of your family and your living expenses, it may not be enough – especially if only one person is employed outside the home. As an example, consider a mortgage. The average home in the U.S. costs [\\$272,000](#). If you pass away, will your spouse have the resources to continue paying the mortgage *and* support the family without your income? Add in education, childcare, debt, and the costs of daily living, and \$400,000 all of a sudden doesn't seem like much.

Read more: [Why You Need Life Insurance Beyond SGLI](#)

Once you have determined that you need more life insurance coverage – or, *any* life insurance coverage, you have already done the hard part. Only a few more steps to go:



- First, determine the amount of coverage you want.
- Second, determine what type of coverage you want.
- Third, apply for coverage.
- Fourth, enter underwriting and undergo a medical exam (if required).
- Fifth, store your policy documents and enjoy the peace of mind that comes with securing protection for your beneficiaries.

Determine the amount of coverage you want.

The amount of coverage that is right for your needs depends on what your intentions are for the death benefit. What type of income you want to provide for your beneficiaries? What are your goals? Do you want to ensure that your spouse can pay off your home or pay for your children to go to college? Or are you more concerned with making sure that your family has the money to cover your final expenses? Consider also the financial resources your loved ones will have access to after you are gone. Will they get an SGLI or VGLI payout that you need to supplement? Does your spouse work outside of the home?

Use our [Life Insurance Calculator](#) for an estimate of the coverage that is right for you.

Note: Survivors of servicemembers may be entitled to monthly survivor benefits through [Dependency and Indemnity Compensation](#), the [Survivor Benefit Plan](#), or Social Security. You can estimate this amount using our [Survivor Entitlements and Benefits at a Glance Calculator](#).

Determine what type of coverage you want.

There are two types of life insurance: term and permanent.

Term insurance provides coverage for a defined length of time (called a “term”) and will only pay out a death benefit if the insured was to pass away during that term.

Permanent insurance provides coverage for the insured’s entire life, guaranteeing a death benefit 100% of the time – no matter when the insured passes away – so long as premiums are paid and the policy has not lapsed. Permanent insurance is typically more expensive than term insurance, but usually has a savings vehicle built into the policy as well. Some permanent insurance policies may offer other features, such as long-term care benefits.

Generally speaking, there are two situations when term insurance coverage may be more appropriate.

1. You have a temporary insurance need for a specific period of time (e.g., during child-rearing years or for the length of a mortgage).
2. You see a need for lifelong coverage but cannot yet afford the premiums required to support permanent insurance coverage.

In the first case, you purchase a term policy for the duration of time you wish to provide protection for your family. In the second case, you could maintain a term policy that fits your budget until your financial situation allowed you to convert the coverage into a permanent insurance policy.

Read more: [Choosing the Right Life Insurance Policy for Your Needs](#)

Apply for coverage.



An application for life insurance can be completed while on the phone with a sales representative, online, or on paper. You will be asked for standard information, like your name, birthday, contact information, and Social Security number.

Then, you will be required to furnish various pieces of information about the proposed insured (whether it's yourself or someone else), including height and weight, history of alcohol and nicotine use, and medical history. Specifically, life insurance companies want to know if an individual has been diagnosed with any condition that could impact their life expectancy. They will also ask about prescription medications and obtain a HIPAA release so that the company can review the insured's medical history.

Life insurance companies will also ask for information about the proposed insured's habits. Are they a frequent flyer? Do they have any moving violations or past motor vehicle accidents? Are they a risk-taker when it comes to hobbies like scuba diving or sky diving?

Note: Navy Mutual's policies feature no military service restrictions. There are no war, aviation, terrorism, or travel clauses for those on active duty.

You will also specify the type and amount of coverage you want, how you wish to make premium payments, and whom you want to be your beneficiaries.

Enter underwriting and undergo a medical exam (if required).

If the policy for which you applied requires the prospective insured to undergo a medical exam, the next steps are simple. The life insurance company will order an exam and the exam provider will call to schedule the appointment. Generally, the examiner will come to you (or the proposed insured, if not yourself), and will provide any necessary details about how to prepare for the appointment.

The results of the exam will be sent to the life insurance company and the application will go through a process called underwriting. Using the information from your application, the results of the medical exam, and any medical records deemed necessary, underwriters will determine your risk rating and offer pricing which reflects that decision. Underwriters are the ones who ultimately determine whether or not to offer coverage.

Enjoy the peace of mind that comes with active coverage.

Once you receive an approved offer of coverage, you may have policy documents to sign. Enjoy the peace of mind that comes with knowing your family will be protected even after you are gone.

Store your copy of the policy documents in a safe place, and make sure that your beneficiaries know that 1) they are named as beneficiaries in the policy, and 2) where to find policy documents in the event of your passing. If there are any changes to your family situation in the future (e.g., divorce, remarriage, birth of a child, etc.), make sure to update your beneficiaries accordingly.

Tip: Navy Mutual Members have access to the Navy Mutual vault, where we securely store important documents on their behalf.

If you are interested in learning more about life insurance and want to know which product best fits your needs, call **800-628-6011** or [schedule an appointment](#) with a representative. We're here to help.