

# INSURANCE LINGO

• Your Quick Reference Guide •



## Policy owner (or policyholder)

The person who owns an insurance contract (policy). We hope that's you!

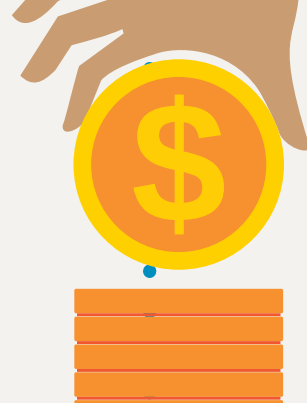
## Life Insured

The individual whose life is insured. This could be you, but it doesn't have to be.



## Policy (also called the insurance contract)

The legal agreement between you and the insurance company that sets out the terms of the insurance you buy. It includes the application, the policy itself and any amendments.



## Premium

The amount of money you pay to buy insurance. You can pay premiums monthly, quarterly or annually.

**Tip: Premiums are usually higher if you decide to pay monthly or quarterly.**



## Death Benefit (also called the proceeds)

The amount of money payable by the insurance company to the individual that you have designated to receive the insurance money (beneficiary) in the event of the life insured's death.

## Beneficiary

The person who will receive the proceeds payable under your insurance policy. You can name the beneficiary, which could be your spouse, partner, child, relative, or perhaps a favourite charity.

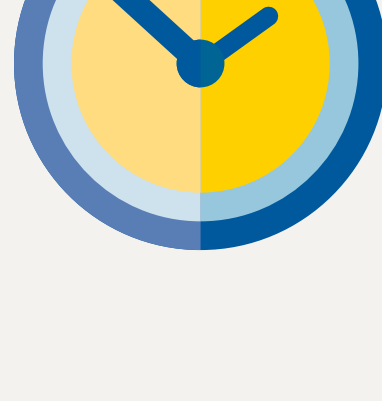


## Primary and Contingent Beneficiaries

The primary beneficiary is the person who is first in line to receive the proceeds payable under your life insurance coverage when the life insured dies. The contingent beneficiary is your alternate choice or second in line to receive the proceeds if your primary beneficiary dies before the life insured.

## Term Life Insurance

A type of life insurance that provides coverage for a specific period of time, or "term", with generally the term being a fixed number of years (eg. 10 or 20 years) or to a set age (eg. age 75). If the life insured dies during the term of the coverage, the beneficiary will receive the death benefit. If the life insured does not die during the term of the coverage, no one gets the death benefit and the insurance coverage ends.



**Tip: Can be an affordable type of life insurance for short-term needs and great for covering specific types of financial responsibilities such as a mortgage or post-secondary education.**



## Renewable Term Insurance

A type of term life insurance that may be renewed at the end of each term for another term, without evidence that the life insured is still insurable. However, each time the insurance renews, the premium increases based on the age of the life insured.

## Permanent Life Insurance

A type of life insurance that can provide coverage for the entire life of the person insured as long as you continue to pay the premiums. Several types of permanent insurance exist such as whole life, universal life and variable life. Permanent insurance can also have a "cash value".



**Tip: The payments for permanent life insurance are usually guaranteed not to change for the length of the coverage; and permanent life insurance can last as long as the life insured does!**



## Cash Value

The cash amount that builds up in some permanent life insurance policies. You can take a loan against the cash value of the policy or, if you cancel your policy, you receive the cash value, minus any loans or outstanding premiums.



**Tip: The cash value may or may not be guaranteed depending on the plan. Also, before withdrawing any or all of the available cash value, ask if there are any tax implications.**

## Riders

Coverages or benefits that can be added to your policy at any time to tailor it to your specific needs, usually for an additional premium.

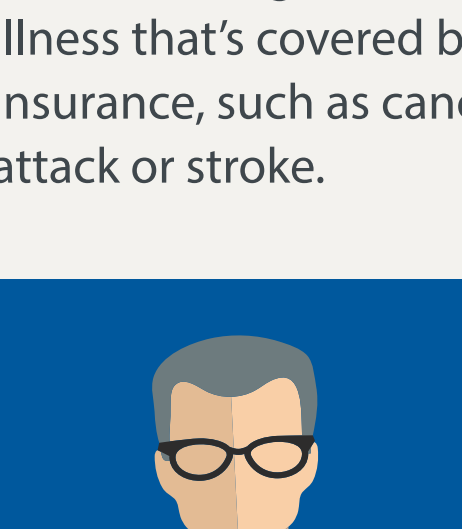


**Tip: Remember to review your insurance needs regularly because your personal circumstances change over time, so may your insurance needs.**

## Critical Illness Insurance

A type of insurance that pays you a lump sum in the event that the life insured is diagnosed with a serious illness that's covered by your insurance, such as cancer, heart attack or stroke.

**Tip: The exact illnesses covered by your critical illness plan are listed in the policy. Be sure to check!**



## Underwriting

The process an insurance company goes through to decide whether or not to insure someone. It includes reviewing the life insurance application and any additional information to see whether the life insured is eligible for insurance coverage. Many factors are considered such as age and past medical history.

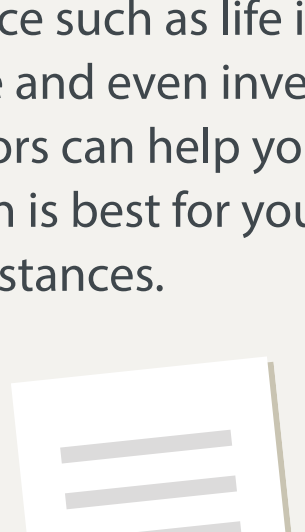
**Tip: Getting healthier can mean savings! Quit smoking, eat healthier and exercise regularly. Also – apply early! Age is one of the largest determining factors for life insurance premiums.**



## Advisor (also called a Broker or Agent)

An individual who is licensed to sell different types of insurance such as life insurance, group insurance and even investment products. Advisors can help you decide which insurance option is best for you given your personal circumstances.

**Tip: There are different levels of credentials and licensing for advisors, you should ask your advisor what products they are licensed to sell!**



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