



Life Terms

Owner- Person who owns the Policy

Insured- The person, group, or property for which an insurance policy is issued.

Beneficiary- An individual, institution, trustee, or estate which receives, or may become eligible to receive, benefits under a will, insurance policy, retirement plan, annuity, trust, or other contract.

Contingent Beneficiary- An individual who is entitled to receive the benefits of an insurance policy if the primary beneficiary dies.

Trust- A legal arrangement in which an individual (trustor) gives fiduciary control of property to a person or institution (the trustee) for the benefit of beneficiaries.

Trustee- An individual or organization that holds or manages and invests assets for the benefit of another. The trustee is legally obliged to make all trust-related decisions with the trustee's interests in mind, and may be liable for damages in the event of not doing so.

Trustor- Individual who sets up a trust. Also called grantor.

Fiduciary- An individual, corporation or association holding assets for another party, often with the legal authority and duty to make decisions regarding financial matters on behalf of the other party.

Cash Surrender Value- the amount available in cash upon cancellation of an insurance policy, usually a whole life policy, before it becomes payable upon death or maturity. Also called cash value or surrender value.

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Conversion Privilege- an insurance policy in which the insurer is required to renew the policy for a specified amount of time regardless of changes to the health of the insured. The agreement requires that premiums are paid on time and that the insurer makes no changes except if a premium change is made for an entire class of policyholders. Also called guaranteed renewable or convertible term insurance or guaranteed insurability.

Accelerated Benefits- In some life insurance policies, benefits available before death, in such events as long-term, catastrophic or terminal illness.

Accidental Death Benefit- A life insurance policy provision that calls for an additional payment, usually equal to the face amount of the insurance, in the event of accidental death.

Cost of Living Rider- An option that permits an insurance policy holder to purchase increasing term insurance coverage, to keep up with expected increases in the cost of living.

Death Benefit- The payment made to a beneficiary from an annuity or policy when the policyholder dies. Also called survivor benefit.

Decreasing Term Life- Life insurance for which premiums are fixed but the benefit decreases each year.

Mortality Tables- Actuarial tables used in the insurance industry to predict the life expectancy and the death rates for various types of people.

Policy Loan- a loan made by an insurance company to a policyholder on the security of the cash value of the policy.

Face amount-The amount stated on an insurance policy, to be paid upon death or maturity.

Reinstate- Restore a past-due loan to a current status.

Lapse- The person, group, or property for which an insurance policy is issued.

Level Term Insurance - Life insurance policy whose face value does not change but whose premiums gradually rise over time.

Second to die - A form of insurance, which pays a death benefit only upon the death of the last surviving insured person. Often used by a married couple in estate planning. Also called dual life insurance or survivorship insurance.

Single Premium Life- Whole life insurance requiring one initial lump sum payment.

Term Life Insurance- a life insurance policy that provides a stated benefit upon the holder's death, provided that the death occurs within a certain specified time period.

Universal Life Insurance - Life insurance, which combines the low-cost protection of term insurance with a savings component that is invested in a tax-deferred account, the cash value of which may be available for a loan to the policyholder. Universal life was created to provide more flexibility than whole life by allowing the holder to shift money between the insurance and savings components of the policy.

Whole Life Insurance- Life insurance, which provides coverage for an individual's whole life, rather than a specified term. A savings component, called cash value or loan value builds over time and can be used for wealth accumulation. Whole life is the most basic form of cash value life insurance.

Guaranteed Issue Life Insurance - provides coverage that is guaranteed to be issued, regardless of your health condition. No medical questions or exams are required. Since no underwriting is done, death benefits are usually graded, or otherwise limited, during the first few policy years and the maximum death benefits available are usually low.

Simplified Issue Life Insurance - provides coverage that is underwritten from a simple application, consisting of just a few health questions. Usually, medical exams are not required. Death benefits are not graded or otherwise limited. Due to the limited underwriting, the maximum death benefits available are usually low.