

## Types of Life Policies

**Perm Policies - Age 100 (Matures or Endows) (Cash Value = Face Amount)**  
 Cash Value (Non-Forefeiture Value) (Living Benefits) 3 years to build  
 Guar Min Int Rate (3% - 4%)

### Whole

Fixed Premium

### **Straight**

Premiums spread out to age 100  
 3 years C.V.

### **Limited Pay**

20 Pay  
 Paid Up at 65  
 Still Endows at Age 100

### **Single Premium**

1 Payment  
 Immediate C.V.

### Adjustable

Adjusted  
 Premium  
 Prem Pay Period  
 Period Protection  
 Face Amount  
  
 Fluctuating Income

### U.L.

Flexible Premium  
**Min - cover cost of ins**  
 keep in force for 1 year

### **Target**

Keep in force until mature  
 Builds C.V.

### **2 Components**

Ins - A.R.Term  
 Cash Account

### **2 Death Benefit Options**

Option A - Level  
 \$100k - DB - Pays out  
 \$20k - C.V. - Keep  
 Option B - Increasing  
 \$100k - DB - Pays out  
 \$20k - C.V. - Pays out

### **Equity Indexed**

Tied to S&P 500  
 Life License Only

### **Variable**

Securities License  
 FINRA (NASD) - Registered with  
 SEC - Oversight  
 Underlying Investment  
 Bonds ~ Stocks ~ R.E.  
 Separate Account  
 No Guarantees of Return  
 Hedge Against Inflation

## Term - temp protection (10/20/30)

Pure death protection

### Level - DEATH BENEFIT

Stays the same throughout the Term

### Increasing - DEATH BENEFIT

**R.O.P** - both D.B. and premiums paid out during term

### Decreasing - DEATH BENEFIT

Credit Life  
Bank, Loan

**A.R.T.** - Attained Age policy

## Riders

**Waiver Premium** - Insured - 6 mo Premiums waived and reimbursed premiums paid during waiting period

**Guaranteed Insurability** - Add more coverage at future date without proof of insurability

**Payor Benefit** - W.P. when 3rd Party ownership

**A.D.** - 2x or 3x face amount - 90 days of accident

**A.D&D** - Principle Sum - Death or Dbl Dism, Capital Sum - 1 Limb or Blind

**Term Rider** - added to Perm policy - add additional protection at lesser cost

**Other Insured** - add spouse or newborn - term coverage

**L.T.C.** - added to Perm policy - take from C.V.

**R.O.P.** - Increasing Term

## Provisions

**Entire Contract** - App, Policy, Riders, Amends - prevents Insurer from adding outside documents at later date

**Insuring Clause** - Heart of Policy - States Insurers promise to pay benefits

**Free Look** - 10 days (30 days for Med Supp and LTC) - Grubby little hands!

**Consideration** - Something of value

**Insured** - answers on app, **Insurer** - promising to pay benefits

**Grace Period** - 30 days, prevents policy from lapsing

**Auto Premium Loan** - prevents unintentional lapse of perm policy

**Reinstatement** - prove ins, pay back premiums, up to 3 years

**Beneficiary**

**Revocable** - owner can make changes

**Irrevocable** - owner has given up some of their rights

**Common Disaster Provision** - assumes Primary died 1st in common disaster

preserves wishes of insured - protects Contingent

**Mode** - frequency of payment - Annual least expensive

**Incontestability** - 2 years, can't deny claim after that

**Assignment** - Transfer owners rights

**Absolute** - transfers all rights to another person

**Collateral**- partial transfer for a period of time (bank, loan)

**Suicide** - excluded 1st two years (premium only returned)

**Mis-Statement of Age** - allows Insurer to adjust benefits

## Policy Options

### Non-Forfeiture

Perm Policies  
Cash Value

#### **Cash Surrender**

Surrender policy  
Send me my money

#### **Extended Term**

Term policy  
Same Face Amount  
Highest amount of protection

#### **Reduced Paid Up**

Perm policy  
Reduced face amount  
Longest period of protection

### Dividend

Participating Policies  
Mutual Companies  
Policyholders  
Dividends  
Not Guaranteed  
Not Taxable  
Return of premium

**Cash** - send me my money

#### **Accumulation at Interest**

Div not taxable  
Int always taxable

#### **Paid Up Additions**

"Add To" - D.B.  
\$200 - \$1,000 paid up ins

#### **One Year Term**

\$200 - \$5,000 for 1 year

#### **Reduce Premium Payments**

Reduces next year annual  
premium

### Settlement

Death Benefit

**Lum Sum** - tax free

**Fixed Period** - "I Choose Period", "They Choose Amt"

**Fixed Amount** - "I Choose Amt", "They Choose Period"

**Life Income** - Annuity Options

**Interest Only** - temp option , conserves principle

# Types of Health Policies

## Basic Medical Policies

### Hospital Indemnity Policy

1st \$\$ Coverage - No deductible  
Specific \$\$ - \$200/day - room/board  
Limited number of days

### Surgical Expense

Surgical Schedule - each procedure listed  
Relative Value Approach - points assigned to each procedure  
Conversion Factor - represents total amount payable per point

## Major Medical

1 policy covering everything  
**Deductibles** - amount paid before any cost sharing with Insurer  
**Co-Insurance** - % of cost sharing  
**Stop Loss** - out of pocket max  
**Unlimited coverage**  
**Dependent child age limit 26**

## HMO - Health Maintenance Organization

Preventive Care  
Managed Care Plan  
Limited choice of providers  
Insured = Subscriber  
Co-Payment - set \$\$ amount  
Primary Care Physician - GateKeeper  
keeps down cost  
Capitated Basis - set fee per member  
Benefits = Services  
Geo-Areas  
In-Patient Hosp/Emerg - In/Out area

**PPO - Preferred Provider Organization**

Fee for Service - gets paid every time  
Any Dr. on list at anytime  
Deductibles  
Co-Ins - % cost sharing  
Open Panel - Dr. can treat anyone and is not an employee  
Closed Panel - Dr. treat only members of network and is employee

**POS - Point of Service**

Combo of HMO and PPO

**HMO**

Dr. paid on a Capitated Basis  
Member picks PCP

**PPO**

Member can see any Dr. on list

**Outside Network**

1. Pay more
2. Dr. paid fee for service

**LTC Policies**

30 day Free Look  
Guaranteed Renewable  
12 month benefit period  
cannot: rider to health policy  
Specific \$\$ - \$200/day  
benefits tax free -  
unless exceed daily cost of care

**Conversion**

31 days  
w/o proof ins  
individual plan  
  
evaluate  
pre-existing  
1. rated up  
2. lesser benefits than group

**COBRA**

employers 20 or more empl  
Group coverage  
60 days  
18 mo  
36 mo -death, divorce, legal sep  
2% admin cost

**HIPAA**

Group - 2 or more  
Pre-existing - 6 mo  
12 mo - wait  
18 mo - late enrollee  
Lessened - no gap >63 days  
  
Individual  
18 mo coverage  
Apply 63 days  
Guar Issue

## Provisions for Health

**Entire Contract** - App, Policy, Riders, Amends - prevents Insurer from adding outside documents at later date

**Insuring Clause** - Heart of Policy - States Insurers promise to pay benefits

**Free Look** - 10 days (30 days for Med Supp and LTC) - Grubby little hands!

**Consideration** - Something of value

**Insured** - answers on app, **Insurer** - promising to pay benefits

**Grace Period** - weekly - 7 monthly - 10 all other modes - 31

**Reinstatement** - prove ins, pay back premiums, up to 3 years, 10 day probationary period illness not covered

**Notice of Claim** - 20 days

**Claim Forms** - 15 days

**Proof of Loss** - 90 days

**Time of Payment of Claims** - The When

**Payment of Claims** - The Who

**Physical Exam and Autopsy** - at insurers own expense

**Legal Action** - wait 60 days, no later than 3 years

**Beneficiary**

**Revocable** - owner can make changes

**Irrevocable** - owner has given up some of their rights

**Mode** - frequency of payment - Annual least expensive

**Time Limit on Certain Defenses** - Incontestable clause - deny claim as long as policy in force for fraudulent statements

**Mis-Statement of Age** - allows Insurer to adjust benefits

**Continuation Provisions**

**Non-Cancellable** - can't cancel and can't raise rates

**Guaranteed Renewable** - up to a certain age (65), raise rates on class basis only

**Conditionally Renewable** - written in the contract

**Optionally Renewable** - any reason, only on policy anniversary date

**Cancellable** - any reason, any time. Honor claims and return unearned premium

**Term** - not renewable

## Social Insurance

### Medicare

Federal, 65 and older or anyone of S.S. Dis 2 years or ESRD

#### Part A - Free

Deductible

**Hospital** - 90 days

1-89 Daily co-pays

**Skilled Nursing** - 100 days

1st 20 days - 100% by Medicare

21-99 daily co-pays

Hosp - 3 days before entering facility

#### Part B

Medical Ins

Lab -Xray - Doctor

**Outpatient Hosp**

Optional

Premium

Deductible

20% co-ins - no stop loss

#### Part C

Medicare Advantage

HMOs and PPOs

Part A & B A+B=C

No claim forms

#### Part D

Drugs

Donut Hole

Optional

Part A A=D

#### Med Supps

Medi Gap Plans

Sold by Insurers(at least Plan A)

Only enrolled in A

pre-existing conditions

could be declined

Enrolled in A & B

6 mo open enroll

pre-existing conditions

guaranteed issue

Insurer put 6 mo wait for

pre-existing

after 6 mo -have to cover

Plans A-N

A- core/basic benefits(also found  
in all the other plans)

Plan A does not cover...

Part A deductible

**Mutual Insurers**

**Participating**

**Policyholders**

**Dividends**

**Not Guaranteed**

**Not Taxable**

**Stock Insurers**

**Non-Participating**

**Stockholders**

**Dividends**

**Not Guaranteed**

**Taxable**