

## A Helpful Glossary of Common Policy Types and Terms



**Beneficiary:** The person or party named by the owner of a life insurance policy to receive the policy benefit.



**Cash value:** The savings element of a permanent life insurance policy that represents the policy owner's interest in the policy.



**Contingent beneficiary:** The party designated to receive proceeds of a life insurance policy following the insured's death if the primary beneficiary predeceased the insured.



**Convertible term insurance policy:** A term life insurance policy that gives the policy owner the right to convert the policy to a permanent plan of insurance.



**Dividend:** : A return of part of the premium.



**Irrevocable beneficiary:** A life insurance policy beneficiary who has a vested interest in the policy proceeds even during the insured's lifetime because the policy owner has the right to change the beneficiary designation only after obtaining the beneficiary's consent.



**Insurable interest:** The interest an insurance policy owner has in the risk that is insured. The owner of a life insurance policy has an insurable interest in the insured when the policy owner is likely to benefit if the insured continues to live and is likely to suffer some loss or detriment if the insured dies.



**Original age conversion:** A conversion of a term life insurance policy to a permanent plan of insurance at a premium rate, based on the insured's age when the original term policy was purchased.



**Permanent life insurance:** A life insurance policy which provides a stated benefit upon the holder's death, provided that the death occurs within a certain specified time period. Policy does not build up a cash value.



**Policy anniversary:** Amount paid to the insurance company to buy a policy and keep it in force.



**Renewable term life insurance:** A term life insurance policy that can be renewed at the end of the policy term.



**Term life insurance:** The savings element of a permanent life insurance policy that represents the policy owner's interest in the policy.



**Premiums:** Amount paid to the insurance company to buy a policy and keep it in force.



**Universal life insurance:** A type of flexible permanent life insurance offering both term life insurance as well as a savings element, which is invested to provide a cash value buildup. Elements can be reviewed and altered as a policyholder's circumstances change.

**Contact us for more information on Life Insurance.**