**Terms:**

**1. Term:**

 a. Length of time a policy is in effect

 b. Specific details of a policy

 c. Type of life insurance

**2. Premium –** amount you pay each month, quarter, semi-annually or annually for insurance.

3. **Deductible:** Amount you pay before insurance pays.

 a. With automobile insurance, you typically select the deductible you want which reduces the premium.

 b. With health insurance, often the deductible is set by the insurance company (although you may have options to lower your premium with higher deductibles).

 c. Life insurance does not come with a deductible.

4. **Co-Pay**: a fixed amount you pay whenever you use a particular type of healthcare service

5. **Co-Insurance**: you pay a percentage of the cost of a healthcare service. Your health insurance company pays the rest of the cost. Common co-insurance is 80/20 (You pay 20%) and sometimes 70/30

6. **Stop-loss:** Stop-loss is reached when an insured individual has paid the deductible and reached the out-of-pocket maximum amount of co-insurance.

**What is the purpose of insurance?** To transfer the possibility of loss or risk from yourself.

**Health Insurance:**

-**Medicare** – For people over 65 that qualify for Social Security

-**Medicaid** – For low income families – low co-pay – qualify for this Welfare department

-**Blue Chip – Healthy Montana Kids –** Low to Moderate income to cover kids – qualify for

**Life Insurance:**

**Beneficiary –** Person who gets your money if you die

**Term Insurance** – for a specified term, for a specified period

 **Renewable Term** – can renew at the end of the term

 **Multiyear level term** – premium will not change

 **Conversion term** – can covert

 **Decreasing term** – decreases in coverage over time

**WHOLE LIFE – permanent policy**

 **Cash value** – accumulated savings that you can borrow

 Premium generally stays the same

Types of policies:

 Limited payment policies – Premium may fluctuate; eventually you pay in full and you have no more premiums to pay but are still covered

 Variable life policy-premium stays the same; part of the premium is invested in stocks and bonds so cash value can vary. Death benefit will increase if the investments do well.

 Adjustable Life policy – allows you to change coverage as your needs change – include premium and the period of coverage

 Universal Life – Term insurance with a cash value

Other types:

 Group Life Insurance: Offered to large groups of people usually through a bank or credit card company – more expensive usually than regular term insurance

 Credit Life: It is insurance to pay off your debt if you die.

 Endowment Life Insurance: Pays if you are still alive at the end of the period.

Incontestability clause – after 2 years you or the insurance company can’t cancel the insurance

Suicide clause – they will not pay

War clause – they will not pay

Accidental Death benefit rider – double the death benefit if you killed in an accident

Disability waiver – if you become disabled you don’t have to pay the premiums any more

Guaranteed insurability – guarantee can buy more insurance without going through a medical exam

**Homeowners**

Covers possessions, structures and liability

 **Replacement Cost** – Pays the dollar amount needed to replace the structure or damaged personal property without deducting for depreciation but limited by the policy's maximum dollar amount.

 **Actual Cash Value** - The value of your property, based on the current cost to replace it minus depreciation

**Renters:** A form of insurance that covers a policyholder's belongings against perils. It also provides personal liability coverage and additional living expenses. Possessions can be covered for their replacement cost or the actual cash value, which includes depreciation.