

# Life and Health Insurance Shopping Guide

Step-By-Step Approach to Buying Insurance

Section: **Glossary**

# Glossary

## **Accidental Dismemberment**

This benefit provides for the payment of a lump sum in the event of accidental dismemberment.

## **Accidental Fracture**

This benefit provides for the payment of a lump sum in the event of a fracture.

## **Beneficiary**

Individual other than the policyholder designated to receive benefits under an insurance contract.

## **Cash Surrender Value**

The amount available when a life insurance policyowner surrenders a policy before maturity or the death of the person insured. The surrender value is only recoverable with certain types of life insurance.

## **Family History**

Information on an applicant's family background, including age and health of parents and siblings as well as their ages at death and causes of death, if applicable.

## **First-to-Die Insurance**

A policy taken out by two or more persons where insurance is paid only upon the first death of any of the insureds.

## **Insurability**

Determination by the insurance company as to the eligibility of an individual to be insured. Insurability is based on a report made to the insurer, which enables the insurer to evaluate the risk associated with insuring the proposed insured. This report mainly covers the proposed insured's age, gender, health, possible hereditary illnesses, and lifestyle.

## **Irrevocable Beneficiary**

Individual designated as beneficiary of an insurance contract who can not be removed from the contract without his/her consent.

## **Joint Insurance**

Life insurance that covers more than one insured.

## **Last-to-Die Insurance**

Similar to first-to-die insurance, this is a policy taken out by two or more persons where the benefit is paid upon the death of the last surviving insured.

## **Level Premium**

A premium that remains fixed for the duration of the contract. Also known as a fixed premium.

## **Medical History**

List of any illnesses or medical conditions suffered by the applicant or other family members.

### **Mixed Insurance**

Life insurance the capital of which is payable to the insured if still alive on the date the contract expires, or to his/her beneficiary in the event of his/her death before this date.

### **Nonparticipating Policy**

Policy under which the policyholder does not receive a share of the company's profits.

### **Paid-up Policy**

Policy on which premiums are no longer payable, but for which the full amount of benefits will be paid upon maturity.

### **Participating Policy**

A policy under which the policyholder is eligible to receive a share of the company's profits.

## **Representative**

### **Representatives (Quebec)**

In Quebec, the professional designations that representatives are authorized to use are regulated by the Act Respecting the distribution of financial products and services.

- **Financial Security Advisor**

A financial security advisor is a representative in insurance of persons who offers individual insurance products directly to the public.

- **Advisor in Group Insurance and Annuity Plans**

An advisor in group insurance and annuity plans is a group insurance representative who offers the group insurance of persons or group annuity products of one or more insurers.

- **Group Savings Plan Representative**

A group savings plan representative offers shares or units in mutual funds.

- **Securities Representative**

Securities representatives include group savings plan representatives, investment contract representatives and scholarship plan representatives who act on behalf of a person registered as a full service broker or discount broker, as defined by the Securities Act. The securities representative acts on behalf of a single firm.

- **Securities Dealer or Advisor**

Any person acting as a securities dealer or advisor must be registered as a dealer with an unrestricted practice. If they do not intend to offer portfolio management services, they must apply for registration as a dealer with a restricted practice.

- **Discount Broker**

A discount broker is a person who acts as an intermediary in securities trading without offering advice on the sale or purchase of securities.

Note: For information specific to each province, visit CSA, the Canadian Securities Administrators.

- **Financial Planner**

A financial planner specializes in financial planning. In Quebec, only individuals certified by the Institut québécois des planificateurs financiers (IQPF) are authorized to engage in financial planning activities.

**Representatives** (outside Quebec only)

Not all professional designations used by representatives or advisors working in the area of finance outside Québec are subject to regulation. For more information, visit Advocis: Canada's largest membership association of professional financial advisors.

**Revocable Beneficiary**

Individual designated as beneficiary of an insurance contract who can be removed without his/her consent.

**Term Life Insurance**

Life insurance that provides coverage over a specific period of time.

**Term Premium**

Premium payable for a set period only.

**Universal Life Insurance**

Type of life insurance that offers a savings component in addition to an insurance component. Savings are made through the investment of surplus premiums and yields a return to the policyholder.

**Variable Premium**

A premium which is not fixed and which may vary over the duration of the insurance contract.

**Whole Life Insurance**

Life insurance that provides coverage for the entire life of the insured party at a uniform rate, which does not rise with the insured party's age.

**Whole Life Premium**

Premium payable for as long as the insured person lives.