

Life and Health Insurance Shopping Guide

Step-By-Step Approach to Buying Insurance

Section : **What you should know about Term Life Insurance**

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Introduction

Shopping for individual life and health insurance, but don't know where to start?

We've put together the main information you'll need to know and laid out the steps involved to help you with this important task.

Step 1: First, you have to **Analyze your Situation**

Step 2: You should learn more about the **different insurance companies, the services they offer and the products they distribute.**

To do this, refer to **I'm Shopping Around for Insurance** to see what to keep in mind when comparing products.

Desjardins Financial Security also invites you to take a look at **the main features** of the various types of insurance products available on the market. This will help you think of questions to ask insurance representatives and will guide you in the process ahead.

Step 3: You must **prepare for your Meeting With a Representative.**

So you've decided to meet with a representative and are wondering :

- What **questions should I ask myself before** the meeting?
- What should I do to **prepare myself** for the encounter?
- What **questions should I ask the representative?** What should I **expect?**

To learn more, refer to the sections:

- I Need to Analyze my Situation & I'm Shopping Around for Insurance

Term Life Insurance

Term life is the most common type of life insurance on the market.

Generally inexpensive, at least in the beginning, term life insurance meets specific temporary or short-term needs. It's therefore important that the product you choose be the right one for your situation.

What you should know about term life insurance

- How term life is sold
- Coverage
- Insuring other people
- Premiums
- Special features and optional benefits
- When should you consider taking out term life insurance?

How term life is sold

Term life is sold on its own or combined with other kinds of life and health insurance coverage.

It's also possible to get term life coverage through a universal life product and thereby enjoy more advantages and flexibility. To learn more about universal life, consult the section **What you should know about universal life insurance**.

If you would like to learn more about the term life insurance offered by Desjardins Financial Security, don't hesitate to contact **your financial security advisor or life insurance representative**. If you do not have one, call 1-866-838-7553.

Coverage

Age and coverage limits

The limits vary from product to product and from company to company and apply to:

- the amount of insurance coverage you can purchase, and
- the age of the insured. (Insurers use two main ways to determine age: some use the age of the insured on their last birthday and others use their age on their closest birthday.)

Term

The term is the duration of the temporary insurance coverage. The terms most frequently offered on the market are 1, 5, 10, 20 and 100 years.

Renewable

Renewable means you can renew your insurance coverage at the end of each term for another one. This can be repeated up to a certain age, at which time the coverage will cease. You should check:

- whether you have the right to renew and, if so,
- whether you can renew without having to provide evidence of insurability, and
- the age up to which coverage can be renewed.

Convertible

Convertible means you have the right to convert the term life coverage into permanent coverage that will cover you for as long as you live without having to provide evidence of insurability. You should therefore check:

- whether you have the right to convert and, if so, up to what age, and
- whether permanent coverage premiums are preset and guaranteed for life.

Insuring other people

Perhaps you want other people, such as your spouse or business partners, to be insured under your term life coverage. If so, make sure you have the flexibility of the following options, just in case:

- each person can be insured individually, but under the same term life policy;
- each person can be insured jointly with the others on a first-to-die or last-to-die basis.

Premiums

Guaranteed premium

What exactly does a guaranteed premium mean? To determine if your premium is guaranteed, answer the following questions:

- Are the term premiums fixed and locked in for the duration of the selected term?
- Does this apply each time the term is renewed? Note that with term life, the premium rises with each renewal to reflect the insured's age at the time of renewal.
- Do you already know what premiums will be payable at each renewal? Are they guaranteed?

Preferred rate

Some companies may also offer discounts on premiums because of the insured's good physical condition and good overall health.

If you think you're in good health, it's important to find out whether the company offers preferred rates. You may pay less. Don't forget to find out what criteria are used to get preferred rates, as they vary from company to company.

Payment terms

Insurers offer a variety of premium payment methods:

- Can the payments be made on a monthly, quarterly, semi-annual or annual basis? It's important to compare premiums with the same frequency because one policy may be more competitive than another at one frequency, but not at a another frequency.
- Can you make your payments by preauthorized bank withdrawals, credit card, cheque, etc.?

How to compare premiums

When comparing term insurance costs, you should check for the features mentioned above.

Some are automatically included in the price or available for a surcharge.

The same company may also offer different premiums depending on the sex of the insured, their health, whether they're a smoker or a non-smoker, how risky their occupation is, etc.

A set fee reflecting administration costs for your insurance policy is also usually included in your total premium.

Special features and optional benefits

- Companies sometimes offer **special features**. One of the most common is the accelerated benefit or living benefit, which is payment of a portion of the insurance amount when an insured is diagnosed with a serious illness and has only a certain time left to live.
- Companies may offer several **optional benefits** besides term life insurance. To get an idea of what they can provide, refer to **What you should know about optional benefits**.

I deserve the very best!

If you decide to take out term life insurance, make a point of dealing with a **specialist** at **1-866-838-7553**.

Given the wide range of options available, it's worth seeking professional advice on how to best customize universal life insurance for your specific needs.

When should you consider taking out term life insurance?

Term life insurance is ideal for covering debts or other short-term insurance needs in the event of your premature death. For example:

- To cover the education costs and ensuring the financial security of your kids until they leave home.
- Pay off the mortgage on the family home or cottage, where your kids had so much fun and which are full of memories.
- To pay off your student loan.
- To pay off other debts, such as a car loan, credit card balances, etc.

- To buy the shares of a deceased business partner without putting the financial health of the company at risk.
- To provide a short-term alternative when you cannot afford long-term coverage.

Consult the other sections of your Insurance Shopping Guide

- What you should know about **universal life insurance**
- What you should know about **critical illness insurance**
- What you should know about **optional benefits**
- **Meeting with a representative**