








TYPES OF LIFE INSURANCE

Group	Individual	Ordinary	Industrial	Permanent	Term
<ul style="list-style-type: none"> • One master policy • Policy owned by organization and represents the group and sponsors the coverage • Individuals insured are not the policy owners nor are they parties to the contract 	<ul style="list-style-type: none"> • Single owner owns the policy on the insured, and possibly additional insured 	<ul style="list-style-type: none"> • Individual coverage in a variety of term or permanent plans, in any face amount • The individual owner pays premiums based on a preset schedule • Flexible options 	<ul style="list-style-type: none"> • Individual coverage in small amounts • No medical exam to qualify • Frequently paid premiums • Generally, insurance agents collect premium 	<ul style="list-style-type: none"> • Lasting until the insured dies or until the insured is 120 years old • Guaranteed death benefit • Higher premiums than term. Premiums remain level. 	<ul style="list-style-type: none"> • Temporary coverage, applying for a limited time • Policy expires at the end of term • No money accumulates in the policy (no cash value)

Participating	Non Participating	Fixed	Variable
<ul style="list-style-type: none"> • Owner is eligible for dividends if and when declared by the insurance company • Dividends are a return of excess premiums 	<ul style="list-style-type: none"> • Policy does not produce dividends 	<ul style="list-style-type: none"> • The insurer guarantees a fixed death benefit and a minimum rate of return (interest crediting) on the policy's cash value • Insurer assumes all risk for premiums and collecting enough money for cash value 	<ul style="list-style-type: none"> • Premiums are invested in investment sub-accounts selected by the policy owner • Insurer guarantees a minimum death benefit • Cash value and death benefit rise and fall based on sub-accounts. Cash value is not guaranteed.

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LIFE INSURANCE POLICY CHARACTERISTICS

Types	Term Life	Whole Life	Universal Life	Variable Life	Variable Universal Life
Coverage for Life	May be Renewable				
Premiums	Fixed	Fixed	Flexible	Fixed	Flexible
Low Monthly Premium		Higher Premiums	Higher Premiums	Higher Premiums	Higher Premiums
Death Benefit	Fixed Guaranteed	Fixed Guaranteed	Flexible Not Guaranteed	Variable Minimum Benefit Guaranteed	Variable Not Guaranteed
Invested in Market	No	No	No		
Cash Value	No Cash Value	Guaranteed Cash Value	Interest Based Not Guaranteed	Investment Based Not Guaranteed	Investment Based Not Guaranteed
Access Cash Value	Not applicable	No Withdrawals, Loans allowed	Withdrawal Allowed, No Loans	No Withdrawals, Loans allowed	Withdrawal Allowed, No Loans
Tax Advantages	Tax-Free Death Benefit	Tax-Free Death Benefit and Cash Value Growth	Tax-Free Death Benefit and Cash Value Growth	Tax-Free Death Benefit and Cash Value Growth	Tax-Free Death Benefit and Cash Value Growth

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TYPES OF ANNUITIES

Fixed	Variable	Equity Indexed	Market Value Adjusted
<ul style="list-style-type: none">The insurer guarantees both the annuity principal and a specified rate of interest to be credited to the contract	<ul style="list-style-type: none">The insurer makes no guarantee as to the annuity principal or the credited interest rateVariable annuity premiums and contract values are invested in the insurer's separate accounts instead of its general account	<ul style="list-style-type: none">Allow contract owners to participate in some of the growth in the stock market while avoiding possible losses to principal	<ul style="list-style-type: none">Fixed annuity that offers an interest rate adjustment feature that lets the owner take advantage of interest crediting changes in response to market conditions at the time he or she withdraws funds

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LIFE INSURANCE BENEFICIARY LEVELS

<i>Beneficiary Level</i>	<i>Sample Beneficiary Designation</i>
Primary	Spouse
Contingent	If the spouse is deceased, the surviving children will receive the death benefit
Tertiary	If the spouse and surviving children are deceased, the alma mater will receive the death benefit

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PAYOUT OPTIONS COMPARISON CHART

Life Contingent Payout Options	Annuity Certain Payout Options
Straight (Pure) Life Income	Fixed Period
Life Income with Refund	Fixed Amount
Refund in Lump Sum	
Refund as Continuing Payments	
Life Income with Term Certain (10-yr, 20-yr, etc)	
Joint Life Income	
Joint and Last Survivor (100%, 75%, 50%, etc)	
Pure Joint Life	

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BUSINESS USES FOR LIFE INSURANCE

Uses of Business Life Insurance	Who the Policy Benefits	What the Policy Covers	Additional Information
Buy-Sell Agreement	Business Owners	Enables existing business owners to continue owning the business when a business owner dies	Either a Entity Plan or Cross-Purchase
Cross-Purchase Buy-Sell Agreement	Business Owners	A deceased business owners interest	Business plays no part in this agreement
Entity Plan	Business	Business purchased the business interest of a deceased business owner	
Key Person	Business	Loss, through death, of a key employee	The business owns the policy on the key person, and is the beneficiary
Non-Qualified Deferred Compensation	Employee	Delay of receiving current compensation until a certain time	Often use permanent life insurance policy as a funding vehicle
Split Dollar	Employer & Employee	Permanent life insurance policy on the life of a key employee. Benefits and premiums are split between employer and employee	Owner of policy may be employee or employer
Business Debts	Business Owners	Life insurance policy that ensures the business debts of a business owner or key employee upon death	This is a common use for key person life insurance
Corporate-Owned Life Insurance	Employer	Covers the lower level employees who are ensured on behalf of the business	Employer is policy owner and beneficiary

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COMMON LIFE INSURANCE OPTIONS AND RIDERS:

- **Non-forfeiture Options (Cash Surrender, Extended Term, Paid-Up):** How to distribute cash value upon policy surrender
- **Policy Loan and Withdrawal Provision:** Cash value loans for whole life; withdrawals for universal life
- **Dividend Options:** Participating whole life policies only
- **Settlement Options:** How to distribute death benefit
- **Disability Riders:** Continues policy if owner becomes disabled
- **Accelerated Living Benefit:** Allows partial death benefit if insured is permanently disabled or dying
- **Additional Insureds Rider:** Covers additional family members with term life insurance

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Health Insurance Policy Provisions

Required	Optional
Entire Contract	Change of Occupation
Time Limit on Certain Defenses (Incontestability)	Misstatement of Ages
Grace Period	Other Insurance with this Insurer
Reinstatement	Other insurance with Other Insurer
Payment of Claims	Other Insurance with Other Insurers
Physical Examination and Autopsy	Relation of Earning to Insurance
Legal Actions	Unpaid Premium
Change of Beneficiary	Cancellation
Notice of Claims	Conformity with State Regulation
Claim Forms	Illegal Occupation
Proof of Loss	Intoxicants and Narcotics
Time Payment of Claim	

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The individual insured person's obligations may take several forms:

- **Premium:** The amount the policyholder pays to the health insurer to purchase and maintain health coverage.
- **Deductible:** The amount that the insured must pay out-of-pocket before the health insurer pays any benefits.
- **Co-payment:** The amount that the insured must pay out-of-pocket for a particular visit or service (e.g., \$15 per office visit or \$50 per ER visit).
- **Coinsurance:** Instead of, or in addition to, paying a fixed amount up front (a co-payment), the co-insurance is a percentage of the total cost that insured person may also pay (e.g., 20% of expenses above the deductible).
- **Exclusions:** Medical services or procedures that are not covered. The insured are generally expected to pay the full cost of non-covered services out of their own pockets.
- **Coverage limits:** The maximum benefit amount the insurer will pay, either for a certain procedure or total annual benefits. The insured person may be expected to pay any charges in excess of the health plan's maximum payment for a specific service.
- **Capitation:** An amount paid by an insurer to a health care provider, for which the provider agrees to treat all members of the insurer.
- **In-Network Provider:** A health care provider on a list of providers preselected by the insurer. The insurer will offer discounted coinsurance or co-payments, or additional benefits, to a plan member to see an in-network provider. Generally, providers in network are providers who have a contract with the insurer to accept rates further discounted from the "usual and customary" charges the insurer pays to out-of-network providers.
- **Prior Authorization:** Permission by the insurer allowing an insured to obtain specified medical care. Typically required before major surgery, dental work, etc.
- **Explanation of Benefits (EOB):** A document that may be sent by an insurer to a patient explaining what was covered for a medical service, and how payment amount and patient responsibility amount were determined.

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GROUP HEALTH INSURANCE

Types of Group Health Insurance	Characteristics of Group Health Insurance
Contributory Plan	Certificate of Insurance for Covered Employees
Group Health Insurance	Look-Back Period
Insured Plans	Master Policy Owned by Employer
Non-Contributory Plan	Open Enrollment Period
Self-Funded Plan	Waiting Period

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	Health Insurance Reimbursement Arrangement (HRA)	Health Savings Account (HSA)	Flexible Spending Account (FSA)
Eligibility	Depends on employer	Anyone not enrolled in Medicare	Depends on employer
Required for Associated Health Plan	None	Minimum deductible and maximum OOP limit	None
Contribution Sources and Annual Limits	Employer only	Employer or individual	Individual; employer may set an upper limit
Annual Rollover and Portability	Unused funds may be rolled over but generally not portable	Unused funds may be rolled over and are portable	Unused funds are forfeited at the end of the year

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TYPES OF DISABILITY INSURANCE POLICIES

Disability Income Policy	Income Replacement	Business Uses
Covers a person who cannot work due to a disabling injury or illness.	Coverage that provides a benefit if the insured becomes disabled and cannot perform the duties of his or her occupation and is not engaged in any other occupation.	Business overhead expenses and/or disability buyout

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DISABILITY HEALTH INSURANCE PROVISIONS

Any Occupation	Benefits are payable if the insured is unable to engage in any occupation for pay or profit
Own Occupation	Benefits are payable if the insured cannot perform the duties of his or her own occupation
Partial Disability	Benefits are payable if the insured stays on the job and continues to earn a wage
Presumption of Disability	Insured can automatically qualify for the policy's full benefit if he or she were to suffer from certain specified conditions, which are severe enough that total disability can be presumed
Residual Benefit Payment	Method of benefit payment for a partial disability that is based on the portion (percentage) of income that is actually lost because of partial disability
Flat Benefit Payment	Method of benefit payment for a partial disability that is a set amount stated in the policy as a percentage of what would be paid for total disability

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MEDICARE

Original Medicare Plan

Part A **Part B**
(Hospital) **(Medical)**

Medicare provides this coverage. Part B is optional and requires payment of a monthly premium. Recipient has a choice of doctors. Costs may be higher than those associated with a Medicare Advantage plan.

Medicare Advantage Plans

Part C

Combines Part A and Part B into a single plan offered by private insurance companies approved by Medicare. Insureds must generally see doctors in the plan. Costs may be lower than those associated with Original Medicare and the insured may have additional benefits not available with Original Medicare.

Medigap

(Medicare Supplement Insurance Policy)

Medigap is a private insurance policy offered by insurance companies, designed to fill the "gaps" in Part A and Part B coverage. Ten standard plans are available. Both benefits and premiums vary from plan to plan, but all plan benefits are the same for all companies. Premiums may also vary from company to company.

Prescription Drug Plan

Part D

Part D is optional. It is available through private companies approved by Medicare to administer such plans. Different plans cover different drugs. Medically necessary drugs must be covered.

Prescription Drug Plan

Part D

Most Part C plans cover prescription drugs. If prescription drug coverage is not offered with a Part C plan, the insured may be able to join another plan that provides this coverage (or return to the Original Medicare plan and enroll in Part D). Different plans cover different drugs. Medically necessary drugs must be covered.

An individual enrolled in a Medicare Advantage plan does not need and, in fact, should not have a Medicare supplement policy. MA plans typically cover the same benefits that a Medigap policy covers.

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