

Life Insurance Terms (Quick Guide)

Beneficiary

Person who receives the payout when you pass away.

Premium

What you pay regularly to keep your policy active.

Death Benefit

Money paid to your beneficiary when you die.

Policyholder

The person who owns the policy and pays the premium.

Rider

An add-on for extra coverage or benefits.

Underwriting

How the insurer checks your health and risk.

Cash Value

Savings-like feature that grows in some policies.

Face Value

The total amount paid out when you pass away.

Grace Period

Extra time to pay if you miss a premium.

Lapse

When your policy ends due to missed payments.

Exclusion

Something your policy doesn't cover.

Term Life Insurance

Coverage for a set period (e.g., 10–30 years).

Whole Life Insurance

Lifetime coverage with growing cash value.

No Medical Insurance

No exam needed—just health questions or none.

Contestability Period

First 2 years when the insurer can review your application.

Living Benefits

Lets you use part of your benefit while alive (e.g., illness).

Conversion Option

Switch term to permanent without a medical exam.

Renewable Term

Extend your term policy without new health checks.

Policy Maturity

When a permanent policy pays out (usually around age 100).

Surrender Value

Amount you get if you cancel a permanent policy.

Evidence of Insurability

Proof of good health for higher coverage