

There are multiple type of insurances. But it can be divided into just two main categories. Those are life Insurance and general insurances.

Life Insurance

Life insurance protects everybody against death. For example, I buy life insurance from your insurance company, and then your company must pay certain amount of money if I will die.

Another one is ...,

General Insurance

It will protect you from any loss and damages. Accident and health insurance, vehicle insurance, travel insurance, any other property insurances are included under this category.

Firstly I want to highlight a little bit about life insurance. Because it is very interesting. There are two different types in life insurance. Those are term life insurance and permanent life insurance.

So what is term and what is permanent? For example for term life insurance, Alex buys term life insurance for 100 dollar yearly premium. His policy term is 10 years. What he has to do is he have to pay 100\$ each year to insurance company until up to 10 years. So if he will die within this 10 years, his family will receive 100, 000\$ for insurance benefit. So, the question is what if he will stay alive over these 10 years? Then his all premium money will be gone and he will not get anything. If he wants to get death benefit again, he needs to buy another term life insurance again.

So another one is permanent life insurance. Alex buy permanent life insurance from company A. Then he need to pay higher premium than he pay on term life insurance. For example, if he buy term life insurance for 100\$ yearly premium, then he has to pay 1000\$ yearly premium to buy permanent life insurance. It is more expensive. So the question is will his family receive more benefit after his death? The answer is no. He will receive the same benefit as similar as benefit in term life insurance. So another question is why he should pay more money to buy permanent life insurance. There is two reason. Reason one is permanent life insurance has no term limitation. Term life insurance will pay benefit based on certain period. It may be 10 years or 15 years. But permanent life insurance will pay benefit once Alex die , no matter if he die within 10 years or 15 years. His family will receive benefit once he die.

Another reason is insurance company create cash saving account for Alex. They also take some portion of premium which Alex give to them, put it back to Alex's cash saving account as an investment for Alex. The advantage for Alex is he can stop giving premium and he can take out his saving money. But his policy is finished. If he dies after take out cash saving money, his family will not receive any benefit provided by insurance company.