

## **What to do if my application was declined?**

First, understand why you were denied coverage in the first place (see a letter of declination if you don't know the reason)?

Second, get a good broker and disclose those facts to see if they can match you with a different insurer. The worst thing you can do is to apply to eight different companies to see who can issue you a policy because the more you get declined, the easier it is for other companies to follow suit and not approve your policy.

## **What is accidental death and dismemberment insurance?**

Accidental death and dismemberment (AD&D) insurance policy, which provides financial compensation to designated beneficiaries only in cases where the insured dies due to an accident. The policy specifically excludes coverage for deaths resulting from illnesses such as cancer, heart attacks, strokes, or other diseases.

## **Do I need life insurance if I have it through my employer?**

Most people likely have group health insurance provided by their employer; however, this type of coverage often lacks portability. If you leave or lose your job, you'll also lose your insurance benefits. Moreover, group plans usually only provide limited financial security, typically covering 2 or 3 times your annual salary—a figure that may not be adequate for most individuals' needs. It is advisable to enroll in any workplace group plan that is both affordable and accessible, while simultaneously securing additional life insurance coverage from external sources to ensure comprehensive protection. The ideal amount of life insurance coverage should ideally equal ten times your annual income.

## **What is Universal Life insurance?**

Universal Life Insurance, or UL, is a versatile and comprehensive financial product that combines elements of term life insurance and whole life insurance. It offers a guaranteed payout upon the policyholder's demise, tax-advantaged growth of its cash value component, and unparalleled adaptability regarding premium payments. The premiums consist of two main components: one for covering the insurance costs (Cost of Insurance, COI) and another for accumulating wealth within the policy through interest earnings.

## **What is Key Person Life insurance?**

Key Person Life Insurance is a type of coverage purchased by businesses to protect themselves from financial loss due to the untimely demise of essential employees who possess unique skills or talents.

## **Why do insurers ask me about my family history?**

Life insurance underwriters evaluate the risk associated with insuring individuals based on factors related to their health status. If a parent has certain chronic illnesses like cancer, heart disease, diabetes, or stroke, there's an increased chance that the child (the person being insured) may also develop these conditions. However, having one of these conditions does not automatically disqualify someone from obtaining life insurance; instead, they will face higher premiums due to the elevated risk. It's important to note that insurers typically focus on deaths occurring within the first 60 years of an immediate family member and do not deny coverage unless other high-risk factors are present.

## **I Filed for Bankruptcy. Why did the life insurer deny my application?**

Having a bankruptcy on your record poses another risk to the insurance company. If you just had a bankruptcy, the insurer believes that you will not pay for the coverage you just acquired.

## **What is mortgage life insurance?**

Mortgage Protection Insurance (MPI) is a type of life insurance that covers your mortgage payments if you pass away. The payout goes directly to your lender, not your loved ones. Furthermore, the coverage amount decreases as your mortgage balance reduces over time.

## **If I stop smoking today, will I get a non-smoker rate?**

To secure the most competitive non-smoker rates, it's essential to abstain from tobacco use for 3 to 5 consecutive years, although individual insurers may have varying guidelines. In some cases, you might be eligible for a standard non-smoker rate after only 12 months of nicotine-free living. However, always remember to be truthful when disclosing your smoking habits to your insurance provider, as dishonesty can lead to claim denials or policy cancellations.

## **What is the difference between term life insurance and permanent life insurance?**

Life insurance can be categorized into two main types: term life and permanent life. Term life covers you for a specified duration (e.g., 10, 20, or 30 years), offering affordability without accumulating cash value. Permanent life, however, lasts throughout one's lifetime, building cash value that can be tapped later and often incorporating investment components.

## **Can I borrow against the cash value of my permanent life insurance policy?**

Yes, with certain types of permanent life insurance policies, such as whole life or universal life, you can borrow against the cash value. But first, consider the potential impact on the death benefit and consult with your insurance provider to understand the terms and conditions of borrowing against your policy.

## **How are life insurance premiums determined?**

Life insurance premiums are calculated considering several elements: the kind of plan, the sum assured, the age and well-being of the covered individual, personal habits, and the term length of the policy. Typically, lower premiums are charged for younger and healthier candidates.

## **How much life insurance coverage do I need?**

Determine the right life insurance cover requires evaluating personal circumstances like income, debt, family responsibilities, and seeking advice from professionals for financial planning.

## **Is the death benefit from a life insurance policy taxable?**

Generally, the death benefit received from a life insurance policy isn't taxed as part of one's income; however, there might be specific circumstances where it does get taxed, such as when the policy possesses particular features or if the deceased person's estate surpasses a significant threshold (which could then lead to estate taxes). To understand how these rules apply to you personally, consulting with a tax professional would be ideal.