

Life Insurance Glossary

Key terms and phrases, simply explained



THE
INSURANCE EXPERTS GROUP
insurance experts

Welcome,

Thanks for downloading our Life Insurance Glossary. We know that this can be a confusing topic, but it doesn't have to be.

We don't recommend that you read this cover to cover, unless you need a quick nap. But instead, just keep this PDF close to hand and when you next hit a term that you don't understand, look it up here and be better able to protect you're loved ones should the worst happen.

All the best,

Insurance Experts Group

A	11
ABSOLUTE ASSIGNMENT	11
ACCELERATED BENEFITS RIDER	11
ACCIDENTAL DEATH BENEFIT RIDER	11
ACCOUNT BALANCE	11
ACCOUNT TYPE	11
ACCUMULATION PERIOD	11
ACCUMULATION VALUE	11
ADDITIONAL PREMIUM	12
ADJUSTABLE LIFE INSURANCE	12
ADJUSTED OPERATING EARNINGS	12
ADVERSE SELECTION	12
AGE CHANGE	12
AGENCY	12
AGENT	13
A.M. BEST COMPANY	13
ANNIVERSARY	13
ANNUAL GROSS INCOME	13
ANNUITANT	13
ANNUITY	13
ANNUITY CERTAIN	13
ANNUITY, DEFERRED	13
ANNUITY, FIXED DEFERRED	14
ANNUITY, FLEXIBLE PREMIUM	14
ANNUITY, INCOME	14
ANNUITY, JOINT & SURVIVOR	14
ANNUITY, LIFE	14
ANNUITY, PERIOD CERTAIN	14
ANNUITY, VARIABLE	14
APPLICATION	15
ASSIGNEE	15
ASSIGNMENT	15
AUTOMATIC ASSET REALLOCATION	15
B	16
BEGINNING OF POLICY YEAR CASH VALUE	16
BENEFICIARY	16
BENEFICIARY, CONTINGENT	16
BENEFICIARY, IRREVOCABLE	16
BENEFICIARY, PRIMARY	16
BENEFICIARY, SECONDARY	16
BROKER	16
BUSINESS CONTINUATION INSURANCE	16
BUY-SELL AGREEMENT	16
C	18
CAFETERIA PLAN	18
CAPITAL GAIN (LOSS)	18
CARRIER	18
CASH REFUND ANNUITY INCOME PAYMENT OPTION	18
CASH SURRENDER VALUE OF LIFE INSURANCE	18
CASH SURRENDER VALUE FOR DEFERRED ANNUITY PRODUCTS	19
CASH VALUE	19

CASH VALUE FOR DEFERRED ANNUITY PRODUCTS	19
CASH VALUE POLICY	19
CERTIFICATE OF INSURANCE	19
CHANGE OF BENEFICIARY PROVISION	19
CHARTERED FINANCIAL CONSULTANT (ChFC).....	20
CHARTERED LIFE UNDERWRITER (CLU)	20
CHILDREN'S INSURANCE RIDER	20
CHILD'S PROTECTION BENEFIT RIDER.....	20
CLASS (CLASSIFICATION).....	20
CLIENT	20
CLIENT ID NUMBER.....	20
COLLATERAL ASSIGNMENT.....	21
COMMISSION	21
COMPOUND AUTOMATIC INCREASE	21
CONDITIONAL RECEIPT.....	21
CONTESTABLE.....	21
CONTESTABLE PERIOD	21
CONTINGENT BENEFICIARY	22
CONTRACT	22
COVERAGE EXPIRY DATE	22
CONVERSION PRIVILEGE	22
COST BASIS.....	22
THE COUPLES ADDITIONAL BENEFIT RIDER	23
CPI-U AUTOMATIC ANNUAL INCREASES	23
CROSS PURCHASE AGREEMENT	23
D.....	24
DEATH BENEFIT	24
DECLINED RISK	24
DEFERRED COMPENSATION	24
DEFINED BENEFIT PLAN.....	24
DEFINED CONTRIBUTION PLAN.....	24
DISTRIBUTIONS.....	24
DIVIDEND	25
DIVIDENDS APPLIED TO PREMIUM	25
DIVIDEND (PAID UP) ADDITIONS	25
DIVIDEND OPTION TERM RIDER.....	25
DOLLAR COST AVERAGING.....	25
DOUBLE INDEMNITY	26
E.....	27
ELIMINATION/WAITING PERIOD.....	27
ENDORSEMENT.....	27
ENDOW	27
ENHANCED BENEFICIARY BENEFIT RIDER (EBB)	27
ENHANCED SPOUSAL CONTINUANCE RIDER (ESC)	27
ENTITY PURCHASE AGREEMENT.....	27
ESTATE.....	28
ESTATE PLANNING.....	28
ESTATE SETTLEMENT	28
ESTATE SHRINKAGE	28
ESTATE TRANSFER	28
EVIDENCE OF INSURABILITY.....	28

EXCLUSION.....	28
EXCLUSION RATIO	28
EXECUTOR	29
EXTENDED TERM INSURANCE	29
F.....	30
5 YEAR TERM RIDER	30
FACE AMOUNT	30
FIDUCIARY	30
FIELD REPRESENTATIVE/UNDERWRITER	30
FINAL EXPENSES.....	30
FIRST-YEAR PREMIUM	30
FIXED DEFERRED ANNUITY.....	31
FIXED PERIOD OPTION	31
FLEXIBLE PREMIUM ADJUSTABLE LIFE.....	31
FLEXIBLE PREMIUM ANNUITY.....	31
FLEXIBLE PREMIUM POLICY.....	31
FREE LOOK PERIOD.....	31
FREQUENCY	31
FREQUENCY OF PAYMENT.....	32
FRONT LOAD.....	32
FUNDED INCOME BENEFIT	32
FUTURE INCOME PAYMENT	32
FUTURE INCOME PAYMENT MODE	32
FUTURE INCOME START DATE	32
G.....	33
GAAP	33
GRACE PERIOD	33
GRANTEE.....	33
GRANTOR	33
GROSS ESTATE.....	33
GROSS PREMIUM.....	33
GROUP INSURANCE	33
GROUP LIFE INSURANCE.....	34
GUARANTEED CASH VALUE.....	34
GUARANTEED DEATH BENEFIT (LIFE INSURANCE)	34
GUARANTEED FUTURE INCOME BENEFIT.....	34
GUARANTEED FUTURE INCOME BENEFIT COMMENCEMENT DATE.....	34
GUARANTEED FUTURE INCOME BENEFIT PAYMENT MODE	34
GUARANTEED ISSUE	34
GUARANTEED RENEWABLE	34
GUIDELINE VIOLATION	35
H.....	36
HEALTH INSURANCE	36
HEIR	36
HOME AND COMMUNITY BASED CARE MAXIMUM DAILY BENEFIT (HHCMDDB).....	36
HOME OFFICE	36
I.....	37
ILLUSTRATION.....	37
IMMEDIATE ANNUITY	37
IMPAIRED RISK	37

INCIDENTS OF OWNERSHIP	37
INCOME AMOUNT	37
INCOME (SALARY) CONTINUATION.....	38
INCOME-EARNING ABILITY.....	38
INCOME START DATE.....	38
INCONTESTABLE CLAUSE.....	38
INCREASING PREMIUM TERM RIDER.....	38
INDEMNIFY	38
INDIVIDUAL INSURANCE	38
INFLATION PROTECTION	38
INFORCE	39
INSPECTION.....	39
INSTALLMENT REFUND ANNUITY	39
INSPECTION REPORT	39
INSURABILITY.....	39
INSURABLE INTEREST	39
INSURANCE	39
INSURANCE EXCHANGE RIDER	40
INSURED.....	40
INSURER	40
INTEREST-SENSITIVE LIFE INSURANCE	40
INTESTATE.....	40
INVESTMENT DIVISION.....	40
IRA.....	40
IRREVOCABLE BENEFICIARY	40
IRREVOCABLE TRUST.....	41
ISSUE	41
J	42
JOINT AND SURVIVOR ANNUITY	42
JOINT LIFE INSURANCE	42
JUVENILE INSURANCE.....	42
K.....	43
KEOGH (HR 10) PLAN	43
KEY EXECUTIVE/PERSON INSURANCE.....	43
L	44
LAPSE.....	44
LEGAL RESERVE.....	44
LEVEL PREMIUM	44
LEVEL TERM RIDER	44
LIABILITY INSURANCE	44
LIFE EXPECTANCY	44
LIFE INCOME	45
LIFE INSURANCE.....	45
LIFE INSURANCE TRUST	45
LIFETIME TRANSFERS	45
LIQUID NET WORTH	45
LIVING BENEFITS	45
LIVING BENEFITS RIDER.....	45
LIVING GIFT	46
LIVING TRUST	46

LOAN	46
LONG-TERM CARE	46
LONG-TERM CARE INSURANCE	46
LOSS-OF-INCOME BENEFITS	46
LUMP SUM	46
M	47
MARKET VALUE ADJUSTMENT (MVA)	47
MATERIAL FACT	47
MATERIAL MISREPRESENTATION	47
MATURE	47
MATURITY DATE	47
MAXIMUM MONTHLY BENEFIT FOR LONG-TERM CARE INSURANCE	48
MEDICAL EXAMINATION	48
MEDICAL INFORMATION BUREAU	48
MISREPRESENTATION	48
MODE (OF PAYMENT)	48
MODIFIED ENDOWMENT CONTRACT	48
MODIFIED PREMIUM POLICY	49
MONTHLY DEDUCTIONS	49
MONTHLY DEDUCTION WAIVER	49
MORBIDITY	49
MORBIDITY RATE	49
MORTALITY	49
MORTALITY EXPERIENCE	49
MUTUAL INSURANCE COMPANY	49
MUTUAL FUND	49
N	51
NATURAL DEATH	51
NET WORTH	51
NEW YORK LIFE INSURANCE COMPANY	51
NO LAPSE GUARANTEE RIDER	51
NON-ADMITTED COMPANY	51
NON-CANCELLABLE	51
NON-CONTRIBUTORY	51
NON-CONVERTIBLE	51
NON-FORFEITABLE BENEFIT	51
NON-FORFEITURE VALUES	52
NON-PARTICIPATING	52
NON-QUALIFIED PLAN	52
NURSING HOME BENEFIT	52
O	53
OPTION TO PURCHASE PAID-UP ADDITIONS RIDER	53
OPTIONAL NON-FORFEITURE RIDER	53
ORDINARY LIFE INSURANCE	53
ORIGINAL AGE TERM CONVERSION	53
OTHER COVERED INSURED RIDER	53
OVERLOAN PROTECTION RIDER	53
OVERLOAN PROTECTION RIDER	54
P	55
PAID THROUGH DATE	55

PAID-UP ADDITIONS.....	55
PAID-UP INSURANCE	55
PARTICIPANT	55
PARTICIPATING INSURANCE/ANNUITY	55
PAYER	55
PAYROLL DEDUCTION	55
PER CAPITAL	55
PERMANENT LIFE INSURANCE.....	56
PERSONAL INSURANCE.....	56
PER STIRPES	56
PLAN TYPE	56
POLICY	56
POLICY ANNIVERSARY	56
POLICY ASSIGNMENT	57
POLICY DATE.....	57
POLICY DIVIDEND.....	57
POLICY FEE	57
POLICYHOLDER	57
POLICY LOAN.....	57
POLICY LOAN INTEREST	57
POLICY PURCHASE OPTION	57
POLICY LIFETIME MAXIMUM BENEFIT.....	57
POLICY OWNER	58
POLICY RESERVES.....	58
POLICY STATUS.....	58
PORTABILITY.....	58
PREFERRED RISK	58
PREMIUM.....	58
PREMIUM AMOUNT	58
PREMIUM DEPOSIT ACCOUNT	58
PREMIUM MODE	59
PREMIUM LOAN	59
PREMIUM OFFSET PLAN.....	59
PREMIUM RATE	59
PREMIUM TAX.....	59
PRESENT VALUE.....	59
PRIMARY BENEFICIARY	59
PROBATE	60
PROCEEDS.....	60
PROFIT-SHARING PLAN	60
PROPOSED INSURED	60
PROSPECTUS	60
PROVISION.....	60
P.S. 58 TABLES	60
PURE ENDOWMENT	60
Q.....	61
QUALIFIED PLAN	61
R	62
RATE, PREMIUM	62
RATED (UP).....	62
REBATING	62

RECEIPT.....	62
REDEMPTION	62
REDUCED PAID-UP INSURANCE	62
REGISTERED REPRESENTATIVE	62
REINSTATEMENT	63
RENEW.....	63
RENEWABLE TERM INSURANCE.....	63
REPLACEMENT	63
REPRESENTATIONS	63
REPRESENTATIVE.....	63
REQUIRED MINIMUM DISTRIBUTION.....	63
RESCISSION	63
RESERVE	64
RESTRICTIONS.....	64
REVOCABLE BENEFICIARY	64
RIDER.....	64
RIGHT OF ASSIGNMENT.....	64
RISK.....	64
ROLLOVER.....	64
S.....	65
SCHEDULED PREMIUMS	65
SECONDARY BENEFICIARY.....	65
SECOND-TO-DIE POLICY	65
SECTION 79 PLAN	65
SECTION 401(K) PLAN	65
SECTION 403(B) PLAN	65
SECTION 408(K) PLAN	66
SECURITY	66
SELECTION (OF RISK)	66
SEP	66
SEPARATE ACCOUNT.....	66
SEVEN-PAY TEST	66
SHARED CARE BENEFIT RIDER	66
SHARE HOLDER.....	66
SHARES OWNED	66
SIMPLE AUTOMATIC INCREASE OPTIONS.....	67
SIMPLIFIED EMPLOYEE PENSION PLAN.....	67
SIMPLIFIED UNDERWRITING	67
SINGLE PREMIUM POLICY	67
SPLIT-DOLLAR PLAN	67
SPOUSES PAID-UP INSURANCE PURCHASE OPTION RIDER	68
STANDARD	68
STATUTORY.....	68
STOCK COMPANY.....	68
SUBCHAPTER S CORPORATION	68
SUBSTANDARD	69
SUICIDE CLAUSE.....	69
SUPPLEMENTARY TERM RIDER	69
SURPLUS.....	69
SURRENDER CHARGE	69
SURRENDER CHARGE FOR DEFERRED ANNUITY PRODUCTS.....	69

SURRENDER	69
T.....	70
TAXABLE GAIN.....	70
TAX DEFERRAL.....	70
TAX FREE	70
TAXPAYER ID NUMBER	70
TAX-QUALIFIED PLAN	70
TAX-FREE ROLLOVER	70
TAX-SHELTERED ANNUITY (TSAs).....	70
TEMPORARY COVERAGE AGREEMENT.....	70
1035 EXCHANGE	71
TERM CONVERSION.....	71
TERM INSURANCE	71
TERM TO AGE _____.....	71
TESTATE	71
TOTAL CASH VALUE.....	71
TOTAL FUTURE INCOME PURCHASES	71
U.....	72
UNCANCELLABLE	72
UNDERINSURED	72
UNDERWRITER	72
UNDERWRITING.....	72
UNIVERSAL LIFE INSURANCE.....	72
V.....	73
VALUATION.....	73
VALUE AS OF	73
VARIABLE ANNUITY	73
VARIABLE LIFE INSURANCE.....	73
W.....	74
WAIVER OF PREMIUM	74
WARRANTY.....	74
WHOLE LIFE INSURANCE	74
WILL.....	74
WITHHOLDING	74
Y.....	75
YEARLY RENEWABLE TERM INSURANCE.....	75

A

Absolute Assignment

The transfer of all incidents of ownership (rights) in a life insurance policy to another individual or entity.

Accelerated Benefits Rider

Allows a portion of the policy death benefit to be accessed during the lifetime of the insured should he or she be diagnosed with a terminal illness. Please see your contract for specific details.

Accidental Death Benefit Rider

Provides an additional death benefit equal to the face amount of the policy if the insured dies as a result of an accident prior to a certain age. Please see your contract for specific details.

Account Balance

The value of the assets in the account on the specified "as of date." This value may be subject to a contingent deferred sales charge.

Account Type

The type of account or contract that has been established, such as IRA or Nonqualified.

Accumulation Period

The value of a policy (life insurance or annuity) on the specified "as of date." For a Fixed Deferred Annuity or Universal Life policy, the Accumulation Value is equal to the Premium Payment plus interest credited, less any partial withdrawals or surrender charges and Market Value Adjustment already assessed. For a variable universal life or variable annuity policy, the accumulation value is equal to the sum of the amounts in the Separate Account, the Fixed Account and the Dollar Cost Averaging Advantage Account (if available) on that date. Upon surrender, this value may be reduced by a surrender charge, MVA, policy fee, or outstanding loan. (Note: loans are not available from annuities except for those issued through certain 403(b) plans.)

Accumulation Value

In Account Summary, the value of the annuity on the specified

"as of date." Upon surrender of this policy, this value may be reduced by a surrender charge, policy fee, or outstanding loan.

Additional Premium

Life insurance premiums, in addition to those planned or scheduled, that can be applied directly toward the purchase of additional coverage and/or to increase cash values. Also, additional money added to/deposited into an annuity policy. Please see your contract for details.

Adjustable Life Insurance

A type of life insurance that allows you to change your coverage; raise or lower the face amount, increase or decrease the premium, and lengthen or shorten the protection period.

Adjusted Operating Earnings

Adjusted operating earnings is the measure used for management purposes to highlight the Company's results from ongoing operations and the underlying profitability of our business. Adjusted Operating Earnings represents GAAP net income adjusted for exclusion of, a) investment gains and losses, net of tax, b) dividends on participating life policies related to capital gains, c) equity base tax (release), d) a deferred tax benefit associated with a foreign subsidiary, and e) the inclusion of certain statutory interest maintenance reserve amortization, net of tax, with an offset for amortization of deferred acquisition costs where applicable.

Adverse Selection

The tendency of persons with poorer-than-average health expectations to apply for or continue insurance coverage to a greater extent than persons with average or better-than-average health expectations.

Age Change

This is the point at which you are considered to be one year older for insurance premium calculation purposes. Your age change is determined based on your last birthday or closest birthday (within 6 months of your date of birth).

Agency

This is the agreement between an agent and an insurance company which gives the agent the authority (with limitations

spelled out in the agency agreement) to act on the company's behalf. The term also refers to the office with which the agent is affiliated.

Agent

A licensed individual or entity authorized to act for an insurance company and/or its affiliates in the solicitation and/or sale of the company's and/or affiliate's products.

A.M. Best Company

One of several independent rating companies that evaluate the financial soundness and claims paying ability of insurance companies. Ratings range from a high of A (superior) to F (poor).

Anniversary

This is the date that occurs one or more full years after your policy's "policy date". The policy date is noted on the data pages of your policy.

Annual Gross Income

Annual Gross Income is your current annual income from all sources, including earned income and investment income, before taxes. If applicable, this should also include any such income belonging to your spouse or domestic partner.

Annuitant

The person whose lifetime is used as the measuring period to determine how long income payments under an annuity policy may be made.

Annuity

A contract issued by an insurance company that can be used to accumulate money for retirement or other future needs, or to generate a stream of income that is guaranteed for the annuitant's life or for a specific period of time.

Annuity Certain

A contract providing income for a definite and specified period of time, with payment going to a designated beneficiary if the annuitant dies prior to the end of that period.

Annuity, Deferred

A long-term accumulation vehicle sold by a life insurance

company, which also provides the option for income benefits for life or for a fixed period of time. During the accumulation phase (before income benefits begin), values generally accumulate on a tax-deferred basis.

Annuity, Fixed Deferred

An annuity that earns a fixed, guaranteed rate of return on cash values. This contrasts with a variable annuity, which features accumulation or loss based on the performance of investment options selected by the contract owner.

Annuity, Flexible Premium

A type of fixed or variable deferred annuity allowing additional unscheduled premium payments after the initial premium has been paid.

Annuity, Income

An annuity that provides periodic income payments and under which the first income payment is sent within the first year after the initial premium payment (immediate annuity) or that may be deferred up to 30 years after the initial premium (deferred income annuity).

Annuity, Joint & Survivor

An annuity that provides income payments for as long as either one of two joint annuitants remains alive.

Annuity, Life

An annuity that is payable only during the annuitant's lifetime, regardless of how long the annuitant lives.

Annuity, Period Certain

A contract providing income for a definite and specified period of time, with payment going to a designated beneficiary if the annuitant dies prior to the end of that period.

Annuity, Variable

An annuity that features accumulation or loss based on the performance of investment options selected by the contract owner. This contrasts with a fixed deferred annuity, which earns a fixed, guaranteed rate of return on cash values.

Application

This document, when completed, requests coverage from the insurance company. The insurer reviews the application and, along with other information, determines whether or not to accept the application and issue a policy.

Assignee

The person who receives certain rights to an insurance policy when the policy is assigned.

Assignment

A legal transfer of one person's interest in an insurance policy to another person.

Automatic Asset Reallocation

If you choose the Automatic Asset Reallocation feature, sometimes called Automatic Asset Rebalancing, we will automatically reallocate your assets among the Investment Divisions in order to maintain a pre-determined percentage invested in the Investment Division(s) you have selected.

B

Beginning of Policy Year Cash Value

The Cash Value at the beginning of that policy year.

Beneficiary

The individual or entity designated to receive a life insurance or annuity death benefit upon the death of the insured or the annuitant.

Beneficiary, Contingent

A secondary or alternate beneficiary.

Beneficiary, Irrevocable

A beneficiary whose interest cannot be revoked without that individual's written consent, usually because the policyowner has made the beneficiary designation without retaining the right to revoke or change the designation.

Beneficiary, Primary

Those who, if living, are first entitled to the proceeds.

Beneficiary, Secondary

Those entitled to receive the policy's proceeds if no primary beneficiary is living when the insured dies.

Broker

In insurance, an agent who places business with more than one company and who has no exclusive contract with one company.

Business Continuation Insurance

Life or disability coverage intended to help a business remain operational in the event of the death or disability of an owner.

Buy-Sell Agreement

In business, a legally binding agreement, generally between several owners or an owner and a key employee, which provides that, if an owner dies, his or her business interest will be purchased by the designated survivor(s). Life insurance is often used to make sure that the money is available to purchase the business interest at the owner's death.

C

Cafeteria Plan

A type of employee benefit arrangement that allows employees to pick and choose the benefits they want from an array of permissible offerings (as one selects foods when going through a cafeteria line), which are paid for on a pre-tax basis. This contrasts with employee benefit plans in which every employee receives the same benefits, regardless of individual needs or situations.

Capital Gain (Loss)

Any gain or loss associated with the sale of a capital asset (such as mutual fund shares or shares of stock). Such gains and losses may result from the sale of capital assets by mutual funds in which you invest. These gains and losses are generally reported to you annually on a Form 1099. Whether a gain or loss is recognized depends on whether the amount received is less than or more than your (or the mutual fund's) basis in the asset sold. You are generally limited in the amount of net capital losses that you can claim on your tax return. All net capital gains must be reported on your tax return. Different tax rates may apply to capital gains, depending on how long assets were held, when they were sold, and other factors.

Carrier

Another name for an insurance company, which "carries" the risk loss.

Cash Refund Annuity Income Payment Option

Any type of income annuity that guarantees should the annuitant die prior to receiving payments equal to the premiums paid, the difference will be refunded to the named beneficiary in a lump sum.

Cash Surrender Value of Life Insurance

The Cash Surrender Value equals the Cash Value less any unpaid policy loans, loan interest, surrenders, and surrender charges. Please consult your policy for details

Cash Surrender Value for Deferred Annuity Products

The amount payable to the policy owner upon surrender of the policy. It is generally equal to the Accumulation Value less any surrender charges or Market Value Adjustment.

Cash Value

In a cash value (also called "permanent") life insurance policy, this is the value that can accumulate in the policy, usually on a tax-deferred basis. For variable products, the Cash Value includes the total value of the policy's interest in the Separate Account plus any amount in any fixed account options. As the policy owner, you can access the available cash value, through loans and/or surrenders, depending on your policy's terms, at any time and for any purpose. Some people borrow cash values for down payment on a home, to help pay college bills, or to provide supplemental income in retirement. Note that accessed cash values will reduce the death benefit of your policy or otherwise negatively impact overall policy values.

Cash Value for Deferred Annuity Products

See Accumulation Value.

Cash Value Policy

A "permanent" life insurance policy that offers the potential for cash value accumulation and life-long protection provided premiums are paid. This contrasts with term life insurance, which does not accumulate cash value and which may expire at the end of the term without value. For an annuity, this means the current gross value of the policy.

Certificate of Insurance

If you are covered under a group insurance plan, your certificate summarizes the benefits and principal provisions of the master policy.

Change of Beneficiary Provision

A life insurance or annuity policy provision allowing you to change the beneficiary whenever desired (unless the beneficiary has been designated as irrevocable). It is recommended that you review your policy beneficiary designations periodically to make sure they reflect your current situation and wishes.

Chartered Financial Consultant (ChFC)

A professional designation (achieved by passing a series of examinations) demonstrating the successful completion of financial courses involving insurance, investments, taxation, accounting, estate planning, and more. The ChFC designation indicates a knowledge of financial planning, as well as the features, benefits and uses of various insurance and financial products.

Chartered Life Underwriter (CLU)

A professional designation (achieved by passing a series of examinations) demonstrating knowledge of life insurance products and their potential uses to meet business, estate planning, retirement planning, and other objectives.

Children's Insurance Rider

Provides level term insurance on both current and future children of the insured that can be converted to a permanent life insurance policy. Please see your contract for specific details.

Child's Protection Benefit Rider

In the event that the premium payer (parent or guardian) dies or becomes disabled, premiums will be waived for the child insured. Age limits apply. Please see your contract for specific details.

Class (Classification)

A class is a group of insureds having similar characteristics and exposure to a peril, and who are eligible for comparable insurance rates. For example, non-smokers as a group generally pay lower rates for life insurance than do tobacco users.

Client

A policy owner or a person who has an account with New York Life or a New York Life subsidiary. For example, a client is the person who has the rights of ownership for a NYLIFE Securities account or the owner of a New York Life Insurance policy.

Client ID Number

In Account Summary, you, as the owner of the products and/or accounts listed herein, have been assigned a client identification number with New York Life and its subsidiaries.

Collateral Assignment

The legal transfer of one person's interest in a policy to a creditor as security for a debt. Under a collateral assignment, the creditor is entitled to be reimbursed out of policy proceeds for the amount owed. The beneficiary is entitled to any excess of policy proceeds over the amount due the creditor in the event of the insured's death.

Commission

In insurance, a percentage of the premium paid to an agent or broker by the insurer as compensation.

Compound Automatic Increase

The Compound Automatic Increase options apply a fixed rate of growth to certain Long-Term Care Insurance policy benefits each year on the policy anniversary date. Compound Automatic Increase options are available at a range of benefit increase rates. Please see your contract or contact your agent for more details.

Conditional Receipt

(See "Conditional Temporary Coverage Agreement.")

Conditional Temporary Coverage Agreement

In life insurance, evidence of temporary coverage if you pay the initial premium at the time your application is taken, and meet the conditions spelled out in the receipt. This gives the applicant temporary coverage during the period when the insurer is processing the application

Contestable

In insurance, this refers to the right of the insurance company to question or challenge the accuracy of information provided by the applicant in the application. This right is not unconditional, but expires after two years (known as the contestable period) in most cases, after which the policy cannot be contested.

Contestable Period

The period of time (generally up to two years after date of issue) during which the insurer has the legal right to contest the validity of a life insurance policy because of misleading or incomplete information furnished by the applicant in the application. This is a safety feature for beneficiaries, since it places the burden of

discovering misleading or false information onto the insurance company. Once the contestable period expires, even if erroneous information is later discovered, the company is generally required to pay policy proceeds to the beneficiary at the insured's death.

Contingent Beneficiary

A secondary or alternate beneficiary.

Contract

In insurance, this is another name for the policy. With the completed and signed application attached, the issued life insurance or annuity policy forms a legally binding contractual agreement between the insurance company and the policy owner.

Coverage Expiry Date

This is the date that your insurance coverage expires. This may occur due to an unpaid premium. In that event, any insurance benefits provided by riders (such as accidental death benefit or waiver of premiums) have generally ended. If your policy had accrued cash value, you may have limited coverage based on the "Non-Forfeiture Benefit" or "Options Upon Lapse" terms of your contract. Please consult the terms of your contract for additional information.

Conversion Privilege

A provision in a term insurance policy that allows the policy owner, for a stated period of time, to elect to have a new permanent policy issued that will continue the insurance coverage, without needing to provide evidence of insurability. Conversion may be effected at attained age (premiums based on the age attained at time of the conversion) or at the original age (premium based on age at time of original issue). If original age is selected, the policy owner must pay past premiums as described in the contract. A conversion privilege also refers to group insurance where employees of a company whose group policies are terminated for any reason may convert their certificates to permanent insurance at their attained ages.

Cost Basis

For Annuities: The amount of annuity premium you paid with after-tax dollars. When you surrender your annuity, or begin to receive income payments, Cost Basis is subtracted from taxable gain or taxable income paid.

For Mutual Funds: The amount you pay for your shares, including commissions and any reinvested dividends or capital gain distributions, less any non-taxable distributions or returns of capital. When you redeem shares, you subtract the cost basis of your shares from the redemption amount to determine any capital gains or losses.

The Couples Additional Benefit Rider

The Couples Additional Benefit Rider under a Long-Term Care Insurance policy provides married couple policyholders with three additional benefits. Spousal Waiting Period Benefit -- any day either you or your spouse is eligible for benefits will count toward your waiting period. Spousal Waiver of Premium Benefit -- your premiums are waived for any period of time for which your spouse's premiums are waived. Survivorship Benefit -- if your spouse dies after his or her policy has remained in effect for at least ten years, your policy will become paid-up. Please review your contract or contact your agent for specific details

CPI-U Automatic Annual Increases

Long-Term Care Insurance policies with the CPI-U Automatic Annual Increase option provide a variable rate of annual benefit growth, on the policy anniversary date, based on the Consumer Price Index for Urban Measures. Please review your contract or contact your agent for specific details.

Cross Purchase Agreement

In business, an agreement that specifies the terms and conditions for the surviving co-owner(s) to buy a deceased's interest in the business. Life insurance on the owners is often used to provide the funds to purchase the share from the deceased owner's estate. An insured cross purchase agreement helps assure that the business is transferred successfully to the surviving owners and that the deceased owner's beneficiaries receive a fair price for their interest.

D

Death Benefit

Life insurance policy proceeds payable to the beneficiary upon proof of the insured's death. A death benefit is also available on most annuities. The amount of death benefit payable is determined by the terms of the policy or contract and any riders.

Declined Risk

An underwriting term meaning an applicant is determined to be uninsurable under the insurance company's guidelines. (See also "Preferred risk," "Standard" and "Rated.")

Deferred Compensation

In business, an arrangement whereby present salary or future raises are not taken currently, but are postponed until some future date, such as at retirement. Life insurance can be used to fund the plan, which pays retirement benefits to the employee and/or a death benefit to the employee's beneficiaries.

Defined Benefit Plan

A retirement plan which provides a fixed or specific benefit to the employee at retirement. The benefit is often based on a percentage of income and years of service.

Defined Contribution Plan

A retirement plan which provides for a specific dollar amount or percentage of income to be contributed to the plan. The actual benefit received by employees is not guaranteed, but depends on the contributions and their returns.

Distributions

Amounts paid to shareholders of a mutual fund. Income distributions represent income received by the fund and may be taxable or tax-exempt. Capital gain distributions represent capital gains received by the fund and are taxable, even if the fund invests in tax-exempt securities. Non-taxable distributions represent the return of capital investors paid into the fund and are not subject to income tax.

Dividend

A portion of the company's surplus that is distributed to the owners of participating policies. Dividends are not taxable (unless, if taken in cash, total dividends exceed all premiums paid). Dividends can be taken in cash, used to reduce the premium, left to accumulate at interest, or used to purchase paid-up additional insurance. Dividends are not guaranteed.

With regard to mutual funds, dividends are income paid by a company or mutual fund to its shareholders. Mutual funds may receive income on common and preferred stock as well as income from income distributions, which may be taxable or tax-exempt, depending on the nature of the fund and its investments. (Also called "ordinary dividends.")

Dividends Applied to Premium

Using accumulated policy dividends to pay the full or a portion of the premium due in order to reduce your out-of-pocket cost.

Dividend (Paid Up) Additions

A life insurance policy dividend option whereby dividends are used to purchase additional, fully paid-up life insurance within a policy. This increases the face amount and the potential for increases in cash value in the policy.

Dividend Option Term Rider

Combines a decreasing term rider with the paid-up additions dividend option. Each year, the amount of term insurance decreases automatically by the same amount as the increase in permanent insurance provided by the paid-up additions. The remaining term insurance may be convertible to any whole life policy New York Life makes available on an attained age or original age basis.

Dollar Cost Averaging

Dollar Cost Averaging is an investing methodology that employs a consistent disciplined approach to investing. With Dollar Cost Averaging, a person sets up a regularly scheduled program of investing a specific amount over time. The strategy can reduce an investor's timing risk. Be aware, however, it does not assure a profit nor protect against loss in declining markets. Since it involves continuous investment regardless of fluctuating price

levels, investors should consider their ability to continue purchases through periods of low price levels.

Double Indemnity

This term, no longer in common usage, refers to an accidental death benefit, which may pay a multiple (often double) of the stated death benefit if death results from an accident.

E

Elimination/Waiting Period

Days at the beginning of a Period of Care on which Eligible Charges must be incurred for care covered under this Policy, before benefits will be paid. These days need not be consecutive, but they must all occur within a single Period of Care. Days in a Period of Care for which you received care or services of a kind covered both under this Policy and by Medicare will count toward meeting the Waiting Period.

Endorsement

An amendment to a life insurance or annuity policy, which alters the provisions of the initial contract.

Endow

For a whole life insurance policy, the point when the policy's guaranteed cash value equals the policy's face amount. Endowment can also refer to a type of insurance policy that pays a lump sum upon the insured's death or after a specific term.

Enhanced Beneficiary Benefit Rider (EBB)

This optional rider can increase the amount of the death benefit your beneficiaries receive, depending on the performance of the policy. The benefit is calculated as a percentage of the earnings in your policy when you die, adjusted for withdrawals. There is a charge for this rider, which is deducted from your policy quarterly. This rider is no longer available with new policies.

Enhanced Spousal Continuance Rider (ESC)

This rider was automatically included with the Enhanced Beneficiary Benefit Rider. This rider enables your spouse, if he or she is the sole primary beneficiary, to continue your policy upon your death as the new owner, at a potentially higher policy value that includes any amount that would be payable under the Enhanced Beneficiary Benefit Rider.

Entity Purchase Agreement

In business transfer plans, a buy-sell agreement whereby the business, rather than an individual owner, assumes the obligation to purchase a deceased or disabled owner's interest in the

business. Additionally, the business entity also purchases (and is the beneficiary of) any life insurance used to fund the plan.

Estate

The assets owned by an individual at the time of his death.

Estate Planning

A process addressing the orderly handling, administration and distribution of your estate upon your death. Depending on the size of your estate and your objectives, estate planning may involve estate creation and conservation for heirs; the limiting of estate shrinkage; and the creation of adequate liquidity to pay estate settlement costs (including probate, debt repayment and estate taxes). Life insurance can be used to help provide money to meet estate planning objectives.

Estate Settlement

The process of distributing a deceased's estate, first paying all existing debts and taxes and transferring the remainder to one's heirs.

Estate Shrinkage

The amount by which the value of an estate can be depleted during the estate settlement process due to probate costs, estate taxes and other expenses.

Estate Transfer

The process of distributing the assets of an estate, either during an individual's lifetime or after death.

Evidence of Insurability

Proof that you are insurable. Such evidence is generally obtained through statements on your application regarding your health, avocations, employment and financial condition. In most cases, medical records are required, and sometimes a medical examination is needed.

Exclusion

A policy provision indicating a circumstance or event, such as an act of war, that would cause the benefit to be denied.

Exclusion Ratio

The exclusion ratio is the ratio of the total investment in the

contract (normally the gross premium cost) to the total expected return under the contract. If the annuity is a life annuity with a refund or period-certain guarantee, a special adjustment must be made to the investment in the contract. The exclusion ratio is applied to each annuity payment to find the portion of the payment that is excludable from gross income. If the annuity starting date is after December 31, 1986, the exclusion ratio is applied to the payments received until the investment in the contract is fully recovered; thereafter, any payments received are fully includable in income.

Executor

That person or entity appointed to carry out or "execute" the provisions of a will. The executor has a number of responsibilities and bears a degree of legal liability.

Extended Term Insurance

Extended Term Insurance may be provided if your policy terminates for unpaid premium and contains cash value at the time of termination. Extended Term Insurance allows you to purchase term coverage for a limited amount of time as set forth in the "Non-Forfeiture Benefit" or "Options Upon Lapse" terms of your contract.

F

5 Year Term Rider

The 5 Year Term Rider provides additional death benefit through term insurance with premiums that increase in five year increments.

Face Amount

The initial death benefit payable on your life insurance policy, as indicated on the face page. Note that this is not necessarily the same as the actual death benefit payable. Please refer to your policy's terms and conditions for additional information on the factors that may increase or decrease the actual death benefit payable, which may include loans taken or additional coverage purchased.

Fiduciary

An individual or entity holding the funds or property of another in a position of trust. An example of a person having a fiduciary responsibility is an executor of an estate.

Field Representative/Underwriter

Field representative and field underwriter are other terms used to describe an insurance agent. An agent has underwriting responsibilities to the company in terms of observing an applicant for coverage, and reporting information accurately and completely to the home office for underwriting consideration.

Final Expenses

Costs associated with one's death that must be settled prior to distribution of that person's estate. Final expenses may include funeral and burial costs, existing debts, taxes and other outstanding expenses.

First-Year Premium

This is the life insurance premium falling due during the first year the policy is in force. Premiums paid in subsequent years are known as renewal premiums. In an annuity, first year premiums are any payments used to initially purchase the policy or that are paid during the first year.

Fixed Deferred Annuity

See Annuity, Fixed Deferred.

Fixed Period Option

A life insurance proceeds settlement option whereby the number of payments is fixed by the policy owner. The amount of each payment is determined by the amount of proceeds. (An example would be electing to receive benefits for a specified period of time, such as ten years; the amount of each payment is then based on the amount of principal and projected earnings.)

Flexible Premium Adjustable Life

(See "Universal Life Insurance.")

Flexible Premium Annuity

A type of deferred annuity allowing additional unscheduled premium payments after the initial premium has been paid.

Flexible Premium Policy

A life insurance policy in which the policy owner has the option to pay more or less than the scheduled premium. Such policies include variable universal life and universal life insurance. This contrasts with whole life, whereby the premium is fixed at the time of policy issue. Note that, with flexible-premium policies, there may be a risk that the policy may consume its own policy values and eventually terminate without value if premiums being paid are lower than the scheduled premium or if loans or withdrawals are made.

Free Look Period

A consumer protection feature, the free look period is the time period after an insurance or annuity policy's delivery date where the owner can examine or review the policy and submit a request for a full refund of premiums or the policy's accumulation value (depending upon state law). Please review your contract for the terms of the free-look period.

Frequency

The scheduled mode (e.g. monthly, quarterly, etc.) for the payment of insurance premium or for income amounts as set forth in the annuity policy.

Frequency of Payment

The rate at which your policy premium is billed, i.e. annual, semi-annual, quarterly, monthly or Check-O-Matic bank draft.

Front Load

The practice of deducting sales and marketing expenses from a premium or contribution before crediting the remainder to the investment or policy.

Funded Income Benefit

Funded Income Benefit is available through either the Income Benefit Rider or the Guaranteed Future Income Benefit Rider of the Income Plus and Income Plus II policies. It is equal to the sum of the Income Benefit Payments purchased with Discretionary Income Benefit Purchases or Automatic Income Benefit Purchases (GFIB Rider only).

Future Income Payment

For variable annuity policies that have funded the Future Income Rider, a Future Income Payment is a fixed, periodic income payment made to the named Payee beginning on the Future Income Start Date, payable during the lifetime of the Annuitant.

Future Income Payment Mode

For variable annuity policies that have funded the Future Income Rider, the mode is the frequency of Future Income Payments. The mode may be Monthly, Quarterly, Semi-annual or Annual.

Future Income Start Date

For variable annuity policies that have funded the Future Income Rider, the date on which Future Income Payments begin.

G

GAAP

The body of principles that governs the accounting for financial transactions underlying the preparation of a set of financial statements in the United States of America. Generally accepted accounting principles are derived from a variety of sources, including promulgations of the Financial Accounting Standards Board and its predecessor, the Accounting Principles Board, and the American Institute of Certified Public Accountants.

Grace Period

The time between an insurance policy's premium due date and the date the policy will lapse if the premium remains unpaid. Typically, grace periods are 30 or 31 days, and no interest is charged on premiums paid during that time. A grace period protects insureds and their beneficiaries from having the policy terminate inadvertently.

Grantee

A person to whom property is transferred.

Grantor

One who transfers property.

Gross Estate

An individual's accumulated wealth and property (net premium plus expenses) at the time of his or her death.

Gross Premium

This is the premium paid by the policy owner.

Group Insurance

Insurance issued under a master contract offering coverage to a pre-selected group (such as employees of a company or members of an association). Coverage is offered to all qualified members of the group on a class basis, regardless of individual considerations or insurability.

Group Life Insurance

Life insurance usually offered without medical examination on a group of people through a master policy.

Guaranteed Cash Value

In a whole life policy, the cash value which is guaranteed in the contract, and set forth on the policy's data pages.

Guaranteed Death Benefit (Life Insurance)

This is the minimum death benefit that will be paid. The death benefit is guaranteed in a whole life policy. With variable life and other non-traditional products, provisions are often available to provide limited death benefit guarantees.

Guaranteed Future Income Benefit

The minimum guaranteed income payable to you under the Guaranteed Future Income Benefit rider of your Income Plus or Income Plus II policy.

Guaranteed Future Income Benefit Commencement Date

The date on which your first Guaranteed Future Income Benefit payment is made.

Guaranteed Future Income Benefit Payment Mode

The frequency of your Guaranteed Future Income Benefit Income Benefit Payments. The mode may be Monthly, Quarterly, Semi-Annual or Annual.

Guaranteed Issue

Insurance that can be issued without the need to provide evidence of insurability. If the group of proposed insureds is acceptable, the insurance company dispenses with individual underwriting (for example, a whole life policy may offer a guaranteed amount of \$10,000 for eligible applicants under age 35.) The guaranteed issue feature can reduce policy issuing costs.

Guaranteed Renewable

A provision included with some term life insurance policies that allows the insured to renew the coverage at the end of the term, generally at the insured's attained-age premium rate.

Guideline Violation

In a universal life insurance product, the Guideline Premium Test (GPT) is used to determine whether your policy qualifies as life insurance under IRC Section 7702. If the premiums paid during any Policy Year exceed the maximum amount permitted under the GPT, we will return to you the excess amount.

H

Health Insurance

A broad-based term referring to insurance that provides benefits to help pay expenses associated with covered injuries or illnesses. The concept includes all types of loss-of-time and medical expense coverage, such as accident insurance, disability insurance, and medical expense insurance.

Heir

Any person who has a right to receive all or a portion of the estate of a decedent.

Home and Community Based Care Maximum Daily Benefit (HHCMDB)

The amount that will be paid under a Long-Term Care Insurance policy for eligible charges for each day the insured is receiving care or services in the home or community setting. Please review your contract or contact your agent to see what charges are covered under your policy.

Home Office

Generally, the corporate headquarters of an insurance company, where the primary offices of the company are located.

I

Illustration

A document used to show a life insurance or annuity policy's guaranteed and (non-guaranteed) projected values, including cash values, income payments, and death benefits, based on certain assumptions. An illustration is an example of how the policy could perform in a given set of circumstances. It can provide you with valuable information about a policy's potential. However, it is neither an estimate or guarantee of future results and should not be construed as a prediction of policy performance.

Immediate Annuity

An annuity that provides for the first income payment to begin within the first year after the initial premium payment. This can be contrasted with a deferred annuity, whereby income benefits are to begin at a future date.

Impaired Risk

In life insurance underwriting, an impaired risk is an individual who has an unfavorable health condition or history or other factor that makes him or her an above-average risk for coverage. This person may be asked to pay a higher premium, accept a reduced amount of coverage or be declined altogether for insurance.

Incidents of Ownership

In life insurance and annuities, the right to exercise any of the privileges of policy ownership, including the right to change beneficiaries, withdraw cash values, take policy loans, make assignment, etc.) Incidents of ownership can be major estate planning factors for policy owners who wish to transfer policy ownership from themselves to another person or a trust, thereby removing the policies from their estates. If any incidents of ownership remain with the original owner, policy proceeds may be included in the person's estate at death.

Income Amount

The scheduled amount of an income payment, as provided under the terms of the annuity policy.

Income (Salary) Continuation

A business concept which allows a retired employee (or owner-employee) to continue receiving income for a period of time after retiring or leaving the company. Many income continuation agreements include a provision to pay a death benefit so that, in the event of the employee's premature death, a beneficiary will receive continued benefits or a lump sum payment. Life insurance can be used to help provide the benefit.

Income-Earning Ability

This is your ability to generate an income; it can be a factor in helping determine the amount of life insurance you need.

Income Start Date

The date of the initial annuity income payment.

Incontestable Clause

A policy provision stating that the insurer cannot challenge the validity of your policy after it has been in force for a certain period of time, generally two years. (See also "Contestable" and "Contestable Period.")

Increasing Premium Term Rider

The Increasing Premium Term Rider provides additional death benefit through term insurance with increasing premiums.

Indemnify

To compensate for loss. In life insurance, the insurer agrees to pay the beneficiaries a specified sum (death benefit) to indemnify them for the financial loss resulting from the death of the insured.

Individual Insurance

Coverage purchased on an individual basis, rather than group coverage.

Inflation Protection

Inflation protection options determine at what rate certain benefits under a Long-Term Care Insurance policy are increased each year. Some options provide automatic annual increases, while others require the acceptance of an annual benefit increase offer. If no inflation protection is included on the policy (None), then the benefit levels will remain unchanged from what they are

at the date of policy issue. Please see your contract or contact your agent for specific details.

Inforce

Existing insurance policies.

Inspection

The independent checking on facts about an insurance applicant.

Installment Refund Annuity

A type of income annuity that guarantees, should the annuitant die prior to the income payments totaling the premium paid, the beneficiary will continue to receive payments until the total payments received equals the premiums paid.

Inspection Report

A summary statement about an insurance applicant's occupation, health, residence, manner of living and general financial status, provided by an independent investigating agency.

Insurability

The circumstances under which an insurance company can issue a policy on an applicant for insurance. (See also "Evidence of Insurability.")

Insurable Interest

In life insurance, the principle requiring, at the time a policy is issued, that the policy owner and beneficiaries be in a position to suffer a substantial loss at the death of the insured. For example, an insurable interest can be derived from a personal relationship based on love and affection (one spouse is always presumed to have an insurable interest in the other), or a business relationship with the potential of pecuniary loss from the death of the insured (as in one partner on the life of another, or a lender on the life of the borrower).

Insurance

A legal contract between you and the insurer that transfers a specified covered risk to the insurer in exchange for a premium (also known as consideration). The details of coverage are specified within the policy itself.

Insurance Exchange Rider

Provides for the transfer of policy coverage to a successor insured, subject to evidence of good health. There may be a cost to exercise this rider depending on the policy value adjustments that occur when the insured is changed.

Insured

The name of the person or persons whose lives are covered by the insurance of the policy.

Insurer

The insurance company.

Interest-Sensitive Life Insurance

Life insurance in which the cash values can be affected by changes in interest rates.

Intestate

Dying without a will. Your will helps you enable you to dispose of your estate pretty much as you see fit. However, if you die intestate, your estate will be distributed according to the intestacy laws of your state.

Investment Division

A division of the Separate Account which invests exclusively in shares of a specified mutual fund portfolio.

IRA

There are a variety of Individual Retirement Accounts (IRAs), including traditional IRAs, Roth IRAs, and Education IRAs, each with different features, deductibility provisions, and potential tax advantages. Certain withdrawals, including withdrawals from traditional and Roth IRAs prior to age 59 1/2, may incur an additional 10% penalty tax. For more information, consult with your tax professional.

Irrevocable Beneficiary

A beneficiary designation that cannot be changed without the consent of the beneficiary. This is sometimes used in business insurance or divorce situations.

Irrevocable Trust

A trust that cannot be changed or canceled by the grantor. An irrevocable trust can be used for estate planning purposes.

Issue

In insurance, the company's decision to accept the application and "issue" the policy.

J

Joint and Survivor Annuity

An annuity that provides income payments for as long as either of two annuitants remains alive.

Joint Life Insurance

A policy that insures two or more lives and provides for the payment of the proceeds upon the first death, called first to die insurance. If proceeds are payable upon the second death, it is called survivorship insurance.

Juvenile Insurance

Cash value life insurance written on children (typically 0 to 18 years of age). Eventually, ownership of the policies is gifted to the insured child at a certain age. Such policies are attractive as legacies for parents and grandparents since premiums are generally low (and with some policies, will remain at that low level for life), the insured's future insurability can be protected through guaranteed purchase options, and the policy can accumulate cash value that can be used by the insured to help pay future expenses (such as college tuition or down payment on a first home) or left to accumulate.

K

Keogh (HR 10) Plan

A type of qualified retirement plan for self-employed persons and unincorporated businesses. They are different from IRAs and subject to more complex rules and recordkeeping requirements, but may allow larger pre-tax contributions for certain individuals. Keogh Plans are now one of several small business retirement plan options. (See also "SIMPLE Plans" and "SEP Plans.")

Key Executive/Person Insurance

Life insurance purchased by a business on a valuable employee (or owner-employee) to indemnify the business against the potential financial loss that would result in the event of that individual's death.

L

Lapse

Generally, the termination of an insurance policy due to non-payment of premium by the end of the grace period. At that point, the policy will either terminate without value or fall under one of the non-forfeiture options (reduced paid-up coverage, extended term coverage, etc.). With variable and interest-sensitive life insurance policies, lapse may result when there is inadequate cash value in the policy to pay the next mortality and expense charge.

Legal Reserve

The amount an insurance company must keep available to meet future claims and obligations.

Level Premium

A premium which remains unchanged throughout the life or term of the policy. With a whole life policy, the premium remains level for the insured's life. With level term insurance, the premium remains level for the life of the term; it may increase at each renewal, or the start of a new term.

Level Term Rider

Proceeds of this rider are payable to the beneficiary upon receiving proof that the person named as Covered Insured died while his or her coverage under this rider was in effect.

Liability Insurance

Coverage to meet expenses resulting from legal and/or financial obligations to others. For example, if you are sued because you are found to have caused an injury to another person (such as if your dog bites the paper boy) and the incident is covered under your homeowners' policy, the insurance company will assume the responsibility of paying legal fees and costs that result according to the terms and limits of the policy.

Life Expectancy

The average number of years of life remaining for a group of persons of a given age.

Life Income

A pension, annuity or life insurance payment option that guarantees the recipient an income for life.

Life Insurance

A financial tool indemnifying against the loss of a particular person (the insured). A policy under which the insurance company promises to pay a death benefit upon the death of the person insured.

Life Insurance Trust

A trust established for the purpose of distributing life insurance proceeds and, in many cases, to remove those proceeds from the insureds' estate, thereby reducing estate taxes.

Lifetime Transfers

The term often used to describe the process of transferring assets from one person (the donor) to another (the donee) during the donor's lifetime, generally to reduce estate tax consequences on the donor's estate. Sometimes also referred to as a "Living Gift."

Liquid Net Worth

Liquid Net Worth is your net worth minus assets that may not be easily converted to cash such as the value of real estate, personal property, automobile(s), or business interests. If this information is being requested to establish or update your Investor Profile, it should include only cash assets or assets easily convertible to cash. While this may include retirement assets, any applicable tax penalties or other charges, fees or restrictions should be taken into consideration before including these types of assets. If you do not have any of these assets, or you have more liabilities than assets a Liquid Net Worth of zero should be entered.

Living Benefits

These are benefits available to owners of life insurance policies while the insured is still alive. Living benefits include policy loans, the right to make collateral assignments, and, in some cases, the right to take benefits in the event of the insured's terminal illness.

Living Benefits Rider

With some life insurance policies, this rider enables insureds to

receive a specified portion of the policy's death benefit before the policy owner insured's death if certain conditions are met.

Living Gift

(See "Lifetime Transfers.")

Living Trust

A trust created to take effect during the lifetime of the grantor. It is sometimes called an inter vivos trust.

Loan

Cash value life insurance allows the policy owner to take a loan against the policy's cash value. This loan accrues interest and will affect the death benefit if not repaid. Please consult your policy's terms for more information.

Long-Term Care

Broad-based care (which may include custodial, rehabilitative, home-health or nursing home care) for the chronically ill or disabled.

Long-Term Care Insurance

Coverage that provides medical and other services to insureds who need constant care in their own home or in a nursing home.

Loss-of-Income Benefits

Benefit paid because the insured is disabled and unable to work.

Lump Sum

In general, the receiving of annuity, pension or life insurance death benefits in a single payment.

M

Market Value Adjustment (MVA)

Where applicable, the Market Value Adjustment (MVA) feature may be a positive or negative adjustment to the amount of a partial withdrawal or full surrender or to the remaining accumulation value in the policy after a partial withdrawal. An MVA only applies when the policy owner surrenders or makes a withdrawal from the contract that is greater than the surrender charge free withdrawal amount during the surrender charge period. An MVA is not applicable after the surrender charge period is over.

Material Fact

In insurance, vital information required for making an underwriting decision. It involves information that is so important that misrepresentation or concealment would alter an underwriting decision. Examples of material facts include a person's age, the existence of a serious health condition (such as the presence of cancer or a past heart attack) or a dangerous vocation, such as hang-gliding.

Material Misrepresentation

This is a false or incomplete statement or concealment of the truth by an insurance applicant or proposed insured on the application that might cause the insurance company to issue coverage where, if the truth were revealed, the application might be declined or rated.

Mature

In life insurance, maturity generally refers to the point at which the policy's proceeds become payable. The contract indicates the date that corresponds to maturity, describes its effect on the policy and describes the amount of proceeds that are payable.

Maturity Date

In life insurance, the contract indicates the date that corresponds to maturity, which generally is when the policy's proceeds are payable. In deferred annuities, the day on which the annuity income payments must begin ("annuitization"). Please refer to your contract for how this date may affect your policy.

Maximum Monthly Benefit for Long-Term Care Insurance

The maximum amount payable in a given month for expenses incurred for qualified long-term care services. Please see your contract or contact your agent for specific details.

Medical Examination

Sometimes required as part of the underwriting process, this is the physical examination of an applicant by a qualified medical professional to determine the applicant's insurability. The finding of this exam become part of the application and, in turn, part of the policy when issued.

Medical Information Bureau

Founded in 1902, the MIB is a fraud protection bureau that serves as a medical information clearing house supported by more than 600 member insurance companies, which share information about applicants. All information is coded to assure confidentiality, and access is strictly limited. Information is used to protect against the omission of significant underwriting information by applicants. Reports do not include information regarding whether or not an application is accepted or declined.

Misrepresentation

In insurance, a false, incorrect or incomplete statement of a material fact, made on the application. (See also "Material Misrepresentation.")

Mode (of Payment)

The frequency and method by which premiums are paid. Standard premium modes are annually, semi-annually, quarterly, monthly and automatic payment (deduction from checking or savings account).

Modified Endowment Contract

If the amount of money you pay into your policy exceeds certain thresholds determined by the Internal Revenue Service, your policy will be considered a Modified Endowment Contract (MEC) for tax purposes. Withdrawal of funds from a MEC, in the form of loans (including loans used to pay the policy premium), partial surrenders, assignments, pledges, or withdrawals may be subject to income tax and possibly penalties.

Modified Premium Policy

A life insurance policy issued with a built in premium change (either an increase or decrease) in a future year.

Monthly Deductions

With a variable or universal life insurance policy, these are the charges deducted from the cash value to meet mortality and expense costs, as well as premiums for riders and supplementary benefits.

Monthly Deduction Waiver

In a universal life policy, the Monthly Deduction Waiver provides protection against total disability (as defined in the rider) of the primary insured by waiving the monthly deduction charges deducted from the policy cash value on each monthly deduction day.

Morbidity

A general term referring to frequency of sickness. As an underwriting concept, it refers to the potential loss of health for a specific population, generally by age.

Morbidity Rate

The ratio of the incidence of sickness to the number of well persons in a given group of persons over a given period of time.

Mortality

The relative incidence of death in proportion to a specific population.

Mortality Experience

The rate at which persons insured by a specific company (or under a given policy) have died or are assumed to die.

Mutual Insurance Company

An insurance company which has no capital stock or stockholders, but is instead owned by its policyowners. One key feature of mutual companies is that earnings above those necessary for the operation of the company may be returned to the policyowners in the form of policy dividends.

Mutual Fund

An investment consisting of pooled money from investors which is

then invested in a variety of securities (generally stocks, bonds and money market securities) to reflect its particular investment objectives.

N

Natural Death

Death by means other than accident, murder or suicide.

Net Worth

The value of a business or an individual. It is calculated by subtracting total liabilities from total assets.

New York Life Insurance Company

A mutual life insurance company founded in 1845, and operating continuously ever since in all 50 states and the District of Columbia.

No Lapse Guarantee Rider

Guarantees the policy will not lapse within the specified guaranteed period even if the policy's value is not sufficient to cover their monthly deduction charges.

Non-Admitted Company

An insurance company not licensed to do business in a particular state.

Non-Cancellable

An insurance policy which the insured has the right to continue in force (by the timely payment of premiums as set forth in the contract) for a specified period of time. During that time, the insurance company cannot alter or cancel the policy.

Non-Contributory

In business, a type of employee benefit plan or insurance coverage in which the employer pays the full cost for all eligible employees. The employees do not contribute.

Non-Convertible

A term life insurance policy that cannot be converted to a permanent policy.

Non-forfeitable Benefit

In pension plans, a vested benefit that belongs, unconditionally, to the participant.

Non-forfeiture Values

Cash values in a life insurance policy to which the policy owner has a right, even if he or she elects to stop paying premiums. Generally these can be taken under one of three possible non-forfeiture options: (1) surrender for full cash value; (2) use of the cash value to purchase reduced paid-up life insurance; and (3) use of the cash value to purchase extended term insurance in the full face amount of the original policy for as long as the cash value will pay net premiums.

Non-Participating

A life insurance policy which is not eligible for dividend distributions from the company's surplus. (Literally, the policy does not "participate" in the dividends).

Non-Qualified Plan

A pre-tax retirement plan that does not qualify for the federal tax advantages received by qualified plans, but is generally subject to fewer tax requirements. These plans are typically unfunded employer obligations to a select group of highly compensated employees. They are generally subject to restrictions imposed by Code Section 409A but generally require less documentation than qualified plans.

Nursing Home Benefit

The amount that will be paid under a Long-Term Care Insurance policy for eligible nursing home charges and care. Please review your contract or contact your agent to see what charges are covered under your policy.

O

Option to Purchase Paid-Up Additions Rider

A rider which allows you to increase your death benefit protection and build more cash value. OPP premiums are used to purchase additional, paid-up life insurance that has cash value and loan value, and is eligible for dividends. Please see the rider for specific details.

Optional Non-Forfeiture Rider

The Optional Non-Forfeiture Rider provides limited coverage if your Long-Term Care Insurance policy lapses. Please review your contract or contact your agent for specific details to see how benefits will be paid under this rider.

Ordinary Life Insurance

Also known as whole life and straight life insurance, the type of life insurance that continues during the whole of the insured's life as long as premiums are paid. It features a fixed level premium, fixed death benefit and a fixed, guaranteed rate of cash value accumulation. Ordinary life, along with term life, is one of the original types of life insurance, and is still very much in use today.

Original Age Term Conversion

With some term policies that can be converted to permanent coverage, the company agrees to set the premium rate for the permanent coverage at the original age of the insured. As part of the conversion, the policy owner then pays all back premiums to present. The advantage is that future premiums are at the lower-age rate, which will be less than if the conversion took place at the insured's attained age.

Other Covered Insured Rider

The Term Insurance on Other Covered Insured Rider provides a level term insurance benefit for a named person. It is available on the Insured's spouse, children, parents and/or business partners.

Overloan Protection Rider

Subject to state availability, your policy will include the Overloan Protection Rider if you have elected the Guideline Premium Test

as the policy's Life Insurance Qualification Test. When activated, the Overloan Protection Rider guarantees that your policy will not lapse even if the policy's Cash Surrender Value is insufficient to cover the current monthly deduction charges.

Overloan Protection Rider

Available with some variable universal life policies. When activated, the Overloan Protection Rider converts the policy to a "paid-up" status and prevents the policy from lapsing when the policy's cash surrender value is insufficient to cover monthly deduction charges due to significant loans or if any outstanding loans plus accrued interest exceed cash value. Please refer to your contract for additional information.

P

Paid Through Date

Indicates the date that the policy's premiums are paid through and to maintain it's in force status.

Paid-Up Additions

Amounts of life insurance purchased either by policy dividends or by additional premium, and added to the original life insurance policy to increase the death benefit and cash values. These additions do not require the further payment of premiums.

Paid-Up Insurance

Life insurance on which no further premiums are required, yet the policy will remain in force for life (unless the policy is terminated by the policy owner).

Participant

An employee who meets the participation requirements for the plan and who is enrolled in the plan.

Participating Insurance/Annuity

A life insurance or annuity policy whose owners are eligible to share in the distribution of dividends paid out of the surplus of the company.

Payer

The person or entity paying the premiums on a life insurance policy.

Payroll Deduction

A convenient method of purchasing insurance and other benefits through work by having premiums deducted by the employer and forwarded to the insurance company.

Per Capital

Literally, "by the person." Referring to life insurance beneficiary designations, per capita means designated individuals only share in the proceeds on an individual basis. Example: There are four named beneficiaries, with each to receive one-quarter of the proceeds. If one dies, each of the survivors receives one-third.

This approach to naming beneficiaries has the advantage of being specific and clear. However, it can also accidentally remove intended beneficiaries. For instance, if three sons, all with families, are named beneficiaries on a per capita basis, and one dies, the deceased son's family receives no proceeds. (See also "per stirpes.")

Permanent Life Insurance

This generally refers to insurance that accumulates cash value. Examples of permanent life insurance are whole life, universal life or variable universal life.

Personal Insurance

In life insurance, coverage purchased to meet individual and family needs, rather than for business purposes.

Per Stirpes

Literally, "by the branch." Referring to life insurance beneficiary designations, per stirpes means life insurance policy proceeds are to be distributed as indicated among the named beneficiaries. If one beneficiary dies, that person's share then goes to the living descendants of that individual. This approach to naming beneficiaries has the advantage of not inadvertently disinheriting family members. However, it can accidentally include unintended beneficiaries if the intended beneficiary dies. (See also "per capita.")

Plan Type

In Account Summary, this designation indicates the type of contract that has been established (e.g., IRA, TSA, Non-Qualified, etc.).

Policy

The written document or contractual agreement between the insurer and the policy owner, including all endorsements and riders. Also known as the "contract" or insurance policy.

Policy Anniversary

The anniversary of the Policy Date. The Policy Date is specified on the policy's Data Pages.

Policy Assignment

A legal transfer of one person's interest in an insurance policy to another person.

Policy Date

The date, specified on the policy's data pages, from which other policy dates, including anniversaries, are measured. Consult your policy's terms for additional details regarding the Policy Date.

Policy Dividend

(See "Dividend.")

Policy Fee

In traditional (non-variable) life insurance, a flat, one-time charge, included in the premium, to help cover the one-time costs involved in issuing a policy. With variable policies, periodic charges assessed against accounts to cover costs.

Policyholder

Another term for "policy owner," the individual or entity having ownership of the policy, along with all policy owner rights.

Policy Loan

(See "Loan.")

Policy Loan Interest

An outstanding policy loan typically will accrue interest daily at the current rate, and the interest is compounded annually. Policy loan interest not paid when due will become part of the outstanding policy loan and will also accrue interest.

Policy Purchase Option

Guarantees the option to purchase additional insurance at certain ages and special life events, without having to provide evidence of insurability.

Policy Lifetime Maximum Benefit

The maximum dollar amount of benefits to be paid during the lifetime of the Long-Term Care Insurance policy. Please see your contract or contact your agent for specific details.

Policy Owner

Another term for "policyholder," the individual or entity having ownership of the policy, along with all policy owner rights.

Policy Reserves

The funds that an insurer sets aside specifically for the purpose of meeting its policy obligations, including the payment of proceeds in the future.

Policy Status

The current standing of your policy. If the policy status shows as "No Coverage – Reinstate Now" coverage can be regained by making a payment.

Portability

A characteristic of group insurance in which the employee or group member can continue the insurance coverage even if he or she terminates employment or leaves the group. The coverage is said to be portable.

Preferred Risk

In life insurance, a person whose physical condition, occupation, personal habits and hobbies and other characteristics indicate the potential for strong longevity. If you are a preferred risk, you may be eligible for a lower premium than a person who is a standard or rated risk.

Premium

In insurance, the periodic payment required to keep a specific policy in force. It can also refer to the payment(s) made to fund an annuity.

Premium Amount

Amount of payment required to maintain policy coverage. Premiums may be paid at several different frequencies such as annual, semi-annual, quarterly, and via Check-O-Matic bank draft. Please note that there may be different rates associated with each billing frequency. Paying premium more frequently than annually generally requires more total premium to be paid.

Premium Deposit Account

Allows the policy owner to prepay up to 14 annual premiums* with a single deposit while earning a competitive interest rate

that's locked in for the length of the agreement. Once the Premium Deposit Account is funded, the policy's annual premium is automatically paid each year directly from the Premium Deposit Account for the agreement period. Future premiums are discounted when you deposit money into the Premium Deposit Account. Please refer to your contract for additional information.
*Nine annual premiums in California.

Premium Mode

(See "Mode.")

Premium Loan

In life insurance, a loan taken from the policy's cash value to pay the premium due. Many policies also have an "automatic premium loan", provision that is activated to pay overdue premium.

Premium Offset Plan

Premium Offset Plan is the method of paying premiums due by surrendering enough paid up insurance for its cash value in an amount equal to the entire premium amount due. The cash value of the surrendered insurance pays the premium due. The benefit of this plan is that premiums are no longer paid using out-of-pocket funds, as long as there are sufficient funds to continue to fund this arrangement

Premium Rate

The amount that the policy owner is charged, which reflects the expectation of risk.

Premium Tax

A state or local tax on gross premiums, which is collected from an insurance company as a percentage of premiums paid.

Present Value

An amount which, if invested at a certain rate of interest, will accumulate to a specified sum at a future date.

Primary Beneficiary

The person or entity who, at the insured's death, has the first right to receive life insurance proceeds. If the primary beneficiary is deceased, proceeds are paid to the secondary beneficiary.

Probate

A court-supervised process of validating a will or establishing distribution of assets of a decedent.

Proceeds

In life insurance or annuities, the net amount of death benefit payable by the company at the insured's death. It is sometimes referred to as the death benefit.

Profit-Sharing Plan

A form of qualified, employer-sponsored retirement plan under which a portion of the profits are set aside for distribution to the employees. In many cases, the employees make tax-deductible distributions, which may be matched by the company.

Proposed Insured

The individual whose life is to be insured.

Prospectus

For investment products (including variable life insurance and variable annuity products), this is a formal written document which explains fees, features, portfolio investment objectives and other details. You must be given a copy of the prospectus before purchasing mutual funds, variable life, and variable annuity products and you should read it carefully before you invest or send money.

Provision

A term or condition of an insurance policy as contained in the policy clauses.

P.S. 58 Tables

Federal government premium rate tables for one-year term insurance policies. When life insurance is provided as an employee benefit, these tables are used to determine the value of the economic benefit provided by the insurance.

Pure Endowment

A life insurance contract that provides payment only upon survival of the insured to a certain date and not in the event of that person's prior death.

Q

Qualified Plan

A retirement plan that meets certain federal requirements and therefore enjoys special tax advantages, including, in certain cases, the deductibility of plan contributions and the tax-deferred growth of assets held by the plan. These retirement plans generally conform to the rules of Section 401 of the Internal Revenue Code, and include defined benefit and defined contribution plans, such as 401(k), profit sharing, and money purchase plans. Certain of these plans (generally, Roth 401(k) plans) may not permit pre-tax contributions but provide the advantage of tax-free withdrawals, provided applicable requirements are satisfied.

R

Rate, Premium

See "Premium Rate."

Rated (up)

An underwriting term used to describe a policy or applicant considered to be a higher-than-average risk. (See also "Preferred Risk," "Standard" and "Declined.")

Rebating

The giving of any valuable consideration (cash, commissions, sports tickets, etc.) to a prospective owner as an inducement to buy life insurance. Rebating by an insurance agent is illegal in most states.

Receipt

A written acknowledgement of a payment or delivery of a document. In insurance, receipts are used as proof that initial premiums have been paid, your policy has been delivered or that you have received other important documents (buyer's guide, prospectus, etc.)

Redemption

The sale of mutual fund shares, either for cash or as part of an exchange for shares of another fund. Redemptions may generate a capital gain or loss.

Reduced Paid-Up Insurance

A non-forfeiture option (when the policy owner elects to stop paying premiums) that uses the policy's accumulated cash values to continue the original insurance policy, but for a reduced face amount, with no further premiums required.

Registered Representative

A person who has passed an FINRA examination, and is authorized to discuss and present securities products, including mutual funds, variable life insurance and variable annuities. A registered representative receives commissions on sales of securities products.

Reinstatement

The resumption of coverage under a policy that has lapsed. This is a policy owner right that allows you to restore a lapsed policy within a specified period of time by providing evidence of insurability and paying back premiums, plus interest. The policy cannot have been surrendered for its cash value.

Renew

To continue a term policy for another period of time.

Renewable Term Insurance

Term life insurance under which the policy owner has the right, at the end of the term, to continue the coverage for another term at the premium for his or her attained age, without the need to submit evidence of continued insurability.

Replacement

The act of substituting a new policy for another policy already in force. This practice is regulated in most states because, in many instances, it is not considered in the insured's best interests to make such a switch, especially when one cash value policy is replaced with another cash value policy.

Representations

When you complete a life insurance or annuity application, it is presumed that the information you provide is substantially true to the best of your knowledge. However, that information is not warranted as exact in every detail. (See also "Warrants.")

Representative

(See "Agent.")

Required Minimum Distribution

For Qualified Plans and IRAs (other than Roth qualified plans or Roth IRAs), the distribution that you are required to begin taking from your policy or account beginning no later than April 15 of the year following the year during which you reach age 70 1/2.

Rescission

Repudiation of a contract for cause, such as fraud, misrepresentation or duress.

Reserve

The combined funds held by an insurance company which, together with future premiums and an assumed rate of interest, will be available to pay all contractual obligations as they fall due.

Restrictions

Limitations or exclusions in a policy.

Revocable Beneficiary

In life insurance, a beneficiary whose rights in the policy are subject to the policyowner's reserved right to revoke or change the beneficiary designation at any time and without the consent of the beneficiary.

Rider

An attachment or amendment to an insurance policy, generally one that expands or adds benefits (such as Waiver of Premium or Accidental Death Benefit provisions).

Right of Assignment

In insurance, the policyowner's right to assign a policy to another, often as a means to secure a debt or obligation.

Risk

The chance of loss. In life insurance, the probability of death. Regarding securities products, the term refers to the potential gain or loss involving investment performance. Other related risks include the risk of inflation eroding your savings' purchasing power over time and the risk of outliving your retirement savings.

Rollover

Regarding retirement plans, the tax-free transfer from one qualified plan funding vehicle to another if certain conditions are met. See your tax advisor for more information.

S

Scheduled Premiums

Generally, in a universal life policy, these are planned premiums as set out in the policy at the time of issue.

Secondary Beneficiary

(See "Beneficiary, Secondary.")

Second-to-Die Policy

A life insurance policy that insures two lives (often husband and wife), with the benefit payable upon the death of the second. These policies are often used as estate planning tools to help reduce the burden of estate taxes upon the second spouse's death.

Section 79 Plan

Section 79 of the Internal Revenue Code refers to term life insurance provided by an employer to employees. Under Section 79, the employer can provide up to \$50,000 of life insurance to an employee and deduct the cost, with no tax consequences to the employee. Amounts over that amount, however, are treated as a taxable benefit to the employee.

Section 401(k) Plan

employer-sponsored, salary-reduction retirement savings plans. The employee defers a percentage of income on a tax-deferred basis. The employer often matches all or part of the employee's amount. All earnings are also tax-deferred. This is different from a Roth 401(k) plan, which involves after-tax contributions but generally tax-free withdrawals.

Section 403(b) Plan

Referring to Section 403(b) of the Internal Revenue Code, this is a retirement plan offered to employees of tax-exempt organizations, such as public schools, and religious and charitable organizations described in Internal Revenue Section 501(c)(3). In general, contributions are generally made via payroll deduction and are excluded from the employees' income. These plans are often called tax-sheltered annuities (TSAs.)

Section 408(k) Plan

(See "Simplified Employee Pension.")

Security

In financial services and investment terminology, this generally refers to a regulated investment product (including stocks, mutual funds and variable insurance products.) Only FINRA licensed Registered Representatives can sell securities products.

Selection (of Risk)

In insurance, the process of determining on what terms coverage will be issued. This is sometimes referred to as "underwriting."
(See also "Underwriting.")

SEP

(See "Simplified Employee Pension.")

Separate Account

A segregated asset account established to receive and invest variable life insurance or variable annuity premiums into selected Investment Divisions.

Seven-Pay Test

This is the maximum annual premium that can be paid during the first seven policy years (or after a material change) without causing a cash value life insurance policy to become a Modified Endowment Contract (a MEC). If a policy is a MEC, it loses many of the distribution and loan related tax advantages offered by life insurance. (See also "Modified Endowment Contract.")

Shared Care Benefit Rider

Under a Long-Term Care Insurance policy, the Shared Care Benefit Rider provides additional benefits for spouses or partners to draw from when their individual Lifetime Maximum Benefit amount has been exhausted. Please see your contract or contact your agent for specific details.

Share Holder

An investor owning shares in a mutual fund.

Shares Owned

Shareholder/participant's ownership interest in the fund.

Simple Automatic Increase Options

The Simple Automatic Increase options apply a fixed rate of growth to certain Long-Term Care Insurance policy benefits each year on the policy anniversary date. Simple Automatic Annual Increase options are available at a range of benefit increase rates. For example, a 5% Simple Automatic Increase Option rider on a \$200 maximum daily benefit would result in subsequent annual benefit increases of \$10 per year (5% of the original \$200), thus the maximum daily benefit would be \$210 on the first policy anniversary, \$220 on the second policy anniversary, etc. Please see your contract or contact your agent for specific details.

Simplified Employee Pension Plan

Simplified Employee Pension Plans (SEPs) are tax favored plans that permit an eligible employer to make contributions on behalf of employees to an employee's SEP-IRA account. SEPs are especially attractive to small business owners because they are simple to set up & maintain.

Simplified Underwriting

An underwriting process, generally used in group coverage or insurance for smaller amounts, that uses less strict analysis of risk factors, often requiring no medical exam.

Single Premium Policy

With life insurance and annuities, a contract in which the entire premium is paid in a lump sum at the beginning of the contract period. No additional premiums are required.

Split-Dollar Plan

Generally used in business situations, a life insurance arrangement whereby the ownership and benefits of a policy as well as the obligation to pay premiums are divided or split between an employer and employee. Depending on how these matters are split determines the tax rules that apply to each party. For example, an employee may own the policy but borrow from the employer the amounts necessary to pay premiums. Alternatively, the employer may own and pay for the policy but permit the employee to name the beneficiary under the policy for a portion of the death benefit. Generally, the employer is reimbursed for its share of premium payments out of cash value

or death proceeds, while the employee's beneficiaries receive the rest of the proceeds. Complex tax rules apply to split dollar plans and should not be undertaken without an experienced tax advisor.

Spouses Paid-up Insurance Purchase Option Rider

Upon the insured's death, this rider allows a spouse who is the named beneficiary to purchase a new paid-up whole life insurance policy on his or her own life without evidence of insurability. There is no charge for this rider.

Standard

In life insurance, an underwriting classification for coverage written on a basis of the regular mortality and underwriting assumptions used by an insurer. (See also "Preferred Risk," "Rated" and "Declined.")

Statutory

Statutory Accounting Principles ("SAP") are accounting principles prescribed or permitted by an insurer's domiciliary state. Statutory accounting practices are interspersed in the insurance laws, regulations, and administrative rulings of each state and are usually based on the National Association of Insurance Commissioners ("NAIC") Accounting Practices and Procedures manual.

The objectives of GAAP ("Generally Accepted Accounting Principles") reporting differ from the objectives of SAP. SAP is designed to address the concerns of regulators, who are the primary users of statutory financial statements. GAAP stresses measurement of emerging earnings of a business from period to period, (i.e., matching revenue to expense), while SAP stresses measurement of ability to pay claims in the future.

Stock Company

In insurance, a company owned and controlled by stockholders. This contrasts with a mutual company, in which its policyowners have certain ownership rights in the company. (See also, "Mutual Insurance Company.")

Subchapter S Corporation

A business entity that, by meeting certain requirements, can elect

to have income passed directly to individual stockholders rather than having to pay corporate income tax at the entity level.

Substandard

(See "Rated.")

Suicide Clause

A standard policy provision in most states stating that, if the insured dies by suicide within a specified period of time (generally two years), the insurance company's liability will be limited to a return of premiums paid. The purpose of this provision is to discourage individuals from purchasing life insurance with the intent of taking their own lives.

Supplementary Term Rider

This rider provides a Term Insurance Benefit that is payable when the Insured dies while this rider was in effect. It insures the same individual covered by the base policy. On the Issue Date, the Term Insurance Benefit is the amount specified in the application. The initial Term Insurance Benefit is shown on the Policy Data page. The initial Term Insurance Benefit, when added to the initial Face Amount of the base policy equals the initial Target Face Amount, which is also shown on the Policy Data Page.

Surplus

With insurance companies, this is the total of all assets minus the sum of all liabilities.

Surrender Charge

An amount that may be deducted by the insurer if a partial withdrawal of the Cash Value is made or the policy is surrendered for its Cash Value during the policy's surrender charge period. Consult your policy for further information.

Surrender Charge for Deferred Annuity Products

An amount deducted by the insurer upon a partial withdrawal or surrender during the policy's surrender charge period in excess of any surrender charge free amount.

Surrender

The return of a policy to the insurer for cancellation.

T

Taxable Gain

Taxable Gain represents the interest and earnings credited under a deferred annuity or cash value life insurance contract. When annuity proceeds are paid to the owner or beneficiary or cash value is withdrawn by the life policy owner, any such gain is taxed as ordinary income, and may be subject to a 10 percent penalty tax when paid to the owner, if the owner is younger than 59 and ½ when the gain is received.

Tax Deferral

Postponement of taxes on income or gain. With annuities and non-Roth qualified retirement plans and non-Roth IRAs, earnings are tax-deferred until received. For cash value life insurance, earnings are tax-deferred until withdrawn by the owner. If they are not withdrawn, but paid at death under the life policy, they will generally be received income tax-free.

Tax Free

Any cash or other value received that is expressly exempt from income tax, such as proceeds from a life insurance policy or tax-free amounts paid from a Roth 401(k) plan or Roth IRA.

Taxpayer ID Number

Your Social Security number or tax identification number, which must be certified and provided to parties that pay most types of income, in order to avoid certain types of tax withholding.

Tax-Qualified Plan

(See "Qualified Plan.")

Tax-Free Rollover

(See "Rollover.")

Tax-Sheltered Annuity (TSAs)

(See "Section 403(b) Plan.")

Temporary Coverage Agreement

(See "Conditional Temporary Coverage Agreement.")

1035 Exchange

Section 1035 of the Internal Revenue Code allows a tax-free exchange of a certain type of policy for the same or a different type of policy, provided applicable requirements are satisfied. See Replacement.

Term Conversion

The act of exchanging all or part of a convertible term life insurance policy or rider to a permanent life insurance policy, without evidence of insurability. This locks in the premium rate and provides permanent coverage. Please review your contract for the specific provisions on conversion.

Term Insurance

Life insurance purchased for a limited period of time (such as one year, five years, ten years, etc.), after which coverage expires without value (or, if renewable, can be renewed for a higher premium). While the initial cost for term insurance is lower than that for a comparable permanent life insurance policy at a given age, the cost of coverage increases over time (while the premium for a permanent policy generally remains level).

Term to Age_____

A form of life insurance that continues until the insured reaches a specific age, such as 65.

Testate

Having left a will. (Also see "Intestate.")

Total Cash Value

In whole life insurance, Total Cash Value generally consists of the policy's Guaranteed Cash Value, if all premiums due have been paid; the cash value of any Paid-Up Additional Insurance; or any Dividend Accumulations. Please refer to your contract for specific information about how your cash values are calculated.

Total Future Income Purchases

For individuals who funded the Future Income rider on a variable annuity policy, the total amount of voluntary deductions from the Variable Accumulation Value used to purchase Future Income Payments.

U

Uncancellable

(See "Non-Cancellable.")

Underinsured

A situation in which not enough life insurance is carried to meet an individual's or business's needs in the event of death.

Underwriter

An insurance company employee who reviews applications for coverage and makes underwriting decisions. Also, an agent.

Underwriting

The process of evaluating risks for insurance and determining whether, and in what amounts and on what terms, the insurance company will provide an applicant with insurance coverage.

Universal Life Insurance

A form of permanent life insurance characterized by flexible premiums, a flexible face amount, and unbundled pricing factors. The cost elements of the policy are separately identified to the policy owner. It is also known as Flexible Premium Adjustable Life.

V

Valuation

With respect to life insurance, the act of calculating a policy's reserve. Also, the process of determining the value of a business or an estate.

Value as of

In Account Summary, the values shown here reflect transactions processed up to, but may not include, the "as of" date noted for your account. Current values may vary or may not be calculable due to unprocessed transactions through the noted "as of" date.

Variable Annuity

(See "Annuity, Variable.")

Variable Life Insurance

A form of whole life insurance that combines the premium and death benefit flexibility of universal life insurance with the investment flexibility and risk of variable life insurance.

W

Waiver of Premium

Enables you to stop paying policy premiums for the length of your disability, while continuing to receive life insurance coverage. Please refer to your contract for additional information including the qualifying criteria.

Warranty

In insurance, a statement or information that is literally true (compared to a representation, which is generally considered to be information that is substantially true). A breach of warranty can void a policy.

Whole Life Insurance

Permanent life insurance offering protection for the whole of life, with proceeds payable at death (or maturity of the policy) provided premiums are paid. Whole life offers a fixed, level premium and guaranteed cash value accumulation.

Will

A document containing an individual's wishes concerning the disposal of his or her property (estate) at death.

Withholding

Amounts withheld by a paying agent (e.g., a fund's custodian) from amounts earned by or paid to you. These withheld amounts are sent to the IRS on your behalf. In applicable circumstances, you must provide a certified taxpayer ID number to avoid certain types of withholding.

Y

Yearly Renewable Term Insurance

Term life insurance that provides a level death benefit and can be renewed each year, generally up to a certain age (often 65).