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| **Accelerated Death Benefit** | A Life Insurance policy provision or rider that lets you collect part of your Death Benefit before you die. If you have a Terminal Illness, the policy advances you a specified part of your Death Benefit, which reduces the Death Benefit your Beneficiary receives. The amounts paid to you under this provision or rider can be used for whatever purpose you would like. |
| **Accidental Death** | A provision or rider that promises to pay more (usually double) if you die in an accident. Also known as Double Indemnity. |
| **Actuary** | A mathematics expert who applies probability theory to the business of Life Insurance and whose job it is to calculate Premiums, policy reserves and other values. |
| **Administrative Fee** | Charges some policies deduct from Cash Value accumulation each year for the costs associated with administering the policy. |
| **Assignment** | Giving rights under the insurance policy to someone else. You can assign Beneficiary rights or policy ownership. |
| **Automatic Premium Loan** | A provision in a policy that authorizes the insurance company to automatically withdraw money from your policy’s Cash Value to pay Premiums. |
| **Beneficiary** | The person you designate to be paid a Death Benefit when you die. You may designate one or more Beneficiaries. |
| **Burial Policy** | A policy with a relatively small Death Benefit, intended to cover your funeral and burial expenses. |
| **Cash Value** | The savings portion of a life policy. When your Premium payments are more than the cost of insurance, the excess goes into a Cash Value account and draws interest. |
| **Certificate** | The evidence of coverage received by persons insured through a group life policy. |
| **Chronically Ill** | This means (1) being unable to perform at least two activities of daily living (i.e., eating, toileting, transferring, bathing, dressing or continence), or (2) requiring substantial supervision to protect the individual from threats to health and safety due to severe cognitive impairment, or (3) having a level of disability similar to that described in (1) as determined by the Secretary of Health and Human Services. |
| **Contestability Period** | The period of time after a Life Insurance policy is issued that the insurer can challenge having to provide coverage. Typically, this is two years. |
| **Conversion** | Changing a term life policy to some other form, typically permanent. This can be done only when the policy is described as convertible. |
| **Credit Life** | A policy intended to pay off a debt (typically for a mortgage, car or other kind of loan) if you die. |
| **Death Benefit** | The money that an insurance company will pay to your Beneficiary when you die. |
| **Decreasing Term** | A term life policy for which the Death Benefit goes down each year. |
| **Dividends** | A return of Premiums paid when then amount collected by the insurer is greater than needed to cover the cost of insurance. |
| **Double Indemnity** | See Accidental Death. |
| **Endowment** | A Cash Value policy that sets a specific time at which the Cash Value will equal the Death Benefit. For example, If you buy a $100,000, 30-year endowment policy, you will immediately be insured for $100,000. If you are still living at the end of 30 years, you will receive $100,000 in cash. |
| **Escrow Agent** | An entity that is a state or federally regulated financial institution organized under the laws of the United States or any state, whose responsibilities include accepting investor funds, transferring funds in order to purchase policies, paying insurance Premiums and receiving Death Benefits for all policies where Viatical Investors are not the beneficiaries. |
| **Face Amount** | The initial amount an insurance company promises to pay when the insured person dies, or at the maturity of the contract. |
| **Family History** | Information about medical or mental problems of your parents and other immediate family members. Companies may increase your Premiums or choose not to provide coverage to you based on your family’s history of cancer, heart attacks, diabetes or other diseases. |
| **First to Die** | Provision in a policy that insures both two people, normally a husband and wife. When the first insured dies, the survivor collects the full Death Benefit. |
| **Fraud** | Any time you knowingly provide false or incomplete information on an application for insurance or on a claim. |
| **Free Look** | A time after you receive the policy for you to review and consider whether it is what you want. |
| **Genetic Testing** | Using modern scientific analysis of your blood or other cells to determine whether you have any genetic defects that might make it more likely that you would die earlier than the average person. |
| **Grace Period** | The time after an insurance Premium is due during which the Premium can still be paid with no interest charged, and coverage remains in force. This period is usually 30 to 31 days. |
| **Group Life** | A policy issued to an employer, association, or other organization. |
| **Guaranteed Issue** | A policy that is sold to all applicants without regard to their health. |
| **Guaranteed Rate** | The minimum interest rate that the insurance company is required to use to credit on any Cash Value in the policy. |
| **In Force** | In effect. A policy is In Force when all conditions have been met to establish or maintain the company's obligation to pay a Death Benefit if you die. |
| **Insurable Interest** | A relationship that the Owner (and typically beneficiary) has with the Insured that creates a reason for the Owner to acquire life insurance. This must exist at the time the policy is issued. |
| **Insured** | The individual that is being covered under the insurance policy. |
| **Lapse** | The termination of an insurance policy as a result of failure to pay the Premium. |
| **Life Expectancy** | The number of months the individual insured under the Life Insurance policy to be Viaticated can be expected to live as determined by the Viatical Settlement Provider considering medical records and appropriate experiential data. |
| **Life Insurance** | A contract that provides for the payment of Death Benefits upon the death of the insured. |
| **Life Settlement** | A financial transaction in which a policy owner possessing an unneeded or unwanted Life Insurance policy sells the policy to a third party for more than the Cash Value offered by the Life Insurance company. The Purchaser becomes the new Beneficiary of the policy at maturation and is responsible for all subsequent Premium payments. The Insured must have a Life Expectancy of more than two years. |
| **Life Settlement Provider** | See Provider. |
| **Loan** | A debt incurred when policy Cash Value is borrowed. Interest will be charged and any amount borrowed (including interest) will be deducted from your Death Benefit until you have repaid it. |
| **Mortality Charge** | The cost of insuring you at your current age. |
| **Net Death Benefit** | The amount of the Life Insurance policy or certificate less any outstanding debts or liens. |
| **Nonforfeiture Benefits** | Amounts of Cash Value that is required to be paid to you by the insurance company if you surrender or cancel the policy. |
| **Outlay** | The amount you pay the insurance company for insurance (includes Premiums and any Loan principal and/or interest payments). |
| **Owner** | The person (or entity) that possesses control of the Life Insurance policy *or* a certificate holder under a group policy. This person has the right to designate Beneficiaries, take Loans and sell the policy. |
| **Paid-Up** | A policy on which all Premium payments have been made. |
| **Participating Policy** | A policy that has the possibility of paying dividends. |
| **Policy Owner** | See Owner. |
| **Preferred Rate** | The rate the company charges people who have the lowest mortality risks. |
| **Provider** | An entity that serves as the Purchaser’s representative to facilitate the Viatical or Life Settlement purchase of a Life Insurance policy. |
| **Purchase Agreement** | A Contract or agreement entered into by a Provider with a Purchaser, to which the Owner is not a party, to purchase a policy or an interest in a Life Insurance policy, or acquire a beneficial interest, or a certificate issued pursuant to a group Life Insurance policy. |
| **Purchaser** | The acquirer of a Life Insurance policy that is being Viaticated or Life Settled. |
| **Reinstatement Period** | The amount of time an insurance company allows for the restoration of a policy that has lapsed due to non-payment of Premium after the grace period has ended. This period can be as long as three years from the Premium due date and typically requires evidence of insurability. |
| **Related Provider Trust** | A titling trust or other trust established by a licensed Provider or a Financing Entity for the sole purpose of holding ownership or beneficial interest in purchased policies in connection with a Financing Transaction.  In order to qualify as a Provider Trust, the trust must have a written agreement with the licensed Provider under which the licensed Provider is responsible for ensuring compliance with all statutory and regulatory requirements and under which the trust agrees to make all records and files relating to life settlement transactions available to the Department of Insurance as if those records and files were maintained directly by the licensed Provider. |
| **Renewable Term** | A term life policy that guarantees you the right to renew at the end of the term. |
| **Replacement** | The acquisition of a new Life Insurance policy in substitution of an existing policy. |
| **Rider** | An addition or amendment to an insurance policy. |
| **Risk** | The likelihood that you will die while insured. |
| **Risk Factor** | Things about you that affect your risk, such as age, smoking, hazardous occupation or Family History. |
| **Sales Contract** | A written agreement between a Provider and an Owner for the acquisition of a Life Insurance policy. |
| **Settlement Option** | How a Beneficiary receives payment of the Death Benefit. |
| **Suicide Clause** | A Life Insurance policy provision that allows the insurance company to not pay Death Benefits if the Insured commits suicide within the first two years after the policy is issued. |
| **Surrender Charge** | A fee the insurance company deducts from the Cash Value if a Life Insurance policy is surrendered prematurely. |
| **Term Life** | The simplest form of Life Insurance, it provides no Cash Value and the insurance company promises to pay Death Benefits if death occurs while the policy is In Force. |
| **Terminally Ill** | Having an illness or sickness that can reasonably be expected to result in death in twenty-four (24) months or less. |
| **Underwriting** | The insurance company's process for determining whom it will insure. |
| **Universal Life** | A type of Life Insurance contract that accumulates Cash Values and pays a Death Benefit. You choose the policy's Premium and face amount, and you can adjust these as long as the policy is In Force. |
| **Variable Life** | A type of Life Insurance contract that accumulates Cash Values and pays a Death Benefit. You choose the policy's Premium and face amount, and you can adjust these as long as the policy is In Force. The face amount and Cash Value rely on the investment performance of a special fund. Reserves are placed in investment accounts that are separate from the insurance company's general account. |
| **Viatical Settlement** | The sale of a Life Insurance policy to a third party where the insured has a Life Expectancy of two years or less. |
| **Viatical Settlement Provider** | See Provider. |
| **Viatical Settlement Broker** | The representative who assists the Owner in a Viatical Settlement. |
| **Viaticate** | To sell a Life Insurance policy to a third party when the Insured is Terminally Ill. |
| **Viator** | A Terminally Ill person who sells their Life Insurance policy to a third party and receives a lump sum cash payment. |
| **Waiver of Premium** | A provision that suspends the obligation to pay Premiums when the Insured is disabled or meets some other policy requirement. |
| **Whole Life** | A type of Life Insurance contract that accumulates Cash Values and pays a Death Benefit. Premiums generally are the same every year and Premiums in excess of the amount required to pay Mortality and Administrative Expenses accumulate as Cash Value. |

These definitions are provided only as a guide to assist you in understanding your life insurance policy and the options available to you. Definitions specific to a transaction may vary based on the type of transaction and the state you reside. Please consult your attorney for specific definitions applicable to you.