

## Glossary A

### **Accidental Death and Dismemberment**

Coverage that provides a lump-sum payment to you or your survivors if an accident results in the loss of a limb, paralysis or your death.

### **Accidental Death Benefit (ADB)**

Coverage against accidental death usually payable in addition to base amount of coverage.

### **Accidental Dismemberment: (Credit Insurance)**

Provides additional financial security should an insured person be dismembered or lose the use of a limb as the result of an accident.

### **Account Value**

The sum of all the interest options in your policy, including interest.

### **Accumulated Value**

An amount of money invested plus the interest earned on that money.

### **Actuary**

One who uses statistical information to evaluate the probability of future events and prices insurance products.

### **Agency**

A grouping of sales producers according to region. Compare with Branch.

### **Agent**

One who represents Canada Life when providing services to clients

### **Amortization (Credit Insurance)**

Refers to the reduction of debt by regular payments of interest and principal in order to pay off a loan by maturity.

### **Annual Premium**

Yearly amount payable by a client for a policy or component.

### **Annuity**

Periodic payments made to an individual under the terms of the policy.

### **Annuity Period**

The time between each payment under an annuity.

### **Applicant**

The party applying for an insurance policy.

### **Asset**

All things of value owned by an individual or organization.

### **Automatic Benefits Payment**

Automatic payment of moneys derived from a benefit.

### **Automatic Waiver of Premium**

A benefit that automatically forfeits premium payments.

## **Glossary B**

### **Beneficiary**

The person designated to receive proceeds entitled by a benefit. Payment of a benefit is triggered by an event.

### **Beneficiary (Credit Insurance)**

The person or party designated to receive proceeds entitled by a benefit. Payment of a benefit is triggered by an event. In the case of credit insurance, the beneficiary will always be the creditor.

### **Benefit**

An instruction that pays a cash amount upon the occurrence of a specific event.

### **Benefit Value**

The amount of cash payable on a benefit.

### **Bond**

Fixed interest security issued by a corporation or government, having a specific maturity date.

### **Book Returns**

Book yield is the investment income earned in a year on a portfolio of assets purchased over a number of years and at different interest rates, divided by the book value of those assets.

### **Borrower (Credit Insurance)**

A consumer who borrows money from a lender.

## **Glossary C**

### **Canada Pension Plan (CPP)**

A plan that provides retirement and long term disability income benefits to residents of Canadian provinces (excluding Quebec).

### **Canadian Life and Health Insurance Association (CLHIA)**

An association of most of the life and health insurance companies in Canada that conducts research and compiles information about the life and health insurance industry in Canada.

### **Cash Surrender Value**

Benefit that entitles a policy owner to an amount of money upon cancellation of a policy.

### **Child Insurance Rider (CIR)**

Insurance or insurability provided on current or future children of insured.

### **CLA**

The Canada Life Assurance Company.

### **Claim**

Request for payment of benefits under the terms of an insurance policy.

### **Claimant**

Person or party making request for payment of benefits under the terms of an insurance policy.

### **CLHIA**

Canadian Life and Health Insurance Association.

### **COLA**

Cost of living adjustment.

### **Commercial Business Loan (Credit Insurance)**

An agreement between a creditor and a borrower, where the creditor has loaned an amount to the borrower for business purposes.

### **Contingencies**

Events that are possible, but may or may not happen. Premium rates and acceptance of certain risk are based on contingencies.

### **Contribution Principle**

This is the principle which specifies the factors that must be taken into account when calculating dividends. At Canada Life, the key factors are: interest earnings, mortality, and operating expense.

### **Conversion**

The act of changing from one type of life insurance policy to another, without having to give evidence of insurability.

### **Cost of Insurance**

The cost of insuring a particular individual under the policy. It is based on the amount of coverage, as well as the underwriting class, age, sex and tobacco consumption of that individual.

### **Creditor (Credit Insurance)**

A lender or lending institution that offers financing and loans to a borrower, for the purpose of acquiring a commodity.

### **Critical Illness Insurance**

Coverage that provides a lump-sum payment should you be diagnosed with a critical illness and survive a pre-determined period of time. There are no restrictions on how you use your benefit.

### **Critical Illness Insurance (Credit Insurance)**

Coverage that provides a lump-sum payment should you become seriously ill with a specified illness. The payment is made to your creditors to pay off your debt owing.

## **Glossary D**

### **Daily Interest Accumulation**

Account in which interest is accrued daily and credited to the account at the end of a specified time.

### **Death Benefit**

Amount paid on death of an insured.

### **Debt (Credit Insurance)**

Money, goods or services that someone is obligated to pay someone else in accordance with an expressed or implied agreement. Debt may or may not be secured.

### **Deductible**

A flat amount that an insured must pay before the insurance company makes any benefit payments under a health insurance policy.

### **Disability**

Inability to work due to injury or sickness.

### **Disability Insurance (Credit Insurance)**

Group Insurance designed to cover monthly obligations due to a borrower being unable to work due to sickness or injury.

### **Dividend**

Unlike dividends which are paid to company shareholders, participating insurance policy dividends are not based on the company's overall profits. Rather, they are determined by grouping policies by type and country of issue and looking at how each class contributes to the company's earnings and surplus.

### **Dividend Policy**

This policy governs Canada Life's actions regarding distribution of dividends to policyholders. It's goal is to achieve a dividend distribution that is equitable and timely, and which gives full recognition of the need to ensure the ongoing solidity of the company. It also specifies that distribution to individual policyholders must be equitable between dividend classes and policyholder generations, and among policyholders within any class.

### **Duration**

The time it takes for a policy or annuity to reach maturity.

## **Glossary E**

### **Equity-based insurance**

Life insurance or annuity product in which the cash value and benefit level fluctuate according to the performance of an equity portfolio.

### **Equity investment**

Through equity investment, investors gain part ownership of the corporation. The primary type of equity investment is corporate stock.

### **Estate Planning**

An insurance program designed to provide funds for insured's dependents upon death of the insured, and to also conserve, as much as possible, the personal assets that the insured wants to bequeath to heirs.

### **Evidence of Insurability**

Evidence submitted to Canada Life that is used to determine whether an individual is eligible for the insurance coverage the individual has applied for.

### **Exclusion**

A specific condition or circumstance listed in the policy that are not covered by the policy

## **Glossary F**

There are currently no definitions for the letter F

## **Glossary G**

### **Guaranteed Interest Annuity (GIA)**

Interest bearing investment with fixed rate and term.

### **Guaranteed Interest Certificate (GIC)**

Interest bearing investment with fixed rate and term.

### **Guaranteed Renewal**

A promise that a life insurance policy will be renewed without penalty or medical examination after the term has expired. The renewal rate can also be guaranteed.

## **Glossary H**

There are currently no definitions for the letter H

## **Glossary I**

### **Illustration**

An illustration is a computer-generated spreadsheet that takes into account a number of assumptions in order to show how a specific policy might perform for a specific individual.

### **Indemnity**

A type of contract in which the amount of the benefit to be paid is based on the actual amount of financial loss determined at the time of the loss - for example, hospital expense insurance.

### **Indexation**

The adjustment of benefits to compensate for the effects of inflation.

### **Individual Insurance**

Insurance that is offered to individuals rather than groups.

### **Insurance Act**

In Canada, a general statute that contains most of the insurance law of a common law province, and regulates the conduct of insurers and insurance agents within the province.

### **Insurance Policy (Credit Insurance)**

A policy under which the insurance company promises to pay a benefit of the person who is insured.

### **Insured**

Person whose life is protected under a specific policy.

### **Insurer**

The party in an insurance contract that promises to pay a benefit if a specified loss occurs. Usually an insurance company.

### **Interest Option**

One of several investment accounts in which your premiums may be invested within your life insurance policy.

### **Interest Rate**

Rate charged or paid for the use of money, normally expressed as a percentage

### **Irrevocable Beneficiary**

Legal designation that cannot be contested. (See beneficiary)

### **Issue**

When an item is approved and released for sale, or when a policy or sales contract is accepted.

### **Issue Age**

Age of an insured as at the policy issue date, using "age nearest" next birthday formula.

### **Issue Date**

Date on which a policy is approved.

## **Glossary J**

### **Job Loss Insurance (Credit Insurance)**

Coverage that can pay down your debt should you become involuntarily unemployed. The payment is made to your creditors to reduce your debt owing.

### **Joint Policy Life**

One insurance policy that covers two lives, and generally provides for payment at the time of the first insured's death. It could also be structured to pay on second death basis for estate planning purposes.

## **Glossary K**

There are currently no definitions for the letter K

## **Glossary L**

### **Lapse**

Termination when a policy has no cash value after all attempts at conservation have failed.

### **Lapses**

Policies which are sold but do not remain in force because the policyholder fails to pay premiums.

### **Lease (Credit Insurance)**

Contract granting use of real estate, equipment or other fixed assets for a specified period of time in exchange for payment. The owner or a leased property is the lessor and the user the lessee.

### **Lender (Credit Insurance)**

Individual or firm that extends money to a borrower with the expectation of being repaid, usually with interest. Lenders create debt in the form of loans. Lenders include financial institutions, leasing companies government lending agencies and automobile dealers.

### **Level Premium**

A premium that remains unchanged throughout the life of a policy

### **Life Insurance**

Insurance that provides protection against an economic loss caused by death of the person insured.

### **Life Insurance (Credit Insurance)**

Group Term life insurance that pays or reduces the balance due on a loan if the borrower dies before the loan is repaid.

### **Life Insured**

The person who's life is protected by an individual policy.

### **Life Underwriter**

Insurance Agent.

### **Lives**

Number of insureds.

## **Glossary M**

### **Maturity**

The time when a policy or annuity reaches the end of its span.

### **Mortality Rate**

The death rates for various age groups of the population.

### **Mortgage Life insurance (Credit Insurance)**

Decreasing term life insurance that provides a death benefit amount corresponding to the decreasing amount owed on a mortgage.

### **Mortgage (Credit Insurance)**

An agreement between a creditor and a borrower, where the creditor has loaned an amount to the borrower for purposes of purchasing a loan secured by a home.

### **Multiple Lives**

Two or more death benefits based on one definition with different insureds.

## **Glossary N**

### **Non-participating Policy**

A type of insurance policy or annuity in which the owner does not receive dividends.

## **Glossary O**

### **Operating Expenses**

The amount of money the company must spend on overhead, distribution, taxes, underwriting the risk and servicing the policy. It is a factor in calculating premium rates.

## **Glossary P**

### **Paid-Up Additions**

A type of insurance policy or annuity in which the owner receives dividends, typically increases the death.

### **Participating Policy**

A policy offers the potential of sharing in the success of an insurance company through the receipt of dividends.

### **Pension Fund**

Assets used to pay the pensions of retirees. An investment institution established to manage the assets used to pay the pensions of retirees.

### **Personal Line of credit (Credit Insurance)**

A bank's commitment to make loans to a borrower up to a specified maximum during a specific period, usually one year.

### **Policy**

A written document that serves as evidence of insurance coverage and contains pertinent information about the benefits, coverage and owner, as well as its associated directives and obligations.

### **Policy Anniversary**

Yearly event linked to a policy. Usually the date issued.

### **Policy Date**

Date on which the insurance company assumes responsibilities for the obligations outlined in a policy.

### **Policy Fee**

Administrative charge included in a Policy Premium.

### **Policy Year**

Period between two policy anniversaries.

### **Policyowner**

The person who owns and holds all rights under the policy, including the power to name and change beneficiaries, make a policy loan, assign the policy to a financial institution as collateral for a loan, withdraw funds or surrender the policy.

### **Pre-Authorized Cheque (PAC)**

Withdrawals generated by a company (with client's permission) against a client's bank account on a predetermined schedule for a predetermined amount.

### **Pre-existing medical condition (Credit Insurance)**

A medical condition that existed before you became insured. Most policies exclude benefits if the condition is related to the event that triggers a claim if occurs within a certain period (6-12 months) after you became insured.

**Preferred Beneficiary**

Used in older contracts to confer the same rights as an irrevocable beneficiary. Applied to family members.

**Premium**

Annual amount payable, by a client, for selected product or service.

**Premium (Credit Insurance)**

Annual or monthly amounts payable, by a client, for a selected insurance coverage to insure debt obligations to their creditors are protected.

**Premium Mode**

Payment schedule of policy premiums, usually selected by the policy owner (monthly, quarterly, annually).

**Premium Offset**

After premiums have been paid for a number of years, further annual premiums may be paid by the current dividends and the surrender of some of the paid-up additions which have built up in the policy. In effect, the policy can begin to pay for itself. Whether a policy becomes eligible for premium offset, the date on which it becomes eligible and whether it remains eligible once premium offset begins, will all depend on how the dividend scale changes over the years. Since dividends are not guaranteed, premium offset cannot be guaranteed either.

**Glossary Q****Quebec Pension Plan**

A plan that primarily provides retirement and long-term disability income benefits for residents of Quebec.

**Glossary R****Refinancing (Credit Insurance)**

Extending the maturity date or increasing the amount of existing debt or both. Also, revising a payment schedule, usually to reduce the monthly payments and often to modify interest charges.

**Reinsurance**

Process in which the risk of potential loss is shared between two or more insurers.

**Reinsurer**

An insurance company that accepts the risk transferred from another insurance company in a reinsurance transaction.

**Rider**

An attachment to an insurance policy that becomes part of the insurance contract and expands the benefits payable.

**Risk**

Calculated chance of loss.

**Risk class**

A group of insureds who present similar risk to the insurance company. Risk classes include - standard, preferred, nonsmoker, substandard, uninsurable.

**RRSP**

Registered Retirement Savings Plan - A plan enabling Canadian citizens to establish tax-sheltered accounts to accumulate money towards retirement.

**Glossary S****Segregated Fund**

A pool of assets held by the insurer, to back a specific liability to a policyholder. Segregated Funds fluctuate

in value depending on the market value of a specific group of assets the company must maintain separately.

**Strike Insurance (Credit Insurance)**

Coverage that can pay down your debt should you become unemployed due to a legal strike in your place of work. The payment is made to your creditors to reduce your debt owing.

**Surrender**

Give up certain rights under a policy, or give up the policy itself.

**Surrender Charge**

Expense charges applied when the owner of a policy surrenders a policy for its cash value.

**Glossary T**

**Term**

The time period during which a policy is in force, or the time it takes for a policy to reach maturity.

**Term Life**

A product that provides life coverage for a specified duration typically not beyond the age of 75.

**Terminal Illness Insurance (Credit Insurance)**

Coverage that provides a lump-sum payment should you become terminally ill. The payment is made to your creditors to pay off your debt owing.

**Terminate**

Cease all legal obligations under a contract.

**Glossary U**

**Underwriter**

Person that uses various types of evidence to evaluate the insurability of a client.

**Underwriting**

Evaluating and classifying potential risk of a client.

**Unearned Premium**

Premiums paid for coverage not yet provided.

**Universal Life**

An unbundled Life product with a separate investment component. It typically does not participate in companies profits.

**Glossary V**

**Valuation**

Estimation of worth.

**Valuation Date**

Date on which valuation occurs.

**Variable Annuity**

A form of annuity policy under which the amount of each benefit is not guaranteed or specified. The amounts fluctuate according to the earnings of a separate investment account.

**Glossary W**

**Waiting Period (Credit Insurance)**

A specific time that must pass following the onset of a covered disability before any benefits will be paid under a creditor disability policy. (Also known as an elimination period).

**Waiver**

Removing liability or responsibility regarding a tangible event.

**Waiver of Premium**

A benefit that allows CLA to pay premiums on behalf of the insured.

**Whole Life**

Component that provides life coverage during the insured's life.

**Glossary X**

There are currently no definitions for the letter X

**Glossary Y**

There are currently no definitions for the letter Y

**Glossary Z**

There are currently no definitions for the letter Z