Life Insurance - The Basics

De-Ann Smith September 10, 2021

When you hear life insurance, what do you think of?

To simplify life insurance and help you understand what questions to ask when exploring life insurance, we have broken down a series of our most frequently asked questions.
Let's learn the basics!

How does life insurance work?

Most life insurance works on the same premise – you make payments which are called "premiums" to an insurance company that promises to pay your chosen beneficiary a sum of money in the event of your untimely passing.

What does life insurance cost?

The cost depends on the amount and the type of insurance you purchase as well as your life expectancy. There are insurance products to match just about any budget and life situation.

What are different types of life insurance?

TERM Insurance

This is often the least expensive. Term life insurance lasts for a specified period of time. You buy it for a certain amount of time (a "term") and usually have the option to renew it when the term ends. If you pass away during the specified term, your beneficiaries are paid the amount of the policy. If you are alive when the term ends, there is no pay-out.

WHOLE LIFE Insurance

This is permanent life insurance. Whole life insurance provides coverage that lasts your entire life Premiums are fixed and once they are paid the policy will remain in effect for your entire lifetime. Part of the premium you pay, also goes towards building cash value that functions as a savings plan. If you pass away, your beneficiaries are paid the amount of the policy.

How much insurance do I need?

Every household has unique insurance needs, and it's important to work with a Sagicor Advisor to determine your exact requirements.

Did You Know?

Life Insurance can also be used for more than final expenses!

Living Benefits of life Insurance

Your life insurance policy can have living benefits. Whole life insurance (permanent life insurance) accumulates cash value that can act as a savings plan. You can use your cash to cover emergencies, help with mortgage, use for retirement and more.

Your life insurance policy can be used as collateral for mortgages. If you're ready to buy a home, term life insurance comes in handy. It can cover your mortgage for the specified payment period.

Terms used

Beneficiary – A beneficiary is the person who gets the payout/money on your policy in the event of death.
Premium – The amount of money an insurance company charges for the insurance policy you chose.
Cash Value - Cash value is the portion of your policy that earns interest and may be available for you to withdraw or borrow against in case of an emergency.