Sagicor

Learning Life Insurance Basics

BY The Sagicor Advisor Posted January 08, 2019 In life insurance

We all know what the word insurance means, we hear it used regularly; however, understanding how it applies to your life can be a challenge. In order 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.

Do I need life insurance?
If you have financial obligations such as a mortgage, children's education or household support that would be jeopardised if you were to die, then you should consider life insurance because there are life insurance products that can make the required payments on your behalf in the event of your death.

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 upon your death.

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 the different types of life insurance?

There are four major types of life insurance.
TERM insurance is often the least expensive. You buy it for a certain amount of time (a "term") and usually have the option to renew it when the term ends, probably at a higher premium. If you die during the 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 combines a death benefit with a savings plan. 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 die, your beneficiaries are paid the amount of the policy.

UNIVERSAL LIFE insurance is a variation of whole life insurance and offers flexibility in the amount of coverage, the savings accumulation rate and the payment of premiums.

ENDOWMENT insurance provides a benefit if you live to a specified age or will pay your beneficiaries a benefit if you die before the policy matures. It also offers a savings plan - cash values accumulate at a higher rate than with whole life insurance, but the monthly premiums are higher as well.

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.

Insurance Benefit Tips:

- Consider purchasing insurance to cover the cost of your home mortgage in the event of disability, critical illness or even death.
- Improvements in medical care and public health have increased life expectancy and many people now live longer in retirement. Consider buying a life insurance product to protect you from outliving your resources in retirement.

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