

This glossary contains a list of some commonly-used terms in the business of life insurance, health insurance and annuities.

General Terms

1. **Admitted Insurer (Licensed Insurer):** An insurance company that has met the legal and financial requirements for operation within a given state.
2. **Agent:** A licensed and appointed representative who sells and services insurance policies on behalf of an insurance company. Also referred to as a “Producer.” See “Producer,” below.
3. **Agency Contract:** The contract containing the terms of the contract between the agent and insurance company, signed by both parties.
4. **Appointment:** The authorization or certification of an agent to act for or represent an insurance company.
5. **Assignment:** The transfer of benefits of a policy by an insured to another party.
6. **Assignor:** The person (including corporation, partnership or other organization or entity) who transfers a right or rights under an insurance policy to another by means of an assignment.
7. **Backdating:** The practice of making a policy effective at an earlier date than the present.
8. **Blanket Policy:** A policy that covers a number of individuals who are exposed to the same hazards.
9. **Broker:** The licensed insurance representative who does not represent a specific company but places business among various companies. Legally, the broker is usually considered a representative of the insured rather than the company.
10. **Carrier:** The insurance company that issues the insurance policy and assumes the risk. Also referred to as an “insurer.” See “Insurer,” below.
11. **Commission:** The fee or compensation paid to insurance agents or brokers for selling an insurance contract.
12. **Exclusions:** The specified circumstances listed in a policy for which insurance benefits will not be paid, e.g., suicide.
13. **General Agent:** An independent agent with authority, under contract with the company, to appoint soliciting agents within a designated territory and to fix their compensation.
14. **Gross Premium:** The total premium paid by the policy owner.
15. **Independent Agent/Agency:** The licensed insurance professional or entity who can sell insurance products from different insurance companies.
16. **Insurance Commissioner:** The head of a state’s insurance department or regulatory agency.
17. **Insured:** The person who is purchasing the insurance policy.

18. **Insurer:** The insurance company that issues the insurance policy and assumes the risk. Also referred to as a “Carrier.” See “Carrier,” above.
19. **Insurance Policy:** The written contract between the Policyholder and the Insurer.
20. **License:** The certification issued by a state insurance department that an individual is qualified to solicit insurance applications for the period covered; usually issued for one year, renewable on application without need to repeat the original qualifying requirements.
21. **Managing General Agent (MGA)/Managing General Underwriter (MGU):** An insurance agent or broker that has been granted underwriting authority by an Insurer, and that can administer programs and negotiate contracts for an Insurer.
22. **Non-admitted Insurer:** The insurance company that has not been licensed to operate within a given state.
23. **Policyholder:** The person who owns the annuity or insurance policy and pays the premiums.
24. **Premium:** The payment made by the Policyholder to the insurance company to maintain the annuity or insurance policy.
25. **Producer:** An individual or entity, such as an insurance agent or broker, involved in the sale and/or marketing of insurance contracts.
26. **Rider:** An amendment to an annuity or insurance policy that expands or restricts the policy's benefits or excludes certain conditions from coverage.
27. **Term:** The period for which the policy runs.
28. **Third Party Administrator:** An organization that performs a variety of administrative services for insurance companies or self-funded health plans, such as billing and collections, claims processing and transaction processing, as applicable.
29. **Underwriting:** The process of evaluating the risk associated with insuring an individual and determining the premium rate and terms of coverage.

Distribution-Related Terms

1. **Affinity Group:** An affinity group is a group of individuals or entities that share a common interest, profession or affiliation. Insurance companies often partner with affinity groups to market their products to affinity group members.
2. **Aggregator:** An aggregator is an online platform or service that collects and displays insurance quotes from multiple insurance companies, allowing customers to compare and choose insurance policies that best suit their needs.
3. **Broker:** An insurance broker is an intermediary who works on behalf of the client, not the insurance company. Brokers assess the client's needs, research available insurance options and negotiate with insurance companies to find the best coverage at the most competitive rates.

4. **Captive Agent:** A captive agent represents a single insurance company and sells insurance products exclusively issued by that company. Captive agents work as employees or independent contractors and have a contractual agreement with the company they represent.
5. **Cross-Selling:** Cross-selling refers to the practice of offering additional insurance products or services to existing customers. For example, an insurance agent who sells auto insurance might also offer homeowners insurance or life insurance to the same customer.
6. **Digital Insurance Distribution:** Digital insurance distribution refers to the use of technology, such as online platforms, mobile apps and digital marketing, to distribute and sell insurance products directly to customers, bypassing traditional intermediaries.
7. **Direct Writer:** A direct writer is an insurance company that sells its products directly to customers without involving intermediaries such as agents or brokers. They have their sales force and marketing channels to reach and sell insurance policies to consumers.
8. **Distribution Channel:** A distribution channel is the specific method or pathway through which insurance products reach customers. Examples include agents, brokers, online platforms, call centers and direct mail.
9. **Exclusive Marketing Agreement (EMA):** An EMA is a contractual agreement between an insurance company and a distribution partner, such as an FMO or IMO, granting the partner exclusive rights to market and sell specific insurance products within a defined territory or market segment.
10. **Field Marketing Organization (FMO):** An FMO is a marketing organization that contracts with insurance carriers to recruit and support independent insurance agents. FMOs provide training, marketing materials and sales support to agents.
11. **General Agent (GA):** An independent insurance agent or agency appointed by an insurance company to sell and service insurance policies. GAs have a broader scope of authority and responsibility compared to regular agents and may also have the authority to appoint sub-agents.
12. **Independent Agent:** An independent agent represents multiple insurance companies and is not committed to exclusively selling the products of any one company. They have the flexibility to offer insurance products from different carriers, comparing options and providing choices to clients.
13. **Insurance Marketing Organization (IMO):** Similar to an FMO, an IMO is a marketing organization that works with insurance carriers and agents. IMOs specialize in marketing and sales support for insurance products and may offer additional services like lead generation and product training.
14. **Managing General Agent (MGA):** An intermediary who acts as an independent contractor or agency that manages insurance products on behalf of insurance carriers. MGAs typically have underwriting authority and handle policy administration, sales and claims processing.

15. **Open Market:** The competitive marketplace where insurance brokers or agents can approach multiple insurance companies to obtain quotes and coverage options for their clients.
16. **Underwriter:** An underwriter is an individual or entity responsible for assessing risk and determining the terms and conditions of an insurance policy. Underwriters evaluate applications, calculate premiums and decide whether to accept or reject an application based on the level of risk involved.
17. **Wholesaler:** A person who provides product sales and service support, either within an organization (internal wholesaler) or to third party distributors (external wholesaler), but who does not typically maintain retail customer relationships.

Life Insurance Terms

1. **Accelerated Benefits Rider (also known as a Terminal Illness Rider):** A life insurance rider that allows for the early payment of some portion of the policy's face amount should the insured suffer from a terminal illness or injury. Variable annuities also offer this type of rider.
2. **Accelerated Death Benefit:** A provision in most life insurance policies that allows the Policyholder to receive a portion of the death benefit in advance if diagnosed with a qualifying terminal, chronic or critical illness.
3. **Accidental Death and Dismemberment (AD&D):** Insurance providing payment if the insured's death results from an accident or if the insured accidentally severs a limb above the wrist or ankle joints or totally and irreversibly loses eyesight.
4. **Annually Renewable Term:** A type of term life insurance policy that provides coverage for one year and can be renewed annually without the need for a medical examination. The premium quoted is for a one-year term. Usually, the premium increases every year.
5. **Applicant:** The person applying for a life insurance policy and whose health and other factors are evaluated during the underwriting process.
6. **Beneficiary:** The person or entity designated to receive the death benefit upon the Insured's death.
7. **Cash Surrender Option:** This feature allows owners of Permanent Life Insurance policies to voluntarily terminate their policy before maturity or an insured event occurs and receive the Cash Surrender Value.
8. **Cash Surrender Value:** The amount of money a Policyholder is entitled to receive upon surrender of a Permanent Life Insurance policy before its maturity or upon policy cancellation.
9. **Cash Value:** The portion of a Permanent Life Insurance policy that earns interest or rate of return and may be available for the Policyholder to withdraw or borrow against.
10. **Class Designation:** The identification of a certain group of people as Beneficiaries instead of naming each of the persons.

11. **Collateral Assignment:** The conditional assignment appointing a lender as the primary Beneficiary of a benefit to use as collateral for a loan.
12. **Contingent Beneficiary:** The person named to receive proceeds in case the original Beneficiary is not alive or cannot be located.
13. **Contingent Owner:** The individual who gets control over a policy if the primary owner dies.
14. **Contestable Period:** The period during which the company may contest a claim on a policy because of misleading or incomplete information in the application.
15. **Convertible Term Insurance:** A term life insurance policy that can be converted into a Permanent Life Insurance policy without the need for a medical examination.
16. **Death Benefit:** The amount of money paid to the Beneficiary upon the Insured's death.
17. **Decreasing Term Insurance:** A type of term life insurance policy where the Death Benefit gradually decreases over time.
18. **Dividend:** A return of surplus money by an insurance company to its Policyholders based on the company's financial performance.
19. **Endowment:** The provision in a policy providing for payment of the Face Amount at the end of a fixed period, at a specified age of the Insured or at the Insured's death before the end of the stated period.
20. **Face Amount:** The death benefit or coverage amount specified in a life insurance policy.
21. **Free Look Period:** A period of time after a life insurance policy is delivered during which the owner can cancel the policy and receive a full refund if not satisfied.
22. **Grace Period:** A specified period after the premium due date during which the Policyholder can make a premium payment without the policy lapsing.
23. **Guaranteed Renewal Policy:** The life or disability policy that the Insurer is required to renew on its anniversary as long as premiums are paid on the policy.
24. **Incontestability Clause:** A provision that limits the insurance company's ability to dispute the policy's validity after it has been in force for a certain period, usually two years.
25. **Indexed Whole Life:** The whole life insurance policy with a death benefit that increases according to the rate of inflation. Such policies are usually tied to the Consumer Price Index (CPI).
26. **Insurable Interest:** The financial or economic stake that an individual or entity has in the life or well-being of the insured, justifying their interest in purchasing a life insurance policy.
27. **Irrevocable Beneficiary:** A designated Beneficiary who has a vested right to the life insurance policy's death benefit and cannot be changed without their consent.
28. **Lapsed Policy:** A life insurance policy that has terminated due to non-payment of premiums.
29. **Level Term Insurance:** A type of term life insurance policy where the death benefit remains the same throughout the entire term.

30. **Life Expectancy:** The average age of death in a population and, more specifically, the number of years an individual can expect to live.
31. **Life Settlement:** The sale of a life insurance policy by the Policyholder to a third party for a one-time cash payment.
32. **Living Benefits:** Provisions in a life insurance policy that allow the Policyholder to access the death benefit while still alive in the event of a qualifying terminal, chronic or critical illness.
33. **Modified Whole Life:** A type of Permanent Life Insurance policy in which premiums remain fixed for a set number of years before increasing.
34. **Nonforfeiture Options:** Options available to the Policyholder if they decide to surrender or discontinue the life insurance policy, allowing them to receive some value from the policy.
35. **Paid-up Policy:** A life insurance policy that is fully paid, with no further premium payments required.
36. **Permanent Life Insurance:** A type of life insurance that provides coverage for the entire lifetime of the insured and includes a cash value component. Examples include whole life, universal life, and variable universal life (VUL) insurance policies.
37. **Reinstatement:** The process of restoring a lapsed life insurance policy to its active status after the Policyholder has paid the outstanding premiums and met certain conditions.
38. **Renewable Term Insurance:** A type of term life insurance policy that allows the Policyholder to renew the coverage at the end of the initial term without the need for a medical examination.
39. **Single-Premium Whole Life Insurance Policy:** A whole life insurance policy that is paid for with a single premium.
40. **Settlement Options:** Various methods available to the Beneficiary for receiving the Death Benefit, such as a lump sum payment or periodic installment payments.
41. **Term Life Insurance:** A type of life insurance that provides coverage for a specified term or period of time.
42. **Universal Life Insurance:** A type of Permanent Life Insurance that is characterized by flexible premiums, a flexible face amount, and a cash value.
43. **Viatical Settlement Contract:** The agreement under which the owner of a life insurance policy sells the policy to another person in exchange for a bargained for payment, which is generally less than the expected death benefit under the policy.
44. **Waiver of Premium:** The rider or policy's provision that exempts the insured from paying premiums after the insured has been disabled for a specified period of time (usually six months).

Annuity Terms

1. **Accumulation Phase:** The initial phase of an annuity contract where the Policyholder contributes funds to the annuity.
2. **Annuitant:** The person on whose life the annuity is based, and who will receive the annuity payments.
3. **Annuitize:** To convert the account balance under a deferred annuity contract into a stream of income, either for one or more lifetimes or a specific period of time for you or you and another person.
4. **Annuity:** A tax-deferred contract issued by an insurance company that can provide an income for a specified time period, such as a number of years or for life. There are two types of annuities: deferred annuities and immediate annuities.
5. **Annuity Commencement Date:** The date on which Contract Value is applied to provide income or annuity payments.
6. **Annuity Phase:** Also known as the income or payout phase of an annuity contract, the annuity phase begins on the Annuity Commencement Date and continues until the Insurer makes the last payment required by the applicable annuity option.
7. **Beneficiary:** The person(s) who receive(s) money upon the death of the annuity's contract owner or annuitant. The contract owner decides who the beneficiary will be.
8. **Bonus Credit or Bonus Rate:** An additional credit to the annuity offered by some annuity contracts, typically in the first year of the contract.
9. **Contract Value:** The total value of the premiums allocated to the investment options under a variable annuity contract, including fixed account options and Subaccounts.
10. **Death Benefit:** The amount payable to the designated Beneficiary if the Annuitant dies before the Annuity Commencement Date.
11. **Deferred Annuity:** A type of annuity that allows the accumulation of funds on a tax-deferred basis, with the option to convert the account balance into income payments at a later date. There are two types of deferred annuities: fixed and variable.
12. **Exclusion Ratio:** A fraction used to determine the amount of annual annuity income exempt from federal income tax. The exclusion ratio is the total contribution or investment in the annuity divided by the expected ratio.
13. **Fixed Annuity:** An annuity that provides a guaranteed fixed benefit amount, payable for the life of the Annuitant.
14. **Fixed Indexed Annuity (FIA):** An annuity that offers a return based on the performance of an index (which may be positive or negative), while also providing a minimum guaranteed interest rate or floor. The return on an FIA may be subject to a cap (the maximum amount of interest that can be credited), participation rate (a percentage applied to the index return in determining the interest to be credited), spreads (a percentage subtracted from the index change in determining the interest to be credited), and other requirements.

15. **Free Look Period:** A period of time after an annuity contract is delivered during which the owner can cancel the contract and receive a full refund if not satisfied.
16. **Immediate Annuity:** An annuity contract that provides income payments to the annuitant right away, usually within 12 months of purchase.
17. **Income for Life Annuity:** An annuity income option that guarantees income for the life of the annuitant, no matter how long he/she lives.
18. **Income for Two Lives Annuity:** An annuity income option that guarantees income for the lives of two annuitants.
19. **Installment Refund Annuity:** The annuity income option that provides for the funds remaining at the annuitant's death to be paid to the beneficiary in the form of continued annuity payments.
20. **Life Annuity:** The Annuity payable during the continued life of the annuitant.
21. **Non-Qualified Annuity:** A tax-deferred annuity purchased with after-tax dollars, not part of a tax-qualified retirement plan.
22. **Premiums or Purchase Payment:** The payment made by the annuity owner to the insurance company to establish the annuity contract.
23. **Principal:** Both the initial investment and any ongoing contributions made into an annuity.
24. **Qualified Annuity:** An annuity contract you generally buy with pre-tax dollars as part of a tax-qualified retirement plan.
25. **Renewal Rate:** The new declared interest rate for money that has completed the initial guaranteed interest-rate period.
26. **Surrender Charge:** A fee imposed by the Insurer if the annuity owner withdraws funds or surrenders the annuity during a specified surrender period.
27. **Tax-Deferred:** No current tax is payable on gains within a tax-deferred annuity until you make withdrawals.
28. **Tax-Free "1035" Exchanges:** Section 1035 of the U.S. tax code allows you to exchange an existing annuity for a new annuity without paying any tax on the gains in your current annuity account.
29. **Tax-Free Transfers:** The ability to move money between the Subaccounts and the fixed account within a VA without incurring current taxes.
30. **Withdrawal Charge (also known as a Surrender Charge):** The charge imposed by an Insurer for early withdrawal. See "CDSC," below.
31. **Withdrawals:** Money that the annuity owner can withdraw from the annuity, subject to any applicable surrender charges and/or tax penalties.

Health Insurance

1. **Actuarial Value:** The percentage of total average costs for covered benefits that a health insurance plan is expected to pay.
2. **Affordable Care Act (ACA):** A comprehensive healthcare reform law enacted in 2010 that aimed to expand access to affordable health insurance coverage in the United States.
3. **Balance Billing:** The practice of a healthcare provider billing a patient for the difference between the provider's charge and the amount reimbursed by the insurance company.
4. **Benefit:** The specific healthcare services or items covered by a health insurance policy.
5. **Benefit Period:** The maximum length of time that insurance benefits will be paid for any one accident, illness or hospital stay.
6. **Cancellable Contract/Policy:** A health insurance contract that may be terminated by the company or that is renewable at its option.
7. **COBRA:** The Consolidated Omnibus Budget Reconciliation Act of 1985, which allows certain employees and their dependents to continue their health insurance coverage temporarily after leaving their job.
8. **Coinsurance:** The percentage of costs for a covered healthcare service that the insured person is responsible for paying after reaching the deductible.
9. **Copayment:** A fixed amount that the insured person pays for a covered healthcare service at the time of receiving the service.
10. **Cost Sharing:** The portion of healthcare costs that the insured person is responsible for paying, including deductibles, copayments and coinsurance.
11. **Deductible:** The amount of money that the insured person must pay before the insurance company starts paying for covered services.
12. **Dependent:** An individual, such as a spouse or child, who is covered under a healthcare insurance policy based on their relationship to the Policyholder.
13. **Emergency Medical Services (EMS):** Services provided by trained medical professionals in response to medical emergencies, including ambulance transportation, emergency room visits and life-saving treatments.
14. **Enrollment Period:** The period during which new employees can sign up for coverage under a group insurance plan.
15. **Exchange:** A marketplace where individuals and small businesses can shop for and compare different health insurance plans.
16. **Formulary:** A list of prescription drugs covered by a health insurance plan.
17. **Guaranteed Issue (Guaranteed Insurability):** The requirement that health insurance companies must offer coverage to any eligible individual or group, regardless of their health status or pre-existing conditions.

18. **Health Maintenance Organization (HMO):** A type of health insurance plan that requires individuals to choose a primary care physician and receive referrals for specialized care.
19. **HIPAA:** The acronym for the Health Insurance Portability and Accountability Act that was passed by Congress in 1996 and provides data privacy and security provisions for safeguarding medical information.
20. **In-Network:** Healthcare providers or facilities that have contracted with a health insurance company to provide services at negotiated rates.
21. **Long-term Care:** The medical and personal services for individuals (often the elderly) who need assistance with daily activities for an extended period of time.
22. **Medicaid:** The public insurance program that provides health coverage to low-income families and individuals under joint federal-state participation (Kerr-Mills Act).
23. **Medicare:** The federally sponsored health insurance and medical program for persons age 65 or older, some younger people with disabilities and people with end-stage renal disease; administered under provisions of the Social Security Act.
24. **Out-of-Network:** Healthcare providers or facilities that have not contracted with a health insurance company, resulting in higher costs for the insured person.
25. **Out-of-Pocket Maximum:** The maximum amount that the insured person is required to pay for covered healthcare services in a given period, beyond which the insurance company pays 100% of the costs.
26. **Pre-Existing Condition:** A health condition that exists before obtaining health insurance coverage, which may affect the individual's eligibility for coverage or result in higher premiums.
27. **Preferred Provider Organization (PPO):** A type of health insurance plan that allows individuals to visit any healthcare provider without a referral, but offers lower costs for in-network providers.
28. **Prescription Drug Coverage:** Coverage provided by a health insurance plan for the cost of prescription medications.
29. **Primary Care Physician (PCP):** A healthcare provider, typically a family doctor or internist, who serves as the first point of contact for an individual's healthcare needs.
30. **Proof of Loss:** The mandatory health insurance provision stating that the insured must provide a completed claim form to the Insurer within 90 days of the date of loss.
31. **Provider:** A healthcare professional or facility that offers medical services.
32. **Specialist:** A healthcare professional who focuses on a specific area of medicine or a particular medical condition.
33. **Waiting Period:** A specified period of time that an individual must wait before coverage for certain healthcare services becomes effective.

SEC Registered Insurance Products

1. **Accumulation Period:** The period that begins on the date a variable annuity contract is issued and continues until the Annuity Commencement Date.
2. **Accumulation Unit:** A unit of measure used to compute the Contract Value allocated to Subaccounts during the Accumulation Period.
3. **Accumulation Unit Value (AUV):** The value of an accumulation unit, which will fluctuate according to the value of the Subaccount, which in turn will fluctuate in value according to changes in the value of the Underlying Fund in which the Subaccount invests
4. **Contingent Deferred Annuity (CDA):** A type of annuity that provides guaranteed lifetime income payments if an investment account is exhausted during the life of the Annuitant whether through permitted withdrawals and/or poor investment performance. Limits apply on the amount of withdrawals that may be taken from the investment account, and on the types of investment accounts that are “wrapped” by the CDA. Income payments from the CDA are contingent on the depletion of the investment account assets.
5. **Contingent Deferred Sales Charge (CDSC):** A charge that applies upon the full or partial withdrawal of Contract Value. The charge is typically a percentage of the amount withdrawn and the applicable percentage declines over a period of time to zero.
6. **Guaranteed Lifetime Withdrawal Benefit (GLWB):** A type of Living Benefit Rider that guarantees lifetime income regardless of the investment performance of the annuity, subject to certain conditions.
7. **Living Benefit Rider:** An annuity rider that offers an income, accumulation, withdrawal or other benefit while the Annuitant is alive. These riders are generally optional and involve additional cost.
8. **Market Value Adjusted (MVA) Annuity:** A type of annuity in which purchase payments are invested in guarantee periods that provide a specific rate of return if held to maturity. If the Policyholder withdraws some or all of the investment prior to the maturity of the guarantee period, the Insurer applies an MVA adjustment, which may be positive or negative, depending on the change in interest rates since the beginning of the guarantee period. The MVA adjustment will increase or decrease the amount paid on such withdrawals.
9. **Portfolio:** Another name for Underlying Fund. See “Underlying Fund,” below.
10. **Portfolio Rebalancing:** An optional feature that periodically reallocates the current Contract Value allocated to each Subaccount to pre-determined percentages.
11. **Prospectus:** An offering document containing material information about a VA or VUL policy.
12. **Rate Sheet:** A prospectus supplement that describes the current rates and/or percentages applicable to income, withdrawal and other features available under a Living Benefit Rider.

13. **Registered Index-Linked Annuity (RILA):** A type of annuity that offers the opportunity to receive a rate of return based on the performance of a securities index. Unlike FIAs, RILAs involve the risk of loss of principal. Like FIAs, RILAs may involve limits on the amount of interest credited, e.g., caps and participation rates. RILAs offer some protection from investment loss through buffers, where the Insurer bears a portion of the loss if the index decreases in value.
14. **Separate Account:** An account established and maintained by an insurance company under which income, gains and losses, whether or not realized, from assets allocated to such account, are, in accordance with the applicable contract, credited to or charged against such account without regard to other income, gains or losses of the insurance company. Separate Accounts are also referred to as “Variable Accounts.”
15. **Subaccounts:** Divisions of a Separate Account that invest in corresponding Underlying Funds. Subaccounts sometimes are referred to as “Investment Divisions.”
16. **Summary Prospectus:** A concise disclosure document describing the key features of a VA or VUL policy.
17. **Underlying Fund:** A mutual fund in which a corresponding Subaccount invests. Underlying Funds sometimes are referred to as “Portfolios.”
18. **Variable Annuity (VA):** A type of annuity in which the account value fluctuates based on the performance of the Subaccounts to which Contract Value has been allocated.
19. **Variable Immediate Annuity:** An income annuity that begins providing income payments right away, or soon after purchase. The amount of the income payments vary depending on the performance of the Subaccounts selected.
20. **Variable Life Insurance (VLI) or Variable Universal Life (VUL):** A type of Permanent Life Insurance policy that offers flexible premiums and the opportunity to seek growth through Subaccount investment options.