

SGFinDex Phase 2B Glossary Page

PRODUCT CLASS

PARTICIPATING POLICY:

- Profits, if any, of the life insurance company's participating fund are shared with policyholders. Your share of the profits is paid in the form of bonus(es) or dividend(s).
- However, profits are not guaranteed as they depend on how the fund's investments are performing, how many claims are paid out by the fund as well as expenses incurred.

NON-PARTICIPATING POLICY:

- Not entitled to profits, if any, made by the life insurance company's participating fund.

INVESTMENT-LINKED INSURANCE:

- Your premiums buy life insurance protection and investment units in a managed fund. You can usually decide on which funds to invest your premiums into depending on your risk appetite.
- The price of your units depends on how the investments in the fund perform. What your policy pays out depends on the price of the units at the time you cash them in or at the time of death. You may also get a death benefit on top of the value of your investment units.

UNIVERSAL LIFE INSURANCE:

- Universal life insurance is a form of 'interest sensitive' life insurance that offers a death benefit and provides the opportunity to build cash values which you can withdraw or, in some instances, borrow from.
- The cash value of universal life insurance earns interest at a declared rate, which may change over time. Notwithstanding that, most universal life insurance plans guarantee a minimum interest crediting rate.
- Two distinct types of universal life insurance plans:
 - Protection-oriented universal life insurance plans that provide high insurance coverage, these are typically whole of life plans; or
 - Savings-oriented universal life insurance plans that provide low insurance cover, and focus on wealth accumulation. These could be for whole of life or for a limited term. Renewability, if applicable, may not be guaranteed
- Gives you flexibility to support your financial goals over time by varying the amount, method and timing of premium payments.

PRODUCT TYPE:

WHOLE LIFE INSURANCE:

- Covers you for your lifetime.
- Also provides long-term savings, as the insurance company invests on your behalf.
- Pays a cash value if you decide to terminate your policy.

- Pays the sum insured and any bonuses built up when you die or become Totally and Permanently Disabled (“TPD”), if TPD benefit is provided.
- You pay premiums throughout your life by default, but this can be changed to a limited payment period.

ENDOWMENT POLICY:

- Covers you for a set period of time.
- Provides a combination of protection and savings.
- Pays the sum insured and any bonuses built up at the end of the set period of time (the maturity date), or when you die or become Totally and Permanently Disabled (“TPD”), if TPD benefit is provided during this period.

TERM INSURANCE:

- Covers you for a set period of time.
- Typically, no cash value is payable if you decide to terminate your policy.
- Pays the sum insured when you die or become Totally and Permanently Disabled (“TPD”), if TPD benefit is provided during this period

MEDICAL EXPENSE INSURANCE:

- Reimburses medical costs incurred as a result of an accident or illness. Medical expense insurance will not pay you more than the actual medical expenses incurred, regardless of the number of such policies you have.
- Pays for inpatient medical treatment or surgery, some outpatient charges for day surgery, consultation with specialists before and after your hospital stay, and X-rays and laboratory tests.
- May have limits on the amount you can claim.
- Major medical expense insurance pays for longer hospital stays due to a major illness or major surgery, such as heart bypass surgery or organ transplant.

CRITICAL ILLNESS INSURANCE:

- Major illnesses and types of surgery usually covered include major cancers, heart attack of specified severity, coronary artery bypass surgery, stroke and kidney failure.
- Each critical illness or surgery is precisely defined in your policy.
- Pays you only if your condition or surgery meets the stated definition.
- The amount paid may be different, depending on the various stages of a critical illness.
- A waiting period, typically 90 days from the start date of coverage, usually applies to certain illnesses or types of surgery (for example, major cancers, heart attack of specified severity and coronary artery bypass surgery). If any such illness is diagnosed or surgery is carried out during the waiting period, nothing is payable from your policy.

DISABILITY INCOME INSURANCE:

- Disability income insurance pays a fixed amount each month to replace part of the income you would lose if you are not able to work as a result of an accident or illness.
- Some policies define disability as not being able to perform your usual work, while others define it as not being able to do any work at all.

- There may be a deferment period during which nothing is payable from your policy. Payment usually starts after you have been continuously disabled for longer than the deferment period. Payment stops once you are able to work again or it may be reduced in proportion to the recovery you are making.

TOTAL AND PERMANENT DISABILITY (“TPD”):

- You are said to be suffering from TPD if you cannot ever perform any work, occupation or profession. (Some insurers define work/occupation/profession more narrowly to peg it your own work/occupation/profession, instead of any work or occupation.)
- In some insurers’ policies, you can also be considered to have TPD if you suffer from one of the following:
 - (a) loss of sight of both eyes;
 - (b) loss of both limbs; and/or
 - (c) loss of sight of one eye and loss of one limb.
- Loss of a limb is usually defined as permanent total loss of use, or loss by physical severance or amputation of a hand at or above the wrist, or of a foot at or above the ankle.
- However, this TPD benefit is not available once an you are above a certain specified age (usually 65 years of age), unless otherwise endorsed (in the insurance policy).

ANNUITY:

- Pays a regular income for the rest of your life. Usually, you pay a lump sum which is invested by the insurance company in return for monthly payouts.
- Annuities for Central Provident Fund (“CPF”) members under the CPF Minimum Sum Scheme or Minimum Sum Plus Scheme are available.

LONG-TERM CARE INSURANCE:

- Pays a fixed amount each month when you are unable to perform Activities of Daily Living (“ADLs”) such as bathing, dressing, feeding, going to the toilet or moving around.
- Definitions of ADLs and the minimum number of activities you must not be able to perform to qualify for payment vary from one policy to another. Payment stops if the number of ADLs you cannot perform falls below the minimum stated in your policy.
- Some policies pay for up to a set number of years. Other policies pay for life as long as you meet the qualifying conditions.
- There may be a deferment period during which nothing is payable from your policy. Payment usually starts after you have not been able to perform the minimum number of ADLs for at least a set period of time (i.e. such deferment period).

SURRENDER VALUE

- The amount of money you will be paid if you surrender (cash in) a policy that has a savings feature (after deducting surrender charge, policy loan and any outstanding amount if applicable).
- Surrender value (cash value) is built up only after the first few years.
- Surrender value (cash value) for investment-linked insurance depends on the current value of the investment units in the funds.

NET ASSET VALUE (NAV)

- It refers to the net asset value of the fund(s) invested in pursuant to the investment linked policy (before deducting surrender charge, policy loan and any outstanding amount(s) if applicable). Please refer to your policy contract for more details.

POLICY MATURITY DATE

- An agreed date on which your policy ends and the insurance company pays out the applicable benefit amount.

POLICY HOLDER

- The owner of the policy, as stated in the policy schedule, and/or his legal representative(s) or assign(s), who is/are entitled to exercise the rights and options under the policy.

JOINT POLICY HOLDER

- The joint owner of the policy, as stated in the policy schedule, and/or his legal representative(s) or assign(s), who is/are entitled to exercise the rights and options under the policy.

LIFE INSURED

- The person whose life is insured under your policy, as stated in your policy schedule.

JOINT LIFE INSURED

- The person whose life is jointly insured under your policy. For joint life policies, the insurance coverage will be payable upon successful claim on an insured event happening to either the Life Insured or Joint Life Insured.

SECONDARY LIFE INSURED

- The person named as the next Life Insured for your policy. Upon death of the Life Insured, your policy continues with the Secondary Life Insured. This option is only available for certain policies.

BENEFICIARY INDICATOR

- This indicates whether you have named a person or entity in your policy to receive the policy benefits. Please contact your insurer for further enquiries.

PAYER

- The person(s) who pays the premium on your policy.

EXCLUSION INDICATOR

- This indicates whether there are conditions or events specific to the [life insured] that are not covered by your policy. Please contact your insurer for further enquiries.

PLAN TYPE

- This refers to the plan type of the product. The plan type could either be Basic or Rider.

SUM INSURED

- In most cases, this is the minimum guaranteed amount that is to be paid for a claim on a covered event (such as Death, Critical Illness, Total Permanent Disability, Terminal Illness etc) that has taken place. For certain products, the benefit payable may not be equal to the Sum Insured. Please refer to your policy contract and schedule for more details.

DEATH SUM INSURED

- This refers to the minimum guaranteed amount paid to the beneficiaries in the event of death of the Life Insured or Joint Life Insured (where relevant). Please refer to your policy contract and schedule for more details.

TOTAL AND PERMANENT DISABILITY (TPD) SUM INSURED

- This refers to the minimum guaranteed amount paid in the event the Life Insured or the Joint Life Insured (where relevant) becomes totally and permanently disabled. Please refer to your policy contract and schedule for the definition of Total and Permanent Disability.

CRITICAL ILLNESS (CI) SUM INSURED

- This refers to the minimum amount paid in the event the Life Insured or the Joint Life Insured (where relevant) is diagnosed with the covered Critical Illness as per policy schedule and/or policy contract.

ACCIDENTAL DEATH SUM INSURED

- This refers to the minimum amount paid in the event of accidental death of the Life Insured or the Joint Life Insured (where relevant) as per policy schedule and /or policy contract.

HOSPITAL ROOM BOARD PER DAY

- It is the maximum room and board coverage limit per day as displayed in your policy schedule and/or policy contract.

HOSPITAL MAX LIMIT PER YEAR

- It is the maximum hospitalisation claim limit per policy year as per policy schedule and/or policy contract. Please note that this limit has not factored in any claims which have been admitted by the insurer in the current policy year.

HOSPITAL MAX LIMIT PER LIFE

- It refers to the maximum hospitalisation claim limit for your overall lifetime as per your policy schedule and/or policy contract. This limit does not factor in claims which have been admitted by the insurer for that policy.

HOSPITAL WARD ENTITLEMENT

- It refers to the hospital ward entitlement as per your policy schedule and /or policy contract.

COVERAGE EFFECTIVE DATE

- It refers to the date on which your policy coverage starts.

COVERAGE EXPIRY DATE

- It refers to the date of policy coverage risk cessation or the date immediately preceding policy coverage renewal (for certain products). Please refer to policy contract and schedule for more details.

COVERAGE PREMIUM AMOUNT

- The specified amount of payment required by an insurance company to provide coverage under a given insurance plan for a defined period of time.

PREMIUM MODE FREQUENCY

- You decide on the frequency of premium payments upon purchasing a policy. The most common premium payment frequencies are annual, semi-annual, quarterly and monthly. You are billed according to this schedule, and some insurers allow you to change the schedule.

PREMIUM PAYMENT TERM

- Premium payment term is the total time period that you have to pay premiums for.

NEXT PREMIUM DUE DATE

- The date on which the next payment for premiums is due - this will depend on the frequency of payment (e.g., in the upcoming month if premiums are paid monthly, the upcoming policy year if premiums are paid annually etc.)

NEXT PREMIUM AMOUNT

- It refers to the upcoming premium amount you make to an insurance company in accordance with your selected premium payment frequency to keep your policy active. Please contact your insurer for further enquiries.

TOTAL PREMIUM PAID

- It refers to the aggregate of premiums which have been paid by you and outstanding premiums covered by an Automatic Premium Loan if it is applied (but excludes any prepaid premium). This is subject to certain limited exceptions, please contact your insurer for further enquiries.

PAYMENT METHOD

- It refers to source of funds to pay the premiums. Other methods include Cheque, AXS, Cash, etc.

DATE FINAL INCOME PAYOUT

- This refers to the final income payout date.
- Date will only be shown upon the first income payout in effect.

LATEST PAYOUT AMOUNT

- This refers to the latest income payout amount for your policy, which consists of both guaranteed and non-guaranteed components. It may be encashed or accumulated with the insurer depending on options available.

TOTAL ACCUMULATED INCOME PAYOUT AMOUNT

- It refers to the total declared income payout amount which consists of both guaranteed and non-guaranteed components, which customer has opted to accumulate with the insurer. Please refer to the insurer for actual payout.

PAYOUT FREQUENCY

- It refers to how often you receive income payout. The payout frequency is typically specified in the policy contract. The most common payout frequencies are annual, semi-annual, quarterly and monthly. For payout frequency with “Others”, the payout frequency could be that which is set out in the policy contract (e.g. once every certain “n” number of years during the policy duration).

GUARANTEED VALUE AT MATURITY

- The guaranteed maturity value is the amount that will be paid at the end of your policy maturity date if your policy is in-force. Please note that the actual payout may not be the same after taking into consideration factors such as outstanding premiums, loans, claims, charges or any outstanding amounts applicable.