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What are the different types of life insurance?

Life insurance can be divided into two main categories: term and permanent.

Term Insurance

Term insurance is generally the least expensive (in the short term) and the least complicated type of life insurance. Coverage is typically provided for a specific term (period of time) – for example, for 5, 10, 15, 20 years or even longer. The premium may be level for the full term period or may increase over time. Coverage will end if the insured is still alive at the end of the term. Many term policies include a “conversion option,” which guarantees the policy owner the right to convert the policy to permanent coverage without having to re-qualify. However, conversion options vary among carriers and products as to both the latest date for conversion and the choice of products available for conversion.

Permanent Insurance

Assuming that an individual has a permanent need for life insurance, permanent insurance may be appropriate. There are many different types of permanent insurance, and variations within each type, including whole life insurance, universal, variable, whole/term blends, and guaranteed death benefit. If permanent insurance is needed, it is advisable to speak to a knowledgeable agent about the most appropriate type for your needs. In addition, life insurance may insure just one life or may be “joint and survivor” insurance, which pays at the death of the survivor of two individuals (generally husband and wife).

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