

Chapter 35 Life and Health Insurance

1. How is variable life insurance different from other types of cash-value insurance?

Cash value part of the premium is invested in things like stocks, bonds, and mutual funds rather than savings. Rest of premium used for guaranteed death benefits.

2. Why is term insurance sometimes called “pure protection?”

Covers person for specific period of time. 5, 10, or 20 years. Pays only if the insured dies

3. What are three of the specific factors that affect the cost of a life insurance premium?

Age, health, and occupation

4. What is the least expensive form of health insurance for most people?

Group health insurance. Company or organization provides group insurance. Company pays for part or all premium.

5. What is the difference between an HMO plan and regular group insurance?

HMO (Health Maintenance Organization) plans stress preventive health care to keep medical costs down. Must go to its own clinic and choose doctor from its group.

Vocabulary

Match each word to its definition.

- Proceeds
- Health maintenance organization (HMO)
- Cash-value insurance
- Term insurance
- Medicare
- Beneficiary
- Copayment
- Pre-existing condition
- Coinsurance
- Medicaid

Term	Definition
Term insurance	Covers a person for a specified period of time.
Health maintenance organization (HMO)	Provides health care at its health-care center for a fixed fee per patient.
Medicare	A major health insurance program set up by the federal government.
Proceeds	Money paid from the policy.
Cash-value insurance	Provides both savings and protection.
Coinsurance	Specifies the percentage of costs, after the deductible, which the insurance company will pay.
Medicaid	Provides care for those who are unable to pay for other insurance or for health care.
Beneficiary	Person who receives part or all of the proceeds from a life insurance policy.
Copayment	A fee paid each time a service covered by a health insurance plan is used, such as a doctor's visit or a prescription.
Pre-existing condition	A serious health condition diagnosed before a person obtained health insurance and which might not be covered by a policy.