

## **Policy Detail Summary Report Terms and Definitions**

The Policy Detail Summary Report provides basic but important information regarding your policy. The following definitions may help you understand the meaning of the terms used in the daily management of the policies and in the report, but are not sufficient to provide you with an understanding of the policies, how they work, or the potential risks associated with each. You are strongly encouraged to read the accompanying paper titled, *“A Basic Overview of Life Insurance, Relative to the LPI Portfolio of Policies,”* to better understand your policy. You are also strongly encouraged to read the paper *“Life Expectancy Estimates – What You Need to Know,”* for a better understanding of life expectancies and longevity.

### **Policy Information**

**Account Value:** The account within a Universal Life (“UL”) policy. It includes the sum of all premiums paid, plus interest credited, less policy charges and costs.

**Cash Surrender Value:** The Account Value less any surrender charges and outstanding loans.

**Conversion Expiration Date:** The last date at which a term policy can be converted to a permanent policy such as a Whole Life or UL policy.

**Date of Death:** Date of death of an insured.

**Face at Sale:** The amount of coverage/death benefit purchased by Life Partners.

**Insurance Company:** The insurance company that issued the policy and/or is the current coverage provider.

**Maturity Date:** The date at which the death benefit becomes payable by the death of the insured or the date at which the contractual obligation of the insurance carrier ends. See a list of Maturity Options along with their descriptions below.

#### **Maturity Option(s) for UL Policies include:**

- NAV/NCSV: At the policy Maturity Date the Account Value or Net Cash Surrender Value are paid.
- Extension for full DB: The policy has a rider that extends coverage for the full death benefit beyond the policy Maturity Date.
- Extension for Basic Sum: In some cases, UL policies have a specific amount of coverage referred to as the basic sum. There may also be an additional amount of coverage which increases the total death benefit. An extension for basic sum means that if an insured lives beyond the policy Maturity Date, the basic coverage may be extended, but the additional coverage terminates. If the extension rider is in force when the insured passes away, the basic sum will be paid by the insurance company.

- Extension for NAV + Interest: This indicates the policy Maturity Date is extended to the death of the insured and the death benefit amount changes to the Account Value, which will continue to earn interest, and is payable on the insured's demise.
- Extension for Paid-Up Policy: This indicates that the cash value in the policy on the policy Maturity Date will be used to purchase a Paid-Up policy and the death benefit from that policy will extend and be payable on the insured's demise.

**Maturity Options for Whole Life Policies include:**

- Paid-up Life Ins.: At the policy Maturity Date, the policy will become Paid-Up and no further premiums need to be paid.
- Mortality: The premiums and full death benefit are both payable for the lifetime of the insured.
- Endow: At the policy Maturity Date, the death benefit will be paid.

**Maturity Options for Term Policies:**

- Terminate: When the policy comes to the end of its term, the coverage will terminate.

**Mode:** The frequency of premium payment, either monthly, quarterly, semi-annually or annually.

**Net Death Benefit:** The amount the carrier will pay upon the insured's death. It may be more or less than the face amount (amount of coverage issued by the carrier) of the policy.

**Next Premium Due Date:** Date the next premium is due at the carrier.

**Next Premium Amount:** Amount of the premium scheduled to be paid to the carrier at the next premium due date.

**Policy Date:** Issue date of the policy.

**Policy Type:** For definitions of the different types of policies please see the article titled, "*Basic Overview of Life Insurance - Relative to the LPI Portfolio of Policies.*"

- Term
- UL
- Whole Life
- Group

**Policy Status:**

- Terminated: Means a term policy for which coverage has terminated.
- Matured: The death claim has been filed.
- Lapsed by Client: The policy is lapsed.
- In Conversion: The policy is either a group or term policy and is in the process of being converted to permanent coverage, such as a UL or Whole Life policy.

**Premium Status:** Additional information regarding premium payments.

- Scheduled Premium: There is a scheduled premium payment.

- DPW: There is currently no scheduled premium because there is a disability premium waiver in effect and premiums are being waived by the Insurance Company due to an insured disability. This premium status will change if notified by the Insurance Company that the DPW is no longer approved or in effect. Earnest efforts are made to maintain DPW status as appropriate.
- Extended Term: Extended term insurance is the default non-forfeiture option for whole life policies. With extended term insurance, the policy's Cash Surrender Value at the time of premium default is used to purchase another policy that will remain in force for a specified period of time. The policy will no longer require premiums to be paid.  
Paid-Up: This is also a non-forfeiture option available for whole life policies. At the time of premium default, the Cash Surrender Value will be used as a net single premium at the attained age of the Insured to determine the amount of insurance. The policy no longer has premiums that need to be paid.

The following are specific to Group policies:

- Reimbursement – Suspense: No premium is scheduled to be paid or reimbursed at this time – pending receipt of additional information from the insured.
- Reimbursement – Retired: The employee is retired and the premium is being deducted from the insureds retirement and will only be reimbursed when the insured sends in proof of the amount deducted from his retirement.
- Reimbursement – Payroll Deduction: The premium is being deducted from the insureds paycheck. These funds will be reimbursed upon receipt of the appropriate documentation from the insured.
- LTD Status: The insured is on Long Term Disability and premiums are currently being waived for the life insurance policy.
- LTD – Payroll Deduction: The insured is on Long Term Disability and the premium is automatically deducted from the insured's check to pay for the life insurance policy.
- LTD - Employer Paid: The insured is on Long Term Disability and the premium for the life insurance policy is being paid by the employer.
- Employer Paid: The premium is paid by the employer, so there is no premium scheduled to be paid or reimbursed.

**Policy Values Source:** Policy values, such as the Account Value and Net Cash Surrender Value, are derived from either an Annual Statement or a VOC (“Verification of Coverage”).

- Annual Statement: A report of policy information the insurance carrier sends to the policy owner each year. It lists various policy data points such as the Face Amount, Net Death Benefit, Account Value and Net Cash Surrender value as of the most current policy anniversary date.
- VOC: This is information received from the insurance carrier in response to a request to verify certain aspects of the policy. It will typically contain information similar to an Annual Statement, but will be as of the date provided, rather than the anniversary date.

**Policy Secondary Type:** Additional policy descriptions.

- Whole Life Policies and UL Policies
  - Interest Sensitive: Some whole life policies are interest sensitive and the cash value earns interest at an interest rate declared periodically by the insurance carrier.

- Variable: The policy allows the policy holder to invest the cash value in a variety of investment accounts available within the policy such as stocks and bonds, which potentially carries more risk.
- Survivor: This is a survivorship or second-to-die policy (has two insureds).
  - Reduced-Paid-Up: The policy is Paid-Up and there are no future premium obligations. The Face Amount has been reduced from the original issue amount.
- Term Policies
    - Annual Renewable: The policy renews every year. The premium typically increases each year.
    - 5 year Renewable: The policy renews every 5 years, at which time the premium typically increases.
    - 10 year Renewable: The policy renews every 10 years, at which time the premium typically increases.
  - Group Policies
    - Group – Ported: This is a policy that remains under a group plan but functions like an individual policy in which premium responsibilities are solely the responsibility of the owner.
    - Group Decreasing: The Death Benefit of this group policy will decrease in the future.
    - Group: Insurance coverage provided to an employee (or member). Please see the paper, “*A Basic Overview of Life Insurance, Relative to the LPI Portfolio of Policies*” for more information regarding these policies.

## **Insured Information**

**Age:** Current age of the insured (+/- a few days).

**Gender:** Gender of the insured.

**LE Type:** Please see the paper “*Life Expectancy Estimates – What You Need to Know,*” to read about the life expectancy reports and longevity estimates provided.

- Traditional/Standard
- Longevity Update
- Tertiary

**LE Provider:** The company that prepared the life expectancy or longevity report.

**LE Date:** The date the life expectancy or longevity report was prepared.

**Multiplier:** Please see the paper “*Life Expectancy Estimates – What You Need to Know.*”

**Median:** Please see the paper “*Life Expectancy Estimates – What You Need to Know.*”

**50 Percent:** Please see the paper “*Life Expectancy Estimates – What You Need to Know.*”

**85 Percent:** Please see the paper *“Life Expectancy Estimates – What You Need to Know.”*

**VBT Table:** Please see the paper *“Life Expectancy Estimates – What You Need to Know.”*

**Second Insured Age:** Some policies have two insureds, a primary and a secondary. Typically, these policies pay the death benefit at the death of the second insured. These policies are called second-to-die or survivorship policies.

**Second Insured Gender:** Gender of second insured.