

TABLE OF CONTENTS

Foreword	iii
List of abbreviations.....	xxv

CHAPTER 1

INTRODUCTION TO LIFE INSURANCE MODULE

1.1 Risk of death	2
1.2 Potential financial impacts of death.....	4
1.2.1 Loss of income	4
1.2.2 Loss of caregiver	4
1.2.3 Debt repayment.....	5
1.2.4 Income taxes	5
1.2.5 Estate creation.....	6
1.2.5.1 Income tax owing.....	6
1.2.5.2 Education funds.....	6
1.2.5.3 Legacies	6
1.2.5.4 Charitable giving	7
1.2.6 Business impacts.....	7
1.3 Risk management strategies.....	8
1.3.1 Risk avoidance	8
1.3.2 Risk reduction.....	8
1.3.3 Risk retention.....	8
1.3.4 Risk transfer	9

CHAPTER 2

TERM LIFE INSURANCE

2.1 What “term” means.....	11
2.1.1 Typical terms	11
2.1.2 Age limits	11
2.2 Policyholder vs. life/lives insured.....	11
2.2.1 Single life	12
2.2.2 Joint first-to-die	12
2.2.3 Joint last-to-die	14

2.3	Death benefit	15
2.3.1	Level term	15
2.3.2	Decreasing term	16
2.3.3	Increasing term	16
2.4	Term insurance premiums	17
2.4.1	How premiums are set.....	17
2.4.1.1	Mortality costs.....	18
2.4.1.2	Expenses	18
2.4.2	Sample premiums.....	18
2.5	Renewable vs. non-renewable term insurance	20
2.5.1	Renewal provisions	20
2.5.1.1	Renewable with guaranteed rates	20
2.5.1.2	Re-entry term with adjustable rates	21
2.6	Convertible term insurance	22
2.6.1	Incontestability and suicide provisions	22
2.6.2	Attained-age vs. original-age conversions.....	23
2.7	Advantages and disadvantages of term life insurance.....	25
2.8	Using term insurance	25
2.8.1	Short-term risks	25
2.8.2	Decreasing risks	26
2.8.3	Limited cash flow	26

CHAPTER 3

WHOLE LIFE AND TERM-100 INSURANCE

3.1	Concept of permanent insurance	28
3.1.1	How permanent insurance differs from term insurance.....	28
3.1.2	Types of permanent insurance	29
3.1.2.1	Whole life	30
3.1.2.2	Term-100 (T-100).....	30
3.1.2.3	Universal life (UL)	30

3.2	Overview of whole life insurance	30
3.2.1	Coverage term	30
3.2.2	Policy reserve	30
3.2.3	How premiums are set.....	31
3.2.3.1	Mortality costs	31
3.2.3.2	Expenses	31
3.2.3.3	Investment returns	32
3.2.3.4	Impact of modal factor	32
3.2.4	Premium options.....	33
3.2.4.1	Ongoing premiums	34
3.2.4.2	Single premium.....	34
3.2.4.3	Limited payment	34
3.2.5	Death benefit options.....	34
3.2.5.1	Guaranteed whole life.....	34
3.2.5.2	Adjustable whole life	35
3.3	Non-participating vs. participating whole life policies	35
3.3.1	How shortfalls or surpluses occur.....	35
3.3.2	Non-participating policies	36
3.3.3	Participating policies.....	36
3.3.3.1	Identifying the difference.....	37
3.4	Dividend payment options for participating policies	37
3.4.1	Cash	37
3.4.2	Premium reduction	38
3.4.3	Accumulation	38
3.4.3.1	Investment options.....	38
3.4.3.2	Upon death	38
3.4.4	Paid-up additions (PUA).....	38
3.4.5	Term insurance	39
3.4.6	Impact on death benefits and cash values	39
3.4.6.1	Dividend illustrations.....	39
3.5	Non-forfeiture benefits.....	40
3.5.1	Cash surrender value (CSV)	40
3.5.1.1	Surrender charges	40
3.5.1.2	Policy loans.....	41

3.5.2	Automatic premium loans (APL).....	41
3.5.3	Reduced paid-up insurance.....	42
3.5.4	Extended term insurance.....	43
3.6	Limited payment whole life	43
3.7	Premium offset policies	44
3.7.1	Illustrations and disclosure	45
3.8	Advantages and disadvantages of whole life insurance.....	46
3.9	Comparing term and whole life insurance	47
3.10	Using whole life insurance.....	48
3.10.1	Taxes upon death	48
3.10.2	Future insurability	49
3.10.3	Increasing coverage	49
3.11	Term-100 (T-100) life insurance	50
3.11.1	Duration of coverage	50
3.11.2	Premiums	50
3.11.2.1	Level cost of insurance (LCOI)	51
3.11.2.2	Limited payment T-100	51
3.11.3	Death benefit	52
3.11.4	Upon age 100	52
3.11.5	Using Term-100	52

CHAPTER 4

UNIVERSAL LIFE INSURANCE

4.1	Transparency through unbundling.....	54
4.1.1	Mortality costs.....	56
4.1.2	Expenses.....	56
4.1.3	Investment	56
4.1.4	Premium tax	56
4.2	Flexibility for the policyholder	57
4.2.1	Timing and amount of premiums	57

4.2.1.1	Insufficient account value	58
4.2.1.2	Modal factors for UL policies.....	58
4.2.2	Adjusting the face amount.....	59
4.2.3	Life/lives insured.....	60
4.3	Pricing the insurance component.....	61
4.3.1	Net amount at risk (NAAR).....	61
4.3.2	Yearly renewable term (YRT).....	62
4.3.3	Level cost of insurance (LCOI).....	62
4.3.4	Choosing between yearly renewable term (YRT) and level cost of insurance (LCOI) costing.....	62
4.3.5	Guaranteed vs. adjustable COI.....	64
4.3.5.1	Open-ended or restricted increases	64
4.4	Death benefit options	64
4.4.1	Level death benefit.....	65
4.4.2	Level death benefit plus account value	66
4.4.3	Level death benefit plus cumulative premiums.....	66
4.4.4	Indexed death benefit.....	67
4.5	Investment components	68
4.5.1	Net premiums	69
4.5.1.1	Exemption test.....	69
4.5.2	Tax deferral.....	69
4.5.3	Investment choices.....	69
4.5.3.1	Daily interest accounts (DIAs)	70
4.5.3.2	Guaranteed investment accounts (GIAs).....	70
4.5.3.3	Index fund investments.....	70
4.5.3.4	Mutual fund investments.....	71
4.5.4	Impact of investment returns on policy viability	71
4.5.4.1	Policy illustrations	71
4.6	Investment account	72
4.6.1	Surrendering the policy.....	72
4.6.2	Policy withdrawals (partial surrender).....	73
4.6.3	Premium offsets.....	74
4.6.4	Policy loans	75

4.6.5	Partial assignment for third-party loans	75
4.6.6	Leveraging	76
4.6.7	Distribution upon death.....	77
4.7	Advantages and disadvantages of universal life (UL) insurance.....	78
4.8	Comparing universal life (UL) and whole life	78
4.9	Using universal life (UL) insurance.....	79
4.9.1	Maxed out registered retirement savings plan (RRSP) and tax-free savings account (TFSA)	80
4.9.2	Tax-free retirement income	80

CHAPTER 5

RIDERS AND SUPPLEMENTARY BENEFITS

5.1	Riders that provide additional benefits upon death	82
5.1.1	Paid-up additions (PUA) rider.....	82
5.1.2	Term insurance riders	83
5.1.2.1	On a term policy.....	84
5.1.2.2	On a permanent policy.....	84
5.1.2.3	Family coverage rider	85
5.1.2.4	Child coverage rider.....	85
5.1.2.5	Converting child or family coverage riders.....	86
5.1.3	Accidental death (AD) rider	86
5.1.4	Guaranteed insurability benefit (GIB) rider	87
5.2	Supplementary benefits (benefits payable during life)	88
5.2.1	Accelerated death benefits	88
5.2.1.1	Terminal illness (TI) benefit.....	88
5.2.1.2	Dread disease (DD) benefit (a.k.a. critical illness or CI benefit)	89
5.2.2	Accidental dismemberment benefit	90
5.2.3	Waiver of premium for total disability benefit.....	92
5.2.3.1	Waiting period	92
5.2.3.2	Renewable or convertible term policies	92
5.2.4	Parent/payor waiver benefit.....	92

5.3	Using riders and supplementary benefits to customize coverage	93
5.3.1	Cost of coverage	93
5.3.2	Value of coverage	94
5.3.2.1	Limitations	94
5.3.2.2	Exclusions	94
5.3.3	Differences between companies	95
5.4	Advantages and disadvantages of riders and supplementary benefits	95

CHAPTER 6

GROUP LIFE INSURANCE

6.1	How group life insurance works	98
6.1.1	What constitutes a group	98
6.1.2	Policyholder	99
6.1.3	Master contract	99
6.1.4	Group membership	100
6.1.4.1	Actively-at-work requirement	100
6.1.4.2	Membership classes	100
6.1.5	Premiums	101
6.1.5.1	Tax treatment for employer	101
6.1.5.2	Tax treatment for employee	102
6.1.5.3	Sales tax on premiums	102
6.2	Group term insurance coverage	103
6.2.1	Schedule of benefits	103
6.2.1.1	Earnings multiple	103
6.2.1.2	Flat rate	103
6.2.1.3	Length of service	104
6.2.1.4	Combination	104
6.2.2	Coverage maximums	104
6.2.3	Reductions for older or retired group members	105
6.2.4	Optional additional coverage	105
6.2.4.1	Term coverage	106
6.2.4.2	Permanent coverage	106

6.3	Dependant life coverage	106
6.3.1	Definition of dependant.....	107
6.3.2	Death benefit amount	107
6.3.3	Premiums	108
6.4	Survivor income benefits	108
6.4.1	Beneficiaries	108
6.4.2	Benefit amount	108
6.5	Accidental death and dismemberment (AD&D).....	109
6.5.1	Basic vs. voluntary AD&D	109
6.5.1.1	Coverage for dependants	110
6.5.2	Exclusions	110
6.5.3	Overall limits	110
6.6	Conversion privileges	111
6.6.1	In Québec	111
6.6.1.1	Leaving the plan	111
6.6.1.2	Master contract terminates	112
6.6.2	In the rest of Canada	112
6.6.3	Premiums upon conversion	113
6.7	Replacement contracts.....	113
6.7.1	Benefit amounts.....	113
6.8	Disabled members	113
6.9	Group creditor insurance	113
6.9.1	Death benefit	115
6.9.2	Beneficiary	115
6.9.3	Premiums	115
6.9.4	Additional coverage	115
6.9.4.1	Disability	115
6.9.4.2	Critical illness	115
6.9.4.3	Unemployment.....	116
6.10	Group life insurance vs. individual life insurance	116
6.11	Advantages and disadvantages of group life insurance.....	117

CHAPTER 7

TAXATION OF LIFE INSURANCE AND TAX STRATEGIES

7.1	Key concepts.....	119
7.1.1	Tax-free death benefit.....	119
7.1.2	Policy dispositions	120
7.1.3	Policy gains	121
7.1.4	Adjusted cost basis (ACB).....	121
7.1.4.1	Last acquired date	122
7.1.4.2	G1 policies	122
7.1.4.3	G2 and G3 policies	123
7.2	Taxation of policy dividends.....	125
7.3	Taxation of a full surrender	125
7.3.1	Policy gain calculation	125
7.4	Taxation of a partial surrender	126
7.4.1	Reducing coverage.....	126
7.4.2	Policy withdrawals	127
7.5	Taxation of policy loans	128
7.5.1	Repaying a policy loan	129
7.5.2	Policy loan interest	129
7.6	Taxation of exempt vs. non-exempt policies.....	129
7.6.1	Purpose of exempt test - insurance or investment?	130
7.6.2	Maximum Tax Actuarial Reserve (MTAR) rule.....	130
7.6.2.1	8-Pay endowment at age 90 for G3 policies.....	130
7.6.2.2	20-Pay endowment at age 85 for G2 policies.....	131
7.6.3	Maximum Tax Actuarial Reserve (MTAR) remedies	132
7.6.3.1	Increasing the face amount	132
7.6.3.2	Withdrawing premiums	132
7.6.3.3	Side funds.....	133
7.6.4	Anti-dump-in rule	133
7.6.4.1	Applying the 250% rule.....	133
7.6.4.2	Implications for minimum-funded policies.....	134

7.6.5	If a policy becomes non-exempt.....	134
7.6.5.1	Deemed disposition	134
7.6.5.2	Annual accrual rules	135
7.7	Tax implications of replacing an existing policy.....	135
7.7.1	Policy disposition	135
7.7.2	Tax advantages of older policies	135
7.8	Absolute assignments	135
7.8.1	General rule.....	136
7.8.2	To a non-arm's length party	136
7.8.3	Assigning a policy to a spouse	137
7.8.3.1	Opting out of the spousal rollover	137
7.8.3.2	Income attribution rules.....	138
7.8.4	Assigning a policy to a child	138
7.8.4.1	Defining "child"	139
7.8.4.2	Direct transfers only	139
7.8.4.3	Education funding or other intergenerational transfers	140
7.9	Death of the policyholder.....	141
7.9.1	Rollover to spouse.....	141
7.9.2	Contingent policyholder	142
7.9.2.1	Rollover to a child	142
7.10	Taxation of life insurance strategies	142
7.10.1	Using the policy as collateral	143
7.10.1.1	Borrowing for business use.....	143
7.10.1.2	Deducting premiums	143
7.10.2	Annuitizing the cash surrender value (CSV).....	144
7.10.2.1	If the policyholder is disabled.....	145
7.10.2.2	Partial surrender	145
7.10.3	Leveraging a life insurance policy	145
7.10.3.1	Collateralizing the cash surrender value (CSV)	145
7.10.3.2	Interest paid or capitalized	146
7.10.4	Charitable giving.....	146
7.10.4.1	Charitable Donation Tax Credit	146

7.10.4.2	Assigning a new insurance policy to a charity	148
7.10.4.3	Assigning an existing insurance policy to a charity	148
7.10.4.4	Naming a charity as the beneficiary	150

CHAPTER 8

BUSINESS LIFE INSURANCE

8.1	Potential impacts of death on a business	152
8.1.1	Loss of skills	152
8.1.2	Creditor demands	153
8.1.3	Family member interference	154
8.1.4	Equality for family members	154
8.1.5	Capital gains tax for the shareholder	155
8.2	Business types	155
8.2.1	Sole proprietorship	156
8.2.2	Partnerships	156
8.2.3	Corporations	157
8.2.3.1	Public vs. private corporations	157
8.3	“Key person” life insurance	158
8.3.1	Split-dollar arrangements	158
8.3.1.1	Taxation of key person split-dollar arrangements	159
8.3.2	As a requirement for borrowing	160
8.4	Buy-sell agreements	160
8.4.1	Cross-purchase agreements	160
8.4.2	Why buy-sell agreements are important	161
8.4.2.1	Guaranteed buyer	162
8.4.2.2	Guaranteed value	162
8.4.2.3	Mandatory sale	162
8.4.2.4	Guaranteed funding through life insurance	162
8.4.3	Criss-cross insurance	162
8.4.4	Business-owned insurance	164
8.4.4.1	Role of the capital dividend account (CDA)	165
8.4.4.2	Funding cross-purchase buy-sell agreements	166
8.4.4.3	Funding share-redemption buy-sell agreements	167

CHAPTER 9

APPLICATION AND UNDERWRITING

9.1	Process overview	169
9.1.1	Agent's role.....	169
9.1.2	Completing the application	170
9.1.3	Underwriting	170
9.1.4	Issuing and delivering the policy.....	171
9.2	Application.....	171
9.2.1	Policy details.....	171
9.2.1.1	Applicant/policyholder.....	171
9.2.1.2	Life insured	171
9.2.1.3	Beneficiary	172
9.2.1.4	Type of policy	172
9.2.1.5	Riders and supplementary benefits	172
9.2.1.6	Premium options.....	173
9.2.1.7	Dividend options	173
9.2.2	About the applicant.....	173
9.2.2.1	Financial ability	173
9.2.2.2	Insurable interest	174
9.2.2.3	Justification of amount of coverage	175
9.2.2.4	Insurance application history	175
9.2.3	About the life insured.....	175
9.2.3.1	Personal information.....	176
9.2.3.2	Medical information.....	176
9.2.4	Incomplete or erroneous information.....	177
9.2.4.1	Mistake	177
9.2.4.2	Fraudulent misrepresentation	178
9.2.4.3	Incomplete information	179
9.2.5	Agent's comments	179
9.3	Temporary insurance agreement (TIA).....	180
9.3.1	Requirements for coverage	180
9.3.2	Coverage limits.....	180

9.3.3	Coverage duration	181
9.3.4	Agent’s responsibilities	181
9.4	Underwriting by the insurance company	181
9.4.1	Underwriting guidelines	182
9.4.2	Attending physician’s statement (APS)	182
9.4.3	Medical exam	183
9.4.4	Medical Information Bureau (MIB).....	183
9.4.5	Motor vehicle record (MVR).....	185
9.4.6	Inspection report.....	185
9.4.7	Requests for clarification or more information	186
9.4.8	Financial underwriting.....	186
9.4.9	People who are not Canadian citizens	186
9.4.9.1	Permanent residents.....	186
9.4.9.2	Awaiting permanent residency.....	187
9.4.9.3	International students	187
9.4.10	Frequent travellers.....	187
9.4.11	Avocations	187
9.4.12	Accelerated Underwriting	188
9.5	Risk classes and their impact on premiums	189
9.5.1	Standard risk	189
9.5.2	Preferred risk	189
9.5.3	Rated risk	189
9.5.4	Exclusions	189
9.5.5	Changing the risk class	190
9.5.6	Declined.....	190
9.6	Client factors that may affect premiums	191
9.6.1	Age	191
9.6.1.1	Attained age.....	192
9.6.2	Gender.....	192
9.6.3	Health status or risk class.....	193
9.6.4	Hazardous occupation.....	194
9.6.5	Hazardous lifestyle	194

9.7	Company factors that may affect premiums	194
9.7.1	Mortality costs.....	195
9.7.2	Administration costs and expenses	195
9.7.3	Investment returns.....	195
9.8	Reinsurance.....	195
9.9	Issuing the policy	196
9.9.1	Delivery.....	196
9.10	Acceptance.....	197
9.11	Group life insurance.....	197
9.11.1	Basic group life insurance	198
9.11.2	Additional coverage.....	198
9.11.3	Creditor life insurance.....	198
9.11.3.1	Post-claim underwriting.....	199

CHAPTER 10

ASSESSING THE CLIENT'S NEEDS AND SITUATION

10.1	Assess the family dynamics.....	202
10.1.1	Current spouse	202
10.1.1.1	Dependent vs. self-sufficient.....	202
10.1.2	Support obligations to ex-spouse(s).....	203
10.1.2.1	Court-ordered insurance	203
10.1.3	Minor children	204
10.1.3.1	Current care arrangements.....	204
10.1.3.2	Child support to ex-spouse	205
10.1.3.3	Court-ordered insurance	205
10.1.4	Other dependents.....	205
10.1.4.1	Disabled family members.....	205
10.1.4.2	Aging parents.....	206
10.2	Assess the employment situation	206
10.2.1	Employee.....	206
10.2.1.1	Current income	206

10.2.1.2	Future income potential	206
10.2.1.3	Job stability	207
10.2.1.4	Group benefits	207
10.2.2	Business owner	208
10.2.2.1	Sole proprietorship	208
10.2.2.2	Corporation	208
10.2.2.3	Partnership	209
10.2.2.4	Existing buy-sell agreement	210
10.2.2.5	Business income stability and amounts	210
10.2.3	Retirement	210
10.2.3.1	Time to retirement	211
10.2.3.2	Retirement income sources	211
10.3	Assess current financial situation	211
10.3.1	Assets	212
10.3.1.1	Liquid assets	212
10.3.1.2	Fixed assets	213
10.3.1.3	Investment assets	213
10.3.1.4	Pension entitlements	214
10.3.1.5	Case study summary of assets	215
10.3.2	Debts	216
10.3.2.1	Mortgage	216
10.3.2.2	Credit cards and lines of credit	216
10.3.2.3	Other loans	217
10.3.2.4	Case study summary of liabilities	217
10.3.3	Tax liability upon death	218
10.3.4	Current expenses	218
10.3.5	Available cash flow	219
10.4	Assess existing insurance	220
10.4.1	Individual insurance	220
10.4.2	Business insurance	222
10.4.2.1	Relationship to buy-sell agreement	222
10.4.2.2	Type of policy	223
10.4.2.3	Ownership of policy and payment of premiums	223

10.4.3	Group insurance	223
10.4.3.1	Face amount	223
10.4.3.2	Policyholder and conditions of membership	224
10.4.3.3	End date and convertibility	224
10.4.3.4	Vulnerabilities	225
10.4.4	Government benefits	226
10.4.4.1	Canada Pension Plan (CPP) survivor benefits	226
10.4.4.2	Québec Pension Plan benefits (QPP)	227
10.4.4.3	Old Age Security (OAS) survivor benefits	228
10.4.4.4	Workers' Compensation benefits	228
10.5	Identify client's priorities in the event of death	229
10.5.1	Family lifestyle	229
10.5.2	Final expenses	230
10.5.3	Plans for future	231
10.6	Next steps	232

CHAPTER 11

RECOMMENDING AN INSURANCE POLICY

11.1	Evaluate the probability, severity and duration of risks	234
11.1.1	Probability of death	234
11.1.1.1	Current age and gender	235
11.1.1.2	Personal and family health history	236
11.1.1.3	Lifestyle risks	236
11.1.2	Financial impacts of death	237
11.1.3	Duration of risk	238
11.1.4	Other risks	238
11.1.4.1	Risk of illness or disability	238
11.1.4.2	Risk of unemployment	239
11.2	Insurance needs' analysis – Income replacement approach	239
11.2.1	Capitalization of lost income	240
11.2.2	Impact of investment returns, inflation and income tax	240
11.2.2.1	Accounting for income taxes	240

11.2.2.2	Accounting for inflation.....	241
11.2.2.3	Accounting for income taxes and inflation simultaneously.....	242
11.2.3	Weaknesses of the income replacement approach.....	243
11.3	Insurance needs' analysis – Capital needs' approach.....	243
11.3.1	Income earned by survivors	243
11.3.2	Ongoing expenses.....	244
11.3.3	Income shortfall	245
11.3.3.1	Capitalization of income shortfall	246
11.3.4	Capital needs' analysis	247
11.3.4.1	Final expenses.....	247
11.3.4.2	Tax liabilities.....	247
11.3.4.3	Debt elimination	248
11.3.4.4	Estate expenses	248
11.3.4.5	Emergency fund.....	249
11.3.4.6	Education fund	250
11.3.4.7	Estate equalization.....	250
11.3.4.8	Charitable bequests and legacies	250
11.3.4.9	Total capital needs	251
11.3.4.10	Assets available upon death	251
11.3.4.11	Existing insurance.....	253
11.3.4.12	Shortfall.....	253
11.4	Bringing it all together.....	254
11.4.1	Duration of risk	254
11.4.2	Investment needs	255
11.4.3	Cash flow vs. premiums	255
11.4.4	Coverage for spouse or dependents	256
11.5	Making the recommendation	256
11.5.1	Type of coverage	256
11.5.2	Death benefits	257
11.5.3	Premiums	258
11.5.4	Beneficiaries	264
11.5.4.1	Primary and contingent	264
11.5.4.2	Revocable or irrevocable	265
11.5.4.3	Probate implications.....	265

11.5.5	Highlighting important clauses.....	265
11.5.5.1	Exclusions.....	265
11.5.5.2	Incontestability.....	266
11.5.5.3	Grace period.....	266
11.5.5.4	Reinstatement.....	267
11.5.5.5	Right of rescission.....	267
11.5.5.6	Expiry.....	267
11.5.5.7	Surrender charges.....	268
11.6	Using illustrations.....	268

CHAPTER 12

ONGOING SERVICE

12.1	Monitoring changing client needs.....	270
12.1.1	New dependants.....	270
12.1.2	Marriage or civil union.....	271
12.1.3	Divorce or dissolution of a civil union.....	271
12.1.4	Employment changes.....	271
12.1.5	New mortgage.....	272
12.1.6	Acquiring a business.....	272
12.1.7	Leaving Canada.....	272
12.1.8	Updated needs analysis and recommendations.....	272
12.2	Amending a policy.....	273
12.2.1	Changes not requiring underwriting.....	273
12.2.2	Changes requiring underwriting.....	273
12.3	Renewing a policy.....	274
12.4	Replacing a contract.....	275
12.4.1	Churning and twisting.....	275
12.4.2	Disclosure requirements.....	275
12.4.3	Cancelling the contract being replaced.....	277
12.5	Cancelling a policy.....	277

12.6	Surrendering a policy.....	278
12.7	Policy assignments.....	278
12.7.1	Absolute policy assignment.....	278
12.7.2	Partial policy assignment.....	279
12.8	Claims process.....	279
12.8.1	Agent’s role.....	280
12.8.2	Completed claim form.....	280
12.8.3	Policy status.....	280
12.8.4	Proof of death.....	280
12.8.5	Probate.....	281
12.8.6	Attending physician’s statement (APS).....	282
12.8.7	Proof of age and gender.....	282
12.8.8	Confirmation of beneficiary.....	282
12.9	Group life insurance claims.....	283
12.10	Factors that could affect the payment upon death.....	283
12.10.1	Participating whole life policies.....	283
12.10.2	Adjustable whole life policies.....	283
12.10.3	Universal life policies.....	284
12.10.4	Misstatement of age.....	284
12.10.5	Misstatement of gender.....	285
12.10.6	Policy assigned as collateral.....	286
12.10.7	Outstanding policy loan.....	286
12.10.8	Unpaid premiums.....	287
12.11	Settlement options.....	287
12.12	Time requirements.....	287
12.13	Tax treatment of death benefits.....	288
	CONCLUSION	289
	BIBLIOGRAPHY	290