

Montana Life Insurance Laws And Regulations Flashcards PDF

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What is the primary purpose of life insurance?

The primary purpose of life insurance is to provide financial protection to beneficiaries in the event of the policyholder's death.

What are the two main types of life insurance?

The two main types of life insurance are term life insurance and whole life insurance.

What is term life insurance?

Term life insurance provides coverage for a specific period of time, typically ranging from 1 to 30 years.

What is whole life insurance?

Whole life insurance provides coverage for the policyholder's entire life and includes a savings component.

What is the difference between a beneficiary and an insured?

The beneficiary is the person or entity designated to receive the death benefit, while the insured is the individual whose life is covered by the policy.

What is a premium in life insurance?

A premium is the amount of money that the policyholder pays to the insurance company to maintain the life insurance policy.

What is a death benefit?

A death benefit is the amount of money that is paid to the beneficiary upon the death of the insured.

What does it mean to have a cash value in a life insurance policy?

Cash value is a savings component of whole life insurance that accumulates over time and can be borrowed against or withdrawn.

What is a rider in a life insurance policy?

A rider is an additional provision that can be added to a life insurance policy to provide extra benefits or coverage.

What is the contestability period in life insurance?

The contestability period is a time frame, usually two years, during which the insurance company can contest a claim based on misrepresentation.

What is underwriting in life insurance?

underwriting is the process by which an insurance company evaluates the risk of insuring an individual and determines the premium.

What is a policy loan?

A policy loan is a loan taken against the cash value of a life insurance policy.

What happens if a policyholder stops paying premiums?

If a policyholder stops paying premiums, the policy may lapse, resulting in the loss of coverage.

What is a waiver of premium rider?

A waiver of premium rider allows the policyholder to skip premium payments if they become disabled.

What is the significance of the free look period?

The free look period allows policyholders to review their policy and cancel it for a full refund within a specified time frame.

What is a guaranteed issue life insurance policy?

A guaranteed issue life insurance policy is a type of policy that does not require medical underwriting and is available to all applicants.

What is the role of the insurance commissioner in Montana?

The insurance commissioner in Montana oversees the insurance industry, ensuring compliance with state laws and regulations.

What is the purpose of the Montana Life Insurance Guaranty Association?

The Montana Life Insurance Guaranty Association protects policyholders by providing coverage in the event that an insurance company becomes insolvent.

What is the minimum age to purchase life insurance in Montana?

The minimum age to purchase life insurance in Montana is typically 18 years old.

What is a policy illustration?

A policy illustration is a document that provides a visual representation of the benefits and features of a life insurance policy.