

## FREE CA LIFE & HEALTH KEY FACTS

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- The Social Security Blackout period is a period of time when surviving family members are NOT eligible for Social Security survivors benefits (survivors benefits stop during this period).
- The Social Security Blackout period begins when the youngest child reaches age 16.
- The Social Security Blackout period ends when the surviving spouse reaches age 60.
- Social Security full retirement age is based upon the year in which you were born.
- Retirement benefits under Social Security are only available to workers who are fully insured.
- An Employee Stock Ownership Program (ESOP) is a qualified, defined contribution, employee benefit plan designed to invest primarily in the stock of the sponsoring employer.
- A profit sharing plan is a plan that gives employees a share in the profits of the company. Each employee receives a percentage of those profits based on the company's earnings.
- A speculative risk is a risk situation that includes a chance of loss and a potential for gain. Speculative risks are not insurable.
- The premium is the amount the insured pays the insurer for the coverage provided.
- The Law of Large Numbers states the more similar risks the insurance company combines together the better they can guess approximately how many losses they will have in a given time period.
- The Doctrine of Utmost Good Faith allows each party to rely on the representations made by the other party.
- Life insurance companies are required to give the policyholder a minimum 10 day grace period, unless the policyholder is age 60 or older in which case they are considered a senior citizen and must receive a 30 day minimum grace period.
- In order to transact insurance (sell insurance) agents must hold at least one insurer appointment.
- A Tax Sheltered Annuity (TSA or 403-B) is a qualified plan created for public school employees and non-profits.
- Roth IRAs have non-deductible contributions.

- Annuity death benefits are NOT tax deductible or tax free. Life insurance death benefits are tax free however annuities are not life insurance. The beneficiary of an annuity death benefit would have to pay ordinary income tax on any amount they receive over and above the cost basis (amount invested) of the annuity owner.
- Divorce is a qualifying event under COBRA which will allow the employee to apply to continue their coverage under the group plan.
- The Consolidated Omnibus Reconciliation Act (COBRA) requires employers with 20 or more employees offer health insurance continuation to employees and employees dependants who become ineligible for coverage due to a qualifying event. If the employee elects continuation they are responsible for paying the full premium for coverage and can only continue their coverage under the group plan for a limited period of time.
- If a daughter needs a break from caring for her father her father may have coverage in his Long Term Care policy that would pay for a caregiver to come in to give her a break. This coverage is called respite care.
- An individual who needs terminal ill care would find this coverage provided in their Long Term Care policy as hospice care.
- Long Term Care policies are underwritten on the applicant's ability to care for themselves (Activities of Daily Living), such as eating, bathing and transferring (moving around).
- There are three types of ordinary life insurance that you can remember using the acronym W-E-T (Whole Life, Endowment, Term). Group insurance is not a type of ordinary life insurance.
- The insurance applicant is the individual who is applying to purchase insurance.
- Each authorized insurer is required to establish a division within the insurer to investigate fraudulent claims.
- Claims forms are required to include the following statement related to fraudulent claims: "Any person who knowingly presents a false or fraudulent claim for the payment of a loss is guilty of a crime and may be subject to fines and confinement in state prison".
- The waiting period included in disability income policies is also known as the elimination period.
- The period of time (30 days, 60 days, 90 days or 180 days) the insured is not eligible for benefits once they become disabled is known as the waiting period.
- An individual that has contributed to Social Security 6 of the last 13 quarters who becomes disabled is currently insured under the system.
- Bob works for Alpha insurance company and does things necessary to transact insurance that are not specified in his contract. This is referred to as implied authority.