

Understanding Whole Life Insurance



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Whole life is a type of permanent non-participating life insurance. It's called permanent because a whole life policy provides life-long protection and is guaranteed to do so by the insurance company. With whole life, you pay a fixed premium for life instead of the increasing premiums found on renewable term life insurance policies. The term "non-participating" indicates that these types of policies do not receive dividends, bonuses and are not linked directly to the performance of the company.

Since the word "term" in term life insurance means a period of time, one could say that the term for whole life insurance is the duration of all of your life. Unlike term insurance, whole life insurance is designed for long-term planning with the idea that death is inevitable.

BMO® Insurance offers a variety of permanent non-participating plans that can be adapted to a variety of personal insurance needs such as estate planning, educational or retirement income funding.

There are many factors to consider when choosing a Whole Life plan, so it is important to understand how your plan works and which factors can have an impact on your policy and its values

How it Works

Once your whole life policy is in effect, the premiums you pay are fully guaranteed and will never increase. Some policies on the other hand, have a guaranteed pay period, which will allow your plan to become fully paid-up after a given length of time as indicated on your policy.

While some whole life plans do not have any cash surrender value (CSV), others will. Plans that have CSV as part of their features will usually begin to grow after an initial period of time has passed. Once this initial period is satisfied, the CSV will increase with each policy anniversary. All values available on eligible plans are fully guaranteed in the contract.

The exception to this is if there are any outstanding premiums due, if there are any policy loans or if there has been a surrender of coverage. These features are described in your policy contract.

The cost for insurance coverage depends on the risk classification of the insured(s) as well as the amount and type of insurance coverage you purchase.

Coverage

Your coverage takes effect when your application has been approved by BMO Insurance; the first premium is paid in full; and there has been no change to the information on the application when the policy is delivered to you.

Whole life insurance offers permanent nonparticipating life insurance with guaranteed premiums and coverage for life.

Features and Benefits

BMO Insurance Whole Life policies are designed to meet your long term insurance needs. You can increase your insurance coverage or add other types of coverage as required (subject to availability and proof of insurability). You can also decrease your coverage, subject to plan minimums.

Once you begin paying premiums, some plans will offer various benefits such as cash surrender values, paid-up values, extended coverage and policy loan provisions. Each benefit is outlined in the contract.

Guarantees

All BMO Insurance Whole Life plans have the following guarantees:

Costs of Insurance – The cost of insurance rates stated in the policy are guaranteed not to change. The only exception to this is any limited-pay plans where the rates are guaranteed not to change for a limited period after which no further premiums are required.

Cash Surrender Values – All cash surrender values, if any, are guaranteed in the contract.

Paid-Up Values – All paid-up values, if any, are fully guaranteed in the contract.

Amounts and dates available will vary between plans and are stated in the contract.

Premiums

Your premiums are calculated according to your age, sex and smoking status as well as an assessment of your health and lifestyle. After your policy has been in force at least two years, you may ask to have your risk classification reviewed, subject to satisfactory evidence of insurability.

Subject to minimum requirements, you may decide on the amount and frequency of premium payments based on your financial objective.



Consumer Rights and Obligations

Change in information prior to policy delivery – A life insurance policy is issued after careful assessment of the information given on your application and the results of any medical tests and reports. When the policy is delivered, if there has been any change in your health or information since the application was completed, you must return the policy to the company for further assessment.

Ten Day Right to Examine Policy – You have the right to return the policy to us within 10 days of its receipt, along with a written request for cancellation, for a refund of the premiums paid.

Restrictions on Benefits Received

Non-Disclosure – It is your responsibility to fully disclose every fact that is material to the contract. This would include any information you give in the application, medical examination, written statement, application for reinstatement or in any proof of claim. Failure to fully disclose all information may result in the coverage being voided by the company.

Incontestability – Any statements you make in the application or application for change or reinstatement will be considered incontestable after the coverage has been in force for two years, unless those statements are made fraudulently. If the life insured dies within two years of the effective date of the coverage or a reinstatement of coverage, the statements made may be contested.

Suicide – In the case of suicide within two years of the issue date or reinstatement date of the coverage, payment will be restricted to a refund of premiums paid for the insurance coverage less any amounts owed to the company.

For more information about BMO Insurance or our products, please consult with your insurance advisor or contact us at 1-877-742-5244.

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