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Life insurance policies are now offered by a large number of companies. Although policies are basically the same, companies tries to differentiate themselves by classifying them differently.

Basically, there are two types of life insurances:

1. Term Life Insurance Policy â€“ this is available for anyone, as it covers the short term requirements of an individual. In the event of a serious accident, the policyholder can make a claim for the amount insured. The policy also offers compensation when there is a death in the family. Basically, it is an insurance which on the short term covers the life insurance need of an individual.

This insurance type is generally a convertible and renewable one and ranges between one and hundred years. In the case of one year policy, its cost increases each year, until the contract is terminated. In most cases, 75 is the age of expiry. The policy turns into a part of â€œwhole lifeâ€• insuranc if the term is to the age 100. The purchase of a whole life insurance is often cheaper compared to a non-cash one with Term 100 policy.

2. Permanent Life Insurance â€“ This refers to the individualâ€™s entire life. During the participation of an individual in the program, the policyâ€™s value continues to increase. In this situation, such terms as Par and Non-Par are commonly used. The first one produces dividends, which partially returns the paid premium and comes from investment growth. No dividends are offered in the case of non-par whole life insurances. In these cases, the future cash values are guaranteed or assured, but not estimated.

Individuals can also opt for quick pay premium policies, where a fixed premium needs to be paid in a short period of time until it is paid up. When the premium ends, the death benefit is paid up and leveled.

The whole-life insurance can be split into premiums payable for 15, 20 and 65 years of age. The applicable terms and conditions are mostly the same.

Universal life insurance is for people with a need for life insurance, have substantial RRSP & pension contribution, large marginal tax bracket and are looking for an extra future income. Of all insurance contracts, these are regarded as the most difficult ones.

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