



# EVERYTHING YOU NEED TO KNOW WHEN APPLYING FOR LIFE INSURANCE (AND A LITTLE BIT EXTRA, TOO)

A handy, downloadable guide  
on qualifying and what to expect

Modern   
Woodmen<sup>®</sup>  
FRATERNAL FINANCIAL



# WHY DO I EVEN NEED LIFE INSURANCE?

**In life, some of us are risk-takers, and some of us just aren't.**

As moms, it's safe to say we lose whatever level of risk-taking we once had the moment we have kids. Instead, our focus shifts to protecting our families today and into the future.

One of the best ways to make sure they're cared for is by buying life insurance. But applying for life insurance can be an intimidating process. You might be thinking, "Can't I just make them a nice casserole instead?" Well, no, you see ... that's just not going to be enough for the long term.

So here at Modern Woodmen of America\*, we put together this handy guide to make the process easier. In it, we'll answer some of your questions about the types of life insurance out there, how much you might need, and what medical questions you may be asked. There's even a glossary of insurance-type jargon in the back so we can understand each other better.

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\* Yes, our name is Modern Woodmen of America. But modern women — we get you too. You have the grit and resourcefulness of the pioneers of our founding era — and the energy and drive that's needed to run a modern household today. We stand by your side.





# CONSIDER THIS YOUR CHEAT SHEET FOR STARTING THE PROCESS

And once you're feeling good about things, you can reach out to us directly to answer any other questions that might pop up along the way.

Women account for **46.8%** of the U.S. labor force – **76.6 million in all.**<sup>1</sup>

Women business owners own over 12 million businesses and **employ over 10.1 million workers.** Life insurance can provide a safety net for business continuity in case of the owner's death.<sup>2</sup>

Women are the primary or **sole breadwinners in 41% of households with children.** This means that the financial stability of many families depends significantly on the income generated by women.<sup>3</sup>

Stay-at-home parents of two children in the United States do roughly 200 combined hours of ... labor that would **cost between \$4,000 and \$5,200 per month** to outsource in a handful of American cities.<sup>4</sup>



# NO TWO FAMILIES ARE ALIKE

But no matter what yours looks like, life insurance is always a smart way to protect the future.

## LIFE INSURANCE IS FOR ALL WOMEN



Working women



Single moms



Family caregivers of parents



Stay-at-home moms and spouses



Single women



**Make no mistake, even if they don't get a salary or go to an office, every woman is a working woman.**

Marketing Director Leah White, MBA, FIC, FLMI,  
Modern Woodmen of America





# TYPES OF LIFE INSURANCE



# SO, WHAT ARE THE DIFFERENT KINDS OF LIFE INSURANCE OUT THERE?

It's not really something we like to talk about. The "what if" ... No one expects to have an accident, get sick, or die too soon, but what if? What if those who depend on you no longer could?

The good news is there are many different life insurance options for you to consider. Some may work better for your family than others. Here are the basics.



**In this case, the only wrong decision you can make is not getting life insurance at all.**

Marketing Director Leah White, MBA, FIC, FLMI,  
Modern Woodmen of America



## TERM LIFE INSURANCE

Term life insurance is a straightforward and affordable way to get the protection you need to keep your family, your business, and your hopes and dreams going strong. With term life insurance, your beneficiaries receive income tax-free money if you die during a specified term or time period – without the delays and expense of probate.

And getting term life insurance while you're young is a great way to protect future insurability. It gets you into the system, and depending on the plan you choose, you may even be able to convert to a permanent life insurance down the road, without future medical exams or questions.

### BENEFITS

#### **Guaranteed death benefit**

Insurance coverage is guaranteed as long as premiums are paid.

#### **Guaranteed level premiums**

Premiums are locked in for 10, 15, 20 or 30 years without an increase. (Premiums only increase at the end of your selected term period.)

#### **Return of premium options**

With a return of premium rider, you can get your premiums back if you outlive the term contract. Some plans return premiums *and* the death benefit if the insured dies. Available at additional cost.

## WHOLE LIFE INSURANCE

Whole life insurance helps protect your loved ones by providing tax-free money when you die, whenever that may be. The coverage extends beyond a certain "term" or time period. You can get peace of mind, knowing that your family is protected, and you can take advantage of cash value and other living benefits to help you plan ahead – no matter what life brings.

### BENEFITS

#### **Permanent protection**

Gain coverage throughout your whole life as long as premiums are paid. Immediate cash will help beneficiaries pay for funeral costs, final expenses and other debts.

#### **Cash value**

Accumulate cash value conservatively and systematically over time. Use cash for any reason you choose.

#### **Living benefits**

Plan ahead for future care with the help of optional riders.

#### **Family legacy**

Offset future tax burden and help keep money in the family.

# UNIVERSAL LIFE INSURANCE

Universal life insurance is a type of permanent life insurance coverage that provides flexible premium payments and cash accumulation you can adjust as your needs change.

Universal life plans provide life insurance coverage provided sufficient premiums are paid. The duration of coverage will depend on the amount, timing, and frequency of premium payments, interest credited, monthly deductions, and any loans or withdrawals.

## BENEFITS

### Affordable protection

Universal life can provide permanent protection, often at a lower cost than traditional whole life insurance plans.

### Flexibility

You can adjust the timing and amount of your premiums and even the death benefit (within certain limits) as your needs change, all within one plan.

### Cash accumulation

Some plans allow you to accumulate extra funds, tax-deferred, at a guaranteed minimum interest rate. You may even be able to take out a loan against this cash accumulation.

### Guarantees

Some plans offer options to keep the death benefit in force, even if interest rates decrease after the plan is issued (provided enough premiums are paid on time).



**The main perk of universal life insurance is the ability to adjust your premiums. You can pay more than the minimum premium, up to a certain limit, and the additional funds — minus any administrative charges — help your cash value grow.<sup>5</sup>**

[Nerd Wallet](#)



A woman with long reddish-brown hair and a young child are smiling joyfully in the rain. They are both wearing bright yellow raincoats. The woman is holding a large, clear umbrella over them. Rain is falling heavily around them, creating a dynamic and happy atmosphere. The woman's mouth is wide open in a laugh, and the child is also smiling broadly, with their hands held out to feel the rain.

# GETTING THE RIGHT COVERAGE



## WHAT WOULD YOUR LIFE INSURANCE BE USED FOR?

You're the heart of the family. There's no way to replace everything you do for them, but there are ways life insurance can help them stay strong in the future. When you're calculating the amount of coverage you need, consider your current household expenses. Why? Because life insurance covers so much more than just final expenses. Here are some examples.

### LIST OF THINGS INSURANCE CAN BE USED FOR

- **Funeral expenses.**
- **Paying bills like groceries or utilities.**
- **The cost of raising children.**
- **Child care, so the surviving spouse can work.**
- **Your child's college education.**
- **Your child's future wedding.**
- **Paying off credit cards.**
- **Paying off other smaller debts, which could add up.**
- **Paying for medical expenses.**

Every family is unique, and their needs are different. That's why it's a good idea to talk with a professional who can help guide your decision.





## HOW MUCH LIFE INSURANCE DO I ACTUALLY NEED?

When it comes to figuring out how much life insurance you need, some people rely on an equation based on your annual salary, but what about all of the value you bring to your family that goes well beyond a salary?



Women are significantly underinsured compared to men, both in terms of the number of women insured and the amount of coverage.<sup>7</sup>

- [LIMRA](#)

“ Avoid being underinsured by calculating how much life insurance you need<sup>6</sup> - [Forbes](#)



[TRY OUR CALCULATOR](#)

**54% of people based their life insurance estimate on “gut instinct” or a “wild guess.”<sup>8</sup>**

We’ve developed some helpful tools you can use to get a better idea of how much insurance you need and make sure you’re not underinsured. To get a good estimate, our calculator is a good place to start. Then, you should contact a financial representative who can help create a plan that works best for you.



# THE COST OF INSURANCE





## WHAT DOES ALL THIS COST AND HOW CAN I REDUCE MY PREMIUM?

There are many variables when determining how much your insurance certificate (policy) will cost. Usually, the cost is spread over time in payments called the premium. These payments are usually made monthly, but can also be paid in a lump sum quarterly, semiannually or annually.

“ **The top reason people give for not purchasing coverage is that it is too expensive. Yet more than half of Americans overestimate the cost of life insurance three-fold.**<sup>9</sup> - [LIMRA](#)

There are many factors that can impact your premium. They're individual to each person and family. Some things that determine the cost are your and your family's medical history, your age, your lifestyle, and the amount of coverage or the term of your certificate (policy). Life insurance is a very personal decision, and many factors affect the decision. That's why it's best to speak with a professional who can help you pick the right coverage.

Since one of the biggest factors when determining your premium is your health, let's look into what's involved in the life insurance medical history questions and exam so you can be better prepared.

### **Life insurance is usually more affordable for women than men.**

This is because women tend to live longer than men.

That's why you'll typically be able to get more coverage for less!





A woman with a long braid, wearing a light grey button-down shirt and green cargo pants, is leaning over a young girl. She is applying a white adhesive bandage to the girl's knee. The girl, wearing a blue denim dress with floral patterns, has her hair in a bun with a purple butterfly hair clip. She is looking down at her knee. The woman is holding the girl's hands. The background is a blurred indoor setting with greenery.

# THE MEDICAL EXAM



# WHY DO I HAVE TO SHARE MY MEDICAL HISTORY?

When you fill out an application for a life insurance policy, you'll notice some questions about your medical history. It's a common part of the application, and it helps us secure a more affordable premium for you by assessing your risk. Here are examples of some of the medical questions you may have to answer.

**Have you seen a doctor, been hospitalized, had an illness or needed surgery within the past five years?**

**Do you or have you used tobacco or products containing nicotine?**

**Have you ever been declined for life, health or disability insurance?**

There will also be questions about your family's medical history and any possible inherited conditions such as cancer or diabetes. Mental health concerns will also be addressed.



Answering these questions with transparency is important. It's important to list all of your conditions and the medications you take accurately and as completely as possible. Honestly sharing medical issues may or may not affect your insurability, but it may affect your premium. The underwriting team needs to gather all the details so they can make an accurate assessment of risk. This helps keep premiums more affordable for all. We do our very best to offer coverage, although it's not always possible.



## WHAT IS A LIFE INSURANCE MEDICAL EXAM?

When you buy your first life insurance certificate (policy), you typically need to complete a medical exam. The test is free and takes about half an hour. This is the best way for our underwriters to verify the information you put on the application. A medically underwritten policy tends to be less expensive than a “no medical exam” policy, so taking the exam could help you get the best rates.

### MEDICAL EXAMS WILL INCLUDE:

- **Height and weight.**
- **Blood pressure.**
- **A blood draw and a urine test.**
- **Sometimes an EKG is required to test your heart health.**

There’s nothing you need to do to prepare for this exam. (Maybe a good night’s sleep and some extra water the day before.) We just want to get to know you a bit better so we can be sure to get you the right type of certificate (policy). Results are usually back in about 14 days.

## WHAT IF I’M DENIED COVERAGE?

Sometimes, usually because of poor results on the medical exam or a preexisting condition, coverage is denied. Sometimes it’s due to a nonmedical reason, like bankruptcy, criminal history, a dangerous hobby, or a positive drug test. Check to make sure there was not an error on the application that

caused the rejection. If the reason you were denied was not medical, consider submitting an appeal.

You could also make some lifestyle changes and reapply in a year or two. Quitting smoking and getting conditions like high blood pressure under control could help to improve your health, and your chances of securing life [insurance coverage](#).<sup>10</sup>





A woman and a young child are walking away from the camera through a vast field of green plants. The woman, on the right, is wearing a dark blue t-shirt, white shorts, and a wide-brimmed straw hat on her back. She is holding the child's hand. The child, on the left, is wearing a white t-shirt with a pattern and a similar straw hat on their back. The scene is bathed in the warm, golden light of a sunset, with the sun low on the horizon. The text 'HOW WILL I NAVIGATE THIS?' is overlaid on the left side of the image in large, white, bold, sans-serif capital letters.

**HOW WILL  
I NAVIGATE  
THIS?**



# YOU CAN DO THIS

A woman with brown hair tied back, wearing a dark green V-neck sweater, is smiling and looking towards another woman. The second woman, seen from the side, is holding a tablet computer. The background is a plain, light-colored wall.

**The process of shopping for life insurance may seem daunting.** With all the choices, it's tough to know what's the best choice for your family. That's why it's great to know that there's someone there to guide you through.

Reach out to connect with one of our representatives at Modern Woodmen of America. We can help you learn more about your options and what might be right for your own family's situation. With nearly 700,000 members nationwide, we know how to match you with the solution that makes the most sense for you.

There's no way to know what tomorrow will bring. It's important to be prepared. One of the best ways to protect your family from unforeseen events is to get life insurance. It's a smart way to ensure a bright future for your children, one filled with every opportunity. And it's a great way to protect your unique modern family.

## **Reach out to connect with us:**

[modernwoodmen.org](https://modernwoodmen.org)

[lead@modern-woodmen.org](mailto:lead@modern-woodmen.org)



# **GLOSSARY**

## A

### **Accelerated death benefit**

A rider available with permanent life insurance products that advances a portion of the death benefit if the insured is diagnosed as chronically or terminally ill.

### **Accidental death benefit**

An optional benefit that pays an additional death benefit if the insured dies because of accidental bodily injury.

### **Account value**

The total cash value of either a life insurance or annuity certificate (policy) before any surrender charge is applied.

### **Advanced discounted premium**

The prepayment of premium on a level premium life insurance certificate.

### **Annuity**

An insurance contract often used in retirement planning to provide regular income immediately or in the future, in return for a lump-sum payment(s).

### **Automatic bank check (ABC)**

Making premium payments through automatic deductions from a checking account or savings account.

## B

### **Base coverage**

The certificate (policy) covering the primary insured. Riders are added to base coverage.

### **Beneficiary (primary)**

The person or other entity who will receive the proceeds upon the death of the insured or annuitant.

### **Beneficiary (contingent or secondary)**

The person who will receive the proceeds only if the primary beneficiary has died before the insured.

## C

### **Cash surrender value**

The amount payable to the owner upon voluntary termination of the certificate (policy).

### **Conversion**

The right of the insured to change the type of plan coverage, within the terms of the conversion provision, without evidence of medical insurability.

### **Conversion provision**

A provision in most term life insurance certificates (policies) or riders allowing the owner to convert to a permanent certificate without providing evidence of insurability.

### **Convertible term**

A type of term insurance that includes a conversion provision, i.e., is eligible for conversion to a permanent certificate.

### **Cost of insurance (COI)**

On a universal life certificate, the charge deducted from the account value each month for the cost of the insurance provided.



## D

### **Death benefit**

The amount payable to the beneficiary according to the certificate (policy) terms upon death of the insured or annuitant.

## E

### **Estate**

The possessions of a deceased person.

### **Evidence of insurability**

Statements made by an applicant or insured regarding their health. Also known as proof, evidence of insurability is generally used in conjunction with a request to issue or reinstate a certificate (policy) or increase the coverage of an in-force certificate.

### **Executor**

The person named in a will and appointed by the court to dispose of the deceased person's property in accordance with the terms of the will. If the deceased died intestate, i.e., without a will, the property is disposed of through a court-appointed administrator. The generic term "personal representative" is often used to include both executors and administrators.

## F

### **Face amount**

The amount stated on the face of a traditional life insurance certificate that will be paid in case of death. The actual death benefit may be greater or smaller than the face amount, due to adjustments for unpaid certificate (policy) loans or premiums, as well as additional insurance purchased through dividends or other benefits.

### **Fraternal benefit society**

A fraternal benefit society is a tax-exempt membership organization with a lodge/ chapter system, rituals and a representative form of government. Fraternal provide life insurance and other benefits and programs for its members.

### **Free look period**

A period of time following delivery of a new life insurance or annuity certificate (policy), during which the owner can return it for a full refund of premiums paid. The free look period varies by state, but is generally 10 days, with some states requiring a slightly longer period.

## I

### **Insurable interest**

A person has an "insurable interest" in the life of another if there exists a likelihood of experiencing a financial loss upon the untimely death of an individual.

## L

### **Level premium insurance**

A type of life insurance for which the premium is level for all years.

### **Level term insurance**

A type of term life insurance in which premiums and the death benefit remain level throughout the stated term (time period).

### **Loan balance**

The current amount of a certificate (policy) loan. This balance is equal to the amount borrowed, plus interest, minus any payments.

## M

### **Member**

A customer of a membership-based organization like a fraternal benefit society.

### **Minimum initial premium**

This is the full premium for the premium mode (payment schedule) selected. It must be paid with the application.

### **Minor**

A person under the legal age of majority. The age of majority varies by state.

## N

### **Nonforfeiture option**

A provision in a life insurance certificate (policy) that determines the benefits that will be provided upon termination of a certificate (policy) when a fixed premium is not paid prior to the expiration of the grace period. The usual options are:

1. Reduced paid-up insurance.
2. Extended term insurance.
3. Cash.

### **Nonrenewable term**

A form of term insurance that does not provide the owner an option to renew the certificate (policy) beyond its first renewal period.

## O

### **Owner**

The individual or entity that has rights in an insurance certificate (policy). The owner is also known as the certificateholder (policyholder) or certificate owner.

## P

### **Paid-up insurance**

Insurance on which all required premiums have been paid.

### **Participating certificate**

A life certificate that is eligible to receive dividends.

### **Permanent insurance**

Any life insurance certificate that develops cash values.

### **Power of attorney**

A document authorizing one person (the attorney-in-fact) to act on behalf another in certain legal matters.

### **Preferred rate class**

A premium rate class associated with the most favorable anticipated mortality. Preferred rate classes typically benefit from the lowest available insurance costs.

### **Premiums**

Premiums are payments made into the certificate (policy), excluding repayment of loans.

## R

### **Rate**

The annual cost per \$1,000 of life insurance.

### **Rate class**

The underwriting class used to determine the rates charged to an insured person. The rate class can be affected by medical history, occupation and use of tobacco.



### **Rating age**

The age from which premiums are calculated for each insured.

### **Reinstatement**

Putting a lapsed certificate (policy) back in force. This generally requires evidence of insurability and payment of back premiums (plus interest).

### **Renewable term**

A form of term insurance in which the certificate (policy) owner has the option to renew for additional terms without evidence of insurability, subject to payment of the renewal premiums.

### **Rider**

Optional coverage that is not provided by the basic certificate. Sometimes at additional cost.

## **S**

### **Settlement option**

One of the methods – other than payment of a lump sum – by which the certificate (policy) owner or beneficiary receives the proceeds of a life insurance or annuity certificate (policy).

### **Standard risk**

An insured who, according to underwriting standards, is determined to present a typical mortality risk for the insured's age and gender.

### **Super preferred**

A superior rating class determined by strict underwriting guidelines. This rating class is associated with the most favorable anticipated mortality. Insureds who qualify will benefit from the lowest insurance cost available for the product.

## **T**

### **Terminal illness**

Terminal illness in the Accelerated Death Benefit means an incurable medical condition that, despite appropriate medical care, is reasonably expected to result in the death of the insured within 12 months from the date of the physician's statement.

### **Term insurance**

A type of life insurance certificate through which the death benefit is payable only if the insured dies within a specified time period – generally 10, 20 or 30 years.

### **Tobacco distinct rates**

A rate class offering lower insurance rates to insureds who do not use tobacco or any product containing nicotine.

## **U**

### **Universal life insurance**

A type of life insurance under which the certificate (policy) owner has considerable flexibility in changing the death benefit, coverage amount or premium payments. Net premiums are applied to the account value, which is increased with interest and reduced by the cost of insurance and any fees.

## **W**

### **Waiver of premium**

A provision that waives payment of any premium that comes due during a period of disability.

## SOURCES

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