

MISSISSIPPI DIVISION OF MEDICAID

Eligibility Policy and Procedures Manual

Life Insurance (Continued)

Types of Life Insurance

Generally, the types of life insurance policies are:

Term Life Insurance	Usually in effect for a specific length of time such as 20 years or length of employment; Does not accrue cash value
Whole Life Insurance	Remains in effect unless the premiums are not paid or the policy matures; Accrues cash value
Burial Insurance	The terms of the contract prevent the proceeds from being used for anything other than the burial expenses of the insured

302.06.02A OWNER VS BENEFICIARY OF LIFE INSURANCE

There is a distinct difference between being the owner of the policy and the beneficiary:

Owner	<p>The owner is the one who has control of the policy. An individual may own life insurance on himself or another person. The owner may take such actions as:</p> <ul style="list-style-type: none"> • Cash in a policy • Take a loan against the cash value • Change ownership to another person • Change the beneficiary <p>The value of life insurance policies <u>owned</u> by an individual must be considered in the eligibility determination process.</p>
Beneficiary	<p>The beneficiary is the individual(s) who receive the proceeds of the policy at the insured individual's death. One person may be both the owner and the beneficiary.</p> <p>Example: Jim Jones purchases a \$10,000 life insurance policy on his mother, Jane Williams, and is the beneficiary upon her death.</p>