

R I S E S T O R Y B O A R D

Life Insurance Fundamentals

Understanding the Four Types of Life Insurance

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| Author | Todd Sinclair |
| ID Model | ADDIE |
| Platform | Articulate Rise (responsive web-based, self-paced) |
| Duration | Approximately 45–60 minutes |
| Assessment | 10-question summative quiz, 80% passing score |

C O U R S E L E A R N I N G O B J E C T I V E S

- Describe the four most common types of life insurance: term life, whole life, universal life, and variable life.
- Identify the key benefits and limitations of each type of life insurance policy.
- Determine which type of life insurance best fits the needs of different customer profiles.
- Apply knowledge of life insurance types to recommend appropriate coverage in realistic client scenarios.

A D D I E F R A M E W O R K O V E R V I E W

| Phase | Application to This Course |
|-----------------------|--|
| Analysis | Target audience: new insurance agents, financial advisors, and customer service representatives who need foundational knowledge of life insurance products. Learners have basic insurance industry vocabulary but limited product-specific knowledge. The performance gap is the inability to accurately describe, compare, and recommend the four main types of life insurance. Delivery environment: Articulate Rise (responsive web-based), self-paced, approximately 45–60 minutes. |
| Design | The course is organized into seven sections progressing from foundational knowledge of each policy type to comparative analysis and application. Bloom’s taxonomy levels targeted: Remember (definitions), Understand (benefits/limitations), Apply (matching customers to policies), and Analyze (branching scenario). Two interactive activities reinforce comprehension, one branching scenario provides application practice, and a 10-question summative quiz measures mastery. Passing score: 80%. |
| Development | Content is authored in this storyboard document for build-out in Articulate Rise. Lessons use a mix of text blocks, labeled graphics, accordions, interactive sorting/matching activities, a scenario block, and a Rise quiz block. Media assets are noted per block. SME review is required prior to building in Rise. |
| Implementation | The course will be published as a SCORM package and uploaded to the organization’s LMS. Learners will self-enroll or be assigned by managers. |
| Evaluation | Level 1 (Reaction): End-of-course satisfaction survey embedded in Rise. Level 2 (Learning): 10-question summative quiz with 80% pass rate; quiz analytics reviewed monthly. Level 3 (Behavior): 90-day post-training supervisor observation checklist assessing accurate product recommendations. Level 4 (Results): Track policy recommendation accuracy and customer satisfaction scores after 6 months. |

C O U R S E I N T R O D U C T I O N

Welcome to Understanding the Four Types of Life Insurance! Whether you are a newly licensed agent or a seasoned professional looking for a refresher, this course will give you the knowledge you need to confidently describe term life, whole life, universal life, and variable life insurance to your clients. You will explore the benefits and limitations of each policy type, learn which customers each product serves best, and practice recommending the right coverage through realistic scenarios. By the end of this course, you will be prepared to match every client with the policy that fits their goals.

SECTION 1: FOUNDATIONS OF LIFE INSURANCE

Lesson 1.1: What Is Life Insurance?

| Block / Type | Content | Media / LOs |
|--------------|---|--|
| Text + Image | <p>What Is Life Insurance?</p> <p>Life insurance is a contract between a policyholder and an insurance company. In exchange for regular premium payments, the insurer promises to pay a designated beneficiary a sum of money (the death benefit) upon the insured person's death. Life insurance serves several purposes: replacing lost income, covering debts and final expenses, funding education, and providing an inheritance. Understanding this foundation is essential before exploring the four specific types of policies covered in this course.</p> <p><i>Links: Sections 2–5 overview lessons</i></p> | <p>Hero image: family under protective umbrella illustration</p> <p><i>LOs: LO 1</i></p> |

| Block / Type | Content | Media / LOs |
|--------------|---|--|
| Accordion | <p>Key Vocabulary</p> <ul style="list-style-type: none"> • Premium: The amount paid (monthly, quarterly, or annually) to keep a policy active. • Death benefit: The payout made to beneficiaries when the insured person dies. • Cash value: A savings component within certain permanent policies that grows over time. • Beneficiary: The person or entity designated to receive the death benefit. • Underwriting: The process insurers use to evaluate risk and determine premiums. • Rider: An optional add-on that modifies or expands coverage (e.g., waiver of premium, accidental death). <p><i>Links: Referenced throughout all sections</i></p> | <p>Icon set for each vocabulary term</p> <p><i>LOs: LO 1</i></p> |

| Block / Type | Content | Media / LOs |
|-----------------|--|---|
| Labeled Graphic | <p>The Four Types at-a-Glance</p> <ul style="list-style-type: none"> • A visual overview showing the four policy types arranged on a spectrum from simplest/lowest cost (term life) to most complex/highest flexibility (variable life). Each type is displayed as a card with a one-sentence definition. <ul style="list-style-type: none"> • Term Life: Coverage for a set period; no cash value. • Whole Life: Lifetime coverage with guaranteed cash value growth. • Universal Life: Lifetime coverage with flexible premiums and adjustable death benefits. • Variable Life: Lifetime coverage with investment-based cash value. <p><i>Links: Links to each policy section</i></p> | <p>Custom labeled graphic with four policy cards on a spectrum line</p> <p><i>LOs: LO 1</i></p> |

SECTION 2 : TERM LIFE INSURANCE

Lesson 2.1: Understanding Term Life Insurance

Lesson learning outcomes: LO 1, LO 2, LO 3

| Block / Type | Content | Media / LOs |
|--------------|---|---|
| Text + Image | <p>What Is Term Life Insurance?</p> <p>Term life insurance provides coverage for a specific period: typically 10, 20, or 30 years. If the insured person dies during the term, the beneficiary receives the death benefit. If the term expires and the insured is still living, coverage ends and no benefit is paid. Term policies do not accumulate cash value, making them the most straightforward and affordable type of life insurance. They are sometimes called “pure” insurance because they provide only a death benefit with no savings or investment component.</p> <p><i>Links: Links to Section 1 vocabulary</i></p> | <p>Illustration: timeline graphic showing a 20-year term with start/end markers</p> <p><i>LOs: LO 1</i></p> |

| Block / Type | Content | Media / LOs |
|-----------------|--|--|
| List (numbered) | <p>Benefits of Term Life Insurance</p> <ol style="list-style-type: none"> Lowest premiums: Term life offers the most coverage per dollar, making it accessible for young families and budget-conscious buyers. Simplicity: Easy to understand with no investment decisions or cash value tracking. Flexible term lengths: Policyholders choose the duration that matches their needs (for example, until the mortgage is paid off or children are grown). Convertibility: Many term policies include an option to convert to a permanent policy without a new medical exam. High coverage amounts: Because premiums are low, buyers can afford larger death benefits. | <p>Checkmark icon list</p> <p><i>LOs: LO 2</i></p> |

| Block / Type | Content | Media / LOs |
|-----------------|--|--|
| List (numbered) | <p>Limitations of Term Life Insurance</p> <ol style="list-style-type: none"> No cash value: Premiums are a pure expense; there is no savings or investment return. Coverage expiration: If the insured outlives the term, protection ends. Renewing at an older age is significantly more expensive. Rising renewal costs: Premiums at renewal are based on the insured’s current age and health, which can make continued coverage unaffordable. No living benefits: Unlike permanent policies, term life cannot be borrowed against or surrendered for cash. Temporary solution: Not suitable for estate planning or lifelong coverage needs. | <p>Caution icon list</p> <p><i>LOs: LO 2</i></p> |

| Block / Type | Content | Media / LOs |
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| Text + Callout | <p>Ideal Customer Profile: Term</p> <p>Term life insurance is best suited for: young families who need substantial coverage at an affordable price to protect against the loss of a primary income earner; homeowners who want coverage that matches the length of their mortgage; parents who want to ensure their children’s education expenses are covered; individuals with temporary financial obligations (e.g., business loans) who need coverage only until the obligation is fulfilled. Customer snapshot: “Jamie, age 32, married with two young children, recently purchased a 30-year mortgage. Jamie needs maximum coverage at the lowest cost while the kids are growing up.”</p> <p><i>Links: Links to Section 6 comparison activity</i></p> | <p>Customer persona illustration of Jamie</p> <p><i>LOs: LO 3</i></p> |

SECTION 3 : WHOLE LIFE INSURANCE

Lesson 3.1: Understanding Whole Life Insurance

Lesson learning outcomes: LO 1, LO 2, LO 3

| Block / Type | Content | Media / LOs |
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| Text + Image | <p>What Is Whole Life Insurance?</p> <p>Whole life insurance is a type of permanent life insurance that provides coverage for the insured's entire lifetime, as long as premiums are paid. It features level (fixed) premiums that never increase, a guaranteed death benefit, and a cash value component that grows at a guaranteed rate set by the insurer. The cash value accumulates on a tax-deferred basis and can be accessed through policy loans or withdrawals. Whole life is the most traditional form of permanent insurance.</p> <p><i>Links: Links to Section 1 vocabulary (cash value)</i></p> | <p>Illustration: graph showing level premiums and steadily rising cash value over a lifetime</p> <p><i>LOs: LO 1</i></p> |

| Block / Type | Content | Media / LOs |
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| List (numbered) | <p>Benefits of Whole Life Insurance</p> <ol style="list-style-type: none"> Lifetime coverage: The policy never expires as long as premiums are paid, guaranteeing a death benefit for beneficiaries. Guaranteed cash value growth: The cash value grows at a fixed rate, providing a predictable savings vehicle. Fixed premiums: Premiums are locked in at purchase and never increase, making budgeting simple. Tax advantages: Cash value grows tax-deferred, and the death benefit is generally income-tax-free to beneficiaries. Policy loans: Policyholders can borrow against the cash value at favorable interest rates without a credit check. Dividends (participating policies): Some mutual insurance companies pay annual dividends that can reduce premiums or increase cash value. | <p>Checkmark icon list</p> <p><i>LOs: LO 2</i></p> |

| Block / Type | Content | Media / LOs |
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| List (numbered) | <p>Limitations of Whole Life Insurance</p> <ol style="list-style-type: none"> Higher premiums: Whole life costs significantly more than term life for the same death benefit (often 5 to 15 times more). Lower returns: The guaranteed cash value growth rate is typically modest compared to market-based investments. Complexity: Policy illustrations, dividends, and loan provisions can be confusing for consumers. Reduced flexibility: Premiums and death benefits are fixed; adjustments require purchasing a new policy or adding riders. Surrender charges: Canceling the policy in the early years results in significant surrender fees, and it may take 10 to 15 years to break even on cash value. | <p>Caution icon list</p> <p><i>LOs: LO 2</i></p> |

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| | <p>6. Opportunity cost: The difference in premium between term and whole life could potentially earn higher returns if invested elsewhere.</p> | |
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| Block / Type | Content | Media / LOs |
|----------------|--|---|
| Text + Callout | <p>Ideal Customer Profile: Whole</p> <p>Whole life insurance is best suited for: high-net-worth individuals who want a guaranteed, tax-advantaged vehicle for estate planning; people who value predictability and prefer guaranteed returns over market risk; parents or grandparents who want to leave a guaranteed inheritance; business owners who need permanent coverage for buy-sell agreements or key-person insurance; individuals who have maximized other tax-advantaged savings vehicles (401k, IRA) and want additional tax-deferred growth. Customer snapshot: “Margarita, age 48, a successful small-business owner, wants guaranteed lifetime coverage to fund a buy-sell agreement with her business partner and leave an inheritance for her two adult children.”</p> <p><i>Links: Links to Section 6 comparison activity</i></p> | <p>Customer persona illustration of Margarita</p> <p><i>LOs: LO 3</i></p> |

SECTION 4 : UNIVERSAL LIFE INSURANCE

Lesson 4.1: Understanding Universal Life Insurance

Lesson learning outcomes: LO 1, LO 2, LO 3

| Block / Type | Content | Media / LOs |
|--------------|---|--|
| Text + Image | <p>What Is Universal Life Insurance?</p> <p>Universal life (UL) insurance is a form of permanent life insurance that offers more flexibility than whole life. Like whole life, it provides lifelong coverage and accumulates cash value. However, universal life allows the policyholder to adjust premium payments and death benefit amounts within certain limits. The cash value earns interest based on a rate set by the insurer (often tied to a market index for indexed UL), subject to a guaranteed minimum. This flexibility makes UL attractive to people whose financial situations may change over time.</p> <p><i>Links: Links to Section 1 vocabulary, Section 3 comparison</i></p> | <p>Illustration: adjustable sliders representing flexible premiums and death benefit</p> <p><i>LOs: LO 1</i></p> |

| Block / Type | Content | Media / LOs |
|-----------------|---|--|
| List (numbered) | <p>Benefits of Universal Life Insurance</p> <ol style="list-style-type: none"> Flexible premiums: Policyholders can increase, decrease, or even skip premium payments (as long as there is sufficient cash value to cover policy costs). Adjustable death benefit: The face amount can be increased (subject to underwriting) or decreased to match changing needs. Cash value growth: Earns interest at current market-influenced rates, with a guaranteed minimum floor. Transparency: UL policies clearly show how premiums are allocated between the cost of insurance, administrative fees, and cash value. Tax advantages: Same tax-deferred cash value growth and tax-free death benefit as whole life. Indexed option: Indexed universal life (IUL) ties cash value growth to a stock market index, offering higher upside potential with downside protection. | <p>Checkmark icon list</p> <p><i>LOs: LO 2</i></p> |

| Block / Type | Content | Media / LOs |
|-----------------|--|--|
| List (numbered) | <p>Limitations of Universal Life Insurance</p> <ol style="list-style-type: none"> Complexity: The flexible structure requires policyholders to actively monitor their policy to avoid lapsing. Risk of lapse: If cash value is depleted (due to underpaying premiums or poor interest crediting), the policy can lapse, leaving the insured without coverage. Interest rate sensitivity: Cash value growth depends on prevailing interest rates, which can be unpredictable. Cost of insurance increases: Internal insurance charges rise as the insured ages, consuming more of the cash value over time. Caps on indexed returns: Indexed UL policies typically cap | <p>Caution icon list</p> <p><i>LOs: LO 2</i></p> |

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| | <p>the upside (for example, maximum 10–12% annual credit), limiting growth in strong market years.</p> <p>6. Requires financial literacy: Policyholders need to understand how premium allocation and cost of insurance charges work.</p> | |
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| Block / Type | Content | Media / LOs |
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| Text + Callout | <p>Ideal Customer Profile: Universal</p> <p>Universal life insurance is best suited for: professionals with variable income (e.g., commissioned salespeople, freelancers) who need the ability to adjust premiums; people in mid-career who expect their financial needs to change (e.g., children leaving home, paying off a mortgage); financially savvy individuals who are comfortable monitoring their policy and making adjustments; those who want permanent coverage but desire more flexibility than whole life provides. Customer snapshot: “David, age 40, a self-employed consultant with variable annual income. David wants permanent coverage but needs the flexibility to pay lower premiums in lean years and higher premiums in strong years.”</p> <p><i>Links: Links to Section 6 comparison activity</i></p> | <p>Customer persona illustration of David</p> <p><i>LOs: LO 3</i></p> |

SECTION 5: VARIABLE LIFE INSURANCE

Lesson 5.1: Understanding Variable Life Insurance

Lesson learning outcomes: LO 1, LO 2, LO 3

| Block / Type | Content | Media / LOs |
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| Text + Image | <p>What Is Variable Life Insurance?</p> <p>Variable life insurance is a form of permanent life insurance in which the cash value is invested in sub-accounts, similar to mutual funds. The policyholder chooses from a menu of investment options (stocks, bonds, money market funds), and the cash value fluctuates based on the performance of those investments. The death benefit may also vary depending on investment performance, although most policies guarantee a minimum death benefit. Variable life requires a securities license to sell because it is classified as both an insurance product and a security.</p> <p><i>Links: Links to Section 1 vocabulary, Sections 3–4 comparison</i></p> | <p>Illustration: pie chart showing investment sub-accounts (equity, bond, money market)</p> <p><i>LOs: LO 1</i></p> |

| Block / Type | Content | Media / LOs |
|-----------------|---|--|
| List (numbered) | <p>Benefits of Variable Life Insurance</p> <ol style="list-style-type: none"> Investment growth potential: Cash value can grow significantly if investments perform well, potentially outpacing whole life and universal life returns. Investment control: Policyholders select and manage their own investment sub-accounts, tailoring their portfolio to their risk tolerance. Lifetime coverage: Like other permanent policies, variable life provides coverage for the insured's entire life. Tax-advantaged investing: Investment gains within the policy grow tax-deferred. Guaranteed minimum death benefit: Most variable life policies guarantee a minimum death benefit regardless of investment performance. Wealth accumulation tool: Can serve as a supplemental retirement savings vehicle for high-income earners who have maxed out other options. | <p>Checkmark icon list</p> <p><i>LOs: LO 2</i></p> |

| Block / Type | Content | Media / LOs |
|-----------------|--|--|
| List (numbered) | <p>Limitations of Variable Life Insurance</p> <ol style="list-style-type: none"> Investment risk: The cash value can decline if investments perform poorly, and losses are borne entirely by the policyholder. Highest complexity: Requires understanding of both insurance and investment concepts. Higher fees: Management fees, mortality and expense charges, and administrative costs can erode returns. Securities licensing required: Agents must hold a securities license (Series 6 or 7) to sell variable life, limiting availability. Fixed premiums: Unlike universal life, traditional variable life has fixed premium payments with no flexibility. | <p>Caution icon list</p> <p><i>LOs: LO 2</i></p> |

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| | <p>6. Potential for reduced death benefit: While a minimum is guaranteed, poor investment performance can reduce the death benefit to that minimum level.</p> <p>7. Not suitable for risk-averse individuals: Clients uncomfortable with market volatility should consider whole life or guaranteed UL instead.</p> | |
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| Block / Type | Content | Media / LOs |
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| Text + Callout | <p>Ideal Customer Profile: Variable</p> <p>Variable life insurance is best suited for: experienced investors who understand market risk and want to actively manage the investment component of their life insurance; high-income earners who have maximized 401(k), IRA, and other tax-advantaged accounts and seek additional tax-deferred growth; individuals with a long time horizon who can tolerate short-term market fluctuations for potentially higher long-term returns; those who want permanent coverage combined with the opportunity for significant cash value accumulation.</p> <p>Customer snapshot: “Preeti, age 38, a physician with a high income and a strong understanding of investment markets. Preeti has maxed out her retirement accounts and wants a permanent policy that also serves as a tax-advantaged investment vehicle.”</p> <p><i>Links: Links to Section 6 comparison activity</i></p> | <p>Customer persona illustration of Preeti</p> <p><i>LOs: LO 3</i></p> |

SECTION 6: COMPARING POLICY TYPES

Lesson 6.1: Side-by-Side Comparison

| Feature | Term Life | Whole Life | Universal Life | Variable Life |
|--------------------|-----------------------------------|---------------------------------|---------------------------------|------------------------------|
| Coverage duration | Set period | Lifetime | Lifetime | Lifetime |
| Premiums | Lowest / level for term | Fixed / highest | Flexible | Fixed / high |
| Cash value | None | Guaranteed growth | Interest-based growth | Investment-based growth |
| Death benefit | Fixed | Fixed | Adjustable | Variable (min. guarantee) |
| Complexity | Low | Moderate | Moderate–High | Highest |
| Investment risk | None | None | Low–Moderate | High |
| Best for | Budget-conscious, temporary needs | Predictability, estate planning | Flexible income, changing needs | Investors seeking growth |
| Licensing required | State insurance | State insurance | State insurance | State insurance + securities |

Lesson 6.2: Activity 1 – Matching Game

| Block / Type | Content | Media / LOs |
|----------------------------|---|--|
| Knowledge Check – Matching | <p>Activity: Match the Feature</p> <p>Instructions: Match each feature or characteristic to the correct type of life insurance.</p> <p>Features:</p> <ol style="list-style-type: none"> “Coverage expires after a set number of years.” “Cash value is invested in sub-accounts similar to mutual funds.” “Premiums can be adjusted up or down by the policyholder.” “Offers the lowest premiums for the highest death benefit.” “Cash value grows at a guaranteed fixed rate.” “Requires the agent to hold a securities license.” “Death benefit amount can be increased or decreased.” “May pay annual dividends to policyholders.” <p>Answer key:</p> <p>1-A (Term), 2-D (Variable), 3-C (Universal), 4-A (Term), 5-B (Whole), 6-D (Variable), 7-C (Universal), 8-B (Whole).</p> <p><i>Links: Links to Sections 2–5</i></p> | <p>Interactive drag-and-drop or click-to-match interface</p> <p><i>LOs: LO 1, LO 2</i></p> |

Lesson 6.3: Activity 2 – Customer Sorting

| Block / Type | Content | Media / LOs |
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| Knowledge Check – Sorting | <p>Activity: Sort the Customer</p> | <p>Interactive drag-and-drop sorting interface with four</p> |

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| | <p>Instructions: Read each customer scenario card and drag it into the correct policy type bucket.</p> <p>1. Sophia, 28 – Just bought her first home with a 30-year mortgage. Combined income of \$85,000. Needs affordable coverage. TERM LIFE</p> <p>2. Robert, 55 – Retired executive, \$3M estate. Wants tax-free inheritance and guaranteed returns. WHOLE LIFE</p> <p>3. Aisha, 42 – Freelance graphic designer; income varies \$40K–\$120K/year. Wants permanent coverage with payment flexibility. UNIVERSAL LIFE</p> <p>4. Marcus, 36 – Tech executive earning \$350K/year. Maxed out 401(k) and IRA. Comfortable managing investments. VARIABLE LIFE</p> <p>5. Linda, 30 – Teacher earning \$52K/year with two children under 5. Wants kids financially protected until college. TERM LIFE.</p> <p>6. Henry, 60 – Business owner needing permanent policy for buy-sell agreement. Wants simplicity and guaranteed growth. WHOLE LIFE</p> <p><i>Links: Links to Sections 2–5 customer profiles</i></p> | <p>labeled buckets</p> <p>LOs: LO 3</p> |
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SECTION 7: BRANCHING SCENARIO – ADVISING A CLIENT

Lesson 7.1: Meet Your Client

Lesson learning outcomes: LO 3, LO 4

| Block / Type | Content | Media / LOs |
|-------------------------------|--|--|
| Scenario Block – Text + Image | <p>Scenario Introduction</p> <p>You are a licensed insurance agent meeting with the Chen family for the first time. Michael Chen (age 35) and Sarah Chen (age 33) have two children, ages 3 and 6. Michael works as a software engineer earning \$130,000/year. Sarah recently returned to part-time work as a nurse earning \$45,000/year. They have a \$400,000 mortgage with 27 years remaining, \$30,000 in student loans, and \$85,000 in combined retirement savings. They currently have no life insurance. Your goal: Recommend the most appropriate life insurance solution for the Chen family.</p> <p><i>Links: Links to all policy sections for reference</i></p> | <p>Illustration: office meeting scene with agent and couple</p> <p>LOs: LO 3, LO 4</p> |

| Block / Type | Content | Media / LOs |
|----------------------------------|---|--|
| Scenario Block – Multiple Choice | <p>Decision Point 1: Identifying Priorities</p> <p>Michael says: “We’ve been putting this off, but with two young kids, we know we need coverage. We’re most worried about making sure the mortgage is paid and the kids can go to college if something happens to one of us.” What is your first question?</p> <p>A) “Have you considered how much you could invest in a policy with cash value?” Leads to permanent insurance exploration (suboptimal).</p> <p>B) “Let’s talk about how long you need coverage. When will your mortgage be paid off, and when will your youngest finish college?” BEST PATH – Identifies coverage duration needs.</p> <p>C) “Are either of you comfortable managing investment sub-accounts within a life insurance policy?” Premature focus on variable life.</p> | <p>Scenario character illustrations with speech bubbles</p> <p>LOs: LO 3, LO 4</p> |

| Block / Type | Content | Media / LOs |
|----------------------------------|---|---|
| Scenario Block – Multiple Choice | <p>Decision Point 2: Recommending a Policy Type</p> <p>Sarah says: “We’ve done some research. A neighbor told us whole life is better because you get your money back. But honestly, we’re already stretched thin with daycare costs. We probably can’t spend more than \$150/month total on premiums.” How do you respond?</p> <p>A) “Your neighbor is right—whole life is the gold standard. Let me show you how the cash value works.” Ignores budget constraints.</p> <p>B) “I understand the appeal of whole life but let me show you how a 25-year term policy could give you \$500,000 in coverage for each of you within your budget, while a comparable whole life policy might</p> | <p>Scenario character illustrations; comparison graphic showing \$150/month term vs. whole life coverage</p> <p>LOs: LO 3, LO 4</p> |

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| | <p>only cover \$50,000–\$75,000.” BEST PATH</p> <p>C) “You should look into universal life. It’s flexible, so you can pay less in tight months.” UL is more complex and expensive than term. <i>Links: Links to Section 2 (Term) and Section 3 (Whole)</i></p> | |
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| Block / Type | Content | Media / LOs |
|----------------------------------|---|---|
| Scenario Block – Multiple Choice | <p>Decision Point 3: Handling a Follow-Up Question Michael asks: “Okay, term makes sense for now. But what happens in 25 years when the policy expires? We’ll be in our late 50s—won’t insurance be really expensive then?” How do you respond?</p> <p>A) “That’s a risk you’ll have to accept. Term is the best option right now.” Dismissive</p> <p>B) “Great question. Many term policies include a conversion option that lets you switch to a permanent policy later without a new medical exam. I’d recommend a term policy with a conversion rider.” BEST PATH</p> <p>C) “You should just buy whole life now to avoid that problem.” Contradicts budget discussion. <i>Links: Links to Section 2 (Term), conversion rider</i></p> | <p>Scenario character illustration with thought bubble <i>LOs: LO 3, LO 4</i></p> |

| Block / Type | Content | Media / LOs |
|----------------------|--|--|
| Text + Results Panel | <p>Scenario Summary & Debrief The best path through this scenario was B → B → B.</p> <p>Key takeaways:</p> <ol style="list-style-type: none"> 1. Always start by understanding the client’s priorities and timeline before discussing product features. 2. Match the recommendation to the client’s budget—a larger term policy often serves a family better than a smaller permanent policy. 3. Use concrete comparisons (coverage amounts at the same premium) to help clients understand trade-offs. 4. Address concerns about the future by highlighting features like convertibility. 5. Never push a product that exceeds the client’s financial comfort zone. <p>Scoring: 3/3 optimal: “Outstanding!” 2/3: “Good work! Review feedback.” 0–1/3: “Consider revisiting Sections 2–5.” <i>Links: Links to all policy sections for review</i></p> | <p>Results graphic with score display and badge <i>LOs: LO 3, LO 4</i></p> |

SECTION 8 : FINAL ASSESSMENT

Lesson 8.1: Summative Quiz

Passing score: 80% (8 out of 10) | Attempts allowed: 2 | Learning outcomes: LO 1, LO 2, LO 3, LO 4

| # | Question & Answer Choices | Feedback |
|---|---|---|
| 1 | Which type of life insurance provides coverage for a specific number of years and does not accumulate cash value? A) Whole life B) Universal life C) Term life ✓ D) Variable life | Term life provides coverage for a set period (e.g., 10, 20, or 30 years) with no cash value component. (LO 1) |
| 2 | A key benefit of whole life insurance is: A) The ability to adjust premium payments B) Investment sub-accounts managed by the policyholder C) Guaranteed cash value growth at a fixed rate ✓ D) The lowest available premiums | Whole life offers guaranteed cash value growth at a rate set by the insurer. A = universal life; B = variable life; D = term life. (LO 2) |
| 3 | Which type of life insurance allows the policyholder to adjust both premium payments and the death benefit amount? A) Term life B) Whole life C) Universal life ✓ D) Variable life | Universal life is the only type that offers flexibility in both premiums and death benefit amounts. (LO 1) |
| 4 | An agent must hold a securities license to sell which type of life insurance? A) Term life B) Whole life C) Universal life D) Variable life ✓ | Variable life is classified as both an insurance product and a security because the cash value is invested in sub-accounts. (LO 1) |
| 5 | What is the primary risk associated with variable life insurance? A) Premiums may increase over time B) Cash value can decline due to poor investment performance ✓ C) The policy may expire D) Dividends are not guaranteed | In variable life, the policyholder bears the investment risk. If sub-accounts perform poorly, the cash value decreases. (LO 2) |
| 6 | A 30-year-old parent with a tight budget and a new mortgage would most likely benefit from: A) Variable life B) Whole life C) Term life ✓ D) Universal life | Term life provides the most coverage per premium dollar, ideal for young families with tight budgets and time-limited obligations. (LO 3) |
| 7 | True or False: Universal life insurance policies can lapse if the cash value is depleted. A) True ✓ B) False | True. If a UL policyholder pays less than the full cost of insurance and the cash value runs out, the policy will lapse. (LO 2) |
| 8 | A high-net-worth individual who has maxed out all other tax-advantaged retirement accounts and is comfortable managing investments would be the best candidate for: A) Term life B) Whole life C) Universal life D) Variable life ✓ | Variable life combines permanent coverage with tax-deferred investment growth through policyholder-managed sub-accounts. (LO 3) |

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| 9 | <p>Which limitation is shared by ALL permanent life insurance policies (whole, universal, and variable)?</p> <p>A) No cash value B) Coverage expires C) Significantly higher premiums than term life ✓ D) Requires securities license</p> | <p>All permanent policies cost more than term life because they include lifetime coverage and a cash value component. (LO 2)</p> |
| 10 | <p>A freelancer with unpredictable income wants permanent coverage but worries about committing to a fixed monthly premium. Which policy type should you explore first?</p> <p>A) Term life B) Whole life C) Universal life ✓ D) Variable life</p> | <p>Universal life's flexible premium structure is designed for policyholders whose income varies. (LO 3, LO 4)</p> |

C O U R S E C O M P L E T I O N

| Block / Type | Content | Media / LOs |
|--------------|--|--|
| Text + Image | <p>Congratulations Screen</p> <p>Congratulations! You have completed Understanding the Four Types of Life Insurance. You can now: describe the four most common types of life insurance and how they differ; identify the benefits and limitations of term, whole, universal, and variable life insurance; recommend the most appropriate policy type based on a customer's unique needs and financial situation. Next steps: Apply what you've learned in your next client consultation. For additional practice, revisit the branching scenario in Section 7 and try alternative paths.</p> <p><i>Links: Links to all sections for review</i></p> | <p>Certificate/badge completion graphic LOs: LO 1, LO 2, LO 3, LO 4</p> |

| Block / Type | Content | Media / LOs |
|-------------------|---|--|
| Survey / Feedback | <p>Course Evaluation Survey</p> <p>1. The course content was relevant to my role. (Strongly Agree – Strongly Disagree)</p> <p>2. The activities and scenario helped me apply what I learned. (Strongly Agree – Strongly Disagree)</p> <p>3. The course length was appropriate. (Too Short – Just Right – Too Long)</p> <p>4. I feel confident recommending life insurance products after completing this course. (Strongly Agree – Strongly Disagree)</p> <p>5. What topic would you like to learn more about? (Open text)</p> <p>6. Any additional comments or suggestions? (Open text)</p> | <p>None LOs: Evaluation (Level 1)</p> |