

2615.25.05 LIFE INSURANCE

The following definitions are pertinent in the consideration of life insurance as a resource:

- The insured is the individual whose life is covered by the policy.
- The beneficiary is the individual or entity named in the contract to receive the proceeds of the policy upon the death of the insured.
- The owner is the individual who has all rights and privileges of the contract and has the absolute right to liquidate the policy, exercise policy loans, change beneficiary, elect settlement options, determine the manner in which dividends will be treated, or any other rights and privileges granted in the policy.
- The face value is the amount stated as such on the face of the policy.
- The cash surrender value (CSV) is the amount which the insurer will pay upon cancellation of the policy before death or maturity. This value usually increases as more premiums are paid toward the policy.

There are various types of life insurance. However, not all types of life insurance have cash value (for example, term insurance). Policies which have no cash value prior to payment of the death benefit are not counted in the resource determination. The presumption is that the cash value of a life insurance policy is a liquid resource.²³²²

The CSV of insurance is available to the owner unless assigned or in some other manner actually transferred on the records of the insurance company to the insured or another person.

Therefore, insurance is to be considered a resource to the owner and not to the insured if the specific assistance program takes the CSV into consideration.