

Smoking Habits

By Chris Morgan

Could you lower your insurance premiums by quitting smoking?

We have recently been helping one client change his Mortgage Protection after he decided to give up smoking. He was already aware that most insurance companies charge less for Life Assurance and Critical Illness Cover for Non-Smokers before coming to us for a quotation.

Jamie's current policy covers him for £100,000 through to age 65 and includes both Life Assurance and Critical Illness Cover. At the outset of his policy four years ago Jamie was smoking forty cigarettes a day and he gave up smoking completely just over a year ago.

Jamie Said ...

'My intention has been to give up smoking long before now, but I never seemed to be able to get together a decent length of time as a non-smoker. My Mortgage insurance is quite expensive at £183.21 per month, so it would be nice to save some money on the premiums'

Jamie Continued ...

'When applying for my current policy they checked my medical records and asked me to sign a declaration of health. I'm wondering if I'll need to go through all of this again, before taking out a policy with a new insurance company and before acceptance.'

Nearly all Life Assurance companies offer separate premium rates for Smokers and Non-Smokers when quoting for insurance. There can be significant differences in premiums on Life Assurance, Critical Illness and Income Protection policies for these two different groups.

Here's some advice for Smokers who are considering changing their insurance

Life Assurance and Critical Illness policies vary enormously as to whether amendments can be made to the original policy. With most Term Assurance policies you would need to apply for a new policy to take advantage over lower premium rates for non-smokers.

Most insurance companies require a twelve month smoke free period before considering an application from a non-smoker who was formally a smoker. Premium rates for Life Assurance can be up to 50% lower for Non-Smokers over smokers.

Insurance companies reserve the right to ask for a cotinine test before accepting an application to check the nicotine level in your body. They may also ask for a doctor's report and in a minority of cases where there are declared pre-existing medical conditions a medical.

And Jamie?

We arranged a new Mortgage Protection policy for him including both Life Assurance and Critical Illness Cover for £100,000 sum assured. His new premium was £133.94 per month, which was significantly less than the premium for his existing policy.

He will make a total saving of £15,372 over the remaining term of the policy.

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