



Life Insurance for British Expats

A Special Report by [LifeInsure.co.uk](https://www.LifeInsure.co.uk)

Introduction

According to recent figures, more than 13 million UK citizens currently live abroad and over 5 million of those on a permanent basis. There is also evidence that the trend is rising with considerably more people leaving the country now than ten years ago. If these expats are anything like the rest of the country then 34% of them will have life insurance at the point when they choose to leave the country.

However, the percentage of consumers whose policies will automatically continue to cover them when they move abroad is tiny. This implies not only that millions of people are paying for coverage they will never be able to use but that even more are simply living abroad without any form of life insurance coverage.

For those who have dependants, and particularly for those with long term financial commitments such as mortgages, this means taking a substantial risk. If any one of these people were to pass away their families could end up declaring bankruptcy as a result of the shortfall, even being forced out of house and home. In less dramatic cases children's school fees may go unpaid or there may simply be a marked decline in a family's standard of living.

What is clear is that when a main contributor to a family's household income passes away the money they bring in stops while the money that formerly went out continues to go out, often temporarily increasing to meet funeral and other costs. This is especially true if the individual living and working abroad is the main breadwinner as is often the case.

As a result, it is often considered particularly important to renew or change your life insurance coverage when you move abroad. And if you do not already have coverage investing in it may be worth your while. The majority of country's in the world are riskier to live in than the UK, particularly Middle Eastern countries where the political situation has been generally considered volatile for a long time. Even if you are not one of the many people travelling abroad to work in high risk jobs, the very fact of your travelling to a country with which you are less familiar increases the risk to your health and well-being.

It is for this reason that many expats choose to take out life insurance. If you have dependants or would like to leave an inheritance to your next of kin but also have a outstanding mortgage or other financial commitments you are putting these things at risk when you live abroad without agreeing proper insurance coverage.

For this reason we have produced this guide to expat insurance. It explains, in detail, the key issues including a clear explanation of who needs coverage and who doesn't, where to find it, and how much it is likely to cost. Using this guide you'll learn how to shop around to get

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the best coverage for your money. Hopefully, the peace of mind that results from this will take some of the worry out of settling into a new country.

For more statistics on Brits abroad, collated by the Institute for Public Policy Research go to: http://news.bbc.co.uk/1/shared/spl/hi/in_depth/brits_abroad/html/default.stm

For information on average insurance expenditure in the UK see: <http://www.guardian.co.uk/worklifeuk/income-protection-insurance-cost-possessions>

Will my present life insurance cover me if I move abroad?

Increasing numbers of people are living and working abroad on either a permanent or a temporary basis and, at present, the vast majority of those who have existing life insurance are unlikely to retain their coverage as they do so. The different levels of risk associated with living in different countries makes it impossible for life insurance policies aimed at UK residents to cover all countries internationally by default.

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Some policies will, however, be happy to cover you if you only move to one of a certain small number of countries. Those expats who are not going any further than the European Union are most likely to be in luck and the same goes for many of those moving to the US.

If you are going to a country for which the Foreign Office have issued travel warnings or, worse, which has been declared a war zone then you are likely to need to approach a specialist insurer. There are many policies which specifically exclude deaths as a result of war or political unrest and so even if you could persuade your present insurer to extend coverage, it may not be

comprehensive enough for your situation.

It is crucial that when attempting to extend your present cover you inform your insurer several months before moving and you get their agreement to cover you in writing. At the same time, it is also important to remember that the main benefit to getting your present insurer to extend your present coverage is convenience. There is no reason to think that the premiums they offer you or the amount of coverage provided are the best you could get if you were to apply elsewhere. This means that there are often benefits to shopping around.

Moreover, it is generally only possible to extend your coverage if you can give your insurer a firm date for your return. If you are hoping to assume ex-pat status more permanently then you will likely need to find either a British firm who specialise in ex-pat coverage or an international company offering worldwide insurance policies.

Do I really need it?

As stated above, most life insurance policies will be automatically invalidated if you move abroad leaving you uncovered for the duration of your non-residence. Somewhat ironically, this is probably the time in your life when you need financial protection the most. The reason insurers are wary of providing coverage is that there is an unusually high chance that you will need it when moving to certain parts of the world.

If you die before completing an employment contract then there is a chance that this means your family will have significantly lower income than it had projected. This can lead to serious problems with maintaining quality of life as well as paying school fees and essential bills such as a mortgage. This is particularly a problem when the breadwinner is working abroad while the family is left in the UK paying the UK cost of living. This is particularly common amongst armed service personnel in whose families they are often the chief breadwinner.

Those who move abroad with or without their family but who are continuing to pay a UK mortgage can find themselves particularly at risk in the case of an unexpected death. If you have any dependants, or were hoping to leave an inheritance to your next of kin, then in these instances it is essential that you invest in life insurance in order to be certain that your family will be looked after in the event that you pass away.

Mortgages are the primary reason why most people take out life insurance although there are certainly other sorts of financial commitments which could potentially become a cause for concern if the unthinkable were to happen. Any hire purchases, finance arrangements, loans or credit cards that you currently have outstanding will continue to cost money to your estate after you die, even though your income has now disappeared. If you fail to take out life insurance, or to make sure that you are covered for the duration of your residence abroad, then your family would be left to pay these bills on their own.

".. Those who are continuing to pay a UK mortgage can find themselves particularly at risk.."

Then there is the morbid reality of transporting the body back to the UK for the funeral. This is an important cost for most people who will have to engage a specialist funeral director with experience of how to package, transport, and fill out the paperwork for the body. This is then embalmed locally and shipped back in the cargo hold inside a special zinc-lined coffin. The British Consulate in the country concerned will put the family in touch with this funeral director whose services are rarely inexpensive.

For more information on this process, [see here](#). Alternately, if you choose not to send the body back to the UK it will likely be necessary to organise a funeral in the country in question with all of the costs that that may imply. On top of this there are charges for

paperwork and translation services as well as the possible cost of logistics such as moving house, selling possessions, and other often necessary arrangements. For all but a tiny minority of wealthy people this financial burden is more than a household can generally bear and for these reasons alone it is worth taking out some financial protection in advance.

What about death in service benefits?

Many people working abroad for UK companies, including the UK Armed Forces, are entitled to death in service benefits either as part of their pension or an employee-run insurance scheme. These will usually pay out up to four times your annual salary as a tax-free lump sum if you die while working for that company.

Under the Armed Forces Compensation Scheme this sum is often considerably less. It is calculated by multiplying your salary by a number based on your age. 60% of that figure is paid to the surviving adult dependant and any money paid out through this scheme is taxable. There is also sometimes a tax-free bereavement grant available. For more details on Armed Forces death in service benefits go to: <http://www.veterans-uk.info/pensions/death.html>

The main downside to relying on death in service benefits is that if you lose or leave your job at any point before you return to the country then all benefits, and all coverage, will immediately be lost. Crucially, if you are forced to stay in a country for a period and have lost your job you may not be able to secure replacement coverage for this time if you do not have life insurance as a back up.

Furthermore, coverage from death in service is likely to be nowhere near as high as that from life insurance and not adaptable to your individual needs meaning you won't be able to decide who it pays out to or assign it to paying off your mortgage.

Where can I find ex-pat insurance providers?

The first step when looking for insurance to cover you while you are abroad is to look at the residency conditions of standard UK life insurance providers. Many will have a clause that requires you to live in the UK for six months out of the year, meaning that you are covered for periods abroad that are shorter than that. If there is any ambiguity on this element of your policy then call up your provider, inform them of your circumstances and ask for a written statement that you will remain covered for the duration of your time abroad.

If this is not possible then you have a choice between finding a company offering a policy specifically aimed at ex-pats and an international company that provides worldwide coverage. Purchasing coverage in the area you live is generally a nightmare if you are

moving outside of the EU and even then, the need to hire translators and advisors to help you get to grip with local laws and insurance terminology can wipe out any potential cost saving.

One reputable specialist provider is known simply as Expatriate Healthcare. They offer what they term “comprehensive any-cause cover” which one would interpret to mean includes acts of war and political upheaval, although this should be clarified as you apply if you think it will be an issue. They are also willing to insure you wherever in the world you are working. Moreover, as they are underwritten by Lloyds of London it is safe to say that they will pay out when you need them to. (For more details of this package [go here](#) or see the next section for a breakdown of the costs)

The benefits of this kind of provider, with a package designed specifically for ex-pats are that you do not have to spend ages haggling over every little detail of your plans to ensure that you are fully covered. However, this also means that you are likely to be paying premiums that are quite high compared with what you might be able to agree elsewhere. Specialist companies typically have a set rate for most applicable circumstances make it difficult to haggle them down and this is probably their main downside.

International companies which will offer cover include Friends Provident International, Royal & Sun Alliance, Scottish Provident International and BNP Paribas. Friends Provident are particularly well known for their international term assurance, offering separate packages tailored to people living in Africa, Asia and the Middle East, payouts in at least three currencies, and premiums that take full account of your circumstances and that are fixed once agreed.

".. large companies will sometimes refuse to deal with the consumer directly, insisting on an IFA.."

For the majority of people, a plan like this will be cheaper than one agreed with a UK-based specialist and the lowest level of cover is just £10 a month which is far lower than the lowest offered by Expatriate Healthcare. For more information on the Friends Provident plan you can look [here](#).

What is not known, however, is whether Friends Provident and similar companies will insure for every country and whether or not they include acts of war and revolution in their policies. On top of this, large companies will sometimes refuse to deal with the consumer directly insisting instead to talk to an Independent Financial Advisor. This creates an additional cost for many people and these things are worth investigating before writing off specialist providers.

How much will it cost?

Costs at companies with complex plans are difficult to predict as they will take a full account of exactly which country you are living in and other aspects of your individual circumstances. However, specialist providers of ex-pat cover are easier to second-guess as they tend to provide blanket premiums on the basis of averages. For this reason they are likely to be more expensive than most people's risk would seem to justify although less expensive for particularly risky applicants if they are granted cover.

The firm Expatriate Healthcare mentioned above publishes on its website the standard rate for a male non-smoker, age 45, living in the European Union and assuming that a one-year term has been agreed. This they price at 175 euros per year for coverage amounting to 100,000 euros. For more information see the screenshot below or consult the relevant page on their website here: <http://www.expatriatehealthcare.com/term-life.htm>

Age	Female	Male
35	€135	€135
45	€135	€175
55	€278	€433

Premiums shown assume 1 year term. Premiums shown are annual.
Premiums shown exclude taxes and levies, as appropriate. Premiums shown are based on a non-smoker resident in the EU.

What is not published on their website, however, are details of what percentage of their applicants are accepted for cover. There is a very real possibility, for instance, that if you are part of a high risk group such as someone who works a dangerous job or lives in an Arab nation you will be denied cover by a catch-all specialist of this sort. In these cases you are likely to have to agree higher premiums with a larger company.

Whichever company you decide to use it is always important to make sure that you divulge every last detail which might be relevant in order to ensure that your coverage will be valid. It is definitely not worth the risk of either understating or exaggerating your circumstances to the insurer. Remember that the only reason people take out insurance is to have certainty over the future of their dependants and/or next of kin. If anything in the company you choose or the answers you provide to the insurer goes any way towards reducing that certainty then you are missing the point.

It will not always be the case that either specialists or international companies are cheaper but this will instead vary widely depending on your circumstance. Bearing this in mind it is of the utmost importance that you obtain a range of quotes before coming to any decisions

about what amounts to an expenditure of thousands of pounds. Do not just go for the cheapest policy. Your goal is to find the insurer that provides you with the best value for money whilst covering you for all of your liabilities or potential costs. If you stay conscious of this fact throughout the whole process you are sure to find a far better insurance policy than you would otherwise.

The Author



[Robert Prime](#) has been involved in the life insurance industry since 2006 and is the co-owner of [lifeinsure.co.uk](#). Having worked within an authorised environment and joint managed several brokerages he has gained a lot of experience in this sector which he is keen to share with the public.