



# Life Insurance For Smokers

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

## Introduction

Recent research has proven what we all already knew, that smoking drives up the cost of life insurance and that it does so quite dramatically. However, what many people fail to appreciate is the sheer enormity of this cost. Over the course of a typical twenty-year fixed-term life insurance policy the difference between a smoker and a non-smoker can be thousands of pounds. In fact, it is reasonable to assume that for many smokers the affect on their life insurance premiums is far greater than the amount they spend on the cigarettes themselves.

This brings us to another unfortunate fact about smokers and life insurance policies. Insurers typically define the difference between a smoker and non-smoker on the basis of whether or not the applicant admits to having smoked at all within the previous twelve months. The result is a punitive levy on occasional smokers, often bearing little to no relation to the health risks that this demographic incurs.

The people who are most affected by this are probably the after-dinner cigar smokers who may only smoke a handful of cigars in a month, or even in a year. Although more companies are now taking account of this phenomenon they are still a tiny minority. Consequently, those occasional smokers looking for a policy that takes account of their habit in a fair and proportionate way can prepare to spend a lot of time comparing providers.

On the other hand, there is statistical evidence to suggest that another group is even more at risk of over-paying on insurance premiums. 51% of a recent sample of quitters had failed to inform their life insurance policy, despite the fact that they would likely be eligible for a substantial reduction in what they were paying.

According to the UK's General Lifestyle Survey, as commissioned by the [Office for National Statistics](#), smoking prevalence is quite rapidly decreasing in England with a year on year drop of around 1%. If the majority of these smokers fail to inform their insurers of this change in their circumstances then that means not only are millions of pounds of consumer cash being poorly spent every year but that this amount is quite rapidly increasing.

The General Lifestyle Survey holds no data on occasional smokers, neglecting to distinguish them from non-smokers in its questionnaires in exactly the opposite way to insurance providers who draw a sharp dividing line. However, according to the organisation Action on Smoking and Health, 2% of the UK are regular pipe or cigar smokers and while the risk of premature death is raised by 70% amongst cigarette smokers it is raised by just 10% amongst this group.

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This is generally attributed to the fact that cigar smokers generally smoke infrequently. Meanwhile, none of this is taken into account in the cost of a life insurance policy for an occasional smoker. You can view the Action on Smoking fact sheet [here](#).

Bearing these facts in mind, below are some tips on what to do if you are a smoker who is either seeking to purchase or who has already purchased a life insurance policy. Particular attention is given to the predicament of occasional smokers and recent quitters but the information on costs and how smokers are classified will apply to everyone equally.

### How does smoking affect the cost of life insurance?

Smoking can affect the size of your life insurance premiums in two different ways. Firstly, most providers will charge a smoker's premium to anyone that says they have smoked within the last twelve months. However, there is another way that smoking affects premiums and that is by deciding the insurance band you will be assigned to. Insurers generally assign every applicant to one of three insurance bands depending on their level of health. These are: Standard, Preferred and Preferred Plus.

If you have smoked within the last year you will probably be assigned to the Standard band, no matter how often you exercise or how healthily you eat. Generally, insurers will not allow anyone into the Preferred band unless they can say they have not smoked within the last three years, and five years for the Preferred Plus band.

Over the course of your insurance term the difference in premiums between those classed in Preferred and Preferred Plus bands will usually amount to thousands of pounds. This means that even if you identify as a non-smoker, smoking can make a huge difference to the cost of your life insurance.

*"..Many smokers will be paying far higher premiums.."*

Nevertheless, the most important difference is between regular smokers and those who have smoked within the last twelve months. In 2011, Sainsbury's Financial published research which said that the average annual life insurance premium for a smoker was £209.76 while for a non-smoker it was just £113.88. You can see the full results of their research [here](#).

Over the course of a standard twenty year insurance term the difference between them adds up to £1917.6. What's more is that this is only an average. Many smokers will be paying far higher premiums than this on the basis of the fact that they smoke alone.

Other research by the Money Saving Expert calculates that the hidden insurance cost of smoking could amount to over £30,000 over twenty years. The problem with this research is that it is a deliberately unrepresentative number, calculated on the basis of someone who has purchased term assurance, critical illness insurance, private medical insurance and

permanent health insurance. As such, this should be treated as a maximum figure that helps to illustrate the fact that smoking makes health insurance a lot more expensive. To read more about how they calculate these numbers, go to:

<http://www.moneysavingexpert.com/family/quit-smoking-cheaply>

The biggest difference between smokers and non-smokers is found with term life assurance and critical illness insurance – the two most common types mentioned above. A non-smoker generally saves 55% on the first and 50% on the second compared to a smoker. Term assurance is a type of policy which consists of an agreement that the insurer will pay out a fixed sum (or occasionally that they will cover your mortgage) if you die within a fixed term. This is the most common kind of life insurance and, unfortunately, also the most expensive for smokers.

Critical illness insurance is a form of insurance policy that agrees to pay out if you are diagnosed with one of a list of critical illnesses. It is another type of policy popular in the UK as it generally allows people to provide for their families in the event that they are rendered unable to work as well as helping cover the costs of medical care. The Money Saving Expert calculates that there is an average £24,000 price difference between smokers and non-smokers for this type of policy over the course of a twenty year term.

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With private medical insurance you will only achieve a saving of 5% as they are generally based more on an assessment of your current rather than of your lifestyle. Permanent health insurance, or insurance that agrees to continue to pay your salary or wage if illness prevents you from working, generally differs by about 25%. Yet again, this amounts to a cost of thousands of pounds over the duration of the plan.

What is clear from all of these figures is that there is never any time when the affect of smoking on an insurance policy is small. Any calculation of how much money you would save by giving up smoking (by spending less on cigarettes, chewing gum, air fresheners etc.) will be out by thousands of pounds if it does not also take into account the cost of your life insurance.

### **How do life insurance companies define the difference between a 'smoker' and a 'non-smoker'?**

When you fill out an application to apply for life insurance you will be sent a long questionnaire to fill out. It is primarily on the basis of this that your life insurance premiums will be decided.

There are generally two different types of questions asked on these forms to determine whether or not you are a smoker. The following two examples are taken from the application form for the Legal & General Whole of Life plan although you are likely to find very similar examples elsewhere.

- Have you used cigarettes, cigars, pipes, or nicotine replacements in the last 12 months – including occasional use?
- If you smoke cigarettes how many do you, or did you, smoke on average each day?

The first question was found in the first section of the questionnaire entitled “Initial Client Details” and the second in “General Health and Lifestyle”. What this may imply is that the companies are attempting to obtain an honest answer by catching the reader off-guard. Moreover, it implies that the moment an employee of the firm sees the answer to that question your application is sorted into a particular pile right away.

It may surprise you to learn that it is on the basis of the first question that life insurance companies will decide whether or not to class you as a “smoker”. If you said “yes” to this question, even if you only had one cigar last Christmas, then you are going to be asked to pay the far higher insurance premiums that the insurer asks of all smokers.

You may, of course, end up paying far lower premiums than someone who later divulges that they smoke a pack a day. However, as we have already discussed, the difference between what a smoker and a non-smoker pay is large enough in itself.

There are, however, some companies who give a small “occasional smoker's” allowance – they enumerate the number of cigars/cigarettes they believe an occasional smoker should smoke in a year and if you can say that you smoke fewer than that you will not have to pay the smoker's premiums.

*“..If you are an occasional smoker looking for a life insurance policy it is perhaps best shopping around..”*

Most companies quote a number of around one a month or twelve a year. If you are an occasional smoker looking for a life insurance policy it is perhaps best shopping around until you find one of these as it could make a considerable difference to the amount you pay. The best way of doing this is usually to try talking to one of the company's sales representatives and asking them to clarify their stance on occasional smokers.

To read more about the controversy over occasional smokers go to:

[http://www.guardian.co.uk/guardian\\_jobs\\_and\\_money/story/0,3605,1074984,00.html](http://www.guardian.co.uk/guardian_jobs_and_money/story/0,3605,1074984,00.html)

## Can you lie to your insurer about smoking?

There are many insurance companies who will take your word for it that you're a non-smoker if you say you are. However, these are increasingly in the minority and in order to qualify as a non-smoker you will generally have to pass some sort of insurance check.

Urine and saliva testing are common and many companies will now conduct randomised blood and hair tests as well. These latter two are relatively rare as they are quite expensive tests to perform. Nevertheless, they are not entirely unheard of and an insurer is within its rights to demand these tests of an applicant before progressing their application.

There are, however, problems with the accuracy of the two more accurate types of test which mean that infrequent smokers may be able to pass without the companies finding out. Contrary to much of the information you will find online these tests are generally not looking for traces of nicotine, which is generally metabolised and disappears from the body within 72 hours, but its bio-chemical by-product cotinine.

Unlike nicotine, the cotinine levels of a regular smoker should take just over a week to reduce to the level ordinarily found in non-smokers\*. However, this is by no means standard across all people. Genetic variation plays a huge part in how long you'd have to go without smoking for it not to show up on the test and it is known that people of East Asian origin take longer to process and rid themselves of cotinine.

What this means is that you would probably need to avoid smoking or spending time in smoky environments for at least two weeks in order to be entirely sure that you will pass the insurer's nicotine test. And if you're giving up for two weeks why not give up for good?

Moreover, the insurance companies have recently been paying for newer and more effective tests to be developed as the daily mail points out in [this article](#). Even those companies that don't do urine or saliva tests will often seek to double check by checking your medical records or by calling you up to ask you questions, hoping to catch you off guard. This is what the underwriting process is all about.

\* See: <http://www.fbr.org/publications/pamphlets/cotinine.html>

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## Getting Found Out and The Incontestability Clause

Let's suppose, however, that you are only a semi-regular smoker and none of the above mentioned detection measures will work on you. You manage to slip by and qualify for the

premiums of a non-smoker. There are still more ways in which you can get found out after you die.

Most insurance policies contain an incontestability clause which means that even if you are found to have made a misstatement on your application form, your insurance policy cannot be challenged after a set amount of time. This amount of time is usually either two or three years. This does not, it should be noted, protect your policy from being challenged after that point if you are thought to have committed outright fraud.

What this means is that if you die of an illness unrelated to smoking within the first two years of your policy but your post-mortem seems to imply that you were a smoker then your insurer would be entitled not to pay out to your family. After two years, they would be less likely to contest a payment in this sort of situation.

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If, however, you were ruled by the coroner to have died as an illness that was the result of smoking and you have claimed on your insurance policy that you are a non smoker then you are likely to have your payout contested. This is the case whether you die within the contestable period or not.

When a payout is contested what usually happens is that the payout you would have been entitled to is recalculated. The payout received will then be equivalent to the amount of

cover that you could have purchased with the money you spent on premiums, had you been honest about your situation.

Generally, after a long period (ten years for instance) an insurer's reputation for paying out is more important to them than contesting the claim and your family will receive the money unless there is clear proof that you have committed fraud. At the same time, most people take out an insurance policy so that they can be certain about their family's financial future in the event of their death. To do anything, then, that might make the payout uncertain defeats the purpose of getting insurance in the first place.

### **Informing your insurer you've given up...**

As we found out earlier, insurers generally classify you as a smoker if you have smoked or used any nicotine related products (including patches) within the last 12 months. The upside to this, however, is that it gives a clear cut-off point for when a smoker becomes a non-smoker. If you can give up smoking for 12 months, you will be able to make a strong case to your insurer that you're no longer a smoker and should therefore have your premiums reduced.

It's not always as simple as that and those who have been consistent smokers for a long time may struggle to get a large reduction on the basis that much of the damage associated with smoking will already have been done. Nevertheless, a dramatic reduction in the amount you smoke is likely to bring some sort of reduction in your premiums in most cases.

Bearing this in mind, it is particularly shocking to find out that research done in 2011 reveals that over 6.5 million life insurance policy holders in the UK have given up smoking without telling their insurers. This means that they are still paying thousands of pounds more than non-smokers and for absolutely no reason. In fact, there is evidence that the majority of smokers with life insurance policies who quit forget to inform their insurers, missing out on the biggest saving they could make.

To inform them, simply call up their customer enquiry hotline and explain your situation to the sales representative. They will likely patch you through to a few departments before you get to someone who will order a policy review. In many cases, insurers will take your word for it that you have quit although sometimes they will insist on performing all the tests they typically do when non-smokers sign up. There is every reason why they should – the financial difference to them is as considerable as it is to you.

*"..The general rule is that insurance policies do not punish adults who take up smoking over the course of a policy term.."*

Once they have done this you will generally begin to save money on your policy premiums within a month. Furthermore, if hypothetically you were to start smoking again after this point then assuming you can prove you were telling the truth when you informed them that you had quit you will probably continue to benefit from the policy reduction for quite a while. The general rule is that insurance policies do not punish adults who take up smoking over the course of a policy term and, in some cases, this may apply to those who have quit and given up again.

Crucially, there may even be savings to be made for those who reduce their consumption from a high amount to a low amount. The main thing to remember is that whenever you make and sustain a lifestyle change that you think may affect your insurance premium you should always inform your insurer. The amount you could save means that, no matter what it is, it's never a waste of time.

#### 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.