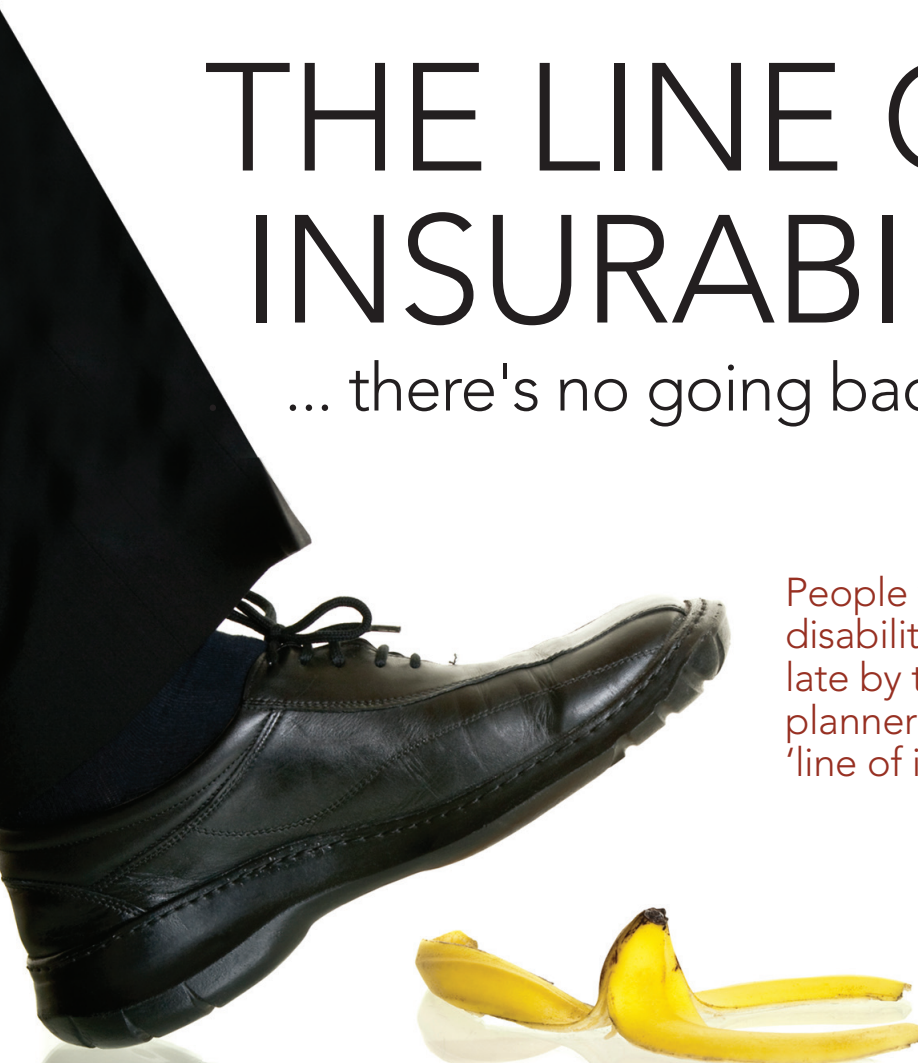


THE LINE OF INSURABILITY

... there's no going back once you've crossed it.

A black leather dress shoe is shown in profile, stepping on a banana peel. The banana peel is yellow and broken, with a small piece of the peel still attached to the shoe's sole. The background is white, and the shoe and peel are reflected on the surface below them.

People who delay the purchase of life or disability insurance may find they've left it too late by the time they get around to it. Financial planner **Andrew Cole** of Prosperity explains the 'line of insurability'.

It's an unfortunate truth that many of us have to experience the unexpected loss of someone we know before we contemplate that something like that could happen to us.

If you stop now and take a couple of minutes to cast your mind back to recall the people in your life who've passed unexpectedly. A motor bike or car accident perhaps, an unexpected illness, a tragic diagnosis of a critical illness and so on, I am sure you'll have thought of someone.

When this happens it heightens our awareness of our own mortality, some take

action and review their position immediately, others may need time to think things through and perhaps seek professional advice. But most of us think about the situation for a while and do nothing, as time passes our concerns become less important. Until perhaps the next time we hear news of another unfortunate loss of life.

I've been using a concept called the 'line of insurability' for many years to explain life and protection benefits. In essence, it's a line that once crossed will mean you are no longer insurable.

We are all born with a life expectancy. Tables are used to show the average life

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expectancy based on various factors; of course there are always exceptions. As we grow older, we move closer to the line of insurability, to help the insurers know where you are in this regard a medical questionnaire is completed. In addition, you may be asked to go for a medical or series of tests this is to assess the insurer's risk and is standard practice.

UNDER THE MICROSCOPE

When you decide to look into providing benefits for loved ones, you will be given a quote, or maybe several quotes, based on basic information such as your age, the term, male or female, smoker or non-smoker, and so on. These are called 'standard rates'. Of course we are not all standard, so the additional information is to check this by looking at height and weight ratios, what sort of work we do, what hobbies we have and whether these are hazardous, are there hereditary diseases in the family, what about our social habits, a review of any previous accidents or illness and so on. Once the information has been reviewed by a professional underwriter or a chief medical officer, the rates are confirmed.

Please do not be put off by a medical; it's in your best interest. I recall one client whose life was probably saved by his insurance medical. A young male in the UAE was found to have an irregular heart beat; on further tests it was apparent he needed to have an urgent operation. This was a happy ending as all went well and he is living a normal life but this may not have been the case if he had it not applied for life insurance. Please note that these medicals are normally covered by the insurer so there is no cost to you.

So let's say the insurer comes back to you and says you have been rated (required to pay higher fees), or perhaps postponed or even declined for cover, what does that mean to you?

As I mentioned, not everyone is standard and expats tend to live a different life than they might have done in their home country. This includes traveling more and adopting the conditions of living in this new environment

“ THERE ARE VARIOUS LEVELS OF THIS PARTICULAR ILLNESS THAT CAN BE CONTROLLED BY DIET AND WEIGHT-LOSS AT ONE END OF THE SCALE RIGHT UP TO BEING INSULIN-DEPENDENT. THE PROVIDER WILL ASK THAT YOU SEEK MEDICAL ADVICE AND TAKE THE COURSE OF ACTION RECOMMENDED ”

over time, this can mean a more sedentary life in some cases. ('Dubai stone' anyone?) So do not be alarmed if you get a rating on your premium. You should be aware that there are several levels of rating so ask your advisor or provider for further information. The rating may also apply to some benefits rather than all benefits.

BLIND-SIDED

If for instance you go for a medical and suddenly find out you're diabetic, the provider may postpone your application.

In this part of the world, the incidence of diabetes is very high and if you've lived here for many years you could be slipping towards the condition even though you had no signs of it prior to arriving in the region. Once again, this has happened on several occasions in my experience. There are various levels of this particular illness that can be controlled by diet and weight-loss at one end of the scale right up to being insulin-dependent. The provider will ask that you seek medical advice and take the course of action recommended. They will



Andrew Cole, CEO of Prosperity

advice you that after a period of time (one to six months) a new medical will be completed in order for you to demonstrate your control of the illness and give you the best insurance rate.

Declined means exactly that, you have crossed the line of insurability and they will no longer take on your level of risk.

If you are rated or postponed you are moving closer to the line of un-insurability so please remember that, I've witnessed people getting upset at the new premiums when rated, or upset at being told they have a medical condition that hadn't been picked up before. Don't miss the point, if you've been rated or postponed you need the protection even more so don't be upset, instead think about why you're contemplating taking the policy and what it will do.

Life insurance is something you have to buy when you can get it and don't need it. When life or disability insurance is actually needed, it cannot be purchased at any price.

People buy life insurance not because someone must die but because someone else must go on living. 🍷