

What you need to know about life insurance.

- Life insurance pays out a sum of money to provide for your loved ones if you die.
- Not everyone needs life insurance, but it is helpful for anyone with dependants.
- Having cardiomyopathy can affect your ability to get life insurance, but knowing how to apply can help you to find out whether life insurance is suitable for you.

What is life insurance?

Life insurance is an insurance you pay into each month, which pays out a sum of money when you die. This money goes to your family or loved ones, and is either paid in one go (a 'lump sum') or paid monthly (known as a Family Income Benefit plan).

Life insurance means that you can provide financially for your loved ones when you are no longer there. Also known as 'life cover' or 'death cover', it pays out when you die. It does not cover you if you become ill or unable to work (this is covered through other options such as Critical Illness and Income Protection, which may link to a Life cover plan).

There are different types of life insurance, such as:

- **Term life insurance** covers a specific period of time (such as 5 or 10 years). It only pays out if you die during this time, but guarantees a set amount of money is paid out. It is also called 'level term' as the sum assured remains the same throughout the full term of the plan.
- **Mortgage decreasing term assurance** covers the cost of your mortgage, or other financial liability that reduces over time, if you die. As a mortgage decreases over time, so does the amount of cover (and money paid out) over the course of the term. This is often the cheapest way to arrange life cover.
- **Whole-of-life insurance** covers you whenever you die, as long as you keep making your payments. This is a "substantive" plan, (guaranteed to pay out at some point), so premiums are much more expensive than other plans (although if 'reviewable premiums' are selected they may be cheaper to start with). The main reason for a Whole-of-Life plan is to protect against future Inheritance Tax.

The actual type of premium that you require also needs to be considered, for example *guaranteed*, *reviewable* and *renewable* premiums.

As this is a complicated issue, seeking advice from an independent financial adviser, who is not tied to any particular insurance company and can review the whole market place for the most suitable product, can be helpful.

Do I need life insurance?

Not everyone needs life insurance. If you have no dependants you may not need it. But if anyone else relies on your income, for example a spouse or family that relies on you to pay the mortgage or living expenses, life insurance might be appropriate for you as it will give them money for this if you die.

In cases of divorce, life cover is sometimes used if there are dependants (usually children). In this case, if a parent who is financially-supporting the children dies, the plan gives a cash payment to the surviving parent to continue that support. Alternatively, the payment is made into a Trust fund, controlled by trustees, which is used to support the children.

Extra life cover (covering more than just the mortgage) may be appropriate if there are additional living costs, especially if the person who dies is the main breadwinner, or there are young children who may need financial support for many years.

How do I get life insurance?

You can apply for life insurance yourself, by phone, online, or you can contact an independent financial advisor to help. If you apply for a quote online, the quote will be based on 'standard rates', which are based on applicants having no medical conditions and no family history of medical conditions.

If you have a medical condition, or a family history of any conditions (such as cardiomyopathy), you will need to disclose this in your application. This usually means that the insurer will need medical details from your GP before they can assess your application and let you know what terms, if any, they can offer.

It is important that applications are fully and accurately completed so that the insurer has relevant information about your medical history before making a decision. If the insurer decides that your medical condition, or family history of a condition, increases the risk that they will have to pay out, they are likely to increase your 'rating'. This determines the cost of your premium (the amount you pay each month).



Once you have applied for life insurance, the insurance company will consider your request and decide whether to offer you cover or not. This process can take a few weeks.

Does having a medical condition affect life insurance?

The simple answer is 'yes', but how it affects it varies. Insurance companies will **not** offer life cover with exclusions* (things that are not covered): they will either offer cover on standard terms, rated terms or they will decline to offer.

* Exclusions for medical conditions is associated with other insurances (such as Critical Illness and Income Protection).

Can insurance companies charge more if I have a medical condition?

Insurance companies base their premiums on the likelihood of you making a claim. This varies depending on your age and health, and is based on the risk of you dying. The data they base this on is constantly monitored and updated so they have the very latest information to use when assessing an individual applicants risk. For example, someone who is fit, young and does not smoke is less likely to die than someone who is older, who smokes, or who has a complex medical or health condition. It will also vary according to the type of insurance you apply for and how much cover you want (the amount paid if you die). It is legal for insurance companies to do this, and how they calculate your premiums comes from years of collected evidence from the population.

Insurers are not obliged to offer terms for life cover, so if they feel that someone is too high a risk, they will decline cover. However, if they **do** offer terms, and the applicant accepts them, they are not allowed to break the contract. The contract can only be broken if the applicant doesn't keep up with their payments, the plan comes to the end of its term, or the insurer finds that the applicant has given false (fraudulent) information.

As long as an applicant has disclosed all relevant and correct information, and given access to their medical records, the insurer will pay out on a claim.

I have cardiomyopathy and want life insurance, do I have to tell the insurance company?

It is important to be honest and tell your insurance company everything they need to know about your medical history otherwise you risk them not paying out if you die (called 'non-disclosure'). If in doubt, tell the company and they will decide what is relevant.

If you have been diagnosed with a medical condition before you apply for cover (called a 'pre-existing condition') you need to disclose this to the company when you apply for life insurance.

The time between applying, and being offered, cover can be up to a few months. If, during this time, you are diagnosed with a serious medical condition, have a major lifestyle change (such as changing your job or you start smoking), you will need to inform the insurance company. Again, if you are not sure if any change is relevant, it is best to contact the insurer to that they can decide.

I am having tests for cardiomyopathy but haven't been diagnosed. Do I have to declare this?

When you apply for life insurance, the company will ask you if you are undergoing any medical tests or waiting for any results from tests. If this is the case, you will need to disclose it (tell them about it).

Companies will usually postpone their decision until your tests are completed and you've had your results, so that they can fully assess your application before deciding whether to offer you insurance or not.

I have life insurance already and I have just been diagnosed with cardiomyopathy, do I need to tell my insurer?

When you apply for life insurance, you need to tell the insurer about any condition you have been diagnosed with at that point in time (a 'pre-existing condition'). However, if you are diagnosed with a condition *after* you have been accepted for life insurance, you are **not** obliged to tell the insurer. This is because the insurer will offer you cover based on the statistical information available to them at the time (such as your age, occupation, health and family history of medical conditions). Although these factors give insurers information about your risk of dying during the term of your cover, it also covers the risk of any future health issues which might lead to a claim.

Will my cardiomyopathy affect my family members' ability to get life insurance?

When you apply for life insurance, you will be asked whether any member of your family has (or had) any of a list of medical conditions before a certain age, (60 or 65, depending on the insurer). If you have, or had, a family member any condition that may be genetic (which may be inherited - passed from parent to child) the company may want to know if you have been tested for the same condition. This is because if you also have the same condition, it is a pre-existing condition and may affect your insurance premium.



This means that if you have been diagnosed with cardiomyopathy and any of your blood relatives (parent, sibling or child) applies for life insurance, the insurer will want to know about your condition, as there is a possibility that they have it too. The insurer may insist on your relative being tested for the same condition to see whether they also have it. If your relative does not disclose your cardiomyopathy and the company finds out that you have it, their insurance may be invalid.

Wanting to get insurance may be a reason why family members don't want to be tested for cardiomyopathy. However, they will need to disclose your condition in their application, and the insurer will usually require them to be tested for cardiomyopathy before offering cover (which may hold up their application). But if they have already been tested for cardiomyopathy this will often make their application quicker and easier (as they can be clear about whether they have the condition or not). The screening tests that insurers usually require are a recent (usually within 3 years) ECG (electrocardiograph) and echo (echocardiogram) which are both standard tests for cardiomyopathy.

How do I find a good insurance company and good cover?

There are various ways to find insurance cover. You can go direct to an insurance company for a quote, comparison websites, insurance brokers or an independent financial adviser. Which is right for you will depend on your situation and what cover you are looking for.

Using a reputable independent financial adviser, preferably with experience in, or understanding of, cardiomyopathy, can ensure that your application is accurate, and that you get the most suitable cover for your needs. They should be independent (not tied to a particular insurance company) so that they give you unbiased information, and can search the whole insurance marketplace (not just selected insurance companies). Many will not charge you a fee as they are paid by the insurance company if they are able to arrange cover for you. It is always a good idea to check this with any adviser before agreeing for them to help you find life cover.

Whatever route you use, it is important to check what is covered in the policy (inclusions) and what is not covered (exclusions). It can also be a good idea to get a number of quotes to compare and see which is the best cover and price for you.

This factsheet provides general information about life insurance, and we recommend that you seek further information about life insurance if you are considering applying for cover.

Further reading

The following websites provide useful information about insurance.

Money Advice Service

Provides free and impartial advice about money.
www.moneyadvice.org.uk

Money saving expert

Has information on life insurance and guidance on finding the best cover.
www.moneysavingexpert.com

Financial Ombudsman Service

Has information about how to complain if you have any dispute with an insurance company.
www.financial-ombudsman.org.uk

Bill Bartholomew is a long-standing volunteer for Cardiomyopathy UK. He is an Independent Financial Adviser who specialises in securing life insurance for people with cardiomyopathy. He has personal experience of cardiomyopathy. You can contact Bill through his website: www.wbwpltd.co.uk

We are here for you

At Cardiomyopathy UK we offer help and support for you and your family. We have information about each type of cardiomyopathy as well as diagnosis, treatment and lifestyle issues. Look on our website or call us for more information. Call our helpline to talk to our cardiomyopathy support nurses. We can put you in contact with other people affected by cardiomyopathy through our support groups, support volunteers, social media and our online forum. Contact us for more about our services, or look online.

Cardiomyopathy^{UK}

the heart muscle charity

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