

Can You Hide Smoking From Life Insurance Companies?

What if you lied about your smoking habit on your life insurance application? And what happens if the insurance company finds out? How much do you have to smoke to be considered a smoker? The answers might surprise you.

Life insurance companies want their policyholders to be in good health. So much so that some companies have three different premium classifications: standard, preferred, or preferred plus. You're rewarded with lower premiums if you're in excellent health and haven't smoked in five years because that reduces your chances of dying sooner. Being just "normally healthy" requires that you haven't used nicotine in the past three years and still gets you lower premiums. A standard rate requires that you have not used nicotine within the past year.

Then there are rates for smokers.

Who is considered a Smoker?

In the life insurance world, you're considered a smoker if you answer "yes" to the smoking question on your insurance application. If you're asked if you've used tobacco products, including cigarettes, cigars, and chewing tobacco, within a specified time frame - and you have - your answer should be yes.

If you enjoy a good cigar from time to time or smoke just two cigarettes per year, you *are* a smoker by insurance standards, even though the nicotine traces won't show up in your required urine test. How should the occasional smoker answer that question? You should probably let your conscience be your guide.

Research shows that smokers pay nearly three times the premium of nonsmokers, so it's easy to see what motivates some people to lie on their policy applications.

You *can* sneak through

With rates as competitive as they are, life insurance companies try to find out as much as possible about your health. Understandably, a nonsmoker's application is likely to be examined a bit closer than a smoker's, especially the results of the urine sample.

However, it is possible for the nicotine level in a smoker's urine to be low enough to escape detection. In fact, the American Lung Association says that nicotine disappears from your blood stream and your urine within 72 hours after smoking your last cigarette.

Cotinine is a primary metabolite of nicotine and is the most common identifier for nicotine levels in the urine. Therefore, even heavy smokers who can abstain for three days could theoretically lie about their smoking and go undetected.

Is it worth it?

So, if you "pass" your urine analysis, where do you go from there?

It goes without saying (but we'll say it anyway) that you should *not* lie on your insurance application. The application you sign becomes part of your policy (you'll find it attached somewhere near the back), and the policy is a legal contract between you and the insurance company.

Some insurance companies we spoke to say they have caught smokers who claimed to be nonsmokers during the underwriting process. When this happens, the "proposed insured," as you are known, is simply given the smoker rate when the policy is approved. No insurance company says it would automatically reject you if it caught you lying.

As an extra precaution, some life insurers will perform random phone calls in which applicants are again asked, among other things, about smoking. They hope to weed out liars through the one-on-one conversation or by spotting inconsistencies on the policy application. And don't forget that the required urine test may reveal your smoking habit.

Lie, die . . . deny?

Let's continue the scenario: Your urine sample doesn't show enough nicotine to prove you're a smoker, so your life insurance policy is issued at a preferred and/or nonsmoker rate. Then, the unthinkable happens: You die.

Most life insurance policies carry a two-year "incontestable clause" that allows the insurance company to challenge a death claim. If you die within the first two years as a result of, say, a car accident, and it comes out that you were a smoker, your insurer would have the right to "rescind" the policy or simply deny the claim.

Another option for the insurance company is to pay a death claim equal to the amount of life insurance you would have purchased with your money at a smoker's rate.

Don't ask, Don't tell

It's statistically unlikely - but not out of the question - that an adult will take up smoking (most smokers start as teenagers). That said, insurers generally don't care if you begin smoking after the policy is issued and, in the event of your death, would simply pay the claim. The companies we spoke to stressed the importance of being truthful at the time you apply for the life insurance; they don't expect you to let them know that you've started smoking after your nonsmoker policy is issued. Your death benefit will not be jeopardized if you fail to inform your life insurer that you have started smoking after the policy was issued.

Insurance Companies aren't the Tobacco Police

Despite insurers' diligence, there are undoubtedly smokers who can slide through the underwriting process undetected. If you're caught while you're still alive, the worst

that can happen is that your policy will be issued at a higher rate. Insurance companies are not the tobacco police, after all.

Even so, do you really want to put your family's security at risk just to save a few bucks on a premium? Would they want to possibly battle out a contested claim after your death simply because you tried to pull the wool over the insurance company's eyes?

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