

7 Factors That Increase Your Life Insurance Premiums

We know that life insurance is crucial and offers financial security to us and our loved ones. But if you are one of those who have just started to look for life insurance plans and are confused about how much money you will have to pay into your premiums, then you're not alone. Understanding the cost of premiums can be confusing when multiple plans are available. The premiums depend on the following factors: age, health portfolio, daily habits, and time habits. Hence, let's understand in depth how they affect premiums.



1. Higher Age

A crucial factor influencing life insurance premiums is age. It's safe to say that your age directly affects your premium—the older you are, the higher your premium. And if you invest in a policy at a younger age, you have to pay lower premiums. This is because, at younger ages, you are less prone to passing away and are generally healthier, resulting in lower premiums than for older individuals.

2. Gender

Women tend to pay lower premiums than men. That's not because insurance companies favour them or consider them more privileged but because women tend to live longer than men. Hence, this is the primary reason women have lower premiums.

3. Health Condition

Your current health condition plays a significant role in determining life insurance premiums. Insurance companies assess your health through medical tests and reports. If an underlying disease is found or you have pre-existing conditions, then that will lead to higher premiums. That's because people with health issues are more prone to having a shorter life expectancy than healthy individuals.

4. Lifestyle Choices

Your lifestyle choices can impact your life insurance premiums. If you have a habit of smoking or drinking alcohol, then that can lead to higher premiums because habits like Smoking are harmful to health and lead to lung or throat cancer. As per the records, smokers tend to live shorter than non-smokers, and therefore, they pay higher premiums.

5. Coverage Amount

The amount of coverage you choose significantly affects your life insurance premiums. If you opt for a longer and more extensive policy plan, you will eventually have to pay higher premiums. This is because the insurance company is taking a greater financial risk by guaranteeing a higher payment to your dependents in the event of your death.

6. Policy Type

Another factor includes policy type and investment. Due to the increase in competition, insurance policies bought online offer lesser cost of premiums and other benefits than those bought through traditional channels.

Additionally, term insurance policies charge lesser premiums than whole life insurance. This is because whole life insurance offers lifetime coverage and has a cash value component that builds up over time, making its premiums often higher.

7. Counteroffer based on the different situations

- **Hobbies**

Particular pastimes are riskier than others. Extreme sports like skydiving, rock climbing, and high-risk hobbies like motorcycling can increase rates. Because certain activities increase the danger of injury or death, insurers evaluate the risk connected with your hobbies.

- **Occupation**

Occupation can affect the cost of premiums due to the associated risk involved. Construction workers, pilots, or fire fighters may have to pay a significant amount of premium, as these jobs include a higher risk of death.

- **Family Medical History**

Family medical history can also affect premiums. If your family has ever had any hereditary diseases like cancer, haemophilia, cardiac issues, or diabetes, then insurance companies tend to charge more since policyholders are more prone to developing these diseases over time. As a result, you may face higher premiums to account for this increased risk.

Final Words

In conclusion, the above-mentioned factors like age, health, occupation, pre-existing diseases, lifestyle habits and so on can determine the cost of premiums. While it may seem tempting to opt for a policy that offers lesser coverage and premiums, one should be proactive while purchasing a policy and must consider his/her needs before finalising any plan. By understanding the above factors and taking care of certain habits like smoking and drinking, one can streamline the cost of premiums and ensure adequate coverage for themselves and their families. Additionally, regular health check-ups and maintaining a healthy lifestyle can also contribute to managing insurance costs effectively.

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