

Smoking and Health Insurance

Back in the 1950s-60s, smoking was a lifestyle choice. A cigarette was an accessory to sport. One look at all the film noirs and westerns from that era can tell you that it was considered cool. James Dean smoked. So did John Wayne. Smoking was allowed inside offices, trains, buses and public establishments. Even in Indian cinema, as recent as the 70s, we can see a Vinod Mehra spewing smoke on Rekha in the film *Ghar* and she takes it smiling, it was considered romantic. In fact, one cigarette brand in India ran an iconic ad campaign with the tagline 'Made for each other' featuring romantic couples, with the guy smoking.

From the 1930s onwards, lung cancer rates in the United States shot up. Nobody at the time knew why. It was in 1954 that a British study of 40,000 doctors over 20 years demonstrated and confirmed a direct link between smoking and lung cancer. In 1964, the United States Surgeon General's Report on Smoking and Health further asserted this connection. Now we know – Cigarette causes cancer, and eventually, a painful death. A recent WHO report concluded tobacco use was the single most preventable cause of death globally, and is currently responsible for killing one in 10 adults worldwide. More recently, the negative impact of passive smoking on non-smokers who live with smokers was revealed. So, now we know – smoking kills. What was seen as cool, was now seen as a social annoyance and health hazard, and rightly so.

Impact on health insurance prospects

Due to the health hazards and diseases associated with smoking, many smokers have come to believe that their applications will be rejected outright, without a second look. There is no truth in this. Smoking by itself does not result in rejection of policy applications – unless the health complications of smoking have already started during such application. There are many factors considered that impact the decision – the applicant's declarations, medical reports etc. Most insurers reject proposals of smokers who smoke more than 40 cigarettes a day. In case of smokers, one needs to go through a more rigorous medical test regimen than non-smokers. Even one cigarette is enough to consider one as a smoker – the increase in number of cigarettes leads to even more stringent norms by the insurer.

Smoking might have an impact on premiums, though. Many insurers charge relatively higher premiums from smokers. Sometimes, the premium paid by smokers can be almost 56% higher than smokers. Such users may also have to go through some additional health check-ups. Consumption of smoke or alcohol (or worse, a combination of the two) mounts the risk of diabetes, kidney failure, cardiac arrests, and so on. Insurers consider those who both smoke and drink as high-risk individuals, whose policies may attract much higher premiums.

There are also a large number of smokers who do not disclose their habit to the insurance company. This is a highly risky proposition for the insured, as this kind of non-disclosure might amount to fraud. Besides, you do get a wrongfully underwritten policy, basis your inadequate disclosure. When the insurer eventually finds out about the non-disclosure, they can reject claims or even deny further coverage. Even occasional smokers or drinkers should disclose appropriately.

Factors affecting premiums

Number of cigarettes – How many cigarettes the proposer consumes is important for the insurer to gauge the risk of disease and hence risk of insurance. Those smoking more than 40 cigarettes are usually denied. But occasional smokers, or those smoking one cigarette a day, are looked upon as smokers nevertheless.

Whether alcohol is consumed – The combination of smoking and drinking increases the risk manifold. On the basis of a health assessment, such people can be charged a much higher premium or even denied coverage. A combination of smoking and drinking are considered as co-morbid factors – suffering from more than one disorder – but they are never seen as isolated problems.

Number of years a smoker – How long and in what frequency one has been smoking are important factors in ascertaining the risk associated with the policy.

Pathological test values – Things like blood pressure, cholesterol levels etc. One's health condition while taking the policy will have a bearing on how negative the impact of smoking and/or drinking can be, for said individual. If one suffers from pre-existing diseases like type-II diabetes, most insurers may decline policies to them. For pre-existing lifestyle illnesses, the seriousness of the condition would decide whether one's application will be accepted.

Age – Smokers under the age of 45 are typically issued policies on the basis of extensive medical tests. Those above the age of 55 and still consuming alcohol and/or smoking are likely to be denied cover due to age-related risks.

How to avoid higher premiums

Insurers usually resort to premium loading to offer coverage to habitual smokers. The premium is sometimes significantly higher, depending on the parameters explained above. Some users, in order to avoid higher premiums, do not disclose the fact of smoking while applying for a health insurance policy. But eventually it will be revealed to the insurance company during claims for smoking related illnesses etc. At such a juncture, the company may choose to reject the claim, or worse – deny extending any further coverage. So, anything less than honesty is undesirable.

The best way to avoid higher premiums is to quit smoking, and quit for good. Most companies consider 12 to 18 months of abstinence from smoking as “quitting”. This may bring down the cost of premium to as low as half of what you were to pay as a smoker. What's more, one can start feeling the benefits of quitting within days of kicking the habit. Sometimes, it isn't easy to quit straightaway – opting for regular exercising and a healthier lifestyle might help in extinguishing this fatal habit. To quit smoking is the best

option to reduce premium costs, (and cut off the ever-increasing cost of cigarettes that one spends on as a smoker) and thereby save money substantially.