**WHY INSURANCE COSTS DEPEND ON WHERE YOU BUY THEM**

Meta Description:

An article about insight into why life insurance costs vary depending on where they are bought.

Keywords:

Life insurance, life insurance quote, factors affecting life insurance, insurance factors, cost of life insurance.

Basics of life insurance:

Stripped of all fancy words, a life insurance policy is a contract between a policyholder and an insurer, where the insurer guarantees a payout of a benefit of death to named beneficiaries when the policyholder (or the insured) passes away. Such a contract is carried out in exchange for the premiums paid by the policyholder for the duration of the contract, known as a term.

Life insurances are legally binding contracts, which is enforceable if the insurance application accurately discloses all details about the to-be policyholder. For such a policy to remain in force, the policyholder is required to pay up a premium – it may be a single lump sum payment, or a number of periodic payments over a fixed amount of time.

Factors affecting life insurance:

There are multiple insurance factors to take into account when the insurer is calculating the cost of life insurance. Some of the major factors include age, gender, lifestyle habits, previous records, medical history, etc. But one of the more passive factors when it comes to determining the cost of a life insurance policy is residence.

If, say, you reside in a country where the average mortality rate is low, the premium rate on the life insurance on the plan has good chances to be lower than in a country where the mortality rate is higher. This is because the risk of death for an individual is lower in a safer country, in comparison to another country that might be relatively more risky to stay alive in. Other residential factors include political situation of the country, terrorist risks, living and sanitary standards, the general climate of the nation, etc. All of these are important risk factors that are taken into account prior to underwriting a life insurance policy.

The above is also the reason why insurers are very particular in knowing if the policyholder travels to a foreign country. They require the knowledge to calculate their increase in risk percentage beforehand, and hence are very strict about it.