

RESPONSE TO LIFE INSURANCE CONCERNS IN THE SUN 29.01.2008

Life and Critical Illness insurance policies taken out whilst you are living in the UK will not be affected by future overseas postings – you will still be covered.

Once posted overseas the majority of Life insurers will not be able to accept applications from people living abroad, so look for a military specialist who will be able to help you. Likewise those under Orders to deploy to areas of conflict will find the number of insurers prepared to offer cover more limited – it pays to think ahead. Make sure your policy includes war risks.

Always take independent advice in order to take out the policy that meets your needs and to ensure efficient inheritance tax planning.

Consider a single policy rather than joint:

- In the case of a joint policy if one of the partners dies and the policy pays out the remaining partner might still need to take out a new life policy; this will usually be at a higher cost because they are now older.
- In the extremely unfortunate circumstance of both parties with a joint policy dying together, in a car accident for example, the policy will pay on what is considered to be the 'first' death only (usually taken to be the male).
- Divorced couples with separate life policies will be able to keep their original policies and not incur additional costs as a consequence of having to set up new policies later in life.

In the majority of circumstances, unless special trusts have been established the benefits of any Life and Critical Illness insurance will be paid into the deceased's estate, and included in any Inheritance Tax calculations. The deceased's estate will then be distributed according to their Will.

Housekeeping point – make sure your monthly premium is set up on a Direct Debit for the 1st of the month to coincide with military pay, so there is no likelihood of the policy being taken off risk because of missed premium payments.