

Review your life insurance policy to check you're not paying over the odds

Life insurance premiums have continued to fall in recent years thanks to the ongoing price war between providers, meaning consumers could be wasting thousands of pounds by not reviewing their policies.

Many people take out life insurance then keep paying the same premiums year after year, but you have no obligation to stick with an insurance company; you can change it in just the same way as you would your car or home insurance.

Questions to ask

Given that life insurers have been continually adjusting rates in order to win market share, if you took out a policy in recent years and your health has not deteriorated since, you should be able to buy the same level of cover for a lower premium.

To find out whether you can get a better value policy now, there are a number of factors you need to take into consideration, such as how much cover you have, how long you have left on your policy, and your currently monthly payment.

Shop around

At present, the difference between the cheapest and most expensive products can be significant - and especially when multiplied over the term of a policy - so it's well worth taking the time to shop around to find out if you can get your cover at a cheaper rate.

Cash in on kicking the habit

If you have given up smoking, you may also want to consider shopping around for a cheaper deal as a non-smoker, as you can potentially save hundreds of pounds with a lower [life insurance](#) premium.

You are not guaranteed to get a cheaper premium - as prices are dependant on age and health - but there is a very good chance that you will get a better deal. This is because people who smoke have an increased risk of heart disease, breathing disorders and certain cancers.

Note, however, that you need to have steered clear from tobacco products for a full 12 months before being classed as a non-smoker.

Types of policy

Term assurance is the simplest and most popular form of cover, and pays out a tax-free lump sum if you die within the terms of the policy - typically 25 years. This can be a level amount, typically to cover an interest-only mortgage, or this can be decreasing, usually for a repayment mortgage.

Whole of life assurance is more expensive as it provides the most extensive cover, and protects you for life.

Get switching

The good news is, if you think you can get the same level of cover at a lower cost, switching is straightforward. You should be able to cancel your existing policy without penalty, but it's vital that you do not do so until the new one is in place, or you could risk leaving yourself without cover.

Where can you buy cover?

Greater competition in the term assurance market means you can buy cover from a wide array of companies, but don't take out life insurance with your bank, supermarket or mortgage lender without checking out the competition first.

These companies may be tied to just one provider and may therefore be expensive - plus they may not offer the same level of cover that can be found on the wider market.

Don't buy on price alone

Finally, while it may be tempting simply to opt for the cheapest policy, it is important to bear in mind that price should not be the only consideration when choosing life insurance, as you need to find the product which best suits your individual circumstances. The key is to do your research.

About the Author

To find the [best life insurance](#) policy for you, please visit <http://www.confused.com> for further details.