

The Pitfalls of Replacing Coverage

You know the old saying, “the grass seems greener on the other side of the fence,” but we all know that it rarely is. The same holds true when it comes to replacing your existing Knights of Columbus life insurance with coverage offered by another company. Perceptions are deceiving. A move to the “greener” grass on the other side of the fence might seem like a good one, but it can leave you with less *green* in your wallet — in some cases, a lot less. That’s why it pays to remember another old adage, “Read the fine print.”

There are many reasons to keep your existing coverage in force, whether that coverage is with the Knights of Columbus or with another company. I’ll focus on the potential pitfalls of replacing coverage here — pitfalls that an agent trying to convince you that the grass actually is greener might neglect to mention.

First, all life insurance contracts contain a *contestability period*, which allows the insurer to contest claims made for a period — typically two years — after the contract is issued. Chances are this is no longer an issue with your current coverage.

Second, it’s unlikely that you can obtain the same amount of coverage, for the same premium, that you were able to obtain with your existing contract. The two factors that determine how much you’ll need to pay for life insurance coverage are age and health. Certainly, you’re older now than you were when you took out your current coverage. There’s no way around that. And you have to ask yourself, has your health changed during that time? Is your blood pressure the same? Your cholesterol? Have you gained weight? All these factors can affect the amount of coverage you’ll get for your premium dollar.

If someone encourages you to replace — or worse, drop — your existing coverage, please call me. I’ll show you how your existing coverage is working for you and why replacement is rarely in your best interest.

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