

Life

THINK TWICE BEFORE REPLACING YOUR LIFE INSURANCE

Like wine and cheese, life insurance policies tend to get better with age. On older policies:

- you've passed the contestable period for certain claims,
- your health may have been better when the policy was issued,
- cash values have had a chance to grow, and
- "front-loaded" costs of issuing the policy have been paid.

Also, if you have a cash-value policy, dropping it could affect your income taxes. (Ask your tax adviser for details on how policy investment returns are handled.)

Rather than cancel your old coverage, try to tailor it. Ask your agent or company if you can change or add to your existing policy to get the coverage or benefits you want.

You'll also want to ask for an updated benefits illustration for your current policy. It will show you how the policy has performed and what you might expect in the future based on amounts the company is paying now.

If you still decide to replace your old policy, don't cancel it until you're absolutely sure everything's a go with the new one. (Health issues uncovered during a routine exam may mean you're now uninsurable or the premiums will be much higher than what you and your agent discussed.) When you get your new policy, you'll have a "grace period" to review it and decide if it's really what you want.

