

# MoneyMarketing

## Ifs and butts

Gregor Watt | 17-Jul-2008

The smoking ban may be having a positive effect, with research by University College London, funded by Cancer Research, showing that the last year has seen the biggest ever drop in the number of smokers.

The Smoking Toolkit Study found that before the ban the rate of smoking was declining by 1.6 per cent a year but this accelerated to 5.5 per cent in the nine months after the ban, with an estimated 400,000 people quitting smoking in the last 12 months.

The research was led by Professor Robert West, Cancer Research UK's director of tobacco studies at the Health Behaviour Research Centre at University College London.

West says: "These figures show the biggest fall in the number of smokers on record. The effect has been as large in all social groups, poor as well as rich smokers."

There are financial benefits as the average price of a pack of 20 cigarettes is £5.66, so someone smoking a pack a day would save £169.80 a month or £2,037 a year.

It is in the area of life and critical-illness insurance that former smokers could see the biggest benefits.

Figures from Moneyfacts show that quitting smoking could save up to 40 per cent on monthly life premiums. Marks and Spencer is quoting £12.75 for a male smoker aged 35 taking £100,000 of level term insurance over 20 years but is offering non-smokers £7.55 a month.

James Harrison, chief executive of comparison site insurancewide.com, says: "It is simple. If you want life insurance and you are a smoker it going to cost more.

Insurance companies will class policyholders as a non-smoker after 12 months of not smoking.

Harrison says: "If the potential savings have tempted you to give up or you are giving up anyway, then look to change your policy 12 months after using your last tobacco product, knowing that the insurer will newly classify you a non-smoker."

But CBK principal Peter Chadborn says in many cases it is not as simple as that. He agrees that non-smokers stand to save money by telling their broker or insurer they have quit smoking but it can get more complicated, depending on who the policy is with, what it covers and when it was taken out.

He says: "Some providers will not let you make changes to a policy. If you have to apply for a new policy and you are a few years older, it will increase the premiums."

He also says that reviewing a policy can be more than about simply the cost of the cover and cites a recent case where a client had quit smoking but because he had an existing life policy with critical-illness cover, the reduction in cost was more than offset by the quality of the existing CI cover.

"Anyone who knows CI knows that you need to be aware of several key dates, particularly those around future-proofing."

This client had a policy that predated the new rules on future-proofing the CI terms, so Chadborn says the cost reduction (around £10 a month on a £90 premium) was more than offset by being allowed to stay with the existing insurer on the same terms.

And even for those clients who have given up and who could benefit financially, there are some things they have to be aware of.

Chadborn advises that people should tell their GP they have quit. "I have had cases where the GP has said, as far as I'm concerned they are still a smoker. They have still been able to get cover but it complicates the process."

Harrison warns that people must genuinely have given up smoking. Even very occasional use is enough to be considered as a smoker and he says insurance companies can do tests on saliva or hair samples which can detect residues of smoking up to a year old.

He says: "If you have lied, your application could be declined and other insurers could then refuse to cover you."

**Source:** Money Marketing

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