

CHRISTIAN MONEY \$ENSE

BBC FOUNDATION • CLARKS SUMMIT, PA

Insurance for the Newly Widowed

Denis Tocci, PhD

Insurance is often a difficult topic due to the discomfort people have with risk, their need for security, and a possible inadequate understanding of biblical admonitions. Insurance is neither good nor bad. Having a wrong understanding of the purpose of insurance or spending too much on insurance can lead to poor stewardship. God instructs us to provide for our families (1 Timothy 5:8). He has the role of protecting them. Insurance is used wisely when purchased to provide assurance when a loss could be greater than a person could financially recover from such as health, life, homeowner, or automobile coverage (Pr 27:12).

Health and life insurance are the primary types of insurance a widow should be very familiar with since they can be easily misunderstood. On the death of a spouse, health insurance may be lost. Federal law, the COBRA Act, requires that an employer offer surviving dependents the option of continuing health insurance for up to 18 months at the same rate the company pays. Beyond that date, the insurance company has the option to extend the policy. If they do, it is likely they will require a much higher premium, or not cover medical conditions that exist the first 18 months. Possible alternatives may be found through the Chamber of Commerce, service organizations, and self-insured associations. If you cannot find alternative plans you may want to contact Crown Financial Ministries at (800) 722-1976 for additional information.

The advisors at Crown Financial Ministries believe that "Life insurance should be used only to provide and never to profit or protect. The Lord should be our protection, and profiting should be a strategy of an investment plan, not an insurance plan."¹ To think

clearly about this issue, it is helpful to anticipate and plan for the required financial resources to sustain a lifestyle for a period of time. A good way to determine your needs is to compare your monthly budget and periodic or one-time annual expenses with your monthly or annual income.

Some types of life insurance policies are designed to provide an annuity through larger monthly premiums during the lifetime of the policy. When determining what the required financial resources will be to maintain a lifestyle for a period of time, a widow should work from the monthly budget created prior to her husband's death. Expenses should be subtracted from monthly income, plus assets such as stocks or bonds that produce monthly income plus benefits from Social Security and retirement plans, etc. Additionally, insurance should be considered for large anticipated expenses such as college or mortgage payments. If the total expenses exceed income, you may want to consider an annual renewable term policy weighing the monthly premium against the value of the benefit. Insurance needs periodically change as families and needs change. A periodic review of insurance will serve well to control expenses.

Remember, most insurance agents are in the business of selling insurance and typically receive commissions for the lifetime of your policy. It is in their best interest to offer you a legitimate and compelling reason to purchase their policies. Please feel free to call Mark Robbins, CPA, Executive Director, BBC Foundation at (800) 451-8668 to discuss a biblical perspective of health and life insurance.

BBC Foundation has been ministering to churches and individuals regarding biblical stewardship since 1992. Send your questions on finances and stewardship to: BBC Foundation, 538 Venard Rd., Clarks Summit, PA 18411. Phone: (800) 451-8668, website: bbcfoundation.org; e-mail: info@bbcfoundation.org

¹ At website

<http://www.crown.org/library/printerfriendlypamphlets.asp?id=37>, page 19, August 22, 2003