



Many folks don't realize how much money they spend on insurance premiums, so they have not calculated potential savings.

Insurance is risk assessment and coverage. It deals with the future, so like all decisions we need to go to Jesus for guidance. Only He knows the future. Whether life, disability, or car insurance, every time we consider insurance we must answer three questions:

Insurance Questions
1. Is there an exposure to a risk that I should cover?
2. How much coverage do I need?
3. How should I cover the risk?

Today, I will look at these questions using life insurance for a family—Robert, Paula and five-year-old daughter Sarah—as an example. Robert works outside the home, Paula works at home managing the household, Robert, and Sarah.

Are there life insurance **risks for Robert**, Paula, and Sarah to cover? Paula and Sarah depend on Robert's income. If Robert dies his income stops. Paula would need funds to pay funeral expenses and provide for other needed, future living expenses. That's the exposure or risk that might need covering.

If Paula died the risk is different. Robert would not lose direct income but household expenses could rise for daycare and other related expenses to look after Sarah while he works full time. They might wish to cover this exposure.

Before moving to the next question—**how much coverage they need—Robert and Paula** must decide if they accept there are risks to cover.

If they accept and decide to cover the risk on Robert's death, how much insurance coverage does Robert need on his life? Robert and Paula would like this amount to cover a realistic future standard of living for Paula and Sarah based on today's knowledge. This could be today's value of Robert's future income and Sarah's future education, and other expenses.

Computing this amount is not difficult if you work with a knowledgeable independent financial adviser.

Most important, Robert and Paula need to turn to Jesus because He alone knows the future. Besides, they must understand that insurance coverage does not secure the future, or remove risks; rather it provides income if a specific event happens. Prophet Isaiah reminds us in Isaiah 26:4:

Trust in the LORD forever, for the LORD, the LORD, is the Rock eternal. --- Isaiah 26:4
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Does trusting God mean we should have no insurance coverage? No, it means we should understand that nothing we do will secure the future, so we must seek God's will for our insurance coverage. After all He might say no!

After deciding their insurance coverage with an independent financial adviser's help, Robert and Paula must look at the third question, how to cover the risk.

I group life insurance coverage in two classes; **renting or temporary and owning or permanent.**

The insurance industry calls the **renting** class **term insurance**. With term insurance, Robert would pay an amount, called a **premium**, for a fixed time after which coverage stops. If he didn't die when the term expired, Robert and Paula would need to answer the same three questions. Then, their condition might have improved; they might have income that could allow them to lower or even stop life insurance.

Whole Life and Universal Life are examples of the **owning** or permanent class. Think of this insurance class as term insurance plus something because it includes your basic term insurance coverage and something else, such as savings. So if Robert chose this class, he would pay a premium for more than his basic insurance needs.

You must understand this insurance class as it is more expensive, and greater than your basic insurance needs. Extras above term insurance coverage will cost you, though in return you will get non-life insurance benefits. So you need to understand the extras and decide if this is the best way to get these extras. Often it is not!

As with all decisions, Robert and Paula should get insurance facts from an independent financial adviser who does not benefit from his advice. They should ask the Lord to guide them with their decision.

Next time we look at funding the great commission through insurance. God bless and remember Jesus loves you.