

Do Youth need Insurance?

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As a young person, you may think that you have a long life ahead of you. You have no worries of what is to come as you feel a sense of security that tomorrow comes naturally for you. Unfortunately, tragedies had claimed the lives of youth, for instance the five promising young dragon boat representatives aged 20 to 31. Other unexpected events may cause youths' lives to be severely impaired, like being disabled in a motor accident.

When tragedies strike a young person, it is more than the emotions the family has to grapple with. Financially, the family will be heavily crippled by the loss and the impact may still be felt after many years. Money is never a perfect solution in such tragedies, as the value of our lives can never be measured in dollars and cents. Yet we cannot deny the fact that our economic life value is totally dissipates upon our departure from this beautiful Earth.

According to Dr. Donald F. Behan, a highly experienced actuarial expert in the United States, the economic value of human life involves the length of life, and the net economic contribution that a person could be expected to make during his or her lifetime. Suppose a young man is interested in becoming a doctor and has been actively working towards his goal. How do we calculate his economic life value? The cost of medical college ranges from S\$80,000 to S\$500,000. Assuming that he gives S\$1,000 monthly allowance to his parents after graduation for the next 25 years, that amounts to S\$300,000 without considering the impact of inflation. Hence for his parents, the economic life value of the young man is close to S\$800,000.

What if a young person is struck with disability or critical illness instead? This can heavily cripple the finances of the family involved, if no contingency plan is in place. Not long ago, my close friend's youngest son was diagnosed with leukemia. It was really heart wrenching for his parents as he was only 4 years old! The doctor advised his parents to set aside at least S\$100,000 for a series of treatments, hospital stays, blood tests and consultations. The figure is mind-boggling for most. In fact, the doctor only factored in the cost of staying in Class B1 or A ward in a restructured hospital. So the cost escalates accordingly if the parents decide to ward their child in a private hospital. Furthermore, the quoted amount fails to take into account loss of income of one parent (as the mother needs to take long term no-pay leave to take care of the child) and medication, both of which inflates the bill exponentially.

As a vulnerable human being, we cannot predict what will happen to us in the next second. Why leave it to chance and let unexpected events rule our destiny? Insurance won't keep us from dying, being disabled or having critical illness, but it will keep our plans from dying with us.