

Legal cannabis and life cover

In the past, life insurers could outright refuse cover if cannabis use is disclosed during the application process, as is policy for illegal drug usage. But with South Africa's recent decriminalisation of the private use and cultivation of cannabis, many industries will need to rethink existing business practices.



Image source: Getty/Gallo

The new legal position doesn't mean the use of cannabis won't impact potential life insurance claims or the ability to get cover in the first place. "The reality is that South African life insurers by and large have yet to adapt the way they underwrite marijuana use. Whilst private cannabis usage may now be legal, the known health risks associated with its use have not changed.

Insurers' hesitation to adapt their policies is an actuarial standpoint, rather than a legal one. "Since the risks are largely health- and lifestyle-related, this has little to do with legality. The use of cannabis is therefore comparable to how the legal practice of other 'risky' activities, such as skydiving, also affect the general underwriting of risk," Dr Andrew Hutchison, an associate professor at the University of Cape Town's Department of Commercial Law, says.

Considering that the known short-term effects of marijuana use can include distorted perception and loss of coordination, while proven long-term effects include respiratory illnesses, it is understandable why an insurer would be more likely to approve life cover than critical illness or disability cover in cases where the use of cannabis is disclosed.

Cultural norm

That being said, cultural norms often dictate insurer policy. "Take the consumption of alcohol, for example, which is currently considered to be more socially acceptable. While heavy alcohol usage can impact eligibility for cover, moderate usage generally has no impact on eligibility or price, despite alcohol being linked to an estimated one in 10 deaths in South Africa.

"It is therefore not unreasonable to expect that cultural influences may impact insurer policies towards marijuana usage in the longer term, should usage become more accepted in mainstream society," says Jonathan Elcock, the founder and CEO of CompariSure.

Whilst there is no doubt that perceptions of cannabis are shifting across the country, Elcock advises that policyholders do their homework, "Since non-disclosure of usage can lead to a claim being rejected."

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