The Role of Insurance in the Christian Life

It's quite common to hear people asking whether or not Christians should even have insurance and if so, how much and what kinds should they have. As we search the scriptures, we find that the Bible doesn't give us these specific answers. However, it does give us principles that we can use to draw some conclusions.

The Basics of Insurance

Investopedia defines insurance as "a form of risk management in which the insured transfers the cost of potential loss to another entity in exchange for monetary compensation known as the premium." I like the term risk management because it reflects the essence of insurance. Some risk management can be done by avoiding or limiting specific risks. Healthy living is one way of reducing health risks. There are risks that we can't completely avoid though and for those we can purchase insurance that will reduce the severity of any losses associated with those risks.

Some common risks that people insure are property damage, liability, disability, an early death, sickness, etc. Insurance can even cover some rather unusual risks like specific body parts of athletes and celebrities or the potential payout of a half-time challenge at a sporting event. If you can think it up, you can probably insure it. If there are any doubts, consider the company that offers insurance to cover the care of your pets in case the rapture occurs during your lifetime.

As we think about our own insurable needs, we should start by identifying and putting dollar amounts to the things that pose a financial risk to our lives. From that list, we want to focus on the ones that would create a financial hardship if we were to experience them. We shouldn't be so concerned about smaller risks because we can hopefully cover those with a sufficient emergency fund. Plus, there's no reason to pay premiums to an insurance company to protect us from things that don't pose a significant risk.

Insuring against every little thing is how people end up being "insurance poor". That's the situation where someone is spending so much money on insurance that they have little left in their budgets for other things they want. Building up an emergency fund that allows you to withstand those unexpected losses is referred to as "self-insuring". A common way that people self-insure is by not purchasing all the extended warranties on electronics and appliances. Over time, there will be things that break early, but the idea is that you use the money you've saved by not buying the extended warranties to replace the items that do break.

Another way that you can reduce insurance premiums is to build up an emergency fund so that you can increase the deductible amounts on any policies that you do have. A deductible is the

amount of loss you have to cover before the insurance policy starts to pay. Since lower deductible policies cost insurance companies more in the end, they will have higher premiums associated with them. By being willing to bear more of the risk, you can save on the premiums.

Applying Biblical Principles

As we think through the various forms of insurance, we need to weigh each one against scripture and try to apply the principles we find there. The following list is not exhaustive, but should give you a few things to consider as you examine your own insurance needs.

We are to bear one another's burdens.

Galatians 6:2 – "Bear one another's burdens, and so fulfill the law of Christ."

In biblical days, Christians carried one another's burdens and provided help when it was needed. The rise of big government and insurance companies has reduced that reliance on one another, but there are still places where it can be seen.

My wife and I both come from an Amish heritage and had the privilege of growing up in that community. I can remember several times in my childhood when disaster struck someone in the community and everyone else gladly dropped whatever they were doing to come to the aid of that family. It is an amazing encouragement to the suffering family and a witness of Christ's love to others. When we can depend on others to lend a helping hand in times of hardship, the need for insurance is decreased. Conversely, when insurance and government assistance is present, the need for us to care for our neighbor is decreased and an opportunity to serve is lost. We need to take pride in caring for the needs of others and be careful to not insure ourselves to the point that we never allow ourselves to be on the receiving end of Christian charity.

Some Christian organizations have tried to create systems that bring the Christian community together to help provide for each other's needs in a way that more closely reflects the biblical model. These systems often involve paying a base amount each year and then if losses incurred in the group are greater than expected, additional contributions may be requested on a voluntary basis from the rest of the group. Some of these systems also offer prayer support and other forms of care for those in need. The organizations that help to cover medical expenses typically require individuals to live healthy lifestyles and deny payment for services that go against biblical principles.

We need to provide for our family.

1 Timothy 5:8 – "But if anyone does not provide for his relatives, and especially for members of his household, he has denied the faith and is worse than an unbeliever."

Some forms of insurance give us a way to provide for our families in cases where tragedy strikes and we're no longer able to provide for them ourselves. The two forms of insurance that come to mind are disability and life insurance.

Disability insurance protects our families from a loss of income due to a disability that prevents us from working. We should have an emergency fund to help cover short-term situations, but some disabilities can last years or even for the rest of our working days. I've heard it said that the risk of financial hardship through disability is greater than that of an unexpected death, yet it is less frequently insured against.

Life insurance protects our families against an early death. To assess the financial risk of a death, we need to consider how much we depend on the income of that individual as well as any additional costs the survivors will incur as a result of that loss. In most situations, the need for insurance is greatest in the early years when kids are young, the family has more debt and they haven't built up sufficient savings yet. Fortunately, this is also the cheapest situation to insure. The risk of death for a 30 year old is much less than it is for a 60 year old and the cost of life insurance reflects that lower risk.

Work is a gift from God and is the way we provide for our families if we are able.

Ecclesiastes 3:13 – "everyone should eat and drink and take pleasure in all his toil—this is God's gift to man."

2 Thessalonians 3:10b – "If anyone is not willing to work, let him not eat."

We don't want insurance to be a reason that we don't work. As I consider my family's need for disability and life insurance, I find myself trying to strike a balance between having too little insurance and too much. If I have too little, I risk leaving my family in a hardship situation that could burden them, the church or our relatives. If I have too much, I risk causing my family to lose their need to work. In our situation, my wife currently stays home to raise our children. We decided years ago that her staying home is more important for our family than the additional income she could earn. Since we've made that choice, our insurance coverage reflects the desire for her to continue with that plan even if something were to happen to me. However, once the kids are out of the house, we feel it is good for her to return to work if she is able since that is the biblical model. We've taken those details into account in determining our amount of life insurance.

We are to depend on God.

Luke 12:24 – "Consider the ravens: they neither sow nor reap, they have neither storehouse nor barn, and yet God feeds them. Of how much more value are you than the birds!"

No matter what decisions we ultimately make, God is still our provider and we don't want to lose touch with that reality. We should be careful to not insure our lives to the point that we insulate ourselves from the reality of His provision. We don't want to have such a large policy that our faith is in an insurance payout instead of God. We have to find a balance so we don't risk leaving our family in a hardship situation, but we also don't want to provide them with so much wealth that they deny God.

Conclusion

Scripture doesn't give us a clear answer on whether we should have certain types of insurance or how much coverage we should have. What we do have are biblical principles that can guide our decisions and God-given wisdom to apply them to our lives. We want to provide for our families and protect them from danger. In some cases, insurance is a good way to do those very things. As long as we have pure motives, we don't seek to remove God from the equation and we let good stewardship motivate how we're spending our money on insurance, we should be fine with the decisions that we make.