



## **Isn't Insurance a Form of Gambling?**

*By David Choo, PromiseLand Independent*

Though not a gambler, I will still take the chance to answer this questions which I am occasionally asked by, of all people, my Christian friends.

I understand that serious gamblers pride themselves of winning by their skills and I reckon you do need some skills and a good memory to increase your odds of winning certain games like mahjong and poker (for which a poker face helps). But if my understanding is right, the element of probability (or odds to professional gamblers) and luck (to social gamblers) is what gambling is mostly about.

I am here not commenting on rigging and sleight of hand and other ways to cheat. The gambler is usually attracted to win a big prize or takings from placing a small bet. In other words, the gambler creates a risk when he gambles, of losing some money in order to win a bigger amount of money. Before he gambles, there was no such risk. It is very important to note this.

In the case of insurance, the risks of dying too soon, or of getting into an accident and being disabled, or getting a critical illness and being hospitalised, exist for all of us. These are existing risks and whether we insure to protect against them, the risks still exist. If we do not buy insurance, we are actually bearing the consequences of the risks happening by ourselves. The word used by insurance companies is that we are "self-insured".

So, the key difference between gambling and insurance is that, gambling creates a risk of losing something which is not there before you decide to gamble, to win something bigger, whereas insurance protects you for the consequences of risks which are already there. There is the element of "probability" in insurance that the risk might not happen but the risk is there already. So in the case of insurance, when I insure, I actually choose not to gamble with the consequences of the risk happening because I am protecting myself against it. When I don't insure, I am actually gambling that it will not happen to me.

So I have found that "family" men and women who feel responsible for their spouse and children are the ones most ready to insure.

Insurance can be said to be different from gambling also because of the certainty of winning when you buy a whole life policy. Since the event of death is a certainty for all, whole life policy is guaranteed to

win a death benefit. Sooner or later, it will pay and it will be more than our stakes. The actual returns will depend on the performance of the insurer in the case of traditional with profits insurance, but barring catastrophes like wars which obliterate all government and insurance companies, there will be a payout.

So **buying life insurance is not gambling**. Not buying life insurance is closer to gambling that your life is safe from premature death due to the hazards like accidents and catastrophic illnesses.

*This article was prepared by David Choo in his personal capacity. The opinions expressed in this article are the author's own and do not reflect the view or position of PromiseLand Independent Pte Ltd.*

“Hindsight is a wonderful thing but foresight is better, especially when it comes to saving life, or some pain.”  
William Blake

If you are reading this, you are already taking or have taken steps to seek wisdom in making good choices in your finances. At PromiseLand, our ethos is "Trusted Advice, Trusted Advisor". It means that we will walk the journey with you to make those choices which protect what you value most. For more information about PromiseLand Independent, click [here](#).



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