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Think twice before cancelling that protection policy

Cancelling an existing protection policy because times are tough could cost thousands to replace.

PruProtect, the joint venture between Prudential and South African market leader Discovery, has highlighted the potential dangers of cancelling existing protection insurance policies.

In the current economic climate many consumers are feeling the pinch and looking for ways to save money – and insurance policies, such as life insurance, could be one of the first monthly outgoings under review.

However, there are two important reasons why consumers should think very carefully before taking action:

- Think once... the cost of cancelling an existing policy and replacing it in a few years time could cost thousands in additional premiums over the term, as protection insurance tends to become more expensive the older you get.
- Think twice... if a person's circumstances change during a period where they are not insured, such as a change in health or lifestyle, future premiums could be loaded to reflect the change, or in extreme circumstance cover may be declined completely.

Even if the person remains in good health the cost of replacing cancelled cover could cost more than £6,000 over the term, if not more, depending on the individual circumstances.

Example prices*

£200,000 life cover

Age	Premium now (over 20 years)	Premium in three years time (over 17 years)	Total difference over term
35	£15.00pm	£17.52pm	£514.08
45	£34.41pm	£41.23pm	£1,391.28

£200,000 life cover with serious illness cover

Age	Premium now (over 20 years)	Premium in three years time (over 17 years)	Total difference over term
35	£66.28pm	£79.70pm	£2,737.68
45	£184.95pm	£215.84pm	£6,301.56

Source: www.pruprotect.co.uk

Kevin Carr, Director of Protection Development, PruProtect, said: “The danger in these uncertain times is that people may either postpone buying the insurance they need, or even consider cancelling what they already have. Protecting the financial well-being of the family is vitally important, particularly in times of economic uncertainty. The long term cost of cancelling a policy could end up costing a customer thousands of pounds. Not only will the person not be insured but if anything happens to their health they may not be able to replace the cover they have lost. The numbers speak for themselves.”

-Ends-

Notes to Editors

* Quotes correct as at February 2009. Quotes assume male, non-smoker in good health. Guaranteed monthly premiums over 20 and 17 years respectively. Class 1 occupation.

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About PruProtect

Launched in September 2007, PruProtect is an extension of the existing joint venture between Prudential UK and Discovery, which began with PruHealth. Unique to the current UK protection market, the PruProtect suite of products includes Life Cover, Income Protection and severity based Serious Illness cover. PruProtect is based on the innovative Vitality points system and is designed to encourage customers to take control of their own health and wellbeing, which gives policyholders the potential to manage future premiums. By recognising people's efforts to look after themselves, PruProtect is able to offer a more comprehensive set of benefits than traditional providers at a very competitive price.

About Discovery

Discovery, headed up by Adrian Gore, is a leading South African financial services company that specialises in healthcare cover, life assurance and lifestyle and wellbeing benefits. Prudential UK and Discovery launched PruHealth in 2004.