



Press Release

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Smokers Pay Way Higher for Life Cover

Quitting smoking can pay off in more ways than one as ex-smokers stand to save substantially on life cover

Smokers can pay twice as much for life insurance than their non-smoking counterparts, according to figures released today by leading protection specialist Royal London. Experts at Royal London say they are flagging the cost comparisons now to further spur on the thousands of Irish people who are challenging themselves, as part of their new year's resolutions, to kick the nicotine habit for good.

Colette Houton, Underwriting and Claims Lead at Royal London explained,

“January is a time when personal health goals come into sharp focus for many; indulging over Christmas and a fresh new year provide a natural starting point for a ‘health-kick’. Each year, for thousands of people throughout the country, the goal is to give up smoking and not only is there a major health benefit in the offing but potentially there is a large financial one too.

“As you might imagine smokers pay more in premiums for life insurance than non-smokers, due to the many damaging health effects of cigarettes, but people may not be aware of just how sizeable the difference can be between the premiums charged.”

Recent cost analysis from Royal London reveals the stark difference in premiums paid by smokers and non-smokers that can accumulate over the term of a policy. For instance, a smoker turning 45 on their next birthday will pay over €16,600 more in premiums than their non-smoking counterpart for €300,000 worth of Level Term Life Cover over a 25 year term. A smoker can expect to pay over €63,900 more than a non-smoker during the course of a Specified Serious Illness policy for €300,000 over a 25 year term.

Commenting on the cost analysis, Colette said:

“There is a massive difference in price when you consider how much the savings add up over the lifetime of the cover. So aside from the obvious health benefits of quitting publicised by medical and healthcare professionals, there are quite clear financial gains to be made, which include a potential reduction in the cost of your life insurance.”

Smoking in Ireland – The Statistics

Ireland is increasingly becoming a nation of quitters. The Healthy Ireland Survey 2018 reported that currently 20% of the population smoke, a decline of 3% from 23% in 2015. While smoking is still

prevalent in Ireland, statistics show that it is dwindling in popularity with over half of smokers (57%) at least thinking about quitting, and 40% of current smokers having made an attempt to quit in the past 12 months.*

Colette continued,

“Overall the amount of smokers in Ireland has been decreasing, so it would seem that the Government’s campaigns targeted at reducing the number of people smoking is having the desired effect, like for instance the continued tax hiking on tobacco products and bringing in standardised, non-branded packaging. Looking deeper into results of The Healthy Ireland Survey 2018, smoking rates are the highest among the 25-34 years group. For people in this demographic the financial implication that being a smoker has on the cost of their life assurance will add up. A smoker who will turn 35 on their next birthday can expect to pay over €5,700 more than a non-smoker for €300,000 worth of Life cover over a 25 year term. And when it comes to Specified Serious Illness cover the savings can be even more substantial. Being a smoker will cost you an eye-watering €20,900 more than your non-smoking equivalent for Specified Serious Illness cover with a sum assured of €300,000 over a 25 year term.

“So it’s good news for people ‘off the smokes’ purchasing cover for the first time; they can expect to pay less than they would have one year ago. And even better news for those with protection cover already in place who have managed to give up smoking for more than 12 months as they can potentially avail of a reduction in the cost of their premiums. If you’re someone with life insurance and you’ve been nicotine free for 12 months, January is the perfect time to call up your insurer and potentially avail of much cheaper rates from the start of the New Year.”

Royal London say the classification of a non-smoker is based upon total abstinence from any tobacco products in the last 12 months, including the use of e-cigarettes and nicotine replacement products such as patches or chewing gum. There must also be an intention to continue to abstain in the future. If a person wishes to be re-categorised as a non-smoker, in some cases, they could be asked to complete a cotinine test (smoker test). This is a simple test which involves screening a sample of saliva or urine for tobacco use. If you are a Royal London policyholder who has stopped smoking over 12 months ago and would like to be considered for non-smoking terms you can do so, subject to underwriting terms and conditions, by submitting a Non-Smoker Terms Form.

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Note to the editor

About Royal London:

Royal London in Ireland has a history of protecting our policyholders and their families for over 190 years, and we’re committed to continue to do so for a long time to come! Today we are owned by The Royal London Mutual Insurance Society Limited – the largest financial life, pensions and investments mutual in the UK, with over 3,745 people, providing around 8.8 million policies and more than €132 billion in Group funds under management. (Figures as of 30/06/2018).

Royal London’s Irish office is based at 47-49 St Stephen’s Green, Dublin 2.

Royal London Cost Analysis

Level Term Assurance Life Cover

Age	Term (year)	Monthly premium non-smoker	Monthly premium smoker	Savings over 25 year term
35	25	€24.11	€43.37	€5,778.00
45	25	€53.01	€108.53	€16,656.00

Specified Serious Illness Cover

Age	Term (year)	Monthly premium non-smoker	Monthly premium smoker	Savings over 25 year term
35	25	€109.66	€179.52	€20,958.00
45	25	€271.40	€484.54	€63,942.00

Source: Bestadvice.ie as at 10/12/2018

Figures are the best-in-market prices. Age refers to age next birthday. Sum assured in each case €300,000.

Sources:

*Healthy Ireland Survey, 2018 - <https://health.gov.ie/wp-content/uploads/2018/10/Healthy-Ireland-Survey-2018.pdf>

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