



Press Release

2020's "Quitters" Could be in Line for Huge Savings

- **“Sticking to your no smoking New Year’s resolution may save you thousands on life cover”**
- **Figures show smokers pay double on life insurance premiums**

January is a time when many smokers make it their New Year’s resolution to give up smoking once and for all. After the expense of Christmas, it may come as welcome news to anyone who has successfully managed to quit since January 2020 or before, that this year their life insurance premiums may be reduced dramatically. Experts at leading protection specialist Royal London say that many policyholders are unaware of the significant cost savings that can be made on their life insurance premiums if they have given up smoking – with non-smokers benefiting from a reduction in premiums of up to around 50%.

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

“When weighing up the advantages of quitting smoking, we generally think about the obvious health benefits and the cost savings to be gained from not purchasing cigarettes frequently – especially given that from 2021 one packet is set to cost €14. However, fewer people may immediately think of the potentially significant cost benefit of quitting in terms of the impact it has on life cover premiums. As you might imagine, smokers pay more in premiums for life insurance than non-smokers, due to many damaging health effects, but people may not be aware of just how sizeable the difference can be between the premiums charged.”

Royal London conducted a cost analysis to illustrate the difference in premiums paid between non-smokers and smokers.

Royal London Cost Analysis

Level Term Assurance Life Cover ^

Age	Term (years)	Monthly premium non-smoker	Monthly premium smoker	Savings over 25-year term
35	25	€24.58	€44.80	€6,066.00
45	25	€54.78	€115.71	€18,279.00

Specified Serious Illness Cover ^

Age	Term (years)	Monthly premium non-smoker	Monthly premium smoker	Savings over 25-year term
35	25	€114.39	€188.45	€22,218.00
45	25	€278.78	€506.72	€68,382.00

Commenting on the cost analysis, Ms. Houton said,

“The figures speak for themselves - showing massive savings for non-smokers when compared with smokers. A smoker turning 35 on their next birthday will pay over €6,000 more in premiums than their non-smoking counterpart for €300,000 worth of Level Term Life Cover over a 25-year term. A smoker turning 45 on their next birthday can expect to pay over €68,300 more than a non-smoker during the course of a Specified Serious Illness policy for €300,000 over a 25-year term. Our experience is that while many people expect that smokers will pay more in premiums; they are surprised how much the cost savings can add up to over the lifetime of the cover.”

Royal London says that anyone considering quitting smoking as their 2021 New Year’s resolution has the added incentive of looking forward to a reduction in premiums next year. To be classified as a non-smoker for insurance purposes you must have not used any tobacco products in the last 12 months, including the use of e-cigarettes and nicotine replacement products such as patches or chewing gum, with no intention to do so in the future. It is possible that your insurance provider may ask you to complete a cotinine test (smoker test). This is a simple test which involves screening a sample of saliva or urine for tobacco use.

Last year the then Minister for Health, Simon Harris, said that the Covid-19 pandemic has made it more important than ever to quit smoking.¹ Smoking impairs lung function and the infectious virus primarily attacks the lungs. Added to that, tobacco is a major risk factor for noncommunicable diseases like cardiovascular disease, cancer, respiratory disease and diabetes. According to a report from the World Health Organisation² research suggests that when smokers are affected by the virus that they are at higher risk of developing severe illness and death.

Ms. Houton commented by saying,

“Given the pandemic, more focus than ever has been on our physical health, and with tobacco use being the leading cause of preventable death in Ireland each year³, it stands to reason that those that smoke may make giving up the habit a priority in 2021. Fortunately, the prevalence of smoking in Ireland is decreasing – according to HSE figures⁴ for the first half of 2020 15.7% of the Irish population smoke, which is down from the 2019 full year figure of 17.1%.⁵ We are calling on ex-smokers who have successfully kicked the habit since at least 01 January 2020 to go about reaping the financial rewards of their outstanding achievement. If you are a smoker, who is considering quitting, the potential cost savings on your life insurance is another reason to break the habit that you can add to the list.

“If you’re an ex-smoker since this time last year, we recommend that you get in touch with your Financial Broker who, by assessing your individual needs, will be able to advise you about the potential cost savings for non-smokers. It may be possible for you to avail of cheaper rates and start the New Year by saving money on your insurance policy.”

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Notes to editor

About Royal London:

Royal London has a history of protecting our policyholders and their families for over 190 years in Ireland, 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 4,300 people, providing around 8.6 million policies and more than €164.3 billion in Group funds under management. (Figures as at June 2020).

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

Sources:

¹Department of Health Press Release, ‘Minister for Health welcomes the ban on the sale of menthol flavoured cigarettes and tobacco and urges smokers to quit during the COVID-19 pandemic’ May 2020:

<https://www.gov.ie/en/press-release/7aee39-minister-for-health-welcomes-the-ban-on-the-sale-of-menthol-flavoured/>

²World Health Organisation statement: Tobacco use and COVID-19, May 2020:

<https://www.who.int/news/item/11-05-2020-who-statement-tobacco-use-and-covid-19>

³Department of Health, Healthy Ireland Policies, 2019:

<https://www.gov.ie/en/policy-information/706608-healthy-ireland-policies/#smoking>

⁴HSE, Smoking Prevalence Tracker 2020 Half Year Infographic, June 2020:

<https://www.hse.ie/eng/about/who/tobaccocontrol/research/smoking-in-ireland-2020-half-year-update.pdf>

⁵HSE, Smoking Prevalence Tracker 2019, December 2019:

<https://www.hse.ie/eng/about/who/tobaccocontrol/research/smoking-in-ireland-2019.pdf>

[^] Bestadvice.ie as at 08/12/2020

Age refers to age next birthday. Sum assured in each case €300,000.

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