



Protection Continuation Option (PCO)

Identifying opportunities to
create a brighter future
together



What is Protection Continuation Option?

- An option which allows client to extend the benefits provided by your policy at any stage during the term without providing further medical information.
- When the option is exercised it is treated as a new policy and priced at market rates based on sum assured, clients age and the new term.
- 78% of all new protection policies sold by Zurich having PCO added to it.
- Hugely beneficial benefit for a client as the client will never have to be underwritten at any stage in the future regardless of their health situation. And with Zurich's rolling conversion it can be exercised as many times as is needed by the client.
- Cost of adding this benefit is very inexpensive with the cost averaging about an extra 4.5% on top of the premium.

Protection Continuation Option – Price in action

- When looking at the PCO option it is not only the pricing of the initial plan that should be considered. A very crucial part of structuring this benefit will be the future pricing when PCO is being exercised.
- Currently 5 providers in the market who offer PCO.
- Zurich are one of only two companies who lead the market in pricing with the 3 other companies offering price matching on the cheapest price.
- When a conversion is exercised, discounts can not be used on the new policy. And critically the 3 companies who price pledge don't price pledge the exercised conversion option.
- In the following slides we illustrate the importance of future pricing and why this should be considered when the initial policy is being written.

Quote 1: First time cover for new clients aged 37NB



- Zurich price, including conversion option highlighted in yellow below.

GUARANTEED TERM PROTECTION QUOTES

Male, 36 years 6 months (15/10/1984), Non-Smoker, life cover €300,000
 Female, 36 years 6 months (15/10/1984), Non-Smoker, life cover €300,000

20 year term, mortgage interest 6.00%, benefits and premiums not increasing.
 1% levy included.

LIFE COVER ONLY

[underwriting requirements](#)

[4 critical warnings](#)

	Dual Life			Joint Life			
	Level	Convertible	Mortgage	Level	Convertible	Mortgage	Conv. Mort
	46.34	49.02	29.33	45.43	48.05	29.33	30.71
Zurich Life (WOP Free on Mort. Protection)	42.40	44.38	26.87	41.41	43.35	26.66	27.88
	41.82	44.05	24.58	40.44	43.61	24.39	x
	44.64	48.46	x	x	x	32.66	35.41
	43.08	45.67	x	40.70	43.14	28.25	31.07

Source: Best Advice 18/04/2021

Quote 2: Same clients exercising PCO at 57NB



- Same clients exercising their PCO at aged 57 for another 20 years for same benefit.
- Zurich price highlighted in yellow with cheapest price matching company in red.
- Bear in mind price matching will now not apply on exercising the PCO

	Dual Life			Joint Life			
	Level	Convertible	Mortgage	Level	Convertible	Mortgage	Conv. Mort
	309.37	324.91	187.86	302.98	318.19	187.86	197.10
Zurich Life (WOP Free on Mort. Protection)	268.91	282.23	163.06	262.25	275.24	161.87	169.85
	263.01	279.55	166.41	259.30	276.76	165.71	x
	300.62	330.03	x	x	x	224.49	246.42
	286.67	303.86	x	270.90	287.16	173.24	190.57

- Assuming the client keeps with the policy for the full 20 years this adds up to a saving of €5,191 over the term of the policy by taking out their initial policy with Zurich in comparison to using the cheapest price pledge company.
- Where indexation is used minimum saving then becomes €10,243. With a massive saving of €30,424 against the most expensive indexed option.

Source: Best Advice 18/04/2021

Why Zurich for Protection Continuation



As with all our benefits on our Protection plans Zurich lead the way for innovation and flexibility in our product offering. Here are some of the key features of our Protection Continuation offering:

1. Available on Life Cover and Serious Illness benefits, including Cancer Cover.
2. Rolling conversion option applies on our current Guaranteed Term and Guaranteed Mortgage Protection plans
3. Added flexibility on our Guaranteed Mortgage Protection plan allows to you convert the decreasing benefit to a level term benefit during the life of the plan.
4. No early age restriction on when the benefit can be exercised. You just need a minimum of a two year term on the newly converted policy. That allows your clients the flexibility to convert right up to age 73 next for Serious Illness or 88 next for Life cover (or 83 next if converting a plan where the max cessation age of life cover is 85 next birthday).
5. The continuation option also applies to our rider benefits such as Hospital Cash, Personal Accident Benefit & Surgical Cash.
6. Even if cover has lapsed you still have 90 days from the lapse / cessation date to exercise your continuation option

Thank you

Zurich Life Assurance plc is regulated by the Central Bank of Ireland.

