



PPS WARNS AGAINST FAST-FOOD TYPE POLICIES

With the advent of the Internet, shopping around for bargains has become as easy as a click of a mouse. There are, however, instances when this convenience can cause more harm than good. One such example is the increasing number of South Africans purchasing 'discounted' financial policies, such as life insurance, online. Consumers need to be empowered and aware of the risks of these types of 'convenient' or 'take-away' financial offerings.

This is according to Mike Jackson, CEO of PPS Insurance. "We have noted an increased trend in consumers purchasing life insurance online. While this may be convenient and sometimes appear cheaper, ensuring that you have the correct type of coverage is not as simple or free of risk as ordering groceries or DVD's.

"There are no special deals, introductory offers or discounts on life insurance. A policy is a specialised, structured financial offering and is priced according to the value that it offers," says Jackson.

He says that many consumers are being taken advantage of by purchasing discounted products that do not meet their unique life insurance needs. "Many consumers are under the incorrect assumption that all life insurance policies are alike, if not identical. Value is as important as price when deciding on one's life insurance policy and each company's product has subtle but major differences."

He adds that long term affordability is also an important consideration. "The structure of the premiums can also affect the initial price. Generally, the lower the initial premium, the higher the premium increases will be in future."

According to Jackson, the policy that you ultimately select is only as good as the company behind it, including its service and its reputation. "Life insurance is a product designed for the long-term and can potentially involve millions of Rand in benefits. You need to seriously consider the financial impact on your designated beneficiaries, who are often family members."

Jackson has the following tips for consumers, when evaluating a life insurance product:

1. Consult with a qualified and reputable financial planner (insist on credentials) to ensure that your decision is the correct one
2. Know your needs and then match a policy to meet those needs

3. Select an insurance policy from an established provider with a proven track record in life insurance
4. Focus on the value, not only the price
5. Empower yourself by researching what a life insurance policy entails