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STARTS

The Cheshire Launches Affordable Antidote to Soaring Health Insurance Premiums

Cheshire Building Society has introduced Healthy Savings, a savings-linked health insurance scheme to help more people enjoy the benefits of private medical care at significantly reduced premiums.

According to Laing & Buisson, the leading provider of authoritative data on health, traditional Private Medical Insurance (PMI) premiums have been rising faster than inflation over many years, which has prompted large numbers of policy holders to consider more cost effective ways of funding their cover, including opting to 'self-pay' their own private treatment when needed. A new 'hybrid' product takes this self-pay option and combines it with traditional comprehensive private medical insurance to offer lower annual premiums.

Designed for people who feel that health insurance can be a waste of money, usually healthy people that pay very high premiums without claiming, the Cheshire's Healthy Savings scheme offers the 'hybrid' approach. A choice of insurance excess levels combines the best of comprehensive health cover protection with the savings gained by a 'self-pay' approach. Policy holders are then encouraged to invest in a highly competitive instant access savings account to cover their chosen excess.

Healthy Savings combines an XS health policy from specialist health insurer, WPA (Western Provident Association), with a highly competitive interest savings account from the Cheshire. The scheme offers health insurance premiums that are up to 90% less than traditional PMI. (Source: www.money.net.co.uk, November 2003, comparing an XS health plan with a £1500 excess with a leading competitor's platinum health insurance plan with no excess for a single person aged 30 in London.) These can be paid annually or monthly with a 5% saving for annual payment. Depending on age* customers have a choice of three excesses payable only once in any one year, even if more than one medical treatment is required. The three excess options are £1,500, £3,000 or £5,000 and the higher the excess, the greater the savings.

Whereas most insurers implement the excess annually or per condition, Healthy Savings has a more friendly 'rolling excess'. This means that once treatment costs exceed the excess limit Healthy Savings will cover the cost in full for all eligible treatment for a further 12 months. Importantly this means customers do not risk having to fund two full excess amounts within a 12 month period.

The savings account acts as a fund to pay the excess should the need for medical care arise. The investment can either be a cash lump sum or built up by regular saving and earns a competitive rate of 3.0% p.a. Gross/AER** (variable) plus a bonus introductory rate of an additional 1% AER** gross for the first six months.

**under 30's have only £1500 option and 60+ age group do not have the £1500 excess*

option.

*** AER stands for Annual Equivalent Rate and illustrates what the interest rate would be if it was paid and compounded once each year.*

Illustration

The annual Healthy Savings premium with a £1,500 excess for a male aged 40 would be £192.24 compared to a traditional PMI premium of £1071.84. This represents an annual saving of £879.60*. Meanwhile the savings account encourages customers to invest a fund to cover the excess.

**Comparing a Healthy Savings plan with £1500 excess to a leading competitor's full cover (platinum) health insurance with no excess for a person living in London – September 2003.*

Scheme Benefits and Conditions

- Comprehensive healthcare policy with substantially reduced premiums
- Competitive return on your savings with unlimited instant access
- Simple application process
- Freedom to choose from over 650 hospitals throughout the UK – not a restricted list
- As many eligible claims can be made as required, up to annual benefit limit
- No medical examination is required – individuals can join the plan up to the age of 74 years
- Minimum savings account investment is £1 and maximum is £5,000.
- Interest rate is 3.00%AER variable, plus 1% bonus for first 6 months
- Interest is paid annually on 31 December back into the account or another account as directed by the customer
- Additional investments are permitted at any time up to maximum of £5000

Healthy Savings Premiums

| Age | ANNUAL PREMIUM | | |
|-----|----------------|----------|----------|
| | £1500 XS | £3000 XS | £5000 XS |
| 25 | £92.61 | N/a | N/a |
| 30 | £117.23 | £71.95 | £44.30 |
| 35 | £150.06 | £92.09 | £56.70 |
| 40 | £192.24 | £117.98 | £72.65 |
| 45 | £243.83 | £149.64 | £92.14 |
| 50 | £303.62 | £186.33 | £114.73 |
| 55 | £371.61 | £228.06 | £140.42 |
| 60 | N/a | £448.98 | £276.44 |
| 65 | N/a | £535.73 | £329.87 |
| 70 | N/a | £630.68 | £388.33 |

| Age | MONTHLY PREMIUM | | |
|-----|-----------------|----------|----------|
| | £1500 XS | £3000 XS | £5000 XS |
| 25 | £8.11 | N/a | N/a |
| 30 | £10.26 | £6.30 | £3.87 |
| 35 | £13.13 | £8.05 | £4.97 |
| 40 | £16.82 | £10.32 | £6.35 |
| 45 | £21.34 | £13.09 | £8.06 |
| 50 | £26.57 | £16.31 | £10.04 |
| 55 | £32.52 | £19.95 | £12.29 |
| 60 | N/a | £39.28 | £24.19 |
| 65 | N/a | £46.87 | £28.86 |
| 70 | N/a | £55.19 | £33.98 |

With Cheshire's Healthy Savings account these premiums can also be paid monthly however if paid annually there is a 5% saving.

How to apply

Either call into any Cheshire Building Society branch, apply on line at www.thecheshire.co.uk or telephone the Customer Contact Centre on 0845 055 4567.

All calls charged at local rate. Lines open 8am-8pm weekdays, 9am-4pm Saturdays. For security and staff training purposes, telephone calls may be monitored or recorded.

Cheshire Building Society is a member of the Building Societies Association and the Financial Services Compensation Scheme. It is also a member of the Financial Ombudsman Service, the General Insurance Standards Council and subscribes to the Banking Code and The Mortgage Code. Cheshire Building Society is authorised and regulated by the Financial Services Authority for investment business. Advice and products offered will relate only to those of the Society and Norwich Union Marketing Group.

WPA is a leading UK leading UK health insurer with a history of providing health insurance for over 100 years. WPA provides excellent value and protects customers in their time of need.

ENDS

For more information please contact Nancy / Laura at Republic on 0161 975 6197 or email nancy@republicpr.net or contact Charlie at WPA on 07771 808083 or email Charlie.MacEwan@wpa.org.uk

Keywords

Legal Regulation: Simple/ stakeholder products

Protection: PMI

Consumer Issues: Health, financial education