

The Life Insurance Policy Replacement document emphasizes the importance of careful consideration before replacing an existing life insurance policy, particularly due to potential losses incurred from surrendering a policy early in its term. It advises policyholders to compare their current and new policies thoroughly, assessing factors such as the reasons for replacement, continuity of protection, waiting periods for full benefits, and the sum insured. The document highlights the significance of understanding the cash value and returns of the new policy, the implications of the "Incontestability Clause," and the differences in policy types, especially when considering a switch from traditional to investment-linked policies. It suggests that if the goal is merely to increase coverage, adding a rider or a new policy may be more beneficial than replacing the existing one.

Policyholders are urged to review the Customer Protection Declaration (CPD) form carefully, ensuring that they understand any potential disadvantages of replacement. They have the right to cancel the new policy within a 21-day "cooling-off period" for a full refund, minus any applicable adjustments. The document warns of possible conflicts of interest from insurance intermediaries and encourages seeking a balanced view by consulting the existing insurer. It also outlines several "don'ts," such as not solely focusing on premium amounts, not relying on promotional materials as policy terms, and ensuring that forms are complete before signing. Lastly, it provides information on how to lodge complaints if policyholders feel misled during the replacement process, listing relevant organizations and contact details for assistance.