**Go above and beyond for your client.**

Tools you can customise by OnePath Life Insurance

**CATEGORY – Understanding premiums**

TOPIC – How premiums are calculated

**SOCIAL MEDIA**

Use or customise the below post most likely to resonate with your clients via social media such as LinkedIn or Twitter. Your posts can link directly to the articles on our website, or you can customise a link to your own white-labelled versions of the articles.

***Tip:*  Spread the word with #clarity**

#clarity is a hashtag we’ve added to the material to promote life insurance education. We encourage you to get on board and help grow engagement and confidence in the life insurance industry by using it when you post on social media.

**SOCIAL MEDIA POST**

Ever wondered how insurers work out the cost of your life insurance? When you understand the main factors, you’ll see you have more control over your cost than you might think. Read more #clarity

<Link to the article below either on your website or within the social platform>

**FLYER/NEWSLETTER/WEBSITE ARTICLE**

This article has been white-labelled to allow you to use the content (without having to seek our permission) as a customer flyer, newsletters or on your website.

***Tip*: Complement your advice**

You could also use the articles to complement your advice, sending specific articles to clients who have expressed concerns about their insurance or who have yet to take up insurance you have recommended.

**ARTICLE**

**4 key factors impact your premium**

Ever wondered how insurers work out the cost of your life insurance? There are many factors that can impact the premium you pay, but there are **4 factors in particular you need to be aware of**.

1. **Your personal risks**

* Dangerous occupations can attract a higher base rate for your insurance, even before any loadings are applied.
* Poor health (such as a high Body Mass Index, or BMI) as well as dangerous hobbies, may add what’s called a ‘premium loading’ to your cover – which means you pay a higher premium than someone who doesn’t have those risk factors. Any loadings like these are recorded on your Policy Schedule
* In terms of your health and lifestyle, the core factors that can contribute to your risk, and therefore a potential premium loading or higher set of rates, include:

1. **Smoking** – past and current smoking behaviour
2. **Medical history** – any conditions you currently suffer from, or have previously suffered from, or hereditary factors that increase your risk of claim
3. **Occupation** – the danger posed by your job on your physical wellbeing
4. **Hobbies** – the danger posed by any high risk personal activities.

If your health improves or your lifestyle has changed recently, get in touch with your adviser to review your policy and determine if these loadings can be removed to help lower your premium

1. **Your age and gender**

* Life insurance premiums are predominantly based on the risk of certain events happening to you. These risks increase with age as serious illnesses become more common as you get older
* Age-related risks can also differ for men and women, which is why premiums for men and women of the same age may be different. For example, women live longer than men on average, which is why in most cases life cover premiums are cheaper for women.

1. **The more protection you have, the higher the cost of your cover**

Your cost is influenced by these important factors of your policy:

* The type of benefits that are payable on your policy (trauma, disability, death)
* The sums insured of those benefits
* How long you would receive those benefits for (i.e. your benefit period for income protection)
* The waiting period you’ve selected before your benefits are paid out (for income protection)
* Any optional extras you may have selected

1. **Whether you’ve chosen to pay stepped or level premiums**

For most policies, two premium structures are offered:

* A **stepped premium** is one where the cost of your cover is recalculated each year based on your age at each policy anniversary. Generally this means your premium will increase each year as you get older.
* A **level premium** is one where premiums are calculated based on your age when any cover started. Your premium is generally averaged out over a number of years, which means you avoid increases in your premium due to age at each policy anniversary. This means your cover is more expensive than ‘stepped premiums’ at the beginning of your policy, but generally gets cheaper (relative to stepped premiums) as your policy continues.
* It’s important to note that at policy anniversary the premium may still increase (even with level premiums), because age is just one factor that determines your premium. Other factors that impact premium (such as claims trends in Australian population) can result in a repricing of your insurance cover.
* When insurers reprice stepped or level premiums, they don’t do it for an individual policy within a specific group unless they do it for every policy in that group.
* Regardless of whether stepped or level premium is selected, premium rates and premium factors are not guaranteed or fixed and insurers have increased premium rates in the past and may increase in the future.

**A number of other factors may influence your premium, including:**

1. **Where you live**, because different state governments levy stamp duty differently.
2. **The structure of your cover**, such as whether you select to have your insurance as a ‘stand-alone’ product, or whether you have it linked.
3. **The number of lives covered**, you may be eligible for a group discount on your premium if your policy covers family or business partners.
4. **The frequency you want to pay your premium**, where paying your premium monthly can attract a loading which wouldn’t apply if you pay your premium annually.
5. **Whether you’ve selected indexation**, as a way of pegging your cover against cost of living increases.
6. **Whether you’ve chosen any extra cost options for your policy**, including things like accidental death covers, child covers and others.

**Want to know more?**

If you’d like to discuss any of the content in this article and how it may apply to you, please call me on XXXXXXXXXX.