



# Insurance Options

## Stepped or Level Premiums

Stepped premiums are re-calculated at each policy anniversary based on the insurance rate applicable for the life insured's age at the time. This means that your premium will increase each year, and cover will become far more expensive as you get older and the risk of illness or death is higher.

Conversely with level premiums the insurance rate is set at the beginning of the contract and is not reset each year. There may be small increases in the premium each year due to increases in the sum insured. The idea is that you pay a higher premium than you would with stepped in the early years but over time yearly premium will become less than that paid under stepped arrangements. You will benefit from a level premium structure if you stay in the same product for a significant period.

## Total and Permanent Disablement (TPD) definition options

There are two distinct definition options for TPD. If you have an own occupation definition in order to successfully claim, you must be deemed unlikely to ever again be able to work in your own occupation. If you have the any occupation definition, then you only need to be deemed to be unable to work in any occupation.

As a rule, "own occupation" cover will be more expensive however it is more likely that a claim will be paid under this definition.

## Income protection policy options

Agreed value versus indemnity:

With an agreed value contract, the benefit amount paid at claim time is the monthly benefit agreed to at the time of application. This amount is guaranteed irrespective of any change in income at the time of claim. The premium rates are higher for this option due to the guarantee of benefit.

With an indemnity contract the benefit amount paid at claim time will be the lesser of the monthly benefit at the time of application or 75% of pre disability earnings at the time of claim. This means that a reduced benefit will be paid if your income has decreased since the cover was taken out. The premium rates are lower for indemnity cover when compared to agreed value cover.

## Waiting Period

The waiting period is the amount of time you have to wait before insurance payments start. It can range from 14 days to 2 years. The longer the waiting period the more affordable the premium will be.

## Benefit Period

The benefit period is the maximum period that you will be paid a benefit for any one illness or injury. The options available can range from 2 year to a period of up to 70 years of age. The shorter the benefit period the more affordable the premium will be.

*While every care has been exercised and the recommendations and other statements herein are based on information believed to be accurate and reliable, no liability, (unless required by law) can be accepted for any error or omission including negligence however caused.*