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

Tools you can customise by OnePath Life Insurance

**CATEGORY – Why your premium has increased recently**

**Why we’ve created this article**

As you would know, many life insurers are increasing premiums as a means of dealing with the wide-reaching unsustainability of income protection products, and to ensure your clients continue to be protected into the long-term. For OnePath Life, education is a first port of call, which is why we have designed this helpful white-labelled asset to help you explain these changes to your clients – whoever they’re insured with.

**Recommendation:** To make this work for you, we suggest you carefully review and personalise where indicated in grey highlighted sections.

TOPIC – Why your premiums are going up?

**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**

You may be experiencing an increase in your Life insurance/Income Protection premiums, due in large part to more claims being paid for longer. But you have more control over your premium 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**

**Why life insurance premiums are increasing.**

Six important things you need to know.

As the world changes, having certainty about your cover has never been more important. From our research, customers told OnePath Life they found Life Insurance:

* Complicated
* Something we do not like to think about
* One of life’s many expenses.

For this reason, I’m reaching out to you to help you understand why your [life insurance] premium has increased – so I can give you the best advice on what to do next.

1. **It's important to first understand how life insurance works**

Insurance works by pooling together the premiums of customers, just like you. This pooling system makes sure that customers who experience loss (and need to claim) are protected. Not everyone will claim at the same time and some people may not need to claim at all – but everyone benefits from the peace of mind protection brings.

**Life insurance is designed in a way that makes sure:**

* Everyone in the pool benefits from the peace of mind in knowing that the pool is there and full.
* Everyone has the same opportunity to claim from the pool, should life throw a curve ball at them
* Everyone contributes their fair share based on their health, which is determined through the underwriting process.

**At the end of the day, that’s what products like [insert product here] are designed to do – help you recover when the unfortunate occurs.**

1. **You can be confident that if something were to happen, your claim would be paid**

In life you cannot predict, but you can protect – and you have more certainty than you may think. Most life insurers pay over 90%\* of the claims they get in.

Insurers are in the business of paying claims. That’s why they exist.

1. **How premiums are calculated**

There are many factors that can impact your premium, and **some of these factors are changing dramatically across the population.**

When calculating your premium, life insurers assess factors related to **you specifically:**

* Personal risks – hobbies and occupation
* Age and sex – risk profiles
* Level of cover – more cover means higher premiums.

In addition, life insurers assess other factors related to **all of their customers**, such as claims rates against expectations.

They look at things like:

* How many new claims they think will come in; and
* How quickly people on Income Protection claim will get better and return to work

It’s here that the industry is seeing major changes against expectations.

1. **The reality is the life insurance industry is seeing more Income Protection claims go for longer than anticipated.**

Did you know that over the last 5 years, Australia’s life insurance industry has made $3.4 billion dollar losses?^

This has been driven by many factors, but largely by accident claims and the large mental health crisis our country faces.

From 2014 – 2018

* Mental Health claims costs have increased by 32% #
* Accident claims costs have increased by 45% #

One of the jobs an insurer must manage is to ensure that the premiums collected are of a level to ensure claims can be paid, so they can continue to offer the critically important protection Australians need.

1. **What will happen to your insurance policy?**

<Note: Include and update the below as necessary>

**You can expect;**

1. Your Income Protection cover cost will increase by X%

2. Your [insert cover]cost will increase by X%

3. These increases to be in addition to any age or CPI increases

4. These increases are across both stepped and level premiums.

**What this price review hasn’t changed:**

1. Your level of coverage – you are still covered
2. Your ability to claim – should any curve balls come your way
3. A claims process designed to get you the money and support you need as soon as possible
4. And most importantly…your peace of mind. Rest assured you have coverage to help protect yourself and your family during these uncertain times.

All customers with cover like yours will experience the same rate of increase at renewal time – no one will be treated differently. In fact, many of the largest life insurers in the country have increased their premiums over the last 12 months.

1. **I am here to help**

Knowing what your options are in light of these changes is important.

That’s why I’m here – to help you reflect on your needs and to make sure you know exactly what to do next

**If you’re concerned about your insurance premium, please let me know. We have control over the costs of your cover, and I can work with you to:**

* change your cover type from a comprehensive cover type to a standard one
* remove some extra-cost options you may have selected
* lower your amount insured
* switch off indexation (which increases your amount insured to protect against inflation) at your next policy anniversary
* extend your waiting period on your income protection policy (i.e. the time it takes for benefit payments to start after you stop working)
* reduce your benefit period on your income protection policy (i.e. the total amount of time you may be eligible to receive income protection benefits).
* explore the opportunity for tax deductions for your premiums. If you’re eligible, this can help to reduce the impact of premium increases.

**Want to know more?**

There are other options we can explore as well – click here to see other ways I can help you manage the costs of your premium. [you can insert a link to our white labelled affordability and support article, found at [www.onepathclarity.com.au/engage](http://www.onepathclarity.com.au/engage)]

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.

Sources:

\*moneysmart.gov.au/how-life-insurance-works/life-insurance-claims-comparison-tool

^ APRA, losses are before tax in respect of the 5 years ended 30 September 2019

# KPMG Disability Income Insurance Data Experience Analysis 2020