

Level premiums

Under the 'Stepped Premium' section, we said that premiums remained level for a fixed number of years, maybe 3, 5 or 10.

However, you can get contracts where the premiums remain fixed through until a pre-determined age, usually 65 or 80.

Some companies restrict this to life insurance only (i.e. payable on death or terminal illness), while others may also have this type of premium structure for Trauma and Total Disability cover.

At least one company also offers this for Income Protection cover.

With life insurance contracts, cover may continue beyond the prescribed age but at premiums which are based on the then age in each subsequent year.

Usually, an insurance company would reserve the right to change the premium if there were changes to legislation. An example of this would be a change in the way Insurance Companies are taxed which would have an impact on all premiums.