

Stepped premiums

As described in the section on YRT contracts, one of the factors on which the premium is based is current age.

Generally speaking, as your age goes up, so do your premiums.

With YRT contracts, the premium changes ***every year*** to reflect the increased risk.

However, premiums may go up at other set intervals such as every 3, 5 or 10 years.

This is then referred to a **stepped premiums** contract. One of the drawbacks of this type of contract is that the premium increases at the end of each period can be quite dramatic.

In fact, the longer the 'level' period, the more dramatic the increase will be.