

# Top tips on level premium

**By Don McAllister**

National Marketing &  
Development Manager

**To help you in your discussion about the benefits of level premium with clients, here are some of my key points about the many advantages that level premium offers.**

- **Compare the level premium with comprehensive car insurance.**

Your client wouldn't think twice, for example, about insuring their car fully comprehensive. However, judging by how underinsured Australians are, many fail to insure their lives or income on a comprehensive basis. A stumbling block can be cost. What is your client covered for and how much does it cost? Is the insurance needed for the short or long-term? If longer term, compare the costs over time. Stepped is cheaper in the short-term, but expensive in the long-term, while level is more expensive in the short-term and cheap in the long-term. MLC's quoting software enables you to make long-term comparisons between level and stepped premiums.

- **By choosing level premium, clients are locking the premium rate at the age of entry.**

Level premiums are set at the age of entry and remain relatively flat for the duration of the cover. In contrast, stepped premiums increase as the client gets older. Level premiums mean there aren't any large jumps in premium so clients are less likely to lapse their policy because of a large increase in cost just when they're likely to need it the most. As an Australian first, MLC have locked in level premium rates for Life and TPD extension covers for the next five years. This is for policies taken out before 30 September 2009 and has been passed back to all existing clients as part of MLC's upgrade philosophy.

- **Give your clients the best product year after year.**

When recommending level premium to your clients, choose an insurance company that consistently upgrades their products and passes these benefits back to all clients, not just a select few. By choosing MLC your clients can rest assured their insurance cover is up-to-date and meets their needs today; no matter whether they took out the policy a week or a decade ago.

- **Some clients don't need or can't afford level premium.**

By selecting level premium your clients will have a low cost, long-term option to remain covered when they need it most. If level premium is too expensive, consider reducing the premium by using a combination of level and stepped (split premiums). MLC provides you with the flexibility to split across all of our insurance products.

## **A long-term relationship with MLC means everybody wins.**

Recommending level premium enables you to build a long-term relationship with your client. Clients have the reassurance of a long-term strategy that they can call upon at a time when they need to.

This relationship is also more likely to provide you more referrals as time goes by.

Long-term clients and referrals will enhance the value of your business, and you won't have to sell the need for insurance against escalating cost to the client each year.

## **Have you considered level commission?**

Selecting hybrid or level commission on the occasions when your client selects level premium, has a powerful impact on the cashflow and value of your business, long-term.

Level premium, combined with level or hybrid commission, is particularly beneficial for your business. Where a level premium is right for your client, level or hybrid commission provides your business with a much stronger cashflow each year.

**If you'd like to find out more about these and other ideas to position level and split premiums with your clients, speak to your MLC representative.**