

# DID YOU KNOW?

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## Top up your clients' policies and give them a discount!

CommInsure's top up premium discount has been available for a few years now; however, it's a feature not many advisers are aware of. If clients need to increase their cover, it's worthwhile considering this discount when assessing their needs, instead of rewriting the cover with another provider.



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Here's a run-down of the top up premium discount.

CommInsure's **top up premium discount** gives eligible policy owners a **15% premium discount** on the premium payable when they increase their existing level of cover. The top up discount will apply to the increased portion of the sum insured where this is increased, up to 100% of the current level of cover.

### Eligibility criteria

- The policy must be Total Care Plan (TCP), Total Care Plan Super (TCPS) or SMSF Plan with a commencement date of 1 July 1997 or later
- The policy must be a lump sum policy (Life, TPD or trauma cover)
- The cover being increased must have been in force for more than 12 months
- The 15% premium discount is applied to the first top up in each policy year after the policy has been in force more than 12 months i.e. if the policy has been increased more than once during a policy year, the discount will only apply to the first cover increase
- The maximum top up that can attract a discount is 100% of the sum insured for a given coverage type that was in force at the last policy anniversary
- The top up premium discount is 15% of the premium we would have otherwise charged (in other words it is applied to premium loadings as well)
- If a particular top up attracts a premium loading greater than 75%, the premium applying to that top up will not be eligible for discount (however, any discount already applying to previous top ups will remain in place).

The top up discount applies for the life of the policy.

For example, if Sofia has an existing policy of \$500,000 and increases it to \$1 million, Sofia will receive a 15% discount on the \$500,000 top up until the policy expires or lapses.

### Restrictions on the top up discount

- The top up premium discount is not available on Income Protection policies (Income Care/Plus, Income Care Super, Business Overheads Cover, Essential Cover and Accidental Death Cover)
- The maximum top up that can attract the discount is 100% of the sum insured for a given coverage type that was in force at the last policy anniversary

For example: Sofia has \$200,000 of Life Care and \$200,000 of TPD as at her first policy anniversary. During the next policy year, Sofia applies for an increase in Life Care of \$250,000. In this instance, \$200,000 of that increase in cover would be eligible for the top up premium discount (as this is 100% of the existing cover) while \$50,000 will be priced without any discount (as it is an amount greater than the existing level of cover)

- The top up premium discount will only apply to increases that are greater than the policyholder's maximum level of cover during the life of the policy.



For example: Sofia initially has cover of \$500,000 but she reduces her cover to \$200,000 and later increases her cover to \$300,000. As the top up premium discount only applies to the amount of cover that exceeds the maximum level of cover held during the life of the policy, the increase from \$200,000 to \$300,000 will not attract any top up discount. Sofia will need to increase her cover to more than \$500,000 before any top up premium discount will apply.

### **How often will the top up premium discount apply to increases in cover?**

The top up premium discount will only apply once per policy year, i.e. if the cover has been increased more than once during a policy year, the discount will only apply to the first cover increase. A policy year is the one year period from the date the policy commenced and, from then on, each year from the anniversary of the date the policy commenced.

### **Does the top up premium discount require underwriting?**

Yes. All increases in cover must follow normal underwriting processes. A full application and personal statement is required at application and CommInsure has the right to request any medical or financial requirements, including blood tests, to assess the application for increased cover.

### **What happens if a topped up policy is replaced?**

In order to qualify for a top up premium discount, the policy and cover must be in force for at least 12 months. If a policy has increased and received a top up premium discount, the policy owner will forego the top up discount if this policy is replaced with another TCP, TCPS or SMSF Plan policy. The new policy will be eligible for a top up premium discount after it has been in force for 12 months.

### **What do advisers need to do to apply for a top up discount?**

Advisers will need to call **1800 044 130** with the client details and a quote will be prepared for you incorporating the discount. This must be submitted with a paper application form and personal statement. WriteAway **cannot** be used to submit top up premium discount applications.

### **Can a client access other discounts as well as the top up discount?**

Yes, the top up premium discount can be used in conjunction with commission syndicate plans as well as the Super Payment Method (SPM) renewal reward and the year 1 SPM15 discount.

### **How long will the top up discount be available?**

CommInsure has the right to alter or withdraw its offer of the top up premium discount at any time. However, any such alteration or withdrawal will not affect the discount if it already applies to the cover.

## **Summary**

CommInsure's top up premium discount is available to existing clients with lump sum cover inside and outside super. It is worth considering when conducting an insurance review, particularly for clients who have increased insurance needs.

### **Important information**

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