

New premium rates are effective from Wednesday, 1 February 2006

Effective 1 February, TOWER is introducing new rates for Term and TPD insurance. The good news is that in most cases rates will be reduced. While it's a little late for Christmas, we are sure you and your clients will remain pleasantly surprised!

Why we are making the change

This change is consistent with our well established philosophy of keeping our portfolio of business profitable, while also keeping it balanced across all classes of life business.

Recent monitoring of our portfolio has revealed that the balance has been increasingly leaning towards income protection. This rate review is aimed primarily at addressing the imbalance and restoring a healthy proportion of lump sum business to our portfolio. The fortunate outcome of this is a price reduction for many new policyholders.

Fulfilling a responsible strategy

Recent history has shown that a reactive approach to rate reviews, with an objective driven solely by market share, can create ongoing profitability challenges.

At TOWER, we have taken the view that a more responsible strategy, with a longer term perspective is essential. This means ensuring a sustainable and profitable portfolio with a focus on quality products offered at reasonable prices.

Our strategy requires us to be continually vigilant in reviewing the composition and profitability of our portfolio. By doing this we can identify potential problems, and also recognise opportunities to make responsible reductions in rates, such as now.

Please read on to find out what the changes mean for your clients, and what you need to know about implementation.

Key rate changes

Life Protection Plan (LPP)	
Maximum Increase	4%
Maximum Decrease	-5%

TPD Attached to LPP	
Maximum Increase	3%
Maximum Decrease	-10%

Stand Alone TPD	
Maximum Increase	3%
Maximum Decrease	-6%

Adjustments to premium rates at key ages

Life Protection Plan				
Age	Male Non-smoker	Male Smoker	Female Non-smoker	Female Smoker
20	0%	0%	0%	0%
25	0%	0%	0%	2%
30	0%	0%	0%	3%
35	0%	0%	0%	3%
40	-1%	2%	-1%	4%
45	-4%	1%	-3%	0%
50	-5%	1%	-4%	-1%
55	-5%	1%	-4%	1%
60	-3%	0%	-4%	1%
65	0%	1%	0%	1%

Total and Permanent Disability Attached to LPP				
Age	Male Non-smoker	Male Smoker	Female Non-smoker	Female Smoker
20	0%	0%	0%	0%
25	0%	0%	0%	3%
30	0%	-1%	0%	1%
35	0%	-3%	0%	0%
40	-4%	-9%	0%	0%
45	-8%	-10%	0%	0%
50	-7%	-8%	2%	0%
55	-7%	-8%	2%	0%
60	0%	0%	0%	0%
65	0%	0%	0%	0%

Stand Alone Total and Permanent Disability				
Age	Male Non-smoker	Male Smoker	Female Non-smoker	Female Smoker
20	0%	0%	0%	0%
25	0%	0%	0%	3%
30	0%	0%	0%	2%
35	0%	0%	0%	0%
40	-6%	-6%	-6%	-6%
45	-4%	-4%	-4%	-4%
50	-1%	-1%	1%	1%
55	0%	0%	1%	1%
60	0%	0%	0%	0%
65	0%	0%	0%	0%

In addition to these changes, the large sum insured discount for term life has been increased to 17.5% (previously 15%) for sums insured of \$500,000 up to \$749,999.

This information has been prepared for use by advisers only, in no circumstances should it be provided to a client. It contains general information only and no individual's financial needs or objectives have been taken into account in the preparation of this material.

New premium rates apply to the TOWER Life Protection and Total and Permanent Disability Plans only

All your questions answered



Q. When do the new premium rates apply?

A. For all applications received on or after Wednesday, 1 February 2006.

Q. What products are affected by the new premium rates?

A. New premium rates apply to the TOWER Life Protection and Total and Permanent Disability Plans only. No other TOWER Protection Plans are affected.

Q. Is there a new Application Form?

A. No, simply continue using the Application Form in the PDS issued 1 November 2005.

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A. No, simply continue using the PDS issued 1 November 2005.

Q. How do I calculate the new premium rates?

A. The new premium rates will be available via a TOWERnet patch. This can be downloaded from www.toweradviser.com.au on 1 February. For assistance please call the TOWERnet Helpdesk on 1800 815 530 or email towernet@au.towerlimited.com

Q. Will my commission change?

A. Commission rates remain the same. However, commission payable will be calculated using new annual premium rates.

Q. What happens to business received before 1 February?

A. Premium rates will remain unchanged for new business received before 1 February.

Q. What happens to applications in suspense?

A. Premium rates will remain unchanged for business in suspense before 1 February unless a recalculation* is required. If premiums are recalculated post 1 February, the new premium rates will apply.

*Recalculations include the application of loadings, alterations to sums insured etc.

Q. What happens if I submit business after 1 February, but quote the old premium rates?

A. New premium rates will apply to all applications received from 1 February, regardless of which premium rates have been calculated. TOWER will automatically recalculate the premium rate and send a notice to advisers.

Q. Does the client need to sign a new Application Form if new premium rates are applied by TOWER?

A. No. TOWER will automatically apply the new premium rates without the requirement of a client signature.

Q. Who do I call for more information?

A. Your TOWER State Sales Team can assist you with any questions.

Don't forget to visit
www.toweradviser.com.au
to download new TOWERnet
premium rates on 1 February

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A late
Christmas
present for
TOWER
Term and TPD
writers!