

Why does age-based pricing make sense?

It's essential for advisers to revisit protection discussions with clients regularly to help them understand the value of income protection insurance and make sure they have the best products for their needs. There are obviously two options to consider, age-based pricing and level pricing. Today we'll be taking a look at age-based pricing, which can be a great choice for many clients, particularly where price may have been an issue in the past.

Why consider age-based pricing?

1. **Pay only for current risk:** Age-based pricing charges clients based on their current age and risk level. When clients are younger their monthly payments will be cheaper as they are at lower risk of illness. As they get older, their monthly payments go up gradually to match their increasing risk of illness.
2. **Get more insurance at a younger age:** With lower monthly payments at the start, clients can often then afford more insurance. This can be especially helpful during the years when their financial responsibilities, like mortgages and raising a family, are often at their highest. Age-based pricing lets clients focus on getting the insurance they need at the times when it's most important.
3. **The real cost may be less than expected:** The initially lower cost of age-based pricing can make more insurance affordable upfront.
4. **Flexibility:** Age-based pricing can give clients more choice and flexibility in planning their protection needs. Because it costs less, it can give you the ability to include other important insurances and offer your client a more comprehensive solution.
5. **Most people's earnings increase during their life:** Although it may cost more as they get older, there's a good chance they may be earning more and have more disposable income.

How to make the Protection conversation clear and helpful

- **Explain the difference:** Break down the differences between age-based and level-based pricing in simple terms.
- **Highlight the long-term benefits:** Point out how age-based pricing can allow clients to get more insurance at a lower cost when they're younger, which can help give extra security for themselves and their families.

- **Be clear about price changes:** Talk openly about how their monthly payments might go up over time. Help clients see that while prices may increase, their insurance stays suited to their needs.
- **Personalise your advice:** Each client's situation is unique, so it's important to recommend the best protection options based on their current finances, future goals, and potential changes ahead.

Discussing age-based pricing can help you show clients that protection can be both flexible and affordable, giving them options that fit their current needs and budget.

At Holloway Friendly, we offer both age-based and level-based pricing, so we're here to support advisers in finding the best solution for every client. With tailored options, you can build trust and strong relationships that last by offering different options to suit each client.

Need help with your first case, or want to know more?

Please call our Business Development team on 0800 716 654.