



Single premium rates and year two costs

What are single premium rates?

We believe in charging the exact premium due for the cover provided. We do this by providing a table of single premium rates that give a different rate for each age. These rates are usually guaranteed for two years. This differs from the unit rate method, where the rate charged for each employee is the same.

When the policy starts and on each anniversary thereafter, we calculate the age of each employee at their next birthday and look up the corresponding rate in the rate table. For each employee, premiums are calculated using this rate, the amount of cover and number of days they've been covered for. This means **employers pay accurate premiums for the exact amount of cover provided in each policy year**, so as the benefit and ages of the employees change, the premium paid changes.

How can I estimate the premium in the second year?

In practice, most businesses will see staff and scheme membership changes that in turn affects scheme premiums. For example, if an older employee leaves the business and is replaced by a younger employee on the same benefits, premiums for the joiner would be lower than for the leaver. Scheme premiums in the second year could therefore be less than in the first year. Conversely, if a younger employee is replaced by an older employee insured for the same benefit, premiums in the second year could be higher than in the first.

What is your on risk process?

AIG always require our pre-populated application form to be completed, signed and returned in scanned format **before** cover can commence.

For quotes up to 200 lives created online, the pre-populated application form can be downloaded on our online portal.

For quotes of 200 lives or above, contact your account manager or groupquotes@aiglife.co.uk and AIG will return the pre-populated application forms within 48 hours.

Why do you require a completed application form before putting a policy on risk?

There are lots of reasons we require the completed application form to be processed before commencing risk. These include:

- We want you and your client to have all the information you need about the group protection policy before cover starts
- It's important that disclosures are accurate and the benefit basis matches requirements; we don't want an adviser or employer to face changes in cover and/or premium if there are changes from the original quote.
- It helps with the start-up administration. Contract certainty from the outset means AIG can return a policy schedule within five working days from commencement. If inception data is uploaded online, accounts and all the relevant paperwork could be provided within the first week of cover.

Get in touch

If you'd like to find out more about AIG's group protection products, then please contact us at groupquotes@aiglife.co.uk.