

Why Your Life Insurance Premiums Increase After 45?

And what you can do about it

If you have noticed your life insurance premiums creeping up year after year, you are not imagining it. For most Australians holding stepped premium policies, the increases become particularly noticeable after the age of 45. Understanding why this happens and what your options are can save you thousands of dollars over the life of your cover.

How Life Insurance Premiums Are Calculated

Life insurance is priced on risk. The older you are, the more likely you are to make a claim. Insurers use actuarial tables, essentially large datasets of mortality and morbidity statistics to calculate the probability that someone of your age, gender, health status and occupation will die, become disabled, suffer a serious illness, or be unable to work during any given year.

Most people hold a stepped premium policy, which means your premium is recalculated each year based on your current age. What felt affordable at 35 can become a significant expense by 55, and genuinely difficult to sustain by 60. This is not a coincidence. It is the mathematical reality of how risk increases as we get older.

Why 45 is the Inflection Point

The rate of premium increase is not linear. Premiums rise gradually through your 30s and early 40s, then begin to accelerate noticeably around age 45. This is because the statistical probability of claiming on each type of cover increases more steeply from this point.

Think of it like a curve rather than a straight line. The slope is gentle in your 20s and 30s, steepens through your 40s and becomes much steeper in your 50s. By the time you reach your late 50s, annual premium increases on stepped policies can be substantial ie, sometimes 10 to 20 per cent or more per year depending on the type of cover.

Life Cover and The Mortality Curve

Life cover premiums are driven by mortality risk ie, the probability of dying during the policy year. While no one wants to think about it in these terms, the statistics are straightforward. The likelihood of dying increases with age, and it does so at an accelerating rate.

For life cover specifically, as your mortgage is paid down and your children become independent, your need for life cover may actually be reducing at the same time as your premiums are rising. This can make life cover more manageable to review and potentially reduce over time.

TPD Cover and The Disability Curve

Total and permanent disablement claims follow a similar pattern to life claims, but with some important differences. TPD claims are driven not just by serious accidents but increasingly by chronic illness conditions like cancer, cardiovascular disease, neurological disorders, and musculoskeletal disease. The incidence of all of these rises sharply from the mid-40s onward.

A TPD claim needs to potentially fund decades of living without an income. As you get older and closer to retirement, your need for TPD cover reduces at exactly the same time as your premiums are rising. By your late 50s, your superannuation is accessible from age 60, your mortgage is likely well reduced, and your children are financially independent. It is worth questioning whether TPD cover remains value for money at that point.

Trauma Cover and The Statistical Reality

Trauma cover is where the age-related premium increases often hit hardest, because the key conditions it covers cancer, heart attack and stroke are overwhelmingly diseases of middle age and beyond. Cancer diagnosis rates increase significantly from age 45 onward. The same is true of cardiovascular events. The statistical reality is that the vast majority of trauma claims are made by people aged 45 to 65 and the premium curve reflects it precisely.

For a person in their early 50s, trauma premiums on a stepped policy can be rising at a rate that makes the cover feel increasingly difficult to justify even though this is actually the period of life when they are statistically most likely to need it. This tension between cost and need is one of the most important considerations for anyone in this age bracket.

Income Protection and The Morbidity Curve

Income protection premiums are driven by morbidity risk ie, the probability of becoming too ill or injured to work, and the likely duration of that inability. Both factors worsen with age.

After 45, the incidence of conditions that cause extended periods off work increases significantly. Back and spinal problems, mental health conditions, cardiovascular disease and cancer all become more prevalent. Equally important, the recovery time when these conditions do occur tends to be longer for older claimants. A 50-year-old who suffers a serious heart event will typically take longer to return to work than a 35-year-old with the same condition.

What You Can Do About Rising Premiums

- **Review your sum insured** - As your mortgage reduces and children become independent, your need may be lower. Reducing cover in line with actual needs can cut premiums without leaving you underinsured.
- **Review your waiting period** - Extending income protection from 30 or 60 days to 90 days can reduce your premium significantly if you have savings or leave entitlements to bridge the gap.
- **Consider converting to level premiums** - If you have a long time horizon, get a comparison run. For many people in their mid to late 40s, the switch to level premiums still makes financial sense.
- **Review your policy structure** - Cover inside super can be funded from contributions rather than take-home pay. Income protection outside super attracts a tax deduction, reducing the real cost of the premium.
- **Do not simply cancel cover** - Cancelling is often the worst outcome. A proper review can almost always find a structure that maintains meaningful protection at a sustainable cost.

The Bottom Line

Premium increases after 45 are not arbitrary. They reflect the genuine increase in risk that comes with age, and they are applied consistently across life cover, TPD, trauma and income protection. Understanding why they rise and having a clear picture of your options is the difference between making an informed decision and simply reacting to a number on a renewal notice.

If your premiums are starting to feel uncomfortable, that is a signal to have a conversation, not to cancel a policy. The right review can almost always find a structure that maintains the protection you need at a cost that works for your budget.

At Harbour Life Insurance, the approach is simple: education first, no jargon, and genuine support to help you make confident decisions about reviewing your cover.

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