



Article published on May 21st 2012 | [Insurance](#)

Life insurance in NZ is now more important than it ever has been. Whilst people are living longer, their financial commitments have also grown, meaning that they need to protect themselves for greater amounts.

Why is this? Because people are taking on more debt and carrying that debt for much longer. Whilst people used to pay off debt before age of retirement at sixty five, it is now common to have debt into their seventies or eighties. This is in part due to parents now funding children into their own homes by borrowing against the value of their own home.

So life insurance NZ policies have adapted to this by offering level premiums in recognition that life insurance needs to be carried well past age sixty five. These level premium life insurance policies whilst more expensive initially work out to be far more cost effective over time. They also give certainty to clients that they can afford premiums into retirement because they know exactly how much they will be paying in later years.

A life insurance New Zealand policy can still be paid on a rate for age basis. This means that the premiums increase as the life insured gets older. The older they get, the more steeply premiums rise. This is why the level premium option is often the best option.

Care needs to be taken when looking at switching from a rate for age to a level premium to make sure it is in the person's best interests. You need to have a look at the cumulative premiums to see where the break even point is. It really all depends on how long you want the cover for. If it is for a shorter period of time then life insurance policies with a rate for age premium are often more suitable. If it is for a long period of time then life insurance policies with a level premium are often best.

Life insurance NZ policies offer level premiums to age sixty five, to age eighty and even to age one hundred. After the age is reached the premium reverts to a rate for age basis and the premium can increase dramatically.

It really depends what you want from your life insurance policy, and how long you require the cover.

The other thing to consider is the amount of cover. As mentioned previously life insurance New Zealand statistics show that the average amount of cover is increasing in relation to debt levels of ordinary New Zealanders.

A while ago one hundred thousand was considered a lot of cover. Nowadays it is not uncommon to see levels of life insurance cover exceed one million. This is a dramatic increase.

So life insurance policies have changed with the times and with the needs of New Zealand life insurance consumers. People are more aware of the need to protect debt, protect their families and their businesses by having sufficient life insurance cover. They are also more aware that there are alternatives regarding payment and structure of life insurance premiums.

Article Source:

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Article Keywords:

life insurance, life insurance NZ, life insurance New Zealand

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