CPI adjustment - Adviser FAQs.

What is the Consumer Price Index?

The Consumer Price Index (CPI) is a measure of inflation for New Zealand households. It records changes in the price of goods and services.

When does the new CPI option rate come into effect?

The new rate will apply to policies when they renew after 1 January 2024.

What policies or covers does this apply to?

The adjustment applies to all our retail policies with the CPI option.
Level policies have indexation applied and the premium increase is set at either 2% or 3% depending on the wording.

Why is the cover amount (sum insured/monthly benefit) changing?

In line with the current rate of inflation, we're updating the CPI option rate so that sums insured/monthly benefits reflect the current cost of living. This is done annually.

Can customers decline the CPI option?

Yes, the CPI option can be declined.

If a CPI option is declined for **just this year**, customers will still enjoy this option for subsequent renewals*. It's important to note though, that future renewals will use the CPI rate that we're applying at that time. This process will be repeated for each renewal cycle, where customers can again decide if they want to keep it or not until the CPI option ends.

This **doesn't** apply to the Indexation option on level premium covers where the level premium has already taken account of future indexation increases at a fixed rate when setting the level premium.

* For some older policies, there's a limitation on the number of times the CPI/Indexation option can be declined before the CPI option/Indexation option is permanently removed. Please refer to the wording which applies to that customer's policy.

If a customer has permanently removed the CPI option, can they add it back?

It depends on the customer's circumstances. Before the CPI option can be reinstated, they'll need to:

- provide medical and other information for each person insured on the policy,
- go through the assessment process, and
- be accepted.

Can a customer ask for a reduced CPI option adjustment? (E.g., if the rate is 5.6%, can they ask for 2%.)

At the annual renewal of a policy, customers have 2 choices:

1. They can run with the adjustment amount, or
2. decline it.

If the CPI option is declined, the sum insured will remain the same and premiums will still have an age-related increase applied.

When does a CPI option adjustment end?

The CPI option generally ends at age 65, however, to ensure the right end date is provided for a particular customer's policy, you'll need to refer to the policy wording that applies to that customer's policy.