

# How premiums are calculated

Explainer video - Transcript

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I want to talk about something that really matters to every law practice: how your insurance premium is calculated. Understanding this isn't just helpful, it's essential.

It gives you the confidence to plan and make informed decisions for your firm.

There are three things I'd like you to remember.

## How Your Premium Is Calculated

First, how your premium is calculated.

Your Lawcover policy renews in April or May each year, alongside your practising certificate renewal through the Law Society. When we calculate your premium, we look at a few key factors to make sure it's accurate and fair. The biggest factor is your firm's gross fee income, which means the total fees earned in the last financial year. That figure sets your base premium and from there, we apply a risk percentage based on actuarial models that reflect the claims experience of similar-sized firms.

It's a fair and transparent approach, designed to support the profession, not to maximise profit.

## The Choices and Discounts Available to You

Second, the choices and discounts available to you.

Most practices can choose a higher excess to reduce their premium, giving you the ability to manage costs. If your practice has had several large claims in the last five years, a claims loading may apply, but it's not automatic; it depends on factors like your liability for the claim. And here's some good news: we offer discounts for firms with no or low claims records and for those participating in our risk management education programs. These discounts can make a real difference to the cost of your premium.

## How We Keep Premiums Affordable and Sustainable Into the Long Term

Finally, how we keep your premiums affordable and sustainable into the long term.

Lawcover operates like a mutual style insurer, which means we don't pay dividends to shareholders. We use our Sustainable Premium Allocation model to keep your premium as stable as possible from year to year. That means if Lawcover performs better than expected financially, we use any surplus capital to offset your premium costs. Simply put, when we do well, you benefit.

If you'd like more information or have any questions, our Insurance Services Team is here to help. We're committed to providing fair and affordable premiums and a model that puts you first.

 Insurance Services Team: 1800 650 748