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## PREMIUM REDUCTION – Information Sheet

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**1. What does „premium reduction“ mean?**

→ Premium reduction means to reduce the amount of the annual premium payment starting from the renewal date that follows next to the proposal. In the case of premium reduction, the amounts insured of the capital insurance rate and all additional rates will be reduced accordingly.

**2. What is the minimum premium that I have to pay per year?**

→ The minimum premium to preserve insurance cover is 300 USD/EUR per year, therefore the new annual premium must not be less than this amount.

**3. What will happen to the premiums already paid?**

→ From the premiums that have been paid prior to alteration, we calculate a paid-up policy value which together with the new amount insured forms the total amount insured in the capital insurance rate.

**4. Is it possible to split up premiums that were paid earlier and use them in favour of future payments?**

→ A splitting of premiums that were paid prior to applying for a premium reduction is not possible.

**5. When is the best time to apply for a premium reduction?**

→ A premium reduction is possible for the first time by the beginning of the second year of insurance. However, we would recommend to make this change not before the beginning of the third year.

→ General rule: The later a premium reduction takes place, the minor the losses for the policyholder.

**6. What will happen to the additional insurance rates in the case of premium reduction?**

→ If the annual premium payment is reduced, the amounts insured of the additional rates UI and UTZ will be reduced accordingly.

The risk insurance rate RZ (within EIP) is handled as follows: If the new premium is less than 800 USD/EUR per year, the amount insured will be reduced to 2000 USD/EUR. If the new annual premium is less than 500 USD/EUR, the additional risk insurance rate RZ will be cancelled by the date of the alteration.

**7. Once my premium has been reduced, is it possible to re-establish the former state of the contract?**

→ Yes, every year by the main due date you may apply for full recovery of your contract. In this case, you have to pay the difference between the original and the reduced premiums for all the years, during which you have not been paying the full premium.

→ If premium reduction has taken place more than 1 year ago, to recover the policy to its former state the person insured has to submit to Medlife a signed health declaration.

→ For more detailed information please refer to our information sheet on „Recovery of the Contract“.

→ Application forms and other blanks may be received from the internet – please refer to the download area of our homepage at [www.medlife.net](http://www.medlife.net). At request, we may also send you the forms by mail.

**8. What are the advantages of premium reduction?**

→ If you are not able to pay the full premium, by reducing the amount of payment you may preserve at least part of the insurance cover.

**9. Which sum will I be paid at expiry of the contract?**

→ When the term of your contract ends, you will receive both the paid-up policy value plus bonus and the amount insured of the capital insurance plus bonus.

**10. What does it mean, if my premium is automatically reduced?**

→ If you have not paid the full annual premium, after a certain period of time, if the difference is not paid, your contract will be automatically adapted to the smaller premium. This alteration will be made without any proposal from your side, and you will receive an endorsement confirming the change.