



HEALTHIER, LONGER,
BETTER LIVES

UNDERSTANDING VARIABLE PREMIUMS

December 2024



Important notes

This information is for Priority Protection customers, Tailored Protection customers and for policyholders whose life insurance policies were issued by Colonial Mutual Limited Assurance Society (CMLA).

The information contained in this document is a summary only and does not replace your policy terms.

To understand more about Variable premiums, please refer to your PDS, Policy Schedule and any Significant Event Notices or contact your financial adviser.

Please note, Variable premiums are also known as Level premiums.

It's important to understand that your variable premiums can change over time

While variable premiums can increase each year for a number of reasons, they don't increase each year due to your age.

Even though Variable premiums are also known as Level premiums, this does not mean that premiums won't ever change.

Important note

Variable premiums may change due to other factors as described in this flyer, including a review of our variable premium rates*.

* A premium rate is a factor that is multiplied by the sum insured or monthly benefit to determine the premium amount.

Variable premiums don't increase because of age

Variable premiums start higher than variable age-stepped premiums but don't go up because of your age. Variable premiums are designed to be held over a long period of time. However, the amount of variable premiums you pay over the life of your policy can sometimes be more than what you'd pay for [variable age-stepped premiums](#).

Variable premiums may change

While your variable premiums don't increase because of your age, there are several reasons for premiums to change, with the main reasons being:

1. if you chose indexation, which increases your cover amount to help keep up with inflation.
2. if we change our variable premium rates for a group of our variable premium policies due to, amongst other reasons, unanticipated claims increases, or if the economic conditions change
3. due to changes in stamp duty rates
4. due to discounts that end or are reduced, or
5. if you make a change to your policy.

We cover each of these in further detail below.

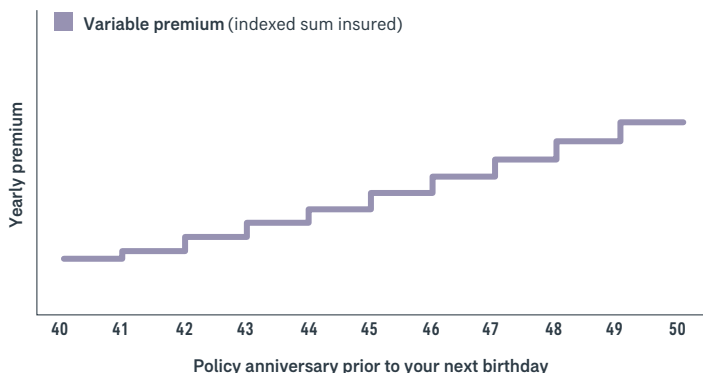
1. Increases to your premium due to indexation of your cover amount

With indexation, we increase your cover amount (sum insured) each year on your policy anniversary to help your cover keep up with inflation. As your cover amount rises, your premium will also increase.

The following table shows how the amount of cover could grow as a result of indexation, if we applied an indexation rate of five per cent each year (indexed sum insured). The premium is then calculated on the increased cover amount.

Year	Life cover amount
1	\$500,000
2	\$525,000
3	\$551,250
4	\$578,813
5	\$607,753
6	\$638,141
7	\$670,048
8	\$703,550
9	\$738,728
10	\$775,664

The increased yearly premium that results from the increased cover amount is illustrated by the purple line in the graph below. This shows how the premium increases every year as the cover amount grows (indexed sum insured). The graph does not reflect any other reasons which cause premiums to change, including a review of our variable premium rates.



Notes

1. This graph shows yearly premiums for a policyholder aged 40 years old at next birthday when they took out the policy.
2. This graph is provided for illustrative purposes only, and may not be the same for your policy.
3. Any indexation increase is applied at the policy anniversary.
4. This graph does not depict or include any increases that may result from a review of our variable premium rates. An increase to variable premium rates would result in an additional increase to that which is depicted in this graph resulting from indexation increases on variable premiums.

You can choose to opt out of indexation increases

You can choose to opt out of an indexation increase to your cover. You can phone or write to us before your policy anniversary date and tell us you don't want the indexation increase.

If you opt out one year, we will still offer you the automatic increase the following year. If you wish to stop all increases occurring in the future, you will need to advise us in writing.

For more information about how to opt out of indexation increases, please refer to your PDS.

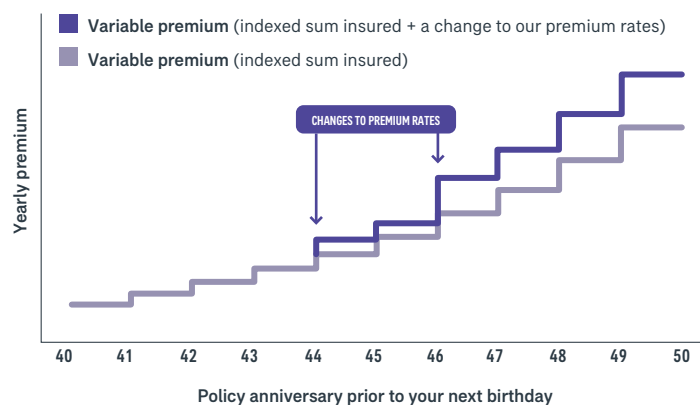
2. Increases to your premiums due to a review of our premium rates

We regularly review our premium rates for all policies and make changes to them if we need to. For instance, we might need to increase our premiums if the costs of us providing the cover increases beyond our expectations, including if we are paying more claims than we expected to pay, or if the economic conditions change.

We will only increase premium rates for all policies in a group. We won't alter premium rates individually and your policy won't be singled out for an increase.

If we increase your variable premium rates, we will give you at least 30 days' notice before any increase occurs.

The graph below illustrates an example of how a change to our variable premium rates would impact the variable premiums. Note this is an example only, provided for illustrative purposes and may not be the same as your policy.



Notes

1. This graph shows yearly premiums for a policyholder aged 40 years old at next birthday when they took out the policy.
2. Any indexation increase is applied at the policy anniversary.

3. Changes to your premiums due to changes in stamp duty rates

State and territory governments charge stamp duty on insurance policies based on where the life insured lives, and these stamp duty rates can change from time to time. We include any stamp duty we are charged for your policy in your premium according to stamp duty laws. Any changes in stamp duty rates may result in changes to your premium.

4. Changes to your premium discounts

You may have a discount on your premium that ends or reduces with time. If your discount ends or is reduced, then your premium will increase.

If you're an AIA Vitality member, the AIA Vitality discount will reduce or end if certain conditions are not met such as when you haven't maintained your Vitality status. This means that your premiums will increase. Alternatively, the AIA Vitality discount could increase (which will reduce premiums) based on your AIA Vitality status. For more information go to www.aiavitality.com.au

5. Changes you request on your policy

You can request changes to your policy to suit your changing needs. A change may impact your premium. For example you can apply for an increase to your sum insured, you can decrease your sum insured, you can add or remove optional benefits or you can request a review of any loadings. In some situations your policy may change automatically in line with policy terms and conditions.

Changes that alter the level of risk we are insuring you for may require additional medical/financial information and need to be approved and in line with the policy terms and conditions.

Premiums change to variable age-stepped on the policy anniversary before your 65th or 70th birthday

Your variable premiums will not increase each year because you are getting older, unlike variable age-stepped premiums. [Variable age-stepped premiums](#) increase each year as you get older because your chances of death, illness and injury increase with age. At the policy anniversary before your 65th or 70th birthday, your variable premiums change to variable age-stepped premiums if your cover still continues after this date.

Your premium type

Please note AIA's premium type labels have changed:

Old premium type label	New premium type label
Stepped	Variable age-stepped
Level	Variable

Although the terminology for your premium type may have changed, the premium type itself remains the same.

We're always here to help

For more information, please refer to the PDS that your financial adviser has provided you.

Each year it's important to review your changing needs with your financial adviser. Increases in the premium you need to pay to stay protected could impact your cash flow or if your policy is held in super, could adversely affect the amount of funds available at retirement.

If you have any further questions about your cover or how your premiums can change over time, you can speak to your financial adviser or contact us via:

Priority Protection: call us on 1800 333 613, between 8am-6pm (AEST/AEDT), Monday to Friday, excluding public holidays, or visit aia.com.au/life

Tailored Protection: call us on 13 10 56, between 9am-5pm (AEST/AEDT), Monday to Friday, excluding public holidays, or visit aia.com.au/tailored-protection

Things you should know: Copyright © 2024 AIA Australia Limited ABN 79 004 837 861 AFSL 230043 (AIA Australia). All rights reserved. This information is current at the date of this publication and is subject to change. This provides general information only, without taking into account factors like the objectives, financial situations, needs or personal circumstances of any individual and is not intended to be financial, legal, tax, health, medical, nutritional or other advice. Before acting on the information in this publication, you should read the relevant Product Disclosure Statement carefully and assess whether the information is appropriate for you and consider talking to a financial adviser before making an investment decision.

The Priority Protection PDS is available from your financial adviser, by calling 1800 333 613 or from aia.com.au/life. For Tailored Protection the original PDS and Policy Document you were issued and any Significant Event Notices (SEN) you may have received communicating policy enhancements provided to you since that time, should be referred to. Alternatively, you can call us on 13 10 56 or go to aia.com.au/tailored-protection.

AIA Vitality is available with eligible products issued by AIA Australia Limited. For the most up to date information on the terms and conditions of AIA Vitality partners, and to view the benefits and rewards and AIA Vitality Terms and Conditions and Benefit Guides, visit <https://www.aia.com.au/en/health-and-wellbeing/aia-vitality>. AIA Australia has prepared a Target Market Determination which describes the class of consumers that comprise the target market for these products. The Target Market Determination can be sourced at aia.com.au/tmds