



HEALTHIER, LONGER,  
BETTER LIVES

# UNDERSTANDING CONVERSION TO LOSS OF INDEPENDENCE

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 whether your cover converts to loss of independence/loss of independent existence please refer to your PDS, Policy Schedule and any Significant Event Notices we've sent you. If your policy was issued by CMLA, this information is also included in your policy anniversary letter we send you each year.

### Please note:

- Variable premiums are also known as level premiums and
- Variable age-stepped premiums are also known as stepped premiums.

## What is Loss of Independence or loss of independent existence?

Loss of Independence/loss of independent existence cover is very different and less comprehensive compared to TPD Cover and Crisis/Trauma Cover, as you will be covered for Loss of Independence/loss of independent existence only.

This cover will pay a benefit if you suffer Loss of Independence/loss of independent existence (as defined in your PDS).

It is important that you read your policy document you were issued and any Significant Event Notices (SEN) you may have received communicating policy enhancements provided to you since that time, to understand the definition that applies to you.

Whilst the nature of this definition is more limited, protecting you for loss of independence could still be suitable for you and your circumstances. Your financial adviser can help you determine what protection best suits your circumstances.

## What is conversion to Loss of Independence or Loss of independent existence?

This conversion is when your policy converts to cover you solely for Loss of Independence/loss of independent existence on the policy anniversary before you turn 65 or 70.

When your policy converts depends on which cover you have, your occupation category, and which policy you purchased.

Conversion to Loss of Independence/loss of independent existence may apply to the following types of cover:

- Total and Permanent Disability (TPD) Cover
- Total and Permanent Disablement (TPD)
- Accidental Total and Permanent Disablement (Accidental TPD)
- Universal Total and Permanent Disablement (Universal TPD)
- Double Total and Permanent Disablement (Double TPD)
- Crisis Recovery
- Trauma Cover (including Trauma Plus Cover).

We convert your cover, instead of letting it expire on the policy anniversary before you turn 65 or 70, to extend your period of cover and protect you for longer.

Once the conversion happens, Loss of Independence/loss of independent existence continues until your cover expires.

To understand if/when your cover converts and later expires, please refer to your PDS and any Significant Event Notices we've sent you.

It is important to understand that your insurance changes to protect you for Loss of Independence or loss of independent existence, rather than the original cover you selected.

When the conversion happens, your premiums will adjust appropriately to reflect this change in cover. If your policy is on [Variable premiums](#) (including Variable-style [optimum premiums](#)) when the conversion happens, premiums will automatically convert to [Variable age-stepped premiums](#).

If you make a claim after this conversion, we'll pay you a benefit if you meet the Loss of Independence/loss of independent existence definition. You will no longer be assessed against your usual definitions such as Total and Permanent Disablement, Crisis Recovery, Trauma Cover, and Trauma Plus Cover definitions.

You can be assured that if you have other types of cover or benefits on your policy, such as Life Cover, they will not be impacted by this conversion.

## When your cover doesn't convert and will expire instead.

If you have a Priority Protection policy, your TPD and/or Crisis Recovery cover won't convert and will instead expire on the expiry date, if:

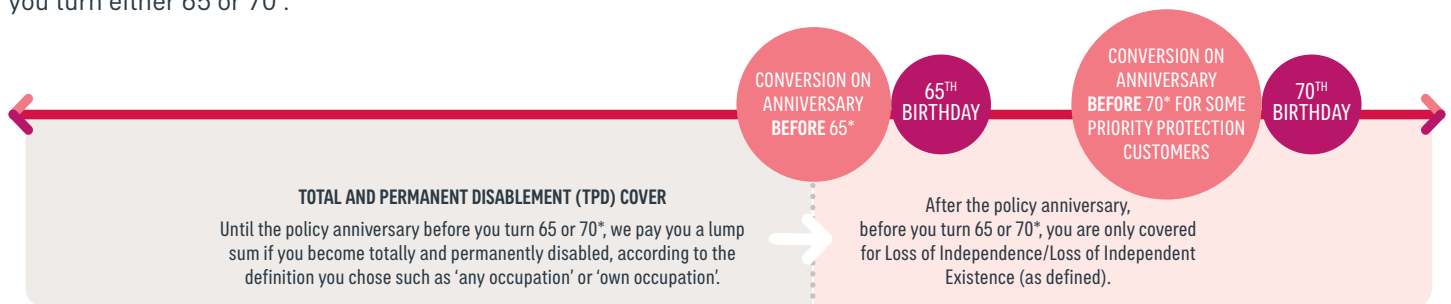
- the cover is held within a Superannuation Plan or Maximiser
- you are Occupation Category E (e.g., specialist occupations such as earth-moving workers)
- the TPD/Accidental TPD is a Rider Benefit to Crisis Recovery Stand Alone, or
- the Crisis Recovery benefit is a Stand Alone benefit.

Your cover will also expire instead of converting if none of the following documents provided to you indicate that your cover will convert to loss of independence/loss of independent existence:

- PDS
- Policy Document
- Policy Schedule
- Anniversary letter.

## Total and Permanent Disablement (TPD) Cover.

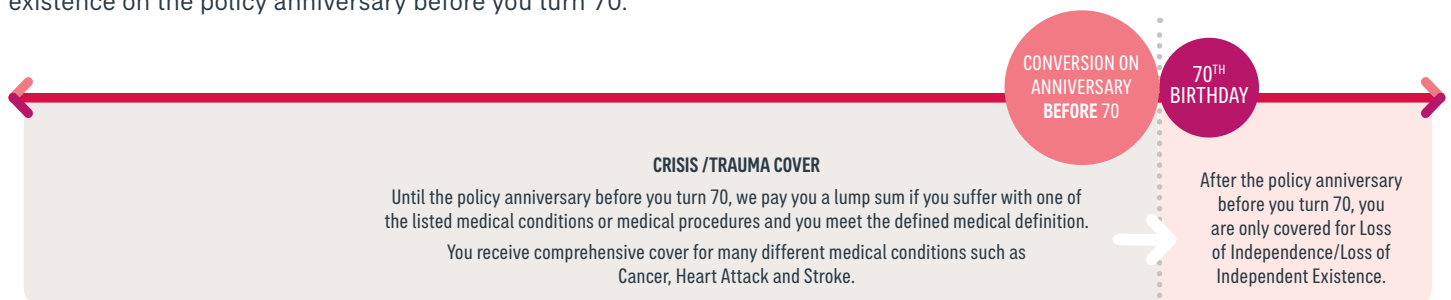
TPD Cover changes to cover you only for Loss of Independence/loss of independent existence on the policy anniversary before you turn either 65 or 70\*.



\* For Priority Protection customers in Occupation Categories: A1, A2, M, A3 and A4, this conversion happens on the policy anniversary before you turn 70. Otherwise, the conversion date is on the policy anniversary before you turn 65.

## Crisis Recovery, Trauma Cover, and Trauma Plus Cover.

Crisis Recovery, Trauma Cover, and Trauma Plus Cover changes to cover you only for Loss of Independence/loss of independent existence on the policy anniversary before you turn 70.



## Priority Protection customers.

### **Your Loss of Independence cover amount is capped to \$2 million.**

If your TPD or Crisis Recovery cover amount is greater than \$2 million on the conversion date, your Loss of Independence cover amount will reduce to a total of \$2 million.

### **If you have both TPD and Crisis Recovery, the cover amount is capped at \$2 million.**

As the maximum Loss of Independence cover amount payable is \$2 million, if you have both TPD and Crisis Recovery which converted to Loss of Independence and the total amount insured for TPD and Crisis Recovery adds up to more than \$2 million, the Loss of Independence cover amount will need to be reduced/cancelled to ensure it doesn't exceed \$2 million.

You can instruct us as to which cover you wish to reduce or cancel. If we don't hear from you, we'll determine which cover will be reduced and/or cancelled, and your next Policy Anniversary notice will reflect your amended benefits and premiums due.

If you wish to instruct AIA Australia on which cover you wish to reduce or cancel, you can do so by contacting us on 1800 333 613 between 8am-6pm (AEST/AEDT), Monday to Friday, or you can email us at [au.customer@aia.com](mailto:au.customer@aia.com). Alternatively, you can speak to your financial adviser.

## We're always here to help.

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

If you have any further questions about your cover, you can contact 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](https://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](https://aia.com.au/tailored-protection).

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The Priority Protection PDS is available from your financial adviser, by calling 1800 333 613 or from [aia.com.au/life](https://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](https://aia.com.au/tailored-protection).

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](https://aia.com.au/tmds).

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