



HEALTHIER, LONGER,  
BETTER LIVES

# UNDERSTANDING VARIABLE AGE-STEPPED 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 age-stepped premiums, please refer to your PDS, Policy Schedule and any Significant Event Notices or contact your financial adviser.

Please note, variable age-stepped premiums are also known as stepped premiums.

Variable age-stepped premiums increase each year as you get older because your chances of death, illness and injury increase with age.

Every year, before your policy anniversary, we'll provide you with information about your premium for the following year.

## Important note

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

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

## Your variable age-stepped premium may change

There are several reasons for premiums to change, with the main reasons being:

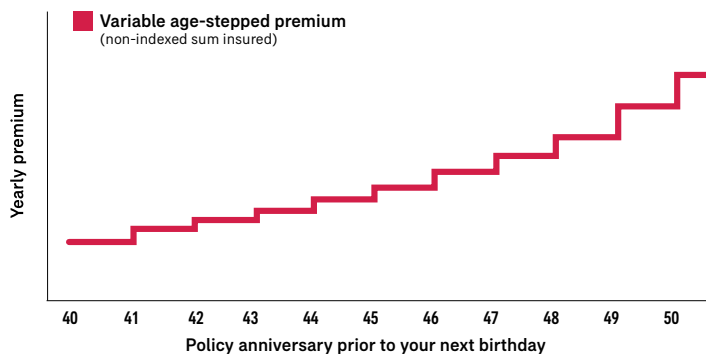
1. you get older
2. if you chose indexation, which automatically increases your cover amount to help keep up with inflation

3. if we change the variable age-stepped premium rates for a group of policies due to, amongst other reasons, unanticipated claims increases, or if the economic conditions change
4. due to changes in stamp duty rates
5. due to discounts that end or are reduced, or
6. if you make a change to your policy.

## 1. Increases to your premium as you get older

Variable age-stepped premiums generally go up every year as you get older. These age-related increases in premiums are usually greater for older customers than for younger customers because of the higher likelihood of death, illness or disability as you get older.

The graph on the next page shows how Life Cover variable age-stepped premiums increase for the same amount of cover as you get older. In this graph, the premium amount is not affected by any automatic indexation increase of your cover. This graph also does not reflect any of the other factors that we discuss in this flyer, including a review of our Variable age-stepped 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. "Age at next birthday" refers to the next birthday the insured person will have following the policy anniversary.
3. This graph does not depict or include any increases that result from indexation, nor those that may result from a review of our variable age-stepped premium rates. Indexation and/or an increase to variable age-stepped premium rates would result in an additional increase to that which is depicted in this graph.

## 2. 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.

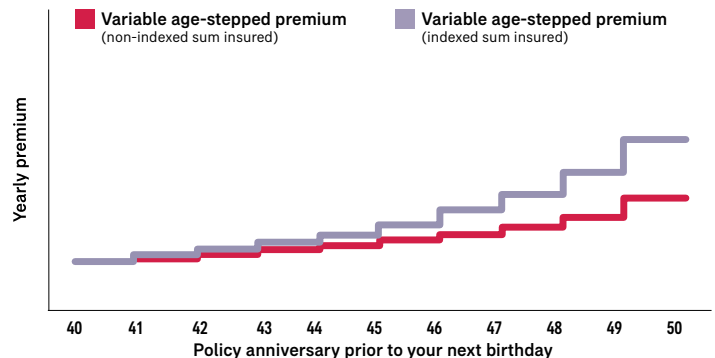
The table below shows how the amount of cover could grow as a result of indexation if we applied an indexation rate of five per cent each year (indexed sum insured). The premium is then calculated on the increased cover amount.

Year	Life Cover amount (indexed sum insured)
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

**Note:** This table is provided for illustrative purposes only and may not be the same for your policy.

The increased yearly premium that results from the increased cover amount is illustrated by the purple line in the graph below. This shows how variable age-stepped premiums would increase each year as the person who is covered gets older and as the amount of cover goes up automatically (indexed sum insured). The red line shows how the yearly premium increases if the cover amount stayed the same (non-indexed sum insured).

This graph also does not reflect any of the other factors that we discuss in this flyer, including a review of our variable age-stepped 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 age-stepped premium rates. An increase to variable age-stepped premium rates would result in an additional increase to that which is depicted in this graph resulting from indexation increases on variable age-stepped 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.

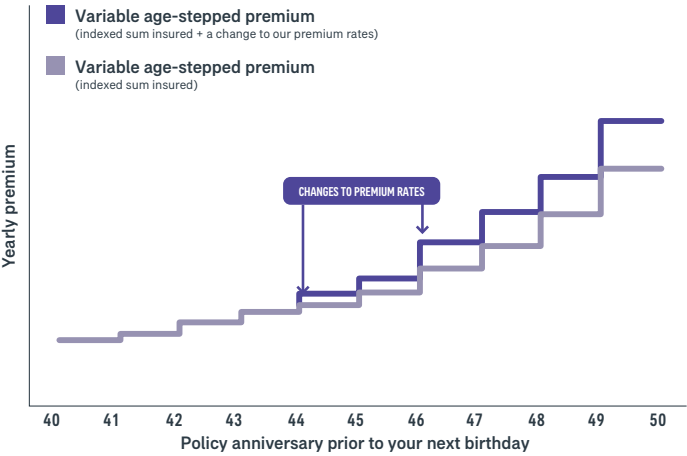
## 3. Increases in premium because we reviewed our premium rates

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 age-stepped premium rates, we will give you at least 30 days' notice before any increase occurs, which happens on your anniversary date.

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



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

#### 4. Increases 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.

#### 5. 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 might 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](http://www.aiavitality.com.au)

#### 6. 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 your 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.

#### 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 questions about your cover or how your premiums can change over time, you can contact

**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](http://aia.com.au/life)

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

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