

YOUR QUESTIONS ANSWERED

AIA Priority Protection

For Advisers

October 2023



HEALTHIER, LONGER,
BETTER LIVES

This document has been prepared to provide Advisers with support regarding the AIA Priority Protection changes introduced on 15 October 2023.

Further resources relating to this release can be found on the AIA Adviser site or by contacting your local CDM.

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Pricing changes

Q1. Which types of cover benefits will have a 5-year premium rate guarantee?

A1. We're delivering more certainty for your Priority Protection clients as we've extended our 5-year rate guarantee to include all Level premium, Income Protection CORE policies and Lump Sum policies.

This helps support your clients with financial pressures, providing more stability around their ongoing premiums.

The 5-year premium rate guarantee will apply for new business policies with:

- Lump sum cover benefits and Income Protection Core with level premiums
- Income Protection CORE policies with 5-year and 2-year Benefit Periods with Stepped or Optimum premiums

Q2. What premium types will be available for new business policies?

A2. Stepped, Level and Optimum premiums are available for new business policies as Term Level premiums have been removed. However, Term Level will still apply to existing policies and if clients with existing Term Level policies need to cancel and replace their policy.

Q3. What type of premiums will be available for new policies with Accidental Benefits?

A3. New policies with Accidental Benefits will be available on Stepped premiums only.

Q4. Are new business and existing business premium rates changing?

A4. Only new business premium rates are changing.

One of the key premium rate changes is a significant reduction in premiums for females purchasing TPD rider benefits. The premium reduction ranges approximately between 10% to 20% for those aged between 45 and 60. For more information please speak with your CDM.

Q5. What policy fees are payable?

A5. The policy fee will be indexed effective 1 October 2023 to:

| Premium frequency | Policy fee |
|-------------------|------------|
| Monthly | \$8.99 |
| Half-yearly | \$52.46 |
| Yearly | \$99.92 |

Accidental Death and Accidental TPD benefits

Q. What changes apply to Accidental Death/TPD benefits?

A. We have made the following updates for new policies:

- increased the sum insured limit for Accidental Death from \$1 million to \$2 million.
- reduced the sum insured limit for Accidental TPD for your clients in the Home Duties occupation category from \$2 million to \$1 million where it's Stand Alone or Rider Benefit to Life Cover
- changed premium rates to Stepped
- clarified that conversion to loss of independence does not occur for Accidental TPD rider but does for Accidental TPD Stand Alone
- updated Healthier Life Reward (HLR) to note Accidental Death and Accidental TPD benefits aren't eligible.

Premium Freeze

Q. What changes apply for premium freeze?

A. In the PDS and Incorporated by Reference (IBR) material document we've added Premium Freeze into the Built-in Benefits tables to bring awareness that the premium freeze also applies to IP CORE, Income Protection IP and Business Expenses. This clarification applies to both existing and new policies.

As part of this product release, Premium Freeze will also now be available for new business policies with Accidental Death and Accidental TPD cover benefits.

Medical Definition updates

Q. What are the changes?

A. We have updated the definition of Advanced Invasive Cancer for Crisis Extension to include cover for stem cell transplant for treatment of blood cancers. This change has been passed back to existing policyholders subject to the Policy upgrade terms.

Please refer to the Summary of Changes and Policy Enhancement Summary for details.

PDS Clarifications

Q. What are the changes?

A. We have updated some general policy terms and conditions to enhance your clients' understanding. The clarifications include:

- updated wording to make clear that indexation doesn't apply after cover has converted to loss of independence
- updated the Crisis Reinstatement option disclosure to bring awareness to your clients that Reinstatement option premiums still need to be paid whilst waiting for reinstatement
- updated AIA Vitality Discount wording to clarify how these discounts work and when and why they decrease or increase
- removed reference to 'without insurability for Future Underwriting Benefit (FUB)'
- removed the specific % of Employer Super Contributions for Retirement Optimiser so it's generic.

Please refer to the Summary of Changes for details.

PDS Alterations

Q. What are the changes?

A. We have made the following changes to the Priority Protection PDS:

- added a new minimum sum insured of \$10,000 for Crisis Recovery, Crisis Extension, Crisis Recovery Buy-Back, Crisis Reinstatement and Family Protection benefits
- removed the words 'female cancers' and 'male cancers' from the Carcinoma in situ policy wording but made no changes to the actual cancers covered
- updated the AIA Code of Practice wording to align with industry change from FSC to CALI
- updated the complaint contact details
- updated 'If we don't receive a premium payment' wording to note policy will be cancelled from inception if the first premium isn't received within 28 days of the premium notice
- updated 'Tax File Number' wording for policies held in Superannuation Scheme No 2, to note we'll refund within 30 days from the date the Scheme Administrator becomes aware that the Tax File Number (TFN) hasn't been validated.

Please refer to the Summary of Changes for details.

Policy Schedule changes

Q. What other changes are there for this product release?

A. We have also made changes to the policy schedule:

1. updating the signatory
2. removing wording/logic asking your clients to tell us if their occupation changes, because your clients do not need to tell us if their occupation changes
3. adding static note that Double Crisis changes to Crisis Recovery on a specific policy anniversary (depending on the occupation category) as per the existing PDS wording.

Business Rules for New Applications

Q. What is the grace period for the new PDS release?

A. There is a 30-day grace period for this release.

Need further information?

Please speak to your local CDM if you require any additional information. We'll be happy to help.

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