

YOUR QUESTIONS ANSWERED

AIA Priority Protection – Healthier Life Reward For Advisers

April 2023



HEALTHIER, LONGER, BETTER LIVES

This document has been prepared to provide Advisers with support regarding the AIA Priority Protection changes introduced on 16 April 2023.

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

Q1. What is included in the Healthier Life Reward (HLR)?

A. If the life insured meets the HLR criteria, the following will be applied:

- A 2.5% discount will be applied to the premium rates of Life Cover Plan, Crisis Recovery Stand Alone Plan and Superannuation Life Cover Plan (the lump sum benefits), excluding the Waiver of Premium benefit
- Half of the AIA Vitality initial discounts will be fixed while the life insured is receiving the HLR. Please refer to the 'AIA Vitality Premium Adjustment Rules' available at aiavitality.com.au for rules governing discounts.

If the Policy also qualifies for a Bundled discount or a Lump Sum Bundled discount, and the life insured meets the HLR criteria, the Policy will have an enhanced Bundled discount or Lump Sum Bundled discount. Please refer to the PDS sections on those discounts for more details.

Q2: What are the HLR criteria?

A: The HLR is available only as part of a new business application from Priority Protection PDS version 28, with the below criteria at the time of application for the policy:

- Body Mass Index (BMI) is between 18.00 and 26.00 inclusive
- The life insured is accepted as a non-smoker
- The policy must be issued with no premium loadings resulting from medical underwriting and must not include Crisis Recovery restricted to a module (Cancer and Coronary, Cancer Plus or Coronary Plus)
- The life insured is, or has applied and is eligible to become an AIA Vitality member. Continued AIA Vitality membership is required to maintain the HLR benefits.

For Linked Benefits (Superannuation PLUS and Maximiser), the HLR applies only when both policies meet the HLR criteria.

Q3. Will I be able to produce a quote reflecting the HLR in e-App?

A. Yes. Simply select the Healthier Life Reward tick box in e-App and the HLR discount(s) will be reflected in the quote. The customer will also need to be identified as being an existing or applying to be an AIA Vitality member and a non-smoker in the quote.

Q4. What if an application is found to be subsequently ineligible for the HLR due to an underwriting outcome?

A. The original quote generated will need to be replaced, and the premiums will be more expensive for the customer. The scenarios are outlined below:

Scenario 1:

If the policy is applied through eApp or tele-app, and the underwriting outcome applies a medical loading with an SAT to be issued to the policy, underwriters will update the application in and automatically remove the HLR and inform the adviser of the client's ineligibility for the HLR when discussing the revised terms.

Scenario 2:

If the policy is applied through eApp or tele-app and is ineligible for reasons other than medical loadings, such as an ineligible BMI disclosed in the short medical exam, underwriters will update the client's BMI information. Final checks will indicate the client's ineligibility for the HLR. In this case, New Business administration will request a new signed quotation from the adviser with the HLR removed prior to completion.

Q5. What happens if a quote is generated on a non-HLR basis but the application qualifies for the reward?

A. Even if a quote is not generated with the HLR, any application that qualifies will be issued with the HLR discount(s). A new updated premiums and a memo will be generated to notify the adviser that the HLR has been applied.

Q6. Are there any ongoing eligibility criteria that need to be met to continue to receive the HLR?

A. The policyholder must continue to be an AIA Vitality member to be eligible for the HLR, provided that the policy is in force. In addition, if the policy lapses and is not reinstated within 60 days, the HLR will end.

Q7. What happens to pipeline applications submitted prior to the release of PDS version 28?

A. The HLR is available only as part of a new business application from PDS version 28. Therefore, any pipeline applications received on PDS version 27 will not have the HLR applied. Advisers can re-submit a quote and application from 16 April 2023 to be qualified for the HLR.

Q8. What happens on Cancel and Replacement of an existing policy?

A. The HLR is available for new business applications from PDS version 28, where a replacement of a Priority Protection policy will only be eligible for the HLR if the original policy had the HLR applied. The HLR is not available for a cancel and replace of policies on PDS version 27 or earlier.

Adviser requests for any quotes required to support C&R of existing policies should be directed to your local CDM or email you request to au.adviserservices@aia.com.

Q10. Is HLR applied at a policy level or at a customer level?

A. It is applied at a policy level. If a policy has met all the HLR criteria on one policy (i.e., a Life/TPD policy) but not on another (i.e., a Crisis Recovery Stand Alone policy), the HLR will still apply on the policy which has met the criteria. For Linked policies, where one policy is structured outside superannuation and another is structured inside superannuation, they will be treated as 'one policy' for the HLR purposes, where both policies need to meet the HLR criteria to qualify.

Q11. If a policy with HLR lapses and reinstates their AIA Vitality, will their HLR be reinstated?

A. Yes, subject to the lapsed policy being reinstated within 60 days and the reinstatement of the AIA Vitality membership, the HLR will also be reinstated. However, as per the policy terms, the life insured may be required to provide evidence of continued good health and eligibility prior to reinstatement of the policy subject to underwriting approvals, which may impact the eligibility to reinstate the HLR on the policy.

Q12. Will the increase/addition exercised from Forward Underwriting Benefit (FUB) or Guaranteed Future Insurability (GFI) also enjoy HLR on a policy which has HLR applied?

A. Yes, the increase/addition exercised from FUB and GFI will remain eligible for the HLR if the life insured continues to be an AIA Vitality member.