



**AIA Australia Limited**  
(ABN 79 004 837 861 AFSL 230043)  
PO Box 6111  
Melbourne VIC 3004  
Phone : 1800 333 613  
Fax : 1800 832 266  
AIA.COM.AU

## Media Release

### **AIA Australia responds to insurance sustainability issues with first-to-market product**

**Melbourne, 16 December 2020** – Leading life insurer AIA Australia has announced it is taking the industry's first step in what will be a significant shift for Australians seeking to protect their livelihood.

AIA Australia will launch its new, sustainable income protection (IP) product, IP CORE, in early 2021, as part of its ongoing program of work focused on protecting the value of IP in the wake of increasing claims costs and premiums.

AIA Australia and New Zealand CEO and Managing Director Damien Mu said "Life insurance is a community good, and IP plays a crucial role in ensuring Australians and their families can continue meeting their expenses and protecting their way of life when they are unable to work.

"We want to ensure our products move in line with community expectations; with IP CORE, we want to adapt so that we can continue to meet the needs of those who wish to protect their income in a way that is sustainable and affordable," said Mr Mu.

The insurer is seeking to move early in response to regulator APRA's intervention, which will see providers of retail IP to put in place specific product design changes from October 2021. From January to September, AIA Australia will sell IP CORE alongside its existing IP product, Priority Protection.

IP CORE has been designed to align with APRA's guidance on product features that will drive sustainability by ensuring benefits meet customer needs and expectations, but which pose far less risk of unexpected premium increases.

The early launch is designed to ensure advisers can begin transitioning their education, business and customers ahead of the APRA guidelines becoming an industry standard, and will also allow time for the product to be refined according to adviser and industry feedback

Mr Mu noted that he wanted to take a considered and iterative approach, instead of making a wholesale product switch in October.

"We are looking to be agile, and to test views and expectations of IP CORE once we launch. We want to make sure customers understand the product, and that advisers see it as a valuable part of an overall insurance solution. This will allow us to strive for continuous improvement in our product offering.

"Launching in January will enable AIA to help support advisers and industry to transition and adjust. Given the significance of the change, it will ensure that when the industry switches over, advisers and insurers are ready.

"We want to spend the next few months working closely with customers, advisers, industry bodies, research houses and regulators to ensure we can continue to deliver affordable and sustainable IP cover to Australians into the future," said Mr Mu.

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For media enquiries and further information, please contact:

Sarah Phillips | 0498 494 791 | [sarah.phillips@aia.com](mailto:sarah.phillips@aia.com)

## **About AIA Australia**

AIA Australia is a leading life insurance specialist with over 47 years' experience. With a unique customer value proposition focused on life, health and wellbeing, our purpose is to make a difference in people's lives.

In November 2019, AIA Australia commenced a Joint Cooperation Agreement (JCA) with the Commonwealth Bank of Australia (CBA) for the joint operation of their Australian life insurance businesses, AIA Australia and CommInsure Life. The JCA enables AIA Australia to exercise a level of direct management control and oversight over CommInsure Life.

Together, AIA Australia and CommInsure Life offer a range of products that protect and enhance the lives of more than 3.8 million Australians. Our vision is to embrace shared value in championing Australia and New Zealand to be the healthiest and best protected nations in the world. With AIA Vitality – the world's leading science-based health and wellbeing program – we help members to live healthier, longer, better lives.

AIA Australia has been recognised with multiple awards, including the Women in Finance Employer of the Year Award (2018, 2019), Super Review's Best Insurer of the Year (2018, 2019), and iSelect Partner Awards Insurer of the Year (2019).

Further information at [www.aia.com.au](http://www.aia.com.au).