



Flexible Lifetime® - Protection

# What's changed?

## Product and service enhancements



AMP Life named Best Value Insurer for TPD in 2008\*

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\*5-star rating is the most prestigious rating awarded by Cannex. [www.cannex.com.au](http://www.cannex.com.au)

# Enhancements for Flexible Lifetime - Protection

In 2008 we have continued working hard to deliver on our commitment to make recommending risk easier and more profitable.

A suite of product enhancements has been delivered in AMP's Flexible Lifetime - Protection (FLP) insurance offer.

Here is an overview of the enhancements to help ensure your clients' insurance needs are continuing to be met with a contemporary, value for money offer.

## **A significantly shorter FLP Product Disclosure Statement**

We are taking advantage of recent amendments to legislation (called incorporation by reference) and have released a much shorter PDS. A substantial amount of PDS content has been removed from the base FLP PDS and "incorporated" online to the AMP website ([www.amp.com.au](http://www.amp.com.au)). The incorporated content will be in a document called "FLP Facts" and is readily accessible information for you and your clients.



## Death, TPD and Trauma cover

### Introducing level premiums

We have introduced a level premium option on lump sum cover. New customers wishing to apply for an FLP lump sum plan now have a choice between stepped or level premiums. Your existing clients with stepped premium policies can request a change to level premiums, however, please note to facilitate this a new plan will be issued. There are no underwriting requirements if no increase in cover requested at the same time.

### Financial planning benefit

The financial planning benefit reimburses clients in a claim situation for any financial advice they receive at the time. The financial planning benefit is paid upon a claim payout and has up until now been capped at \$1,500. In recognition of the increased costs of financial planning, we have increased the Financial planning benefit to \$2,000.

This enhancement applies automatically and is passed back at no extra cost to all FLP plans (but does not apply retrospectively to any past claims paid or claims already lodged at time of implementation).

## Death cover

### New Guaranteed Future Insurability (GFI) trigger

The Guaranteed Future Insurability (GFI) feature allows the insured person to increase their cover without underwriting on the occurrence of specific life trigger events. We have made the list of trigger events more comprehensive by adding “income increase” as a new trigger event.

This enhancement applies automatically and is passed back at no extra cost to all FLP plans with Death cover.

## Terminal Illness benefit payments

We have removed the maximum limit that applied on the payment of Terminal Illness benefits (our previous definition capped this at \$2 million across all AMP plans).

This enhancement applies automatically and is passed back at no extra cost to all FLP plans with Death cover (that are not on claim at implementation date).

## Binding beneficiary nominations for FLP super plans

The beneficiary nomination facility in our FLP Super plan previously operated on a “preferred” basis. We have introduced binding death benefit nominations to FLP super plans. (This change also extends to members of the Term Life Insurance (Super) product, closed to new business in 1997.)

APPLICATION PROCESS	
NEW CUSTOMERS	EXISTING CUSTOMERS
New customers will be able to make binding death nominations using the <i>Flexible Lifetime - Protection application form</i> (both within the PDS and online through EasyLodge)	Existing customers can make a binding death benefit nomination using the new <i>Flexible Lifetime - Protection Death Benefit Nomination form</i> (available at the AMP Product and Process Centre)

## Death and TPD cover

### New “TPD Plus” for linked Death and TPD

“TPD Plus” is a new option for clients who take out TPD cover linked to Death cover. On the payment of a Full TPD claim the client will remain insured for the equivalent amount of Death cover (if the TPD Plus option is selected on the plan at the time of application) and no premiums will be payable for that Death cover for the life of the FLP plan.

#### Other information about TPD Plus

- Can only be selected where TPD is linked to Death cover.
- Available on both level and stepped premium basis (ordinary and super).
- Entry age range of 15 to 59.
- Expires at age 65. Upon expiry, the TPD definition will be based on the default definition, and linked Death cover cannot be retained after a claim.
- The insured person must survive for 14 days in order to exercise the TPD Plus option.
- Amount of Death cover restored as a result of the TPD Plus option cannot have CPI, GFI or the Business Safeguard option.
- No commission is payable on the retained Death cover sum insured.
- The option cannot be exercised after payment of a partial TPD claim.

#### How to apply

NEW CUSTOMERS	EXISTING CUSTOMERS
FLP PDS paper and online application forms and quoting software will be updated to facilitate take-up of this option. Please note this option is only available where TPD cover is linked to Death cover.	FLP Increase and Addition paper and online forms will be updated to allow existing clients to make an application for this option.  Underwriting requirements will apply.

## Children’s Trauma cover revamped

Comprehensive Child Trauma cover is an important protection aspect for young families so we have improved our Children's Trauma cover.

We have:

- Added 3 new conditions to the list of covered events.
- Increased the set trauma sum insured to \$100,000 (from \$50,000). For your existing clients that already have Children's Trauma cover, an application needs to be made for the higher trauma sum insured.
- Increased the inbuilt level of Death cover to \$25,000 (from \$10,000) - this will be an automatic increase for your existing clients that already have Children's Trauma cover.

**This enhancement applies automatically and is passed back at no extra cost to all FLP plans with Children’s Trauma cover (that are not on claim at implementation date).**

## TPD cover

### Reduction in qualifying period

Part of the TPD definition was for the insured person to be unable to work in their occupation for at least 6 months in a row. We have reduced the 6-month qualifying period to 3 months, which will allow faster assessment of claims and potentially faster benefit payments.

**This enhancement applies automatically and is passed back at no extra cost to all FLP plans with TPD cover (that are not on claim at implementation date).**

### Light blue collar occupations now able to apply for the “own occupation” option

The “Own Occupation” option gives clients access to a broader definition to claim for a TPD benefit. In this definition the claimant is only assessed against their ability to work in their area of expertise and occupation.

Certain light blue collar occupations are now able to access this option (it was previously only available to white collar occupations).

Examples of occupations that will now be able to obtain Own Occupation TPD are: jeweller, butcher, builder, plumber and nurse. We categorise light blue collar and trade occupations as Occupation “B” for TPD.

#### Did you know?

**In the last 2 years AMP has paid over \$102 million in total and permanent disablement claims to over 1,300 customers.**

## Introducing “TPD Partial” benefit

This applies to non-superannuation plans only. We are making the TPD definition more comprehensive by adding a Partial TPD “part” to the TPD definition. This will enable an advance payment on the full TPD sum insured provided the “Partial TPD” is met.

This enhancement applies automatically and is passed back at no extra cost to all FLP plans with TPD cover (that are not on claim at implementation date).

## Trauma cover

### Clear cancer definition

In part, our previous cancer definition stated:

*“We won’t pay for..*

*tumours which are histologically described as pre-malignant or showing malignant changes of “carcinoma in situ” and not requiring radical surgery.”*

We have updated the definition to communicate our intent and approach better.

This part has been updated to say:

*“We won’t pay for..*

*tumours which are histologically described as pre-malignant or showing malignant changes of “carcinoma in situ” other than those requiring treatment similar in extent to that which would be undertaken for invasive carcinoma. Treatment in this instance is defined as surgery and adjuvant therapy (such as radiotherapy and/or chemotherapy).”*

### Entry ages lowered for Trauma cover

Previously to access Standard or Premium Trauma cover the insured person must have been aged 15 and over. As the maximum entry age of our Children’s Trauma cover benefit is 12 we recognised that there was potentially a gap for new clients aged between 12 and 15 requiring Trauma cover. As a result the new lower entry age for Adult Trauma cover under our Trauma Premier and Trauma Standard plans will be age 13 (down from age 15). This means more of our clients will have access to this important coverage.

## Increase in Trauma partial payment dimensions for some Trauma conditions

There are a number of conditions covered under the Trauma Premier plan (with or without the Premier Partial Package) that we pay partial benefits on.

Under Trauma Premier we have increased the partial payment for 2 conditions:

- Coronary artery angioplasty (partial) and Cancer (partial).

The new partial payment for these conditions will be as follows.

The lower of:

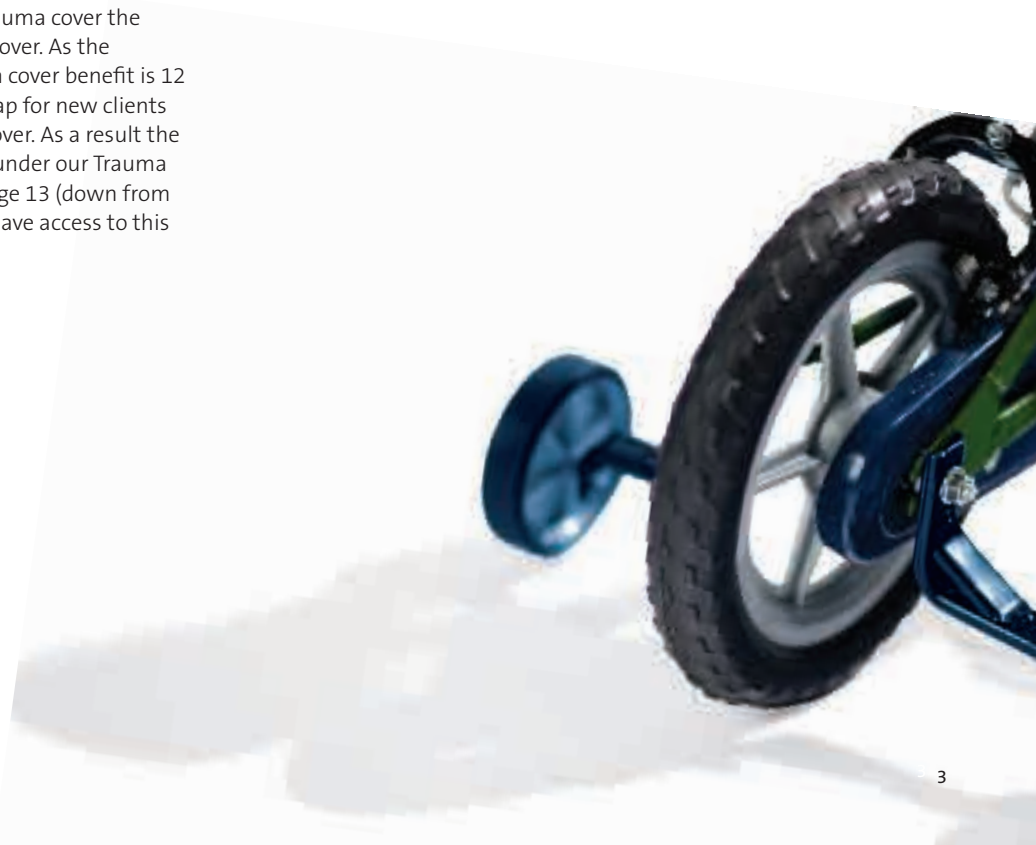
- 25% of the Trauma Premier sum insured (increased from the previous 10% of the Trauma Premier sum insured), and
- \$50,000 (increased from the previous \$25,000).

This enhancement applies automatically and is passed back at no extra cost to all FLP plans with Trauma Premier cover (that are not on claim at implementation date).

## Income Protection (IP)

### New large sum insured premium discount

We offer premium discounts on Death, TPD and Trauma cover for large sums insured. We have extended this to offer a 2.5% discount to Income Protection plans with a maximum monthly benefit of \$8,000 or more. We will pass this discount automatically to your existing clients from their next plan anniversary after 1 January 2009.



## Introducing SMSF ownership of IP plans

In recognition of the ever-expanding self-managed super fund (SMSF) market we are now allowing the FLP - IP plan (all versions) to be owned by an SMSF trustee.

### Application method

NEW CUSTOMERS	EXISTING CUSTOMERS
Simply use either the FLP PDS paper or online application forms which allow SMSFs to be nominated as the plan owner. Please note the insured person must be a trustee of their SMSF for this ownership to be valid. No other third party ownership is permitted.	Existing clients will need to fill in a new <i>FLP Application form</i> and <b>transfer their existing plan to a new one</b> owned by their SMSF. There are no underwriting requirements if no increase in cover is requested at the same time.

## Enhancement to IP Guaranteed Future Insurability (GFI)

The GFI feature on IP plans allows a client to increase their monthly benefit without any underwriting - when their income increases. We have updated the definition so that the increase will be based on the lower of 10% of the current (previously “original”) monthly benefit or \$1,000 per month.

**This enhancement applies automatically and is passed back at no extra cost to all FLP-IP plans.**

## Enhancement to the “Benefits offsets” clause under Income Protection

We have updated the offsets definition to express our intent and practice better. One of the items in our previous offsets clause stated that we will offset:

*Any insurance plans that you did not tell us about, or obtained after you applied for Income Protection.*

We have updated this item to be:

*Any insurance plans that you obtained after you applied for Income Protection, if either the insurer did not consider the AMP IP plan (you are currently applying for) in assessing your eligibility or if your total income from all insurance plans exceeds 75% of your pre-disability income.*

## More access to “benefit period to age 65”

Benefit periods up to age 65 are now available to more clients with only the unskilled heavy blue category having a maximum 5 year benefit period restriction.

## More comprehensive coverage for higher income earners

The maximum monthly benefit available for Income Protection is tapered for higher income earners. Where the standard maximum coverage is 75% of the insured person’s earned income, previously the taper applied for incomes over \$250,000. We have increased this to \$320,000 and are offering a higher percentage of insurance to these customers.

PREVIOUS - INCOME	% MAXIMUM MONTHLY BENEFIT AVAILABLE
First \$250,000 of income	75%
Next \$150,000 of income	50%
Balance of income	25%

NEW - INCOME	% MAXIMUM MONTHLY BENEFIT AVAILABLE
First \$320,000 of income	75%
Balance of income	50%

## Business Overheads Insurance (BOI)

### New Partial Disability benefit

We have introduced a benefit for Partial Disability for BOI plans. Previously a BOI plan only provided a Total Disablement benefit so that if an insured person was on claim we would stop paying once they returned to work. Partial Disability applies where, having been totally disabled, the insured person starts work again but because of their injury or illness they earn less. We then pay the amount we would pay if they were totally disabled reduced by a percentage to reflect what they are earning.

To qualify for Partial Disability the insured person must have been totally disabled for 7 days.

### A new “locum bonus”

BOI currently provides a benefit for the reimbursement of costs related to hiring a locum, where the costs of hiring the locum exceed the income the locum generates.

We have introduced a one-off locum bonus of \$1,000 where the appointed locum’s generated income exceeds the cost of hiring them. This is payable in addition to the current payment for hiring a locum (as an eligible business expense).

**This BOI enhancements apply automatically and are passed back at no extra cost to all FLP BOI plans (that are not on claim at implementation date).**

## Blue collar occupation classification review

We have undertaken a comprehensive review of our blue collar occupation classifications so that more Australians are able to access more comprehensive insurance. We have reclassified over 650 occupations effective from 17 November. The new *Underwriting Guide* includes the new classifications and they will be displayed in AMP Illustrations plus.

Over 80 occupations previously restricted to Income Protection - Basic (a cancellable contract) now can apply for any Income Protection plan. They also now have access to TSC under Flexible Lifetime - Super.

## Expansion of blue collar categories

Blue collar occupations have been reviewed and the number of categories expanded from 2 to 4, so that those who are involved in occupations with minimal manual duties can be offered cover with a reduced premium.

Greater policy options are available to many of the blue collar occupations. All 4 new occupation categories are able to apply for any of the income protection plans and there is now greater access to the age 64 benefit period.

## Medical underwriting limits

We have reviewed our underwriting limits to help reduce the average completion time for insurance applications. We have streamlined the medical requirements for lump sum insurances, with a major focus on applicants under age 45 - who can now apply for up to \$2.5 million (up from \$1 million previously) with a Personal Statement only (no mandatory medical tests).

The Underwriting Guide will show what Mandatory medical requirements may be required depending on the total cover being applied for and the age of your client.

## Hybrid commissions enhanced

We are improving hybrid commission payments for FLP plans. For business submitted through *easywrite* (AMP's automated underwriting offer) we will now pay a higher level of hybrid commission.

FLP PREMIUM REDUCTION	INITIAL COMMISSION (INCL GST) WITH <i>easywrite</i>
0%	70%
1.5%	56%
3.0%	42%
4.5%	28%
6.0%	14%
7.5%	Nil

## Insurance enhancements in Flexible Lifetime - Super (FLS)

We have also made insurance enhancements to FLS including:

- Extending GFI to TPD and TSC as well as adding the income increase trigger to EDB and TPD.
- Improving the TSC offsets definition.
- Reducing the qualifying period for TPD.
- Expanding the blue collar categories for TSC.
- Improving hybrid commission payments.

Refer to the "What's changed" document for FLS for more information.





## Talk to your AMP Business Development team about how these changes can make a difference to your business:

**Phone** 1300 366 066

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