



Forward Underwriting benefit



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As the insurance needs of your clients grow over time, the ability to increase their cover can become a difficult exercise. With AIA Australia's Forward Underwriting benefit, your clients can purchase the option to extend cover in the future.

What is Forward Underwriting benefit?

Forward Underwriting benefit is a component of the AIA Australia Priority Protection product range. It allows your clients to use their current state of health to secure the option to buy cover in the future, with *no medical underwriting*, for the following benefits:

- Life Cover benefit;
- Permanent Disablement benefit; and
- Crisis Recovery benefit.

Your clients can select any amount between \$100,000 and \$10 million of Forward Underwriting Cover. This limit includes a maximum of \$3 million for Permanent Disablement and \$2 million for Crisis Recovery.

The following provides an overview of the various options taking the product maximums into account.

Life	TPD	Crisis	TOTAL amount covered
\$10 million	\$0	\$0	\$10 million
\$7 million	\$2 million	\$1 million	\$10 million
\$5 million	\$3 million	\$2 million	\$10 million
\$3 million	\$3 million	\$2 million	\$8 million

Clients are eligible to exercise the option to buy cover without further evidence of health when a 'business event', 'personal event' or 'other event' has occurred. The amount of Forward Underwriting Cover that clients can exercise is dependent on the type of event that they have experienced.

What is a 'business event'?

An increase in personal liability, an increase in value of shareholding or an increase in the value of the shareholder. A business event occurs if the client incurs additional monetary liability as a result of the following business activities:

- Starting a new business.
- Increasing his/her personal liability for business debts.
- Shareholding/value in the business/value to the business increases.

What is a 'personal event'?

A personal event is when any of the following events has occurred:

- Marriage.
- Permanent separation.
- Mortgage.
- New child.
- Child dependant's education costs.
- Child born with Spina Bifida.
- Child born with Cerebral Palsy.

What is an 'other event'?

- Every third benefit anniversary.

Built-in benefits

The following events are built into the Forward Underwriting benefit to provide the option to obtain new or additional cover.

Built-in options	The percentage of forward underwriting cover that can be exercised
Business Event options	
Increase in personal liability	The lesser of 50% and the amount of increase in your monetary liabilities, shareholder value or value to business as a result of the business activity.
Increase in shareholder value	
Increase in your value to the business	
Personal Event options	
Marriage	Up to 25%
Permanent separation	Up to 25%
Mortgage	The lesser of 50% and the value of the mortgage.
New child dependant	Up to 25%
Child dependant's education cost	The lesser of 25% and the number of years of future attendance at an institution, multiplied by the first year's tuition fees, PLUS the number of years of future attendance at an institution, multiplied by the first year's fees for accommodation provided by the institution.
Child born with Spina Bifida	Up to 25%
Child born with Cerebral Palsy	Up to 25%
Other Event option	
Every 3rd benefit anniversary	Up to 25%

How much does it cost?

The cost of the Forward Underwriting benefit is dependent on your client's age and amount of cover. The following case study outlines the potential costs involved in selecting the Forward Underwriting benefit.

Case study

Bill Smart is 40 years old and takes out a life insurance policy worth \$2 million with \$1 million TPD. Bill's policy costs \$180 per month. Bill decides to take out \$2 million of FUB which will cost an extra \$20 per month.

So, Bill's premiums are now \$200 per month, but he has the option to increase his life or TPD sum insured by \$2 million in the future without medicals. Bill can also use the \$2 million to take out Crisis cover. Note that when Bill exercises an option, his premiums for the new/increase in cover will be based on his age at that time.

The Forward Underwriting benefit is designed to give your clients an option to easily extend their cover in the future. To find out more about AIA Australia's Forward Underwriting benefit, please contact your local Sales Manager or our Adviser Services team on Freecall 1800 033 490 (option 4).

To find out more about AIA Australia visit AIA.COM.AU

CUSTOMER FREECALL: 1800 333 613

ADVISER FREECALL: 1800 033 490

Why choose AIA Australia's Forward Underwriting benefit?

Tailor your clients' insurance needs

The AIA Australia Forward Underwriting benefit allows you to tailor your clients' insurance needs. Other Forward Underwriting benefits in the market will only allow you to increase the type of cover that your clients already have in place. The AIA Australia Forward Underwriting benefit allows you to increase any cover for the agreed amount. Your clients will not be restricted to the type of cover that they had initially.

For example, if a client now has \$2 million life cover and \$1 million TPD, you know that for various reasons the client is likely to need to increase their cover in a few years time. Usually, when a client wishes to increase their insurance cover, they will need to provide evidence of continuing good health. With AIA Australia's Forward Underwriting benefit, AIA Australia will allow the client to lock in their future requirement but only pay for the cover that they need today.

Policy ownership can differ

Also interesting to note, is that with AIA Australia's Forward Underwriting benefit, your client can increase their personal insurance when a 'business event' occurs, and vice versa.

If you don't use it, you don't lose it

Another advantage of AIA Australia's Forward Underwriting benefit is that if a 'business', 'personal' or 'other' event occurs but the client doesn't exercise the option available, the Forward Underwriting benefit is still retained. For example, should a client take out a Forward Underwriting benefit at age 20, and only exercises an option 25 years later, the Forward Underwriting benefit will still be made available to them.

Many opportunities to exercise an option

Unlike other life companies, AIA Australia's Forward Underwriting benefit allows clients to exercise an option every three years independent of whether a 'business' or 'personal' event occurs. So AIA Australia customers have numerous opportunities, including every three years, to exercise an option over the life of their policy.