

Priority Protection Supplementary Product Disclosure Statement

1 July 2014



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This Priority Protection Supplementary Product Disclosure Statement ('SPDS') supplements information contained in the Priority Protection Product Disclosure Statement ('PDS'), Version 13, Date Prepared 1 March 2014.

This SPDS is issued by:

1. AIA Australia Limited, (ABN 79 004 837 861 AFS Licence No. 230043), who is the issuer of life risk insurance policies referable to Priority Protection; and
2. CCSL Limited, (ABN 51 104 967 964, AFS Licence No. 287084), who is the trustee of the AIA Superannuation Fund ABN 78 757 377 348 and the issuer of a risk-only superannuation product that provides the Superannuation Life Cover Plan and the Superannuation Income Protection Plan benefits to members of that fund.

AIA Australia Limited and CCSL Limited each takes full responsibility for the entirety of this SPDS. This SPDS must be read in conjunction with the PDS.

This SPDS has been issued to inform you of the following important amendments to the PDS as a result of changes to the *Superannuation Industry (Supervision) Regulations 1994* (Cth) (**SIS Regulations**). The changes relate to the Superannuation Life Cover Plan and the Superannuation Income Protection Plan.

All Superannuation policies issued on or after 1 July 2014 are issued on the terms set out in this SPDS (regardless of the date the application was submitted to AIA Australia).

Insurance through Superannuation

(Page 13 of the PDS)

The following text is deleted:

'Some of the benefits available under an Ordinary Plan are not available under a Superannuation Plan. (We have noted where a benefit is not available under a Superannuation Plan throughout this PDS or where it is only available by purchasing a linked Ordinary Plan policy outside of superannuation at an additional premium cost but you should refer to the relevant Superannuation Policy.)'

and is replaced with the following text:

'Some of the benefits available under an Ordinary Plan are not available under a Superannuation Plan or different definitions or amounts of benefit may apply. (We have noted where a benefit is not available or these differences apply under a Superannuation Plan throughout this PDS or where a benefit is only available by purchasing a linked Ordinary Plan policy outside of superannuation at an additional premium cost but you should refer to the relevant Superannuation Policy.)'

Insurance through Superannuation

(Page 71 of the PDS)

The following paragraph is added immediately after the heading:

'Self-Managed Super Funds (SMSF)

Please note: The trustee of a SMSF can only have the following Priority Protection Plans:

- Superannuation Life Cover; and
- Superannuation Income Protection.'

Total and Permanent Disablement

Built-in benefits (Pages 18 and 24 of the PDS)

Total and Permanent Disablement and Double Total and Permanent Disablement

The following text is deleted:

'If your applicable definition is 'Any Occupation' and you return to work in your own occupation or perform any other reasonable occupation and if your earning capacity is permanently restricted due to your disablement to the extent that the income you generate in the 12 month period following a return to work is less than 25% of the income you generated in the previous 12 months of performing your own occupation, we will pay the Total and Permanent Disablement benefit.'

and is replaced with the following text:

'If your applicable definition under an Ordinary Plan is 'Any Occupation' and you return to work in your own occupation or perform any other reasonable occupation and if your earning capacity is permanently restricted due to your disablement to the extent that the income you generate in the 12 month period following a return to work is less than 25% of the income you generated in the previous 12 months of performing your own occupation, we will pay the Total and Permanent Disablement benefit. This benefit will not apply under a Superannuation Plan.'

Accidental Total and Permanent Disablement (Any Occupation) (Page 88 of the PDS)

The following paragraph is added immediately after (c) the life insured has suffered Accidental Loss of Independence:

'Under the Superannuation Life Cover Plan, in order to meet the definitions of (a) or (c), the life insured must also become in our opinion incapacitated to such an extent as to render the life insured unlikely ever to engage in any business, profession or occupation for which the life insured is reasonably suited by education, training or experience.'

Accidental Total and Permanent Disablement (Home Duties) (Page 89 of the PDS)

The following paragraph is added immediately after (c) the life insured has suffered Accidental Loss of Independence:

'Under the Superannuation Life Cover Plan, in order to meet the definitions of (a), (b) or (c), the life insured must also become in our opinion incapacitated to such an extent as to render the life insured unlikely ever to engage in any business, profession or occupation for which the life insured is reasonably suited by education, training or experience.'

Total and Permanent Disablement (All Duties) (Page 98 of the PDS)

The following text is deleted:

'Under the Superannuation Life Cover Plan, at least two Medical Practitioners will need to certify that the life insured has satisfied this definition.'

and is replaced with the following text:

'Under the Superannuation Life Cover Plan, in order to meet the definition of (a), the life insured must also become in our opinion incapacitated to such an extent as to render the life insured unlikely ever to engage in any business, profession or occupation for which the life insured is reasonably suited by education, training or experience.'

Total and Permanent Disablement (Any Occupation) (Page 98 of the PDS)

The following text is deleted:

'Under the Superannuation Life Cover Plan, at least two Medical Practitioners will need to certify that the life insured has satisfied this definition.'

and is replaced with the following text:

'Under the Superannuation Life Cover Plan, in order to meet the definitions of (a) or (c), the life insured must also become in our opinion incapacitated to such an extent as to render the life insured unlikely ever to engage in any business, profession or occupation for which the life insured is reasonably suited by education, training or experience.'

Total and Permanent Disablement (Home Duties) (Page 99 of the PDS)

The following text is deleted:

'Under the Superannuation Life Cover Plan, at least two Medical Practitioners will need to certify that the life insured has satisfied this definition.'

and is replaced with the following text:

'Under the Superannuation Life Cover Plan, in order to meet the definitions of (a), (b) or (c), the life insured must also become in our opinion incapacitated to such an extent as to render the life insured unlikely ever to engage in any business, profession or occupation for which the life insured is reasonably suited by education, training or experience.'

Total and Permanent Disablement (Universal) (Page 99 of the PDS)

The following paragraph is added after the first paragraph:

'Under the Superannuation Life Cover Plan, the life insured must also become in our opinion incapacitated to such an extent as to render the life insured unlikely ever to engage in any business, profession or occupation for which the life insured is reasonably suited by education, training or experience.'

Income Protection and Income Protection Accident Only

Claim Escalation benefit (Page 51 of the PDS)

The following text is deleted:

'If your claim is paid for more than 12 consecutive months, we will increase your claim payments by the higher of 3% and the CPI Increase. Your claim payments will continue to increase each year while you remain disabled until the earliest to occur of, the end of your Benefit Period, the latest Policy Anniversary prior to your age 65. Other conditions apply.'

and is replaced with the following text:

'Under an Ordinary Income Protection Plan, if your claim is paid for more than 12 consecutive months, we will increase your claim payments by the higher of 3% and the CPI Increase. Under a Superannuation Income Protection Plan, we will increase your claim payments by the higher of 3% and the CPI Increase, up to a maximum of 5%. Under both Plans your claim payments will continue to increase each year while you remain disabled until the earlier to occur of the end of your Benefit Period and the latest Policy Anniversary prior to your 65th birthday. Other conditions apply.'

AIA Superannuation Fund

What is the definition of permanent incapacity under superannuation law? (Page 66 of the PDS)

The following text is deleted:

'Permanent incapacity means that you are unlikely, because of ill-health (whether physical or mental), to ever engage in gainful employment of the type for which you are reasonably qualified by education, training or experience. At least two Medical Practitioners will need to certify this.'

and is replaced with the following text:

'Permanent incapacity means:

'a member of a superannuation fund is taken to be suffering permanent incapacity if a trustee of the fund is reasonably satisfied that the member's ill-health (whether physical or mental) makes it unlikely that the member will engage in gainful employment for which the member is reasonably qualified by education, training or experience.'

The following new section is added after the section titled 'What is the definition of temporary incapacity under superannuation law?' on page 66 of the PDS:

What is the definition of gainfully employed under superannuation law?

'Gainfully employed means:

'employed or self-employed for gain or reward in any business, trade, profession, vocation, calling, occupation or employment.'

What is the definition of terminal illness under superannuation law? (Page 66 of the PDS)

This section is renamed:

'What is the definition of terminal medical condition under superannuation law?'

and the following text is deleted:

'To meet this definition, two Medical Practitioners (one of whom must be a specialist in your condition) must certify that you have suffered an illness or have incurred an injury that is likely to result in your death within 12 months of the date of the certificate.'

and is replaced with the following text:

'Terminal medical condition means:

'a "terminal medical condition" exists in relation to a person at a particular time if the following circumstances exist:

- (a) two registered medical practitioners have certified, jointly or separately, that the person suffers from an illness, or has incurred an injury, that is likely to result in the death of the person within a period (the certification period) that ends not more than 12 months after the date of the certification;
- (b) at least one of the registered medical practitioners is a specialist practicing in an area related to the illness or injury suffered by the person;

(c) for each of the certificates, the certification period has not ended.'

Benefit exclusions and limitations

(Page 83 of the PDS)

Other limitations

The following text is deleted:

'Superannuation Income Protection Plan

Any benefit under the Superannuation Income Protection Plan cannot be paid if you are unemployed at the time of disablement.'

and is replaced with the following text:

'Superannuation Plans

Any benefit under the Superannuation Life Cover Plan and/or the Superannuation Income Protection Plan cannot be paid if in our opinion, a condition of release has not been satisfied under the Superannuation Industry (Supervision) Regulations 1994 at the time of the making of the claim.

The most relevant conditions of release are:

- death;
- permanent incapacity;
- temporary incapacity (income protection only); and
- terminal medical condition.

Refer to pages 65 and 66 of the PDS for more details.'

Income Protection benefit

Agreed Value (Page 89 of the PDS)

The following text is deleted:

'In addition, if you select Agreed Value under the Superannuation Income Protection Plan, in the event of a claim, AIA Australia will pay the trustee an amount based on the benefit we agreed to insure you for at the commencement of the policy. It is a requirement under superannuation legislation that you cannot receive more than 100 percent of your Pre-disablement Income (Agreed Value) from all sources.'

and is replaced with the following text:

'In addition, if you select Agreed Value under the Superannuation Income Protection Plan, it is a requirement under superannuation legislation that you cannot receive more than your Pre-disablement Income (Agreed Value) from all sources while you are being paid a benefit for temporary incapacity. Therefore, regardless of any other terms in this PDS, we will reduce any benefit we pay you so that the total of all income you receive from all sources, except interest, dividends and other similar investment income, does not exceed 100 percent of your Pre-disablement Income (Agreed Value).'

Indemnity (Page 93 of the PDS)

The following text is deleted:

'In addition, if you select Indemnity under the Superannuation Income Protection Plan, in the event of a claim, AIA Australia will calculate your benefit by taking into account your Pre-disablement Income (Indemnity). If the claim is admitted, AIA Australia will pay the monthly benefit to the trustee. The trustee will make the proceeds available to you subject to your having satisfied the appropriate condition of release.'

and is replaced with the following text:

'In addition, if you select Indemnity under the Superannuation Income Protection Plan, it is a requirement under superannuation legislation that you cannot receive more than your Pre-disablement Income (Indemnity) from all sources while you are being paid a benefit for temporary incapacity. Therefore, regardless of any other terms in this PDS, we will reduce any benefit we pay you so that the total of all income you receive from all sources, except interest, dividends and other similar investment income, does not exceed 100 percent of your Pre-disablement Income (Indemnity).'

Pre-disablement Income (Agreed Value) (Page 96 of the PDS)

The following text is deleted:

'PRE-DISABLEMENT INCOME (AGREED VALUE)' is the life insured's highest average monthly income for any financial year since the date two years before the commencement date of the Income Protection benefit up until the commencement of disablement. During disablement the Pre-disablement Income (Agreed Value) amount will be increased every 12 months, following the date of disablement, by 3% or the Consumer Price Index Increase (CPI Increase) (whichever is the greater). For the Superannuation Income Protection Plan, the benefit payable cannot exceed 100% of your monthly Pre-disablement Income at the date of disablement.'

and is replaced with the following text:

'PRE-DISABLEMENT INCOME (AGREED VALUE)', under the Income Protection Plan, is the life insured's highest average monthly income, except interest, dividends and other similar investment income, for any financial year since the date two years before the commencement date of the Income Protection benefit up to the commencement of disablement.

'PRE-DISABLEMENT INCOME (AGREED VALUE)', under the Superannuation Income Protection Plan, is the life insured's average monthly income, except interest, dividends and other similar investment income, for the 12 consecutive months preceding the commencement of disablement.

During disablement the Pre-disablement Income (Agreed Value) amount under both the Income Protection Plan and the Superannuation Income Protection Plan will be increased every 12 months, following the date of disablement, by 3% or the Consumer Price Index Increase (CPI Increase) (whichever is the greater).'

Pre-disablement Income (Indemnity) (Page 96 of the PDS)

The following text is deleted:

'PRE-DISABLEMENT INCOME (INDEMNITY)' is the greater of the life insured's average monthly income:

- for the 12 consecutive months preceding the commencement of disablement; and
- for the latest financial year preceding the commencement of disablement.

During disablement the Pre-disablement Income (Indemnity) amount will be increased every 12 months, following the date of disablement, by 3% or the Consumer Price Index Increase (CPI Increase) (whichever is the greater).'

and is replaced with the following text:

'PRE-DISABLEMENT INCOME (INDEMNITY)', under the Income Protection Plan, is the greater of the life insured's average monthly income, except interest, dividends and other similar investment income, for:

- the 12 consecutive months preceding the commencement of disablement; and
- the latest financial year preceding the commencement of disablement.

'PRE-DISABLEMENT INCOME (INDEMNITY)', under the Superannuation Income Protection Plan, is the life insured's average monthly income, except interest, dividends and other similar investment income, for the 12 consecutive months preceding the commencement of disablement.

During disablement the Pre-disablement Income (Indemnity) amount under both the Income Protection Plan and the Superannuation Income Protection Plan will be increased every 12 months, following the date of disablement, by 3% or the Consumer Price Index Increase (CPI Increase) (whichever is the greater).'

Total Disablement (Income Protection) (Page 99 of the PDS)

The following text is added immediately prior to the '**For Ordinary Plans only**' section:

'For Superannuation Plans only

'TOTAL DISABLEMENT (INCOME PROTECTION)' means that, **solely** as a result of Injury or Sickness, the:

- life insured is unable to perform one or more duties of his or her occupation, that is important or essential in producing income;
- life insured is under the regular care of, and following the advice of, a Medical Practitioner;
- life insured is not working (whether paid or unpaid); and
- disablement suffered by the life insured satisfies, in our opinion, a condition of release under the Superannuation Industry (Supervision) Regulations 1994 at the time of the making of the claim.'

Total Disablement (Income Protection Accident Only) (Page 100 of the PDS)

The following text is added immediately prior to the 'For Ordinary Plans only' section:

'For Superannuation Plans only

'TOTAL DISABLEMENT (INCOME PROTECTION ACCIDENT ONLY)' means that, **solely** due to Accidental Injury, the:

- life insured is unable to perform one or more duties of his or her occupation, that is important or essential in producing income;
- life insured is under the regular care of, and following the advice of, a Medical Practitioner;
- life insured is not working (whether paid or unpaid); and
- disablement suffered by the life insured satisfies, in our opinion, a condition of release under the Superannuation Industry (Supervision) Regulations 1994 at the time of the making of the claim.'

Total Disablement (Income Protection Accident Only – Occupation E) (Page 100 of the PDS)

The following text is added immediately prior to the 'For Ordinary Plans only' section:

'For Superannuation Plans only

'TOTAL DISABLEMENT (INCOME PROTECTION ACCIDENT ONLY – OCCUPATION E)' means that, **solely** due to Accidental Injury, the:

- life insured is unable to perform all of the duties of his or her occupation and any other occupation;
- life insured is under the regular care of, and following the advice of, a Medical Practitioner;
- life insured is not working (whether paid or unpaid); and
- disablement suffered by the life insured satisfies, in our opinion, a condition of release under the Superannuation Industry (Supervision) Regulations 1994 at the time of the making of the claim.'

Total Disablement (Income Protection – Occupation E) (Page 100 of the PDS)

The following text is added immediately prior to the 'For Ordinary Plans only' section:

'For Superannuation Plans only

'TOTAL DISABLEMENT (INCOME PROTECTION – OCCUPATION E)' means that, **solely** as a result of Injury or Sickness, the:

- life insured is unable to perform all of the duties of his or her occupation and any other occupation;
- life insured is under the regular care of, and following the advice of, a Medical Practitioner;
- life insured is not working (whether paid or unpaid); and
- disablement suffered by the life insured satisfies, in our opinion, a condition of release under the Superannuation Industry (Supervision) Regulations 1994 at the time of the making of the claim.'

Complimentary Interim Accidental Death Cover (Page 104)

The following text is deleted:

'AIA Australia Limited provides you with Complimentary Interim Accidental Death Cover at no additional cost to you.

This cover is provided from the date the certificate is issued, until the earliest of the following events to occur:

- an assessment decision is made; or
- 90 days after the date the application is signed; or
- the policy is issued; or
- the application is withdrawn by the proposer.

Please note your application must be received within five working days of the issue date of the certificate.

A payment equal to your first yearly, half-yearly or monthly premium needs to accompany your application form or a Direct Debit Request, Credit Card Authority or partial rollover request from your superannuation fund has been completed. Your adviser will provide you with this interim cover certificate once you have completed the application form.'

and is replaced with the following text:

'AIA Australia Limited provides you with Complimentary Interim Accidental Death Cover at no additional cost to you.

This cover is provided from the date the certificate is issued, until the earliest of the following events to occur:

- 1) an assessment decision is made; or
- 2) 90 days after the date the application is signed; or
- 3) the policy is issued; or
- 4) the application is withdrawn by the proposer.

Please note your application must be received within five working days of the issue date of the certificate.

A payment equal to your first yearly, half-yearly or monthly premium needs to accompany your application form or a Direct Debit Request, Credit Card Authority or partial rollover request from your superannuation fund has been completed. Event (1) is not applicable if you have applied for a Superannuation Plan as a member of the AIA Superannuation Fund and selected Partial Rollover from an external superannuation fund as the payment method for the initial premium. Your adviser will provide you with this interim cover certificate once you have completed the application form.'

Complimentary Interim Accidental Income Protection Cover (Page 106)

The following text is deleted:

'AIA Australia Limited provides you with Complimentary Interim Accidental Income Protection Cover at no additional cost to you.

This cover is provided from the date the certificate is issued, until the earliest of the following events to occur:

- an assessment decision is made; or
- 90 days after the date the application is signed; or
- the policy is issued; or
- the application is withdrawn by the proposer.

Please note your application must be received within five working days of the issue date of the certificate.

A payment equal to your first yearly, half-yearly or monthly premium needs to accompany your application form or a Direct Debit Request, Credit Card Authority or partial rollover request from your superannuation fund has been completed. Your adviser will provide you with this interim cover certificate once you have completed the application form.

The benefit will be calculated on a daily basis and will be paid monthly in arrears.'

and is replaced with the following text:

'AIA Australia Limited provides you with Complimentary Interim Accidental Income Protection Cover at no additional cost to you.

This cover is provided from the date the certificate is issued, until the earliest of the following events to occur:

- 1) an assessment decision is made; or
- 2) 90 days after the date the application is signed; or
- 3) the policy is issued; or
- 4) the application is withdrawn by the proposer.

Please note your application must be received within five working days of the issue date of the certificate.

A payment equal to your first yearly, half-yearly or monthly premium needs to accompany your application form or a Direct Debit Request, Credit Card Authority or partial rollover request from your superannuation fund has been completed. Event (1) is not applicable if you have applied for a Superannuation Plan as a member of the AIA Superannuation Fund and selected Partial Rollover from an external superannuation fund as the payment method for the initial premium. Your adviser will provide you with this interim cover certificate once you have completed the application form.

The benefit will be calculated on a daily basis and will be paid monthly in arrears.'

In addition to the changes made to the Superannuation Life Cover Plan and the Superannuation Income Protection Plan listed on pages 1 – 4, the following change relating to the Complimentary Family Protection under the Life Cover Plan and the Crisis Recovery Stand Alone Plan is also being implemented.

Complimentary Family Protection (Pages 28 and 36)

The following text is deleted:

We may pay a lump sum of 10% of the Sum Insured up to \$20,000 per Child if your Child dies or is positively diagnosed with a Terminal Illness or one of the other Crisis Events listed in the table on page 31 after the qualifying period (if any).

and replaced with the following text:

We may pay a lump sum up to \$20,000 per Child if your Child dies or is positively diagnosed with a Terminal Illness or one of the other Crisis Events listed in the table on page 31 after the qualifying period (if any).

Important contact information

Should you have any questions or concerns about your policy please contact your adviser in the first instance or us direct on 1800 333 613.

You can also visit aia.com.au for additional contact details and further information.