



# Priority Protection and Priority Protection for Platform Investors Adviser Guide

April 2020

For advisers

[aia.com.au](http://aia.com.au)



HEALTHIER, LONGER,  
BETTER LIVES



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# Section A – Welcome and Contacts

## 1. Welcome to AIA Australia's Adviser Guide

We've developed this adviser guide as a handy tool for advisers to find out all they need to know about AIA Australia's underwriting guidelines, claims and remuneration procedures. You can also access information through our:

### Adviser Site

The AIA Australia Adviser Site gives you access to:

- New Business reports
- Policy Services reports
- Operations forms
- Marketing material
- Underwriting forms and guidelines
- Quoting software

You can access the Adviser Site at:

<http://adviser.aia.com.au>

### Don't have a password?

If you don't have a username or password, or you've forgotten it, please contact our Sales Support Team on 1800 033 490 (option 5).

### Self-Service

This service allows you to make changes to address and payment details directly into your clients' policies. Any updates to client policies made on the self-service portal go directly into our policy administration system, with no further processing needed.

For more information on how to register for Self-Service, please go to the Adviser Site.

### Business Growth Hub

The Business Growth Hub provides you with the tools to build your business and help you make strategic business decisions in the areas of:

- Business Optimisation
- Resource Library
- Specialist Partners (marketing, succession planning, cash flow and budgeting, estate planning, online client engagement tools and referral partner engagement)
- AIA Vitality
- Technical Advice

Visit [aia.com.au/business-growth-hub](http://aia.com.au/business-growth-hub)

### AIA Connect

The AIA Connect App is made just for our Advisers. The app allows you to instantly check the status of proposals and search for any of your clients' policies on your iPhone. You can also track any policies coming up for renewal, dishonoured and overdue payments, or lapsed and cancelled policies.

Just go to the App Store and search for 'AIA Connect'

Note: Only available with Apple iPhone or iPad users.

2. Contact us

New Applications and outstanding requirements for New Business and Underwriting		
Phone	1800 033 490 (option 2)	New Business – processes all new applications, paper and eApp <sup>®</sup> Express, as well as outstanding requirements
Scan and email	infohub@aia.com	
Fax	1800 832 266	
Post	AIA Australia, PO Box 6111, Melbourne VIC 3004	
Underwriting		
Phone	1800 033 490 (option 4)	Underwriting – for all occupation, pastimes and health pre-assessments
Fax	1800 832 266	
Email (Standard)	infohub@aia.com	
Email (Pre-Assessment)	au.VICpreassess@aia.com au.VICpreassess@aia.com au.NSWpreassess@aia.com au.WAPreassess@aia.com au.QLDpreassess@aia.com au.SAPreassess@aia.com	
Policy Services/Existing Business		
Phone	1800 033 490 (option 3)	Policy Services – responsible for the maintenance of policy records, anniversary processing, policyholder alteration, disbursement requests and the provision of information to both policyholders and advisers. This includes functions such as renewals/billings of policies and the issuance of statements, notices and other documentation
Fax	1800 832 266/ (03) 9009 4824	
Email	infohub@aia.com	
Claims		
Phone	1800 033 490 (option 1)	Claims – handles all claims and follow-up requests
Fax	(03) 9009 4127	
Email	au.retail.claims@aia.com	
Sales Support Team		
Phone	1800 033 490 (option 5)	Sales Support Team – the Sales Support Team supports advisers with product, quoting, escalations and suspense follow-ups
Fax	(03) 9009 4149	
Email	au.adviserservices@aia.com	
AIA Health Insurance		
Phone	1800 033 490	AIA Health Insurance – handles all AIA Health Insurance enquiries

Our office operating hours are Monday to Friday 8.00 am to 6.00 pm AEDT/AEST.

# Section B – Underwriting Guidelines

## 1. Underwriting requirements – medical and financial

### The underwriting process

Underwriting is the process of ‘selecting and classifying’ risks. The underwriter is responsible for assessing all applications of a potential client based on their financial history, occupation, health and lifestyle. This information will enable the underwriter to make an informed decision as to the client’s suitability for cover.

### Underwriting philosophy

At AIA Australia, we aim to keep you and your clients up to date and fully informed about the underwriting process and the decisions we make. We are approachable and happy to discuss the insurance needs of your client with you.

We are committed to the following:

- ‘One bite’ underwriting – asking for all requirements upfront by thoroughly assessing the case the **first** time.
- Assessing these ‘one bite’ applications within 2 days.
- Communicating the underwriting decision when all requirements are received.
- If application is declined, we will discuss with you the alternative options for your client.

We will not always be able to provide terms that are agreeable to your clients, but we are on hand to discuss these decisions with you and provide suitable explanations as to why the decision was made.

### Acceptance

The majority of applications received by us are accepted at standard rates. If we are unable to offer full cover to a client then we may offer alternative terms determined on a case-by-case basis.

### eApp® Express

eApp® Express includes an underwriting validation layer which improves the quality and integrity of the data reaching AIA Australia.

Users will benefit from the ability to provide customers with the surety associated with point-of-sale underwriting decisions. In addition, users will find eApp® Express significantly easier to use as a result of the following benefits:

- Substantially reduced requirement for follow-up consultations with clients.
- Simplified application process, i.e. all relevant questions are automatically presented.
- Improved listings, e.g. occupations.
- Ease of navigation through quote and application.
- Automated submissions and updates.
- In some cases the app eliminates the need for the signing and submission of special acceptance terms.

### More Information

For more information about eApp® Express or to obtain a copy of the eApp® Express User Guide, please contact your local Client Development Manager or our Client Development Support team on 1800 033 490 (option 5).

### eApp® Express Mobile

As well as eApp® Express Online, we also have eApp® Express Mobile. This version is desktop-based allowing quotes (and the application) to be completed when the user is offline. An internet connection is required in order to submit the application.

AIA Australia continually updates eApp® Express Mobile to ensure the information remains current. These updates can be found via the Adviser Site. The user will be notified when the updates become available.

2. Medical underwriting requirements

Depending on the size of cover and the age of your applicant, various mandatory medicals and blood tests may be needed. You can choose to arrange the medical requirements on behalf of your clients, or AIA Australia can organise these for you. Any mandatory medical requirements needed will be shown either on the eApp (if submitting an electronic application), or on the quote.

**Medical requirements are needed once cover reaches or exceeds the levels shown below. Medical requirements are based on all existing cover with AIA only**

Life cover and TPD

Medical requirements are needed once cover reaches or exceeds the levels shown below.

	Age Next Birthday				
	Up to 45	46 – 50	51 – 60	61 – 65	66+
MBA20	\$2,500,001	\$1,500,001	\$750,001	\$600,001	\$500,001
Short Medical Exam	\$2,500,001	\$1,500,001	\$1,000,001	\$500,001	\$300,001
Stress Echocardiogram	Nil	\$5,000,001	\$5,000,001	\$5,000,001	\$5,000,001
PSA (Males)	Nil	Nil	\$5,000,001	\$5,000,001	\$5,000,001
Full Blood Count	Nil	Nil	\$5,000,001	\$5,000,001	\$5,000,001

**Note:** Where Life and TPD Stand Alone or Life and Universal TPD Stand Alone are both purchased together, the higher sum insured will apply.

For Short Medical Exams, completion of AIAs full application is required (including Personal History and Medical History).



## Crisis Recovery<sup>^</sup>

Medical requirements are needed once cover reaches or exceeds the levels shown below.

	Age Next Birthday		
	Up to 50	51 – 60	61+
MBA20 & Short Medical Exam	\$1,000,001	\$600,001	\$500,001
Stress Echocardiogram	Nil	\$1,000,001	\$1,000,001
PSA (Males)	Nil	\$1,000,001	\$750,001
Full Blood Count	Nil	\$1,500,001	\$1,000,001

**Note:** Where Life or TPD Stand Alone or Universal TPD Stand Alone is also purchased with any Crisis Recovery benefit, the stricter limits will app.

## Income Protection and Business expenses

Medical requirements are needed once cover reaches or exceeds the levels shown below.

	Age Next Birthday	
	Up to 45	45+
MBA20 & Short Medical Exam	\$15,001	\$10,001
PSA (males)	Nil	\$40,001

**Note:** For Business Expenses Stand Alone, take only half of the sum insured to determine the medical requirements. Where Income Protection and Business Expenses are combined, use half the Business Expenses sum insured, then take the higher of the two benefits to determine the medical requirements.

## BMI

Medical research indicates that being overweight is associated with an increased risk of a number of diseases and conditions such as heart attack, stroke, diabetes and musculoskeletal disorders.

Body Mass Index (BMI) is a widely accepted way to measure body weight in comparison to height, and is easy to calculate. While healthy BMI ranges vary according to age, a BMI within the range of 20 to 25 is generally considered healthy. A BMI greater than 25 is generally considered overweight.

At underwriting stage, the BMI of a potential client will be assessed and may result in premium loadings being applied. You can complete a pre-assessment with your client prior to underwriting to give an indication on whether BMI loadings may apply.

### 3. Financial underwriting requirements

#### Life, TPD and Crisis Recovery

Total Industry Cover	Life Cover*	Total & Permanent Disablement*	Crisis Recovery*
Up to \$1,500,000	A	A	A
\$1,500,001 to \$2,000,000	A	A	A + B
\$2,000,001 to \$3,000,000	A	A	N/A (max cover \$2M)
\$3,000,001 to \$4,000,000	A + B	A + B	N/A (max cover \$2M)
\$4,000,001 to \$5,000,000	A + B	A + B + C	N/A (max cover \$2M)
\$5,000,001 +	A + B + C	N/A (max cover \$5M)	N/A (max cover \$2M)

\*For professional occupation categories A1, A2 or M – Nil financial evidence required up to \$3.5M for Life, \$3M for Total & Permanent Disablement and \$2M for Crisis Recovery

#### Legend:

A = Application only – showing current year's income

B = AIA Australia Financial Questionnaire (signed by Adviser and Insured) or fully completed SOA (Statement of Advice):

- **For Personal Cover** – Sections A & B only of the AIA Australia Financial Questionnaire.
- **For Business/Keyman/Loan Protection** – Sections A, C, D, E, F of the AIA Australia Financial Questionnaire.

C = **Financial evidence as follows:**

#### Personal Cover

- Individual Income Tax Returns & Assessments Notices for the last 2 financial years are required..
- If Self-Employed (or employed by own company) – Company Tax Returns & Assessment Notices, Audited Profit & Loss Statements and Balance Sheets for all business entities for last 2 years.

#### Business/Keyman/Loan Protection Cover

- Company Tax Returns & Assessment Notices, Audited Profit & Loss Statements and Balance Sheets for all business entities for the last 2 financial years are required..
- Copy of Loan Agreement showing loan approval and all loan details.
- Copy of Buy-Sell or Share Purchase Agreement.

**Note:** Financial evidence may still be requested at lower levels of cover at AIA Australia's discretion depending on occupation, age and income.

## Repayment Relief Benefit

Sum Insured*	Occupation Category	Repayment Relief
\$1 - \$7500	A1, A2, A3, A4, B, C, CT only	<p>Copy of Mortgage Agreement/ Contract from the lending institution in Australia showing:</p> <ul style="list-style-type: none"> <li>name/address of the insured and,</li> <li>the minimum amount of home loan repayments required for the mortgage.</li> </ul>

\*Total cover. (all sources)

## Income Protection – Agreed Value (Employed) Inforce Pre 1 April 2020

Only available to policy holders who hold an Agreed Value benefit prior to 1 April 2020.

Should you require an increase or a Cancel & Replace, please provide your quote to AIA with the relevant paper application. This cannot be submitted via eAPP.

Financial evidence must be provided for all applications where the proposed insured Monthly Benefit reaches or exceeds the levels shown in the table below.

Employed Persons*				
Occupation Category	Employed*	Financial Requirements	Employed*	Extra Financial Evidence
A1, A2, M	\$15,001	<b>1. Either:</b> <ul style="list-style-type: none"> <li>Income Tax Return for the latest financial year,</li> </ul> <b>or</b>	\$20,001	<b>2. Individual Tax Returns</b> including Notice of Assessments for the last 2 financial years, <b>plus</b> <b>3. AIA Assets and Liabilities Questionnaire</b> (held personally or in Trust), completed and signed by the insured and adviser.
A3, A4, B	\$12,501	<ul style="list-style-type: none"> <li>Letter from employer detailing current remuneration package,</li> </ul> <b>or</b>	\$20,001	
C, CT	\$8,001	<ul style="list-style-type: none"> <li>Latest ATO Income Statement</li> </ul>	\$20,001	
D, E			N/A	

\* Employed person refers to employees with no ownership interest in the organisation by whom he/she is employed.

### Important Notes:

- Agreed Value Income Protection insurance cover is only available if the Policy is replacing Agreed Value Income

- Protection insurance cover from AIA and the cancel and replace is being performed to facilitate a change of ownership or correct an administrative error affecting the existing policy.
- Agreed Value Income Protection insurance cover is not available for new business policies or when an existing Agreed Value Income Protection insurance cover with AIA is being cancelled and replaced for any other reason than stated above.
- Financial evidence is based on total cover with all companies.
  - Where Income Protection and Business Expenses combined cover exceeds \$25,000/month, Profit & Loss Statements for the last 2 financial years are required.
  - Profit & Loss Statements submitted should include the Trading Account and the Accountants Notes to and forming part of the Accounts. Business Income Tax returns must also be submitted in addition to the insured's individual Income Tax Returns.
  - Where the financial evidence above is not received at application stage – financial proof of income may be required in the event of a claim.
  - Agreed Value is not available for occupation categories D & E.
  - For cover > \$30,000 refer to Senior Underwriter.

Income Protection – Indemnity (Employed)

Financial evidence must be provided for all applications where the proposed insured Monthly Benefit reaches or exceeds the levels shown in the table below.

Employed Persons^		
Occupation Category	Employed^	Financial Evidence
A1, A2, M, A3, A4, B, C, CT	\$20,001	<div>1. Either:<ul style="list-style-type: none"><li>Income Tax Return and Notice of Assessment for the latest financial year,</li><li>or</li><li>Letter from employer detailing current remuneration package,</li><li>or</li><li>Latest ATO Income Statement,</li><li>plus</li></ul></div> <div>2. AIA Assets and Liabilities Questionnaire (held personally or in Trust), completed and signed by the insured and adviser.</div>
D	Nil*	Nil
E	N/A*	

^ Employed person refers to employees with no ownership interest in the organisation by whom he/she is employed.

\* Maximum cover for occupation category D is \$15,000/month and occupation category E is \$10,000/month.

Important Notes:

- Financial evidence is based on total cover with all companies.
- Where Income Protection and Business Expenses combined cover exceeds \$25,000/month, Profit & Loss Statements for the last 2 financial years are required.

3. Profit & Loss Statements submitted should include the Trading Account and the Accountants Notes to and forming part of the Accounts. Business Income Tax returns must also be submitted in addition to the insured's individual Income Tax Returns.
4. For cover >\$30,000 refer to Senior Underwriter.

## Income Protection – Indemnity (Self-Employed)

Self-Employed Persons		
Occupation Category	Self Employed	Financial Evidence
A1, A2, M, A3, A4, B, C, CT	\$20,001	<ol style="list-style-type: none"> <li>1. Profit &amp; Loss statements and Balance Sheets for the Business or practice (including any Trusts if applicable) for last 2 financial years, <b>plus</b></li> <li>2. Income Tax Returns and Notice of Assessments for the insured and all business entities for the latest 2 financial years, <b>plus</b></li> <li>3. AIA Assets and Liabilities Questionnaire (held personally or in Trust), completed and signed by the insured and adviser.</li> </ol>
D	Nil*	Nil*
E	N/A*	

\* Maximum cover for occupation category D is \$15,000/month and for occupation category E it is \$10,000/month.

### Important Notes:

1. Financial evidence is based on total cover with all companies.
2. Where Income Protection and Business Expenses combined cover exceeds \$25,000/month, Profit & Loss Statements for the last 2 financial years are required.
3. Profit & Loss Statements submitted should include the Trading Account and the Accountants Notes to and forming part of the Accounts. Business Income Tax returns must also be submitted in addition to the insured's individual Income Tax Returns.
4. For cover > \$30,000 refer to Senior Underwriter.

## Income Protection – Agreed Value (Self-Employed) Inforce Pre 1 April 2020

Only available to policy holders who hold an Agreed Value benefit prior to 1 April 2020.

Should you require an increase or a Cancel & Replace, please provide your quote to AIA with the relevant paper application. This cannot be submitted via eAPP.

Self Employed Persons				
Occupation Category	Self Employed	Financial Requirements	Self-Employed	Extra Financial Evidence
A1, A2, M	\$15,001	1. Profit & Loss statements and Balance Sheets for the Business (including any Trusts if applicable) for the last 2 financial years, <b>plus</b>	\$20,001	3. AIA Assets and Liabilities Questionnaire (held personally or in Trust), completed and signed by the insured and adviser, <b>plus 1 and 2</b>
A3, A4	\$12,501		\$20,001	
B	\$8,001	2. Individual Tax Returns for the insured and all business entities for the latest 2 financial years	\$20,001	4. Notice of Assessments must be included with the Income Tax returns for last 2 financial years
C, CT	\$6,001		\$20,001	
D, E			N/A	

### Important Notes:

1. Agreed Value Income Protection insurance cover is only available if the Policy is replacing Agreed Value Income Protection insurance cover from AIA and the cancel and replace is being performed to facilitate a change of ownership or correct an administrative error affecting the existing policy. Agreed Value Income Protection insurance cover is not available for new business policies or when an existing Agreed Value Income Protection insurance cover with AIA is being cancelled and replaced for any other reason than stated above.
2. Financial evidence is based on total cover with all companies.
3. Where Income Protection and Business Expenses combined cover exceeds \$25,000/month, Profit & Loss Statements for the last 2 financial years are required.
4. Profit & Loss Statements submitted should include the Trading Account and the Accountants Notes to and forming part of the Accounts. Business Income Tax returns must also be submitted in addition to the insured's individual Income Tax Returns.
5. Where the financial evidence above is not received at application stage – financial proof of income may be required in the event of a claim.
6. Agreed Value is not available for occupation categories D & E.
7. For cover > \$30,000 refer to Senior Underwriter.

Business Expenses – Indemnity (Self-Employed)

Financial evidence must be provided for all applications where the proposed insured Monthly Benefit reaches or exceeds the levels shown in the table below.

Occupation Category	Self-Employed Only	Business Expenses Financial Requirements	Self-Employed Only
A1, A2, M	\$20,001	Profit & Loss Statements for the Business or Practice for the latest 2 financial years	\$1
A3, A4, B	\$20,001		N/A
C, CT, D	Nil*	Nil*	N/A
E	N/A	N/A	N/A

\* Maximum Business Expenses cover for occupation categories C, CT and D is \$15,000/month.

Important Notes:

1. Financial evidence is based on total cover with all companies.
2. Where Income Protection and Business Expenses combined cover exceeds \$25,000/month, Profit & Loss Statements for the latest 2 financial years are required.
3. Business Expenses is not available for occupation category E.

## 4. High net worth

### Assets and Liabilities (large Income Protection business)

For high net worth individuals (i.e. cover \$20,001/month or more), a separate AIA Australia Financial Questionnaire detailing the applicants 'Assets & Liabilities' (Sections A & B), must be completed by the applicant and the adviser. This statement should include an itemised list of all assets and liabilities to enable a thorough analysis and evaluation of the net asset base and degree of liquidity (but excluding the net value of the family home).

### Basis for offsetting the maximum benefit allowable

An applicant with net assets **exceeding** \$5,000,000 may have the maximum annual benefit offset using a conservative 5% investment return on the net asset value.

The net value of the family home however is excluded from the net asset calculation.

### How the 5% will be calculated to offset the Income Protection benefit

Using AIA Australia's formula:

**[(Earned Income + Unearned Income) X 75% less Unearned Income]**

Example: Applicant's Earned Income = \$275,000 pa

Total Assets	\$7,200,000	(excluding family home)
Total Liabilities	\$2,100,000	(excluding mortgage on family home)
Net Assets:	\$5,100,000	

- ☛ 5% of \$5,100,000 = \$255,000 pa which is applied as the Unearned Income figure used in the above formula as follows:

Earned Income: \$275,000  
Unearned Income: \$255,000

**(Using formula: Earned + Unearned X 75% – Unearned Income)**

- ☛ \$275,000 + \$255,000 = \$530,000.  
→ 75% of the first \$320,000 = \$240,000 plus,  
→ 50% of the next \$210,000 = \$105,000  
\$345,000

→ \$345,000 – \$255,000 (Unearned Income) = \$90,000

**Maximum insured Monthly Benefit available = \$90,000/12 = \$7,500/m**



**Case Study:**

Paul is a Barrister QC 48nbd earning \$620,000 per annum income. He has numerous investments including holiday homes, rental properties and various managed investments. Paul has no existing income protection cover and on financial assessment of his application for Income Protection, his net assets (assets less liabilities), were \$5.5M (excluding his superannuation and family home).

Paul's Income Protection benefit was calculated as follows:

Earned Income: \$620,000

Unearned Income: \$275,000 (calculated as 5% of \$5.5M of net assets)

☛ Using the formula: (Earned Income + Unearned Income) X 75% less Unearned Income

\$620,000 + \$275,000	= \$895,000
→ 75% of first \$320,000	= \$240,000 plus,
→ 50% of next \$240,000	= \$120,000 plus,
→ 20% of balance \$335,000	= \$ 67,000

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Total      \$427,000

The maximum Monthly Benefit available for Paul is

→ \$427,000 – \$275,000 (Unearned Income) = \$152,000

→ \$152,000/12 = \$12,667/m

5. Proof of income – last 2 years

When requesting proof of income we are looking for consistent earnings in history which demonstrate continuity of income over the past few years.

Proof of income is defined as **actual lodged returns submitted to the Australian Taxation Office (ATO) over the last 2 financial years.**

Since incomes can vary each year, (particularly for self-employed clients), we will average the income if high earnings are demonstrated in a single year which is out of line with previous years income (unless there are particular reasons to base the cover on the most recent earnings). We will, however, consider current figures available not yet lodged to the ATO, provided a statement is received from the policy holder's accountant confirming that the figures are the final figures that will be submitted to the ATO.

These figures would be in addition to the actual figures already provided for the past two-year period. (When determining the final benefit allowable, other factors also taken into consideration include; age of the applicant, years in the business, date the business started, any significant fluctuations in earnings etc.) Financial evidence required to verify income includes Individual and Company Income Tax Returns as well as Profit and Loss Statements and Balance Sheets for the last two financial years. Where there are other entities such as Trusts, Income Tax Returns, Profit and loss Statements and Balance Sheets are also required.

6. Agreed Value and Indemnity alterations

Agreed Value or Extended Indemnity to Indemnity

Existing Income Protection (IP) policies altering from Agreed Value or Extended Indemnity to Indemnity do not require any medical or financial evidence since the risk to AIA Australia reduces. Cases can be accepted without approval by an

underwriter. Only a Request for Alteration is needed by the policy owner.

Agreed Value to Extended Indemnity

Existing Agreed Value IP policies cannot be altered to Extended Indemnity without a new application for cover being submitted.

Indemnity to Extended Indemnity

When altering existing IP cover in the above cases, financial evidence should be obtained as follows:

Case fully underwritten medically by AIA Australia (includes Takeover terms cases)	
Below the Financial Underwriting Limits	Above the Financial Underwriting Limits
<b>1.</b> Completion of Income Details via: <ul style="list-style-type: none"><li>– Section D,E and F (Income Details) of Application for Increases/ Additions.</li></ul>	<b>1.</b> Completion of Income Details via: <ul style="list-style-type: none"><li>– Section D,E and F (Income Details) of Application for Increases/ Additions.</li></ul> <b>2.</b> Financial Evidence per the mandatory limits for the period when Agreed Value cover is taken up.

7. Pastimes and pursuits

This section is designed to help you in determining whether a particular sport or activity would be likely to incur a loading, exclusion or requirement for special acceptance terms and to also assist in preparing a potential client for the type of cover that is suitable for them.

The table on the following pages illustrates the type of activity, level of participation and possible terms. It is a guide only and each application regarding pastimes and hazardous activities will be based on the information provided in the application.

If an activity is not listed, please contact our underwriting team. Alternatively, the life insured can complete the relevant questionnaire contained in the personal statement.

## AIA Australia guidelines – Total & Permanent Disablement (TPD), Income Protection (IP), Business Expenses (BE) and Waiver of Premium (WOP).

(Refers to recreational/amateur activities)

Activity	IP/BE	TPD/WOP
Abseiling	Exclude	Std
Archery	Std	Std
Aviation (Private recreational flying – see also Aviation Guidelines):		
– Fixed Wing – Up to 100 hours	Std	Std
– Over 100 hours	Exclude	Exclude
– Micro light/Ultra light	Exclude	Exclude
– Helicopter (rotary wing – more than 75 hours/pa)	Exclude	Exclude
– Ballooning (pleasure only – less than 100 hours)	Std	Std
– Gliding (powered/self launching)	Exclude	Exclude
– Hang Gliding	Exclude	Exclude
– Aerobatics	Exclude*	Exclude*
*(Full aviation exclusion must be applied – not just aerobatics)		
Baseball/Basketball	Std	Std
Boxing	Exclude	Exclude
Bungy Jumping	Exclude	Exclude
Cycling: – Amateurs/club members – racing/competing	Std	Std
– Professional	Exclude	Exclude
– Mountain bike riding – pleasure only	Std	Std
– competition	Exclude	Exclude
Canoeing/Kayaking (pleasure only – no remote areas)	Std	Std
Diving: – Scuba/Skin (amateur only) – Up to 30m depth	Std	Std
– Over 30m depth	Exclude**	Std**
– Cave diving, Pot holing	Exclude	Exclude
– Snorkel	Std	Std
**(Underwriters can use some discretion here)		
Equestrian (see Horse Riding)		
Fencing	Std	Std
Football*** (all codes – except Touch Football/Oz Tag) excludes professional/semi-professional football players:		
– Class A1, A2, M, A3, A4 – 14 dw IP/BE only	+25% or Exclude	Std
– 30 dw to 2 year wait IP/BE only	Std	Std
– Class B – 14 dw to 60 dw IP/BE only	+25% or Exclude	Std
– 90 dw to 2 year wait IP/BE only	Std	Std
– Class C, CT, D – 14 dw IP/BE only	Exclude	Std
– 30 dw to 60 dw IP/BE only	+25% or Exclude	Std
– 90 dw to 2 year wait IP/BE only	Std	Std

\*Only applicable to policies that have Extended Indemnity available

Activity		IP/BE	TPD/WOP
– Class E	– 30 dw to 2 year wait	+25% or Exclude	Std
***(Depending on occupation, history of injuries or joint related problems, exclusion may still be applied) For IP Accident Only – all categories A1–E = Exclude			
Semi-professional Football		IC	IC
Touch Football/Oz Tag (Class A1 – E)		Std	Std
Gymnastics (no competition) *(Consider exclusion in some instances)		Std*	Std
Horse Riding	– Social only (no jumping/racing/competitions)	Std	Std
	– Show jumping, gymkhana, vaulting	Exclude	Std
	– Endurance events, steeplechase	Exclude	Std
	– Dressage only	Std	Std
Martial Arts (recreational only):			
– Contact	A1, A2, M, A3, A4 (14 dw IP/BE only)	Exclude	Std
	A1, A2, M, A3, A4 (30 dw to 2 year wait IP/BE only)	Std	Std
	Class B to E	Exclude	Std
(Amateur, no exhibitions/competitions incl Judo, Jujitsu, Karate, Kick Boxing, Kung Fu, Hapkido, Aikido, Aris de Mano, Taekwondo, Tai Chi, Kendo, Ninja IP/BE only)		Std (min. 30 dw)	Std
– Non Contact – Amateur, no exhibitions/competitions			
Marathon/Cross Country Running		Std	Std
Motor Car Racing Amateur only:			
– Open Wheel		Exclude	Exclude
		Exclude	Exclude
– Sports Cars/Sedans/Touring Cars		Exclude	Exclude
		Exclude	Exclude
– Drag Racing/Hot Rods/Stock Cars		Exclude	Exclude
		Exclude	Exclude
– Karting – Enduro/sprint		Exclude	Exclude
		Exclude	Exclude
– Speedway		Exclude	Exclude
		Exclude	Exclude
– Others	– Hill Climbs/Rallies/Off Road	Exclude	Exclude
	– Vintage/Veterans/Historic	Std	Std
Motor Cycle Racing:			
– Circuit/Cross Country/Dirt Track		Exclude	Exclude
– Trail Bike (pleasure/leisure only) where all safety precautions and registration/licensing regulations are followed			
	– Class A1, A2, M, A3, A4	Std	Std
	– Class B to E (90dw IP/BE only)	IC	Std
– Trail Bike Riding where safety precautions are not followed			
	– Class A1, A2, M, A3, A4 (90dw IP/BE only)	Std	Std
	– Class B to E	Exclude	Exclude
Mountaineering:	– Within Aust/NZ (below snow line)	Std	Std
	– Overseas (above snow line)	Exclude	Exclude
Parachuting:	– ‘One off’ jump (no further jumps intended)	Std	Std
	– Regular jumps	Exclude	Exclude
Para sailing (pleasure only)		Std	Std
Power Boat Racing		Exclude	Exclude
Private Flying (see Aviation)			

Activity	IP/BE	TPD/WOP
Rafting (white water)	Exclude	Exclude
Rock Climbing: – Indoor	Std	Std
– Outdoors	Exclude	Exclude
– Abseiling	Exclude	Std
Rowing	Std	Std
Sail Boarding	Std	Std
Sailing/Yachting: Pleasure cruising only		
– local bay, harbour, inshore (no ocean crossing)	Std	Std
– trans ocean/ocean crossing (single/multi crew)	Exclude	Exclude
Ocean racing		
– ocean racing Australian waters including Sydney to Hobart	Exclude	Std
– all other racing including ocean crossing (single/multi crew)	Exclude	Exclude
Shooting	Std	Std
Skiing: – Water – Amateur/Pleasure only	Std	Std
– Competition/Trick Skiing/Jumping	Exclude	Exclude
– Snow – Recreational/Pleasure only	Std	Std
– Downhill/Cross Country (no competition)	Std	Std
Sky Diving	Exclude	Exclude
Soccer (see Football)		
Squash	Std	Std
Surfing	Std	Std
Tennis (all types)	Std	Std
Triathlons	Std	Std
Weight Lifting: – recreational only	Std	Std
– competitions	Exclude	Std
Wrestling	Exclude	Std
Yachting (see Sailing)		

**Note: Instructors in many of the above activities will usually require an exclusion.**

## 8. Expatriate cover

### Who is considered an expatriate (ex-pat)?

An 'expatriate' for insurance purposes is defined as:

**'Those who maintain and continue to hold Australian Permanent Residency or Citizenship status but intend to work overseas for short periods and return to live in Australia in the near future (3–5 years).'**

### What if the applicant is currently residing outside of Australia?

If the applicant is currently residing outside of Australia, AIA Australia must establish the following:

1. The country where the ex-pat is already working. The financial services regulations around the offering of financial products may not allow for foreign issuers to sell their products in that country. In addition, licensing restrictions on AIA Australia may limit its ability to sell its products to residents outside of Australia. Please contact your AIA Australia underwriter for further details.
2. How long the applicant has been, and how long they will remain, outside of Australia.
3. What the applicant's current or intended occupation is while outside of Australia.
4. The relevant country category from the Department of Foreign Affairs (DFAT). AIA Australia cannot offer any cover to those applicants residing in a DFAT 4 (high-risk country). AIA Australia will consider DFAT 3 countries on an individual basis.
5. Advisers must not actively promote the product offshore by preparing flyers for distribution to their offshore clients, or mine data lists in the offshore countries to promote AIA Australia products (and like activities).

IC = Individual Consideration. Depending on occupation, history of injuries or jointed related complaints, exclusion may be applied.

## Terms and conditions

### Life Cover, Total and Permanent Disablement (TPD), and Crisis Recovery:

1. The applicant must be an Australian citizen or a permanent resident of Australia.
2. The applicant must intend to return to and reside in Australia within 5 years of taking the policy.
3. Cover must not exceed \$5 million for Life Cover, \$3 million for TPD (subject to age and occupation) and \$2 million for Crisis Recovery (subject to age and occupation) from all sources.
4. Medicals and blood tests can be performed in Australia or overseas. If performed overseas they must be completed in English using AIA Australia's standard forms (we will reimburse up to the standard Australian fees).
5. All premiums and claims proceeds will be made in Australian dollars.

### Income Protection and Business Expenses:

1. The applicant must be an Australian citizen or a permanent resident of Australia.
2. The applicant must intend to return to and reside in Australia within 3 years of taking the policy.
3. Minimum 30-day waiting period.
4. Copy of contract outlining length/term of the contract if available.
5. Open ended contracts will be declined until the insured returns to Australia.
6. Medicals and blood tests can be performed in Australia or overseas. If performed overseas they must be completed in English using AIA Australia's standard forms (we will reimburse up to the standard Australian fees).
7. All premiums and claims proceeds will be made in Australian dollars.
8. Special terms apply in the event of a claim overseas, whereby the insured must return to Australia within six months from the commencement of the disablement.

## 9. Temporary residents

### Temporary residents – on medium or long term visas (for 482 or 163 visas greater than 2 years)

These guidelines are only available for lives who have applied for, or are intending to apply for Permanent Residency in Australia.

	Occupation Categories A1, A2, M, A3, A4, B, C, CT on a Visa 482 or Spouse Visa	Occupation Categories D, E on a Visa 482 or Spouse Visa	All Occupation Categories on a Visa 163 or Spouse Visa
Cover	Maximum cover/Criteria	Maximum cover/Criteria	Maximum cover/Criteria
<b>Life:</b>	\$2,000,000	\$2,000,000	\$2,000,000
<b>Total and Permanent Disablement:</b>	\$1,000,000	\$1,000,000	\$1,000,000
<b>Crisis Recovery:</b> (Modularised Crisis such as 'Cancer Plus' or 'Coronary Plus' are not available)	\$1,000,000	\$1,000,000	\$1,000,000
<b>Income Protection:</b>	<ul style="list-style-type: none"> <li>If self employed <b>must</b> have purchased or be purchasing an established/existing business (not starting own or new business). Only Indemnity cover will be available (with a Newly Self Employed Clause to apply if purchasing established business in first 12 months).</li> <li>Minimum 30 day wait</li> <li>Maximum sum insured for occupations A1, A2 &amp; M is \$15,000/month. For occupations A3 – A4 maximum sum insured is \$10,000/month</li> <li>Up to age 65 benefit period</li> </ul>	<ul style="list-style-type: none"> <li>Not available for self employed clients</li> <li>Minimum 30 day wait</li> <li>Maximum sum insured \$10,000/month</li> <li>2 or 5 year benefit period only</li> </ul>	<ul style="list-style-type: none"> <li>Not available until the client has been in business for 2 years and 2 years' worth of financial records are available</li> </ul>
<b>Forward Underwriting Benefit:</b>	Not available	Not available	Not available

#### Additional Underwriting Criteria:

- Short term visas under Temporary Skill Shortage (TSS) up to 2 years are not eligible for insurance cover.
- 482 and 163 visas must be long term i.e., greater than 2 years. (For other long term visas greater than 2 years, please refer to AIA Australia.)

3. Application must show life insured has applied for, or is intending to apply for Permanent Residency in Australia.
4. A Residential Exclusion will apply for Crisis Recovery, Total and Permanent Disablement and Income Protection benefits.
5. Sub-standard lives will be considered on an Individual Consideration basis.
6. If no intention to apply for Permanent Residency, please refer to AIA Australia (noting Crisis Recovery, Total and Permanent Disablement and Income Protection benefits are not available).

## 10. Permanent residency and citizenship

### **Is the applicant required to be a permanent resident or citizen of Australia to apply for insurance?**

To apply for insurance with AIA Australia, the life insured is required to be either:

1. a permanent resident of Australia
2. a citizen of Australia or
3. a New Zealand citizen living and working in Australia permanently (on a 444 Visa)

Temporary residents working and living in Australia who are currently applying, or intending to apply, for permanent residency in Australia may be assessed on an individual basis.

To be eligible for AIA Vitality, the applicant must be a permanent resident or citizen of Australia.

## 11. Alternative terms

Following an underwriting assessment we may, in some instances, offer alternative terms to your clients.

### **Total and Permanent Disablement**

Where we are unable to offer cover under Total and Permanent Disablement, we will usually offer Accidental Total and Permanent Disablement (Accidental TPD) or Universal Total and Permanent Disablement (Universal TPD). Please note, this offer cannot be made where a Term Level premium pattern was originally selected as Accidental TPD and Universal TPD are not available with a Term Level premium pattern.

### **Crisis**

Where we are unable to offer cover under our comprehensive Crisis Recovery benefit, we may offer your client one of the following crisis modules:

- Cancer and Coronary (excludes 'Other Serious Crisis Events' as defined in the PDS and is generally cheaper than our comprehensive Crisis Recovery benefit)
- Cancer Plus (excludes 'Coronary Events' as defined in the PDS and is generally cheaper than our comprehensive Crisis Recovery benefit); or
- Coronary Plus (excludes 'Cancer Events' as defined in the PDS and is generally cheaper than our comprehensive Crisis Recovery benefit).

Please note, crisis module offers cannot be made where a Term Level premium pattern was originally selected as these crisis module are not available with a Term Level premium pattern.



## Income Protection

Where we are unable to offer cover or Income Protection, we may offer Income Protection Accident Only (IP Accident Only). Please note, this offer cannot be made where the original Income Protection cover was structured inside superannuation as this product is not available inside superannuation.

## 12. Mining guidelines

The following guidelines apply to occupations in mines and the oil and gas industry operating in Australia and Australian waters. We will also apply the same ratings to underground and offshore workers unless otherwise specified.

Many jobs within these industries are located in remote areas of Australia. As a result, incomes include; living away from home allowances and penalty rates for the hours worked. This means that these occupations may offer higher than average incomes for the equivalent occupations based in cities and towns. **In all instances completion of AIA Australia's Mining Questionnaire or Oil & Gas Questionnaire is required.**

For these reasons the level of cover for Income Protection will be restricted.

### Maximum Monthly Benefits:

No Monthly Benefit restrictions A1/A2 only  
 >5 years experience \$7500 A3/A4/B/C/CT  
 <5 years experience \$6250 A3/A4/B/C/CT  
 >5 years experience \$7500 D/E  
 <5 years experience \$4000 D/E

Apart from the maximum Monthly Benefit restrictions the normal occupational rules will apply.

No Monthly Benefit restrictions		
Occupation	Occupation Rating	
	Mining	Oil & Gas
<b>Qualified Professional (&lt;10% fieldwork)</b>		
Chemical Engineer	A1	A1
Engineer	A1	A1
Exploration Engineer	A1	A1
Geologist	A1	A1
Industrial Chemist [non-hazardous]	A2	A2
Metallurgist	A1	A1
Mine Manager [degree qualified]	A1	Not applicable
Minerals Process Engineer	A1	A1
Quarry Manager [degree qualified]	A1	Not applicable
<b>Maximum Monthly Benefit &lt;5 years experience \$6250 &gt;5 years experience \$7500</b>		
<b>Qualified Professionals (fieldwork)</b>		
Chemical Engineer [non hazardous]	B	B
Engineer	B	B
Geologist	B	B
Metallurgist	B	B
OH&S Manager/Officer	B	B
Surveyor	B	B

Maximum Monthly Benefit <5 years experience \$6250 >5 years experience \$7500		
Occupation	Occupation Rating	
	Mining	Oil & Gas
Assayer*	B	B
Boilermaker [no off shore]*	D	D
Carpenter*	CT	CT
Chef*	C	C
Clerk*	A3	A3
Diesel fitter*	CT	CT
Diesel mechanic*	CT	CT
Draftsperson*	A4	A4
Dragline operator [no off shore]*	C	C
Electrician*	CT	CT
Electronic technician*	B	B
Instrument technician*	B	B
Laboratory technician*	B	B
Long wall co-ordinator	B	Not applicable
Long wall co-ordinator [<10% fieldwork]	A3	Not applicable
Maintenance planner [<10% fieldwork]*	A3	A3
Maintenance superintendant [<20% manual]*	B	B
Maintenance supervisor [<20% manual]*	B	B
Mechanic*	CT	CT
Mechanical fitter*	CT	CT
Mine deputy	B	Not applicable
Mobile plant supervisor [<20% manual]*	C	C
OH&S Manager/Officer [<10% fieldwork]*	A3	A3
Plumber*	CT	CT
Trade supervisor [<20% manual]*	B	B
Welder*	D	D

Maximum Monthly Benefit <5 years experience \$4000 >5 years experience \$7500		
Occupation	Occupation Rating	
	Mining	Oil & Gas
Bogger operator	E	Not applicable
Crane operator	E	E
Chemical engineer [hazardous materials]	IC	IC
Derrickman [no off shore]	Not applicable	E
Driller operator [no off shore]	Not applicable	E
Dump truck operator	D	D
Excavator operator	E	E
Haul pack driver/operator	D	Not applicable
Industrial chemist [hazardous material]	IC	IC
Jumbo operator	E	Not applicable
Kitchen worker	D	D
Labourer [no off shore]	E	E
Mill operator	E	Not applicable
Miner [no face work]	E	Not applicable
Pipeline supervisor [no off shore]	D	D
Quarry worker [no explosives]	E	Not applicable
Refinery supervisor [no off shore]	Not applicable	E
Surface worker	E	Not applicable
Tool pusher [no off shore]	Not applicable	E

### 13. Increases and alterations – auto requirements

**Important Note:**

**1. Policies originally accepted on Takeover Terms or Continuation Options:**

Full underwriting is needed for any increases or alterations using the application for Increase/Additions together with any mandatory medical or financial evidence.

The guidelines below do not apply for cases originally accepted by AIA Australia under continuation options from group or takeover terms from another company. These increases will require full medical and financial evidence.

**Alterations/Increases**

0–3 months from date original application was received	>3 months
Original application form	Application for Increase/ Addition is needed Signed quote if applicable

Note: The validity of the Application for Increase/Addition is the same as for normal applications.

**Review of existing sub standard terms**

**a. Loadings**

An application for Increase/Additions is needed for all reviews of medical, occupational, residential, avocational premium loadings, in addition to any other medical evidence.

**b. Exclusions**

An application for Increase/Additions is needed for all reviews of medical, occupational, residential, avocational exclusions including any relevant questionnaires and medical evidence.

## 14. Casual Workers

The following exception criteria applies to casual workers seeking comprehensive cover for Income Protection and TPD benefits. (Where the criteria cannot be met, Universal TPD may be offered).

### Income Protection

All applicants on Casual Work agreements must meet the requirement to be considered for comprehensive IP benefits:

	Criteria for IP
<b>Occupations</b>	A1, A2, M, A3, A4, B and C
<b>Minimum Hours</b>	A1 to A4, M – 20p/week B/C – 25p/week
<b>Maximum Entry Age</b>	55 ANB
<b>Casual Work History</b>	A minimum 1 years' continuous casual employment (on a casual work agreement), on Minimum Hours, with the same employer (i.e. no breaks or gaps in work) except for annual leave/public holidays.
<b>Waiting Period</b>	30 days (subject to note below)* otherwise 90 days
<b>Benefit Period</b>	A1 to A4, M – 5 years B/C – 2 years
<b>Riders</b>	Only Claims Escalation
<b>WFH</b>	Not more than 20%p/week
<b>Maximum Benefit</b>	\$7,500pm

\*A minimum of 2 years' continuous casual employment required

TPD/WOP

All applicants on Casual Work arrangements must meet the minimum requirement of:

	Criteria for TPD
Occupations	A1, A2, M, A3, A4, B and C
Minimum Hours	15p/week
Maximum Entry Age	55 ANB
Casual Work History	A minimum 1 years' continuous casual employment (on a casual work agreement), on Minimum Hours, with the same employer (i.e. no breaks or gaps in work) except for annual leave/public holidays.
TPD Definition	Any Occupation
Maximum Benefit	\$2M

15. Home Duties

The following guidelines apply to applicants undertaking full time unpaid domestic duties in their own residence.

The maximum cover available is \$2M for Life/TPD and \$1M for Crisis Recovery. Applications for cover above \$1.5M are referred to underwriting for financial assessment.

Cover type:	Ages	Max Sums Insured
Life/TPD	All ages	Up to \$1.5M (all sources)
Crisis (Appln only – auto acceptance)	All ages	Up to \$1M (all sources)
Life/TPD (Refer to UW – all cases)	All ages	>\$1.5M – \$2M* (all sources)

\*Subject to financial evidence

16. Forward Underwriting benefit

Forward Underwriting benefit (FUB) allows your clients to use the state of their health at the time of their initial application to secure an option to buy cover in the future when a FUB 'event' occurs.

The client must be accepted standard rates with no loading or exclusion to be eligible for the Forward Underwriting benefit.

# Section C – Premiums and Premium Discounts

## 1. AIA Vitality

AIA Vitality is a science-backed wellness program designed to improve and maintain good health.

If AIA Vitality is attached to a Priority Protection policy, an initial discount will be applied to the premium (but not the policy fee) as follows:

- Lump Sum – 17.5%\*
- IP/BE – 7.5%

On the first policy anniversary, and every anniversary thereafter, the initial discount can increase or decrease, subject to a maximum of 20% and a minimum of 0%, depending on the level of engagement in the AIA Vitality program.

For more information about the AIA Vitality discounts available, refer to the AIA Vitality Premium Adjustment rules document on [aia.com.au](http://aia.com.au).

A minimum premium applies when AIA Vitality is added to a Priority Protection or a Priority Protection for Platform Investors policy.

The minimum premium is \$600 per year per customer, inclusive of all discounts, loadings, policy fees and stamp duty. The \$600 minimum does not include the cost of the AIA Vitality Contribution Fee. AIA will consider the combined premium for all policies for the same life insured – both in force and new business - when assessing if the minimum premium has been met.

The minimum premium for all individual policies remains at \$300 inclusive of all discounts, loadings, policy fees and stamp duty.

\* The 17.5% discount is only available for new applications which include an AIA Vitality membership. When a new AIA Vitality membership is added to an existing policy, only a 12.5% discount applies.

## 2. Health and Life discount

If the Life Insured is also insured under an AIA Health Insurance or myOwn policy, the premium in relation to your Policy (exclusive of stamp duty, premium frequency charge, health loadings and policy fee) may be discounted by 5% as long as AIA Vitality remains attached to the AIA Health Insurance or myOwn policy.

## 3. Bundled discount

If your policy includes:

- one or more 'Required Income Protection Plans' (as described in the table below) with a total combined premium for all 'Required Income Protection Plans' of \$700# or more per year; and
  - one or more 'Eligible Lump Sum Plans' (as described in the table below) with a total combined premium for all 'Eligible Lump Sum Plans' of \$700# or more per year,
- then the Eligible Lump Sum Plan(s) premium will receive the Bundled Discount of 12.5%.

Required Income Protection Plans	Eligible Lump Sum Plans
<ul style="list-style-type: none"><li>• Income Protection</li><li>• Business Expenses</li><li>• Superannuation</li><li>• Income Protection – including Super Extras</li></ul>	<ul style="list-style-type: none"><li>• Life Cover</li><li>• Crisis Recovery Stand Alone</li><li>• Superannuation Life Cover – including Superannuation PLUS – including Maximiser</li></ul>

For example, where your policy includes an Income Protection Plan with an annual premium of \$750 and a Life Cover Plan with an annual premium of \$1000, the premiums relating to your Life Cover Plan will be discounted by 12.5%. However, the discount would end if the Income Protection Plan was cancelled, expires (or is otherwise terminated) or if the premiums from the Required Income Protection Plans or Eligible Lump Sum Plans fall below the required \$700 annual premium threshold.

In the eApp<sup>®</sup> Express software, under 'General Quote Information' there is the option to recognise existing Lump Sum or IP policies with annual premiums of at least \$700 to qualify for the bundled discount.

# Excluding Stamp Duty, Policy Fee, AIA Vitality Contribution Fee, AIA Vitality Discount, Health and Life discount and Term Level loyalty discounts.

4. Multi-plan discounts  
(for policies inforce between  
1/12/2008 and 12/12/2015)\*

If your client is the life insured under multiple plans and at least 2 of these plans have premiums of \$500 or more per year, the plans will be eligible for a multi-plan discount as outlined in the table below:

Number of plans with premiums \$500 or more per year.	Premium discount
3 or more plans	10%
2 plans	5%
1 plan	Nil

This discount does not apply to any policy fee that applies to your client's policy. If your client qualifies for a multi-plan discount, the discount will apply to all plans under the policy, including plans with premiums of less than \$500 per year.

If a policy includes two qualifying plans, a 5% premium discount will apply; if a policy includes three or more qualifying plans, a 10% premium discount will apply.

The minimum yearly premium of \$500 will apply to stepped, Optimum and level premium cases for qualification purposes.

A plan may change from being a non-qualifying plan to a qualifying plan as a result of the premium increasing due to a CPI increase (stepped, Optimum and level premium bases), an increase in the age of the life insured (stepped and Optimum premium bases), the addition of a new benefit or the voluntary increase in a benefit at the next policy anniversary. Conversely, the deletion of a benefit from a qualifying plan or the voluntary decrease in a benefit under a qualifying plan may result in the plan being re-classified as a non-qualifying plan.

Where the addition or deletion of a benefit or the voluntary increase or decrease in a benefit occurs during a policy year and results in a change to the plan's qualifying status, then the multi-plan discount will change from the effective date of the change in benefit (e.g. the voluntary increase in a benefit or the addition of a new benefit).

We can vary at any time the rules for this premium discount, including the discount percentages, for both new policies and policies in-force at the time of variation.

\*Multi-plan discounts will apply across multiple policies where they are Priority Protection policies issued between 1 December 2008 and 12 December 2015.

Qualifying plans

The multi-plan discount applies to the following qualifying plans:

- Life Cover Plan
- Crisis Recovery Stand Alone Plan
- Income Protection Plan
- Business Expenses Plan
- Superannuation Life Cover Plan
- Superannuation Income Protection Plan

Please note: the multi-plan discount can be applied to a benefit such as the Accidental Death benefit or the Total and Permanent Disablement Stand Alone benefit under the Life Cover Plan even if the Life Cover benefit isn't purchased.



The multi-plan discount **doesn't** apply to the following:

- When two or more of the same qualifying plan are purchased with the same life insured e.g. Two Life Cover Plans each with a Life Cover sum insured of \$500,000 on the same life insured are treated as one qualifying plan and not two. Please note: the premiums are combined to determine eligibility for the multi-plan discount if other possible qualifying plans are applied for.

## 5. Premiums

The premiums your client pays may depend on their age, sex, smoking status, occupation category, pastimes, waiting and benefit periods and state of health.

## 6. Premium bases

When applying for cover your client can select from one of four premium bases.

<b>Stepped</b>	Your client's premium rate will increase at each policy anniversary in line with their age until the benefit expiry date.
<b>Level</b>	The Level premium option means your premiums will be based on the current premium rate applicable to your age at the start of the policy and this will remain the same until the Policy Anniversary prior to your 65th or 70th birthday. Your premiums will then convert to Stepped and be payable until the Expiry Date of the benefit.
<b>Term Level</b>	<p>Your client can choose to keep their premiums constant each year for an initial term of 5, 10 or 15 years. After this time, their premiums will default to a stepped premium basis until the benefit Expiry Date and they may also receive a discount on their stepped premium of 2.5% or 5% (see the Loyalty discount section on <a href="#">page 33</a>).</p> <p>The Term Level premium type is available only when the life insured is age 35 (next birthday) or older. The maximum entry ages vary depending on the initial term selected.</p> <p>The Term Level premium pattern is available for the following benefits under the Life Cover Plan and Superannuation Life Cover Plan:</p> <ul style="list-style-type: none"> <li>• Life Cover</li> <li>• Total and Permanent Disablement</li> <li>• Total and Permanent Disablement Buy-back</li> <li>• Crisis Recovery (Life Cover Plan only)</li> <li>• Crisis Recovery Buy-back (Life Cover Plan only)</li> <li>• Crisis Reinstatement (Life Cover Plan only)</li> </ul> <p>including where those benefits are taken out through Superannuation PLUS or Maximiser, as applicable.</p>
<b>Optimum</b>	<p>Your client's premium will commence on a stepped basis and automatically convert to the level basis once the stepped premium rates are greater than the level premium rates. Level premium rates will remain constant each year up to your client's 65th birthday or expiry date of benefit if earlier. This option is available only when the life insured is age 35 years next birthday or older.</p> <p>A loading according to your client's age at inception of their Optimum premium basis will be charged up until their 65th birthday.</p>

7. Altering a premium pattern

Your clients are able to alter their premium structure at any time without needing to cancel-and-replace their Policy except in the following instances:

- Switches to and from Term Level, including switches from Term Level to another Term Level premium structure (for example, 5 year Term Level to another 5 year Term Level or a 10 year Term Level), and
- Switches between ‘Level to Age 65’ and ‘Level to Age 70’.

Premiums will be subject to the rates applicable to your client’s age at the time of the alteration in premium structure.

8. Minimum premium

The minimum premium is \$300 per year per policy. This includes the premium for all benefits chosen, the policy fee, any premium frequency charge and any stamp duty.

9. Initial selection discount

All policies purchased on a stepped premium basis can receive a discount for the first 2 years of the policy. Applicable to new insurance cover only (not cover that is cancelled and replaced).

10. Loyalty discount (Term Level premium patterns only)

All benefits purchased on a Term Level premium basis will receive a loyalty discount at the end of their initial term when the premiums convert to stepped. The discount varies depending on the length of the initial term selected.

Initial term	Discount
5 years	2.5%
10 or 15 years	5%

The discount will apply to that benefit until its Expiry Date and is transferable to any replacement policy.

Please note that only one loyalty discount will apply at any time. The loyalty discount will not apply to any new benefits added or any increases in risk or sums insured (excluding benefit indexation increases) after the initial term.

11. Large sum insured discount

Your client may be eligible for a premium discount at the time the policy is taken out.

If your client adds a new benefit at a later stage, and is eligible for a large sum insured discount, the discount will only apply to the new benefit.

Please note that a large sum insured discount does not apply to the policy fee or other charges.

To find out if your client is eligible, please refer to the tables below.

Please note that the large sum insured discount is automatically calculated on the eApp® Express software.

## Life Cover and Term Cover benefit

The discounts below apply to the Life Cover and Term Cover benefits only.

Sum Insured	Large Sum Insured discount for all ages
Up to \$249,999	0%
\$250,000 to \$499,999	10%
\$500,000 to \$749,999	20%
\$750,000 to \$999,999	26%
\$1,000,000 or greater	30%

Please note that the large sum insured discount is not available for the Accidental Death benefit.

## Total and Permanent Disablement benefit (Rider)\*

Sum Insured	Large Sum Insured discount for all ages
Up to \$999,999	0%
\$1,000,000 or greater	5%

\*Note these discounts also apply for Accidental and Universal Total and Permanent Disablement benefits (Rider).

## Total and Permanent Disablement Stand Alone benefit\*

Sum Insured	Large Sum Insured discount for all ages
Up to \$499,999	0%
\$500,000 to \$999,999	5%
\$1,000,000 or greater	10%

\*Note these discounts also apply for Accidental and Universal Total and Permanent Disablement Stand Alone benefits.

## Crisis Recovery Stand Alone benefit

Sum Insured	Large Sum Insured discount for all ages
Up to \$299,999	0%
\$300,000 to \$499,999	3%

\$500,000 or greater	5%
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## Income Protection and Business Expenses Plan

Sum Insured	Large Sum Insured discount for all ages
Up to \$3,999	0%
\$4,000 to \$9,999	7.5%
\$10,000 or greater	10%

The same large sum insured discounts will apply to the Claim Escalation benefit, PLUS Optional benefit, Advantage Optional benefit and Day 1 Accident benefit when selected.

Please note that the large sum insured discount is automatically calculated on the eApp® Express software.

## 12. Payment of premiums

Premiums can be paid monthly, half-yearly or yearly. Premium payments made more frequently than yearly are subject to a premium frequency charge that will be included in your total premium. The premium frequency charge also applies to the policy fee.

Premium payment frequency	Charge as a percentage of yearly premium
Yearly	0%
Half-yearly	5%
Monthly	8%

## 13. Premium payment methods

Your client can pay their premiums by Mastercard, Visa Card, Diners Card and American Express or via Direct Debit from their financial institution. BPAY and Post Billpay are available for future half-yearly and yearly premium payments only. The deposit premium must be

paid in advance and submitted together with the application form.

### **Partial Rollover from an external superannuation fund**

Yearly or half-yearly premiums for cover under the Superannuation Life Cover Plan or Superannuation Income Protection Plan can be paid via a partial rollover from an external superannuation fund.

The 'AIA Insurance Super Scheme No2 – Request and Authority to transfer superannuation benefits' form must be completed. This form will initiate the exact rollover amount required from the client's transferring fund for initial and renewal premiums.

### **Super Tax Rebate**

A benefit of your client paying their premiums via a Partial Rollover is that they only contribute 85% of their insurance premium (via rollover payment or transfer) and the 15% Super Tax Rebate available through the AIA Insurance Super Scheme No2 will cover the remaining 15%. Your clients get the full saving upfront when paying by rollover or transfer which means there's no refunding or messy crediting to their account. If your client pays their premiums by rolling over or transferring amounts from an untaxed complying superannuation fund (for example, constitutionally protected funds) yearly or half-yearly in advance, they will need to rollover or transfer 100% of the premium requested by AIA Australia in connection with their cover. This is because the Trustee receives a tax deduction for premiums paid under the Superannuation Life Cover Plan or Superannuation Income Protection Plan which offsets the tax payable by the Scheme on their untaxed roll-in/transferred amount.

## **14. Guarantee of continuation for level premium**

Life Cover Plan, Crisis Recovery Stand Alone Plan and Superannuation Life Cover Plan – This guarantee applies only to benefits continuing beyond the life insured's 65th or 70th birthday. Where the policy has remained in force to the latest policy anniversary prior to the life insured's 65th or 70th birthday, these benefits (excluding the Accidental Death, Needlestick Injury and Family Protection benefits) will continue on a stepped premium basis until the expiry date of the benefit. The stepped premium will reflect the life insured's age at each policy anniversary, sex and smoking status and original terms of acceptance of the benefits. For the Accidental Death, Needlestick Injury and Family Protection benefits, premiums will instead continue on a level premium basis until the expiry date of the benefit.

## **15. Premium guarantees**

The premium rates under the policy are guaranteed for at least two years from policy commencement date. We guarantee that any premium rate increase will not take effect in respect of a benefit until the second anniversary of the policy commencement date or the next policy anniversary following the latest increase in the table of premium rates for that benefit, if later. This premium rate guarantee does not apply to any standard increases (e.g. age based or CPI increases, alterations, premium frequency charge increases or reductions in discounts) or a policy that replaces a cancelled policy. Notwithstanding the 2-year premium rates guarantee, the premiums may be varied from time to time after the 2-year guarantee period. Different premium rates apply to males and females, to smokers and non-smokers and to different occupations. The premium rates for Priority Protection allow for the cost of insurance and our expenses, including commission payable to an adviser.

Premium rates may not be altered individually but only for all policies in a group. Your client's policy cannot be singled out for an increase.

## 16. Policy fee

Only one policy fee is charged per year, per life insured regardless of the number of plans, benefits or policies purchased. The policy fee is currently \$85.60.

This fee is charged in addition to the premiums applicable per benefit and any other fees and charges that apply to your client's policy.

The policy fee will automatically increase each year effective from 1 October by the percentage increase in the Consumer Price Index (CPI) over the 12 months ending on the latest 30 June prior to the effective date of the increase in the policy fee (1 October). There will be no more than one policy fee increase in a year. The policy fee applicable to a policy will increase from the first policy anniversary date on or after the effective date for the increased policy fee.

The policy fee will be subject to any premium frequency charge applicable and may be subject to any stamp duty applicable to your client's policy.

We may vary from time to time the method and rules we use to determine the timing and amount of any change in the policy fee. Your client will be notified of any variations as required by law.

## 17. Government stamp duty

Stamp duty is an additional charge under the Crisis Recovery Stand Alone Plan, Income Protection Plan (Agreed Value or Indemnity), Business Expenses Plan and the Total and Permanent Disablement Stand Alone benefit or rider under the Life Cover Plan and the Superannuation Life Cover Plan.

Stamp duty is a government charge that varies depending on the state or territory where the life insured resides. Stamp duty is calculated as a percentage of the total premium, including the

policy fee and any premium frequency charge. The government may change the rate of stamp duty from time to time.

In Western Australia and South Australia stamp duty is charged on all benefits other than Life Cover and Term Cover.

# Section D – Modified Underwriting (Takeover Terms)

**For the replacement of policies within the parameters below.**

Your client’s existing policy/policies with another insurer must be for the same cover and must have been fully underwritten (previous application form and standard health and medical evidence requirements), within the last 5 years.

- The Modified Underwriting (Takeover Terms) form is to be used to transfer insurance cover from another insurance provider to one of AIA Australia’s Priority Protection insurance plans.

	Life Cover	Total and Permanent Disablement	Crisis Recovery	Income Protection	Business Expenses
	Criteria				
Maximum Sum Insured (total cover of all policies with AIA Australia)	\$3M	\$2M	\$1M	\$10,000**	\$20,000
Maximum Age (age next birthday)	60	55	55	55	55
Loadings & Exclusions	Up to +50% (health)	Up to +50% or 1 exclusion (health)	Up to +50% or 1 exclusion (health)	Up to +50% or 1 exclusion (health)	Up to +50% or 1 exclusion (health)

**Underwriting requirements**

To enable your client’s application to be processed:

- Complete the short form Application for Priority Protection, and complete the questions (shown in the boxes below) on the Modified Underwriting (Takeover Terms) form (if applicable);
- Provide a copy of your original policy schedule(s) for your existing policy/policies; and
- Provide documentation such as a renewal notice, showing that the life insured is currently covered by that/those policy/policies.

**\*\*For Income Protection cover between \$10,000 – \$15,000 the Priority Protection Application Form must be completed.**

In addition, your client will also need to undertake a Short Medical Exam for:

- cover between \$12,501 – \$15,000 if their age next birthday is 45 years or younger; or
- cover between \$10,001 – \$15,000 if their age next birthday is between 46 and 55 years old (inclusive).

**For Income Protection Only:**

(i) Your client's existing policy is for:

☐ 'Indemnity' cover

(ii) The Benefit Period under your client's existing policy is:

☐ 2 years (sickness/accident)

☐ 5 years (sickness/accident)

☐ to age 65 (sickness/accident)

☐ to age 70 (sickness/accident)

☐ 'other' benefit period (please specify)

(iii) The Waiting Period under your client's existing policy is:

days

**For Total and Permanent Disablement Only:**

Your client's existing policy is for:

☐ 'Own Occupation' definition of disablement

or

☐ 'Any Occupation' definition of disablement

or

☐ 'other' definition (please specify)

## Section E – Policy Services Procedures

### 1. Policy Services contact details

**Phone:** 1800 033 490 (option 3)

**Fax:** (03) 9009 4824/1800 832 266

**Email:** infohub@aia.com

### Policy Services functions

The following alterations are serviced by our Policy Services team.

- Increase/Decrease in sum insured
- Adding a new benefit
- Deletion of a rider
- Changing mode of payment
- Altering premium rates from smoker to non smoker
- Cancellation from inception
- Change of ownership
- Premium payments
- Change of address
- Alterations within the cooling-off period

A range of policy self-service functions are available on the Adviser Site for those advisers with online access to their client's policy details.

### Website information

[www.aia.com.au](http://www.aia.com.au) contains information about new and existing policies and many commonly used forms you may require.

### Existing Business

The 'Policy Services' section contains:

- Current details of existing policies
  - current premium
  - current benefits
- Commonly used reports
  - premium due
  - premium overdue – reminder
  - upcoming renewals
  - lapses

— Policy Services procedures and commonly used forms

### 2. Replacement Policy FAQ

#### 1. What is a Replacement Policy?

A Replacement Policy is issued when the policyholder decides to cancel or terminate an existing AIA policy and to replace it with a new AIA policy that provides a similar level of cover.

The issue date of the Replacement Policy must be no earlier than the cancellation or termination date of the policy being replaced (i.e. 'old policy').

(Please refer to Item 4 for examples)

#### 2. Who decides it is a Replacement Policy?

AIA Australia will decide if a particular policy is a 'Replacement Policy'. The Retail Admin team will be notified of this decision and commissions will be adjusted accordingly.

#### 3. How do commission rules apply to a Replacement Policy?

Commission is payable on the Replacement Policy in accordance with the table set out on the following page.

Any new business commission paid on the old policy may be subject to claw back in accordance with the Distribution Agreement (see Table 1 on page 55).



	New Business Commission	Renewal Commission
Old policy in-force <10 years	<p>Equal to:</p> <p>(i) if the sum insured for the Replacement Policy is greater than the sum insured for the old policy, the amount by which Replacement Policy premium exceeds old policy premium as a result of the increase to sum insured multiplied by rate of new business (Year 1) commission applicable at time of issue of Replacement Policy; plus</p> <p>(ii) any amount of Commission clawed back on the old policy as a result of the old policy's cancellation and replacement with the Replacement Policy; plus</p> <p>(iii) Replacement Policy premium multiplied by the rate of trail (Year 2+) commission applicable at time of issue of the old Policy, provided that the aggregate payment will be no greater than the Replacement Policy premium multiplied by the rate of new business (Year 1) commission applicable at issue of Replacement Policy.</p>	<p>Paid on Replacement Policy premium at the lower of the rate of trail (Year 2+) commission applicable at time of issue of the old Policy and the renewal commission rate applicable at the time of the Replacement Policy issue.</p> <p>Note: Any renewal commission paid on additional benefits or increases to the sum insured after the replacement policy is issued will be calculated using the renewal commission rate applicable at the time of issue of the addition or increase.</p>
Old policy in-force ≥10 years	<p>Paid on Replacement Policy premium multiplied by rate of new business (Year 1) commission applicable at time of issue of Replacement Policy.</p>	<p>Paid on Replacement Policy premium at the rate of trail (Year 2+) commission applicable at time of issue of Replacement Policy.</p>

If:

- the commission type chosen under the old policy was Upfront or Hybrid, the Upfront year one commission rate applicable at the time of the Replacement Policy issue (based on the premium discount chosen, if any) will apply to the Replacement Policy;
- the commission type chosen under the old policy was Level, the Level year one commission rate applicable at the time of the Replacement Policy issue (based on the premium discount chosen, if any) will apply to the Replacement Policy; and
- the +5% Premium Increase for Upfront or Hybrid commission was chosen under the old policy, the Standard Premium Discount for the Upfront year one commission rate applicable at the time of the Replacement Policy issue will apply under the Replacement Policy.

#### 4. Examples – Calculating Replacement Policy Commission

In the following three examples it has been assumed that the old policy being replaced has been in-force for at least 24 months and that no additions had been made to the old policy within 12 months of the cancellation of the old policy.

**Example 1: Sum insured for new policy (Replacement Policy) and old policy are exactly the same**

Old Policy 'A'	New Policy 'B'
Term Life = \$100,000	Life Cover = \$100,000

If the old policy has been in-force for less than 10 years and the sum insured under the old policy is the same as under the new policy, the Distributor is entitled to receive the renewal commission only under the new policy.

Note: Renewal commission will be calculated at rate of renewal commission applicable to old policy.

**Example 2: Sum insured for new policy (Replacement Policy) is lower than for the old policy**

Old Policy 'A'	New Policy 'B'
Term Life = \$100,000	Life Cover = \$80,000

If the old policy has been in-force for less than 10 years, and the sum insured for the new policy is lower than for the old policy, the Distributor is entitled to receive renewal commission only under the new policy.

Note: Renewal commission will be calculated at rate of renewal commission applicable to old policy.

**Example 3: New policy has an extra benefit as compared to the old policy**

Old Policy 'A'	New Policy 'B'
Term Life = \$100,000	Life Cover = \$80,000 Crisis Recovery = \$10,000

Because there is an extra benefit, i.e. Crisis Recovery, under the new policy, the Distributor will be entitled to receive the full new business commission for Crisis Recovery at the new business commission rate applicable at the time of issue of the replacement policy, regardless of how long the old policy has been in force.

Renewal commission will be payable to the Distributor for Life Cover based on the premium for the decreased Life Cover sum insured (\$80,000).

Note: Renewal commission will be calculated at rate of renewal commission applicable to old policy.

**3. Alterations to policies**

**Increase in sum insured**

**Requirements:**

- A completed Application for Increases, signed by the policy owner and life insured
- Balance of premium if required

If increasing a rider benefit, please specify on the Application for Increases/Additions.

An Endorsement will be sent to the policy owner upon completion, with a copy mailed to the adviser.

**Adding a new benefit**

**Requirements:**

- A completed Application for Increases/Additions signed by the policy owner and life insured
- Balance of premium if required

An Endorsement will be sent to the policy owner upon completion, with a copy mailed to the adviser.

**Decrease in sum insured**

**Requirements:**

- Request for Alteration signed by the policy owner and life insured. (Please specify the benefit you wish to decrease)

An Endorsement will be sent to the policy owner upon completion, with a copy mailed to the adviser.

**Deletion of a rider**

**Requirements:**

- Request for Alteration signed by the policy owner

An Endorsement will be sent to the policy owner upon completion, with a copy mailed to the adviser.

## Changing mode of payment

### Requirements:

- Request for Alteration signed by the policy owner
- A Direct Debit Request form is required, if altering to monthly bank deductions
- A Monthly Periodical Credit Card Authority form is required, if altering to monthly credit card deductions
- Balance of premium if required
- A Request and Authority to transfer superannuation benefits form is required, if changing payment from a Direct Debit Request/Credit Card payment to a Partial Rollover request

A confirmation letter will be sent to the policy owner upon completion, with a copy mailed to the adviser.

## Altering premium rates from smoker to non smoker

### Requirements:

- Application for Non Smoker Rates  
Note: A change from smoker to non-smoker rates:
  - can be at any time, and
  - is subject to underwriting.

An Endorsement will be sent to the policy owner upon completion, with a copy mailed to the adviser.

## Use the following forms for the below scenarios

- Request for Alteration
- Application for Increases/Additions
- Application for Non Smoker Rates

### Request for Alteration

- Change of premium type (excluding changes to and from Term Level)
- Change of definition i.e. for TPD (any, own, Loss of Independence) subject to underwriting.
- Removing a benefit
- Decreasing sum insured cover
- Change of premium mode from Monthly to Yearly or Yearly to Monthly (also available for

Super PLUS policies only once the policy is INFORCE)

- Change of bank details (DDR/CCA/CHQ/B-PAY)
- Title change
- Change premium structure

### Application for Increases/Additions

- Adding on a benefit
- Increasing sum insured cover

### Application for Non Smoker Rates

- Changing to smoker rates or to non-smoker rates

### Cancel & Replace

- Change of Ownership
- Change of premium type from Term Level to level, Optimum or another Term Level
- Change of plan from Super Life Cover Plan to Life Cover Ordinary (and vice versa)
- Maximiser: Both the TPD and linked Maximiser benefit must be on the same premium mode. Can change Monthly to Yearly or Yearly to Monthly for both TPD and Maximiser policies ONLY. No option is available to have the TPD benefit and the Maximiser benefit on different premium modes.
- Upgrade Special Limited Campaign Offers – Depending on the offer this will be specified at each occurrence but may also be a **Request for Alteration**

## Exercising Guaranteed Future Insurability

A completed Guaranteed Future Insurability application form from the policy owner is required with proof of the Personal or Business event that has occurred.

The request must be submitted within 60 days after the occurrence of a personal event and before that date which within 60 days after the first Policy Anniversary following a business event (where applicable).

For full terms and conditions please refer to the current PDS.

4. Billing process

Policies paid yearly or half-yearly

35 days prior to renewal

- A Notice of Premium Due is mailed to the policy owner.  
(This will only be issued where the client has elected to receive a Notice to pay their premium.)
- A Premium Due Report is available to the adviser via the AIA Australia Adviser Site.  
This report shows the adviser which policies have been billed.  
(An email notification will be issued to the adviser at the same time with a hyperlink to the Adviser Site where the adviser can obtain further details.)

On the premium due date

- A Reminder Notice of Premium Due is mailed to the policy owner.
- An Overdue Premium Report is produced for the adviser via the AIA Australia Adviser Site.  
This report shows the adviser which policy owners have not paid their premiums.  
(An email notification will be issued to the adviser at the same time with a hyperlink to the Adviser Site where the adviser can obtain further details.)

At the expiration of the 60-day grace period (60 days after the due date)

- The policy is renewed if premiums are paid.  
If premiums are not paid, the policy will lapse.
- A Lapse letter will be mailed to the policy owner.
- A Lapse report is available to the adviser via the AIA Australia Adviser Site. This report shows which policies have lapsed.  
(An email notification will be issued to the adviser at the same time with a hyperlink to the Adviser Site where the adviser can obtain further details.)

Within 90 days after the premium due date

- The policy may be reinstated without the need for any additional health evidence if all the outstanding premiums are paid.

Over 90 days after the premium due date

- The policy can only be reinstated upon receipt of an Application for Reinstatement form.
- Receipt of all outstanding premiums.  
Reinstatement is subject to underwriting.

**Note:** A policy may only be considered for reinstatement if it has not remained lapsed for longer than 6 months.

Policies paid via direct debit

Renewal Certificate

A Renewal Certificate is issued for all policies paid via direct debit arrangement 35 days prior to the policy anniversary. The Renewal Certificate informs the policy owner of the new premium and the new sum insured. (An email notification will be issued to the adviser at the same time with a hyperlink to the Adviser Site where the adviser can obtain further details.)

Direct Debit Request (DDR)

A fully completed DDR is required in order to deduct premiums from a client’s account with a financial institution. The DDR is always accompanied by a Service Agreement, which must be retained by the client.

All DDRs must be sent direct to AIA Australia’s Policy Services Department.

1. The date a policy owner’s account is billed is dependent on when the policy was issued. The debit will occur on or around the billing cycle dates noted below.

Policy Issue Date	Billing Cycle
1st – 7th	28th
8th – 15th	7th
16th – 22nd	15th
23rd – 28th	22nd

2. The correct premium must be in the nominated bank account by the billing cycle dates, otherwise the client may incur a dishonour fee.

3. When a premium dishonours, the policy owner will receive from AIA Australia a letter advising them of the dishonour. If the reason for the dishonour is **'Refer to Customer'** the policy owner will be advised that we will double debit their account at the same billing cycle in the following month. If the double debit subsequently dishonours the policy will lapse 60 days from the date the policy is paid to.
4. A lapse letter is produced and mailed to the policy owner approximately 60 days from the date the policy is paid to.
5. If a dishonour occurs for any other reason, such as **'Account Closed'**, a letter will be sent to the policy owner advising them that billing details have been removed. We will request 2 months' premiums and enclose a new DDR for completion. We will also provide the policy owner with the option of altering to a different mode of payment or paying by monthly credit card.
6. If we do not receive any feedback or outstanding premiums, the policy will lapse 60 days from the date the policy is paid to.

### Regular credit card deductions

A fully completed Periodical Debit Credit Card Authority (PDCCA) is required in order to deduct premiums from a client's credit card account.

All PDCCAs must be sent direct to AIA Australia's Policy Services Department.

1. Refer point 1 under DDR.
2. A credit balance, at least equal to the premium, must be in a client's credit card account on the billing cycle dates.
3. Where the credit card issuer declines the premium debit, a letter will be sent to the policyholder, similar to the dishonour letter. (Refer point 3 under DDR.)
4. Refer point 4 under DDR.
5. Refer point 5 under DDR.
6. Refer point 6 under DDR.

## 5. Cancellation from inception

The following is the procedure to enable a policy to be cancelled within the cooling-off period.

1. The cooling-off period starts from when the client receives the Policy Schedule from us or from the end of the 5th day after the day on which we sent the Policy Schedule to your client, whichever is the earlier to occur.
2. A request to cancel the policy within the cooling-off period can be made either by letter, fax or email or in any other manner permitted by law.
3. A cancellation request may be sent direct to Head Office by the policy owner.
4. If your client cancels the superannuation policy during the cooling-off period, the premium already paid is considered a superannuation contribution and is not refundable because the money is typically preserved under superannuation law. Preserved money can be rolled into another eligible superannuation fund. (For further information, please refer to the section under Superannuation.)

## 6. Lost or destroyed policy document

If a policy document has been lost or destroyed, the following procedure will apply.

1. The policy owner must complete a Lost Policy Declaration.
2. An amount of \$100.00 may be required from the policy owner to cover advertising and administration expenses, but not if AIA Australia is providing a copy of the original. This may be waived at the discretion of AIA Australia.
3. AIA Australia must give notice of its intention to issue a replacement policy document at least 10 days prior, in a newspaper circulating in the district in which AIA Australia considers the original policy document to have been lost or destroyed.

4. AIA Australia will issue a replacement policy document, which must:
- a) be a copy of the original
  - b) contain a copy of every endorsement, and
  - c) state the reason why a replacement document was issued.
5. After a replacement policy document has been issued, AIA Australia will enter the following in its Lost Policy Register:
- a) The fact that a replacement policy document has been issued, and
  - b) The reason for the issue of the replacement policy document.

7. Change of ownership

To effect a change in ownership of a policy, the current policy owner and the new policy owner must complete a **MEMORANDUM of TRANSFER (MOT)**.

If the client is unable to locate their original Policy Document the ‘Lost or Destroyed Policy Document procedure’ must first apply.

In all instances, when changing ownership between Super and Ordinary policies or vice versa, a new policy will need to be issued and therefore a new application is required and a completed MOT will not suffice.

Please refer to the below table to see if the MOT can be completed:

Ordinary to Self Managed Super Fund	Cancel & Replace
Ordinary to a superannuation fund	Cancel & Replace
Self Managed Super Fund to Ordinary	Cancel & Replace
A superannuation fund to Ordinary	Cancel & Replace
A superannuation fund to Self Managed Super Fund	Memorandum of Transfer
Self Managed Super Fund to a superannuation fund	Cancel & Replace

Ordinary to Ordinary	Memorandum of Transfer
Self Managed Super Fund to Self Managed Super Fund	Memorandum of Transfer

Where a new application is required policy owners must cancel their existing policy and replace it with the most current product. If the policy being replaced is a Priority Protection product and if there is no further increase in risk to the policy, no underwriting is required.

Please refer to the following example.

**DATE OF TRANSFER** – Must be dated by the current policy owner.

**SIGNATURE OF TRANSFEROR** – Must be signed by the current policy owner. If the policy is jointly owned, all owners must sign.

**WITNESS** – This section may be signed by any person with legal capacity (i.e. over the age of 18 and of sound mind) who has seen the policy owner/s sign the Memorandum of Transfer.

**TRANSFEREE’S FULL NAME** – The name of the new policy owner must be entered in this section. If the policy is to be owned by more than one person, all names must be entered.

**TRANSFEREE’S ADDRESS** – The address of the new owner/s must be entered in this section.

**TRANSFEREE’S OCCUPATION** – The occupation of the new owner/s must be entered in this section.

**SIGNATURE OF TRANSFEREE** – Must be signed by the new policy owner/s.

**WITNESS** – This section may be signed by any person with legal capacity (i.e. over the age of 18 and of sound mind) who has seen the policy owner/s sign the Memorandum of Transfer.

**DATE OF REGISTRATION OF TRANSFER BY COMPANY** – After the transfer has been completed to this point, the policy document, together with the Memorandum of Transfer, must be forwarded to AIA Australia Policy Services Department.

**SIGNATURE OF PRINCIPAL OFFICER OF COMPANY OR AUTHORISED PERSON** – Must be completed by AIA Australia.

It is important to note that the assignment is invalid unless the last two sections above are completed by AIA Australia. After completion, AIA Australia will record details in its assignment register.

**OWNERSHIP OF A SUPERANNUATION POLICY**

– Ownership can only be transferred from the trustee of one eligible superannuation fund to another.

**OWNERSHIP OF THE SUPERANNUATION PLUS BENEFITS** – Ownership of the benefits cannot be transferred.

## 8. Premium payments

Premium payments may be made

- Monthly by Direct Debit Request (DDR).
- Monthly by credit card deductions (PDCCA).
- Half-yearly by cheque, single credit card and periodical direct debit and credit card deductions.
- Yearly by cheque, single credit card and periodical direct debit and credit card deductions.

Note: For direct debit and credit card payments, both single and regular deductions, Visa card, MasterCard, Diners Club and American Express may be used.

Yearly and half-yearly premiums can also be paid by BPAY and POSTbillpay.

Change to DDR or CCR can be made via Adviser Self Service located on the AIA Adviser Site.

## 9. Change of address

A policy owner's change of address must be notified to us. This can be done either over the phone, in writing or via Adviser Self Service located on the AIA Adviser Site, as soon as you or your client is aware of the change. The notification can be from the policy owner, Power of Attorney, servicing adviser or a representative from the adviser's office.

## 10. Alterations within the cooling-off period

Any alterations made to policies within the cooling-off period must be accompanied by the original Policy Document and forwarded to the Policy Services Department and not the New Business Department.

## 11. Forms

Forms required for policy alterations may be obtained from the AIA Australia Adviser Site.

## 12. Superannuation policies

In this section we have listed the exceptions in processing Policy Alterations specific to Superannuation policies.

For other details please refer to the relevant sections within the guide.

### AIA Insurance Super Scheme No2

For details of the Administrator for the AIA Insurance Super Scheme No2, please call 1800 333 613.

The Administrator of the AIA Insurance Super Scheme No2 is responsible in issuing to the member the following:

- Section 290-170 after each financial year
- Member Annual Statement for the period ending 30th November each year
- Annual Report to Members
- Welcome letter for any new member who joins the Superannuation Fund
- Ad-hoc communication.

To address member related enquiries relating to the above points please call 1800 333 613 for the contact details of the Administrator for the AIA Insurance Super Scheme No2.

## **Priority Protection for Platform Investors and Self Managed Superannuation Funds**

Various superannuation funds offer Priority Protection for Platform Investors. The trustee of these funds, and any self managed superannuation fund, will differ.

## **Cancellation from Inception**

The following is the procedure to enable a policy to be cancelled within the cooling-off period.

The cooling-off period starts from when your client receives the Policy Schedule or from the end of the 5th day after the day on which we sent the Policy Schedule to your client, whichever is the earlier to occur.

A request to cancel the policy during the cooling-off period can either be by letter, fax or email or in any other manner permitted by law.

If your client cancels the policy during the cooling-off period, all premiums already paid will be treated as a superannuation contribution and will not be refundable because the money is typically preserved under superannuation law. Preserved money can be rolled into another complying superannuation fund.

## **Reinstatement**

The requirements to reinstate a policy within the AIA Insurance Super Scheme No2 and any other superannuation fund or self managed superannuation fund:

- completion of an Application for Reinstatement
- a Member Declaration form signed and witnessed with a current date
- a current Direct Debit Request or Credit Card Authority form
- all outstanding premiums.

## **Payment of premiums as Eligible Termination Payment (ETP)**

ETPs can be accepted as insurance premiums into the Fund provided the ETP is equal to or less than the premium amount. Where an ETP amount is less than the premium due, it is expected that the balance of premium is paid in conjunction with the ETP. Where an ETP payment is above the premium amount, the total ETP will be returned to the issuing superannuation fund.

## **Tax File Number**

A valid Tax File Number must be provided at the time of application when joining the AIA Insurance Super Scheme No2, otherwise the policy will be cancelled and all contributions received returned.

## **Co-contribution**

The Fund does not accept superannuation co-contribution. If the member of the Fund (life insured) is eligible for co-contribution, the member will need to nominate another superannuation fund or retirement savings account to receive any superannuation entitlement the Australian Taxation Office is holding for the member.

## **Change of ownership**

To effect a change in ownership from the Trustee of the AIA Insurance Super Scheme No2, any other superannuation fund or self managed superannuation fund to a trustee of a Self Managed Superannuation Fund, the new policy owner must complete a MEMORANDUM of TRANSFER ('MOT').

Effective date of transfer will generally be immediately after both trustees sign the MOT.



## **Alterations within the cooling-off period**

Any alterations made to policies within the cooling-off period of 28 days must be forwarded to the Policy Services Department. Any refund due as a result of the alteration will be refunded as an ETP and paid into a compliant superannuation fund nominated by the member.

## **Forms**

Forms for Nomination of Beneficiary  
AIA Insurance Super Scheme No2 required  
for policy alterations may be obtained from  
the AIA Australia Adviser Site.

## Section F – New Business Process

### 1. New Business contact details

All applications should be sent to:

**Postal Address:** AIA Australia  
PO Box 6111  
Melbourne VIC 3004

Or

**Email:** infohub@aia.com

For all adviser enquiries and updates on the progress of new applications

**Phone:** 1800 033 490 (option 2)

### 2. AIA Australia's New Business process

- Once an application has been assessed by an underwriter it is passed to New Business to manage the administration requirements. When the status of an application changes, AIA Australia may notify you via the Proposal in Progress (PIP) email asking you to log into the Adviser Site. However, we ask that you refer to the Adviser Site at any time for all outstanding application requirements.
- If outstanding requirements are not met within the specified time the application will be cancelled, with notification sent to you and your client. A refund cheque will be issued where payment has been made.

### 3. eApp® – Signature free applications

- Where the option for a signature free application is selected you will no longer be required to provide the following declaration:
  - Client Declaration
  - Adviser Declaration
  - SMSF declaration
  - AIA Insurance Super Scheme No2 – Membership application
  - DDR/CC Authority (if provided at time of application).

If payment details are not provided at the time of submitting the eApp®, then a DDR and/or Credit Card authority is required to be duly completed.

#### Important information

If the owner of a policy is the AIA Insurance Super Scheme No2 and a BINDING nomination for a beneficiary is made, a signed Beneficiary form must be provided.

#### New Business functions:

- Processing of policy acceptances leading to the issue of the policy and finally, generation and dispatch of the client's policy schedule.
- PMAR Requests.
- Sending medical information to a client's doctor and other insurers as requested.
- Preparation and sending of 'Special Acceptance Term' letters.
- Authorisation of medical invoice payments.
- Issue of cancellation/withdrawn, decline/defer letters.
- Proposal updates.

New Business Process Table

Item	eApp® Express	Email scanning (including interactive PDF)	Hard copy by post
Receipt to AIA Australia	Same day	Same day	up to 7 days
Scanning and data entry	N/A	1 day	1 day
Initial UW review	2 days	2 days	2 days
Administration and follow up	2 days	2 days	2 days
Additional administration follow up	2 days	2 days	2 days
Further UW reviews	2 days	2 days	2 days
Terms offered	2 days	2 days	2 days
Further administration to complete	2 days	2 days	2 days
Documents posted to client	2 days	2 days	2 days

## Section G – Claims Procedures

### 1. Claims contact details

**Phone:** 1800 033 490 (option 1)  
**Email:** au.retail.claims@aia.com  
**Postal Address:** Claims Team  
AIA Australia  
PO Box 6111  
Melbourne VIC 3004

### 2. How to make a claim

#### All claims

1. Notify the claims team by email, fax, phone or post. You can lodge the first request for an Income Protection claim via our self service claims request portal located on the Adviser Site.

#### Procedure for death claims

1. On receiving notification of the insured's death we will write to the claimant/solicitor/executor to advise them about what requirements we need, with a copy to the adviser.  
Service Level Standard (SLS): 5 working days.
2. When full documentation is received a response to the claimant/solicitor/executor with a copy to the adviser either accepting/declining the claim or detailing any additional evidence that we may require.  
SLS: 5 working days.  
SLS: Within 24 hours of claim notification.
3. The initial follow-up for additional evidence we may require is 30 days with further follow-ups occurring at 14-day intervals. The insured and the adviser will be kept informed regarding the status of the claim.

#### Procedure for Income Protection and Business Expenses claims

1. Claim Forms are issued either by mail or email or fax. You are able to lodge the initial claim form via our self service claims request portal located on the Adviser Site.  
SLS: Within 24 hours of claim notification.  
Upon receipt of the completed claim forms a response, via email or mail, will be sent to the insured with a copy to the adviser:  
a) accepting/declining the claim or  
b) detailing any other evidence that we may require.  
SLS: 5 working days.
2. If we need to write for further medical/other information/medical examination etc this will be arranged. The insured and adviser will be kept informed by either email or mail.  
SLS: 5 working days.
3. The initial follow-up for this type of information is arranged for 30 days with further follow-ups occurring at 14 day intervals. The insured and the adviser will be kept informed regarding the status of the claim.
4. Upon acceptance of a claim, payments are made as contracted by the policy via EFT subject to receiving satisfactory proofs of ongoing disablement. These ongoing payments are given priority. Supplementary Report Forms will be issued to the claimant either by mail or email

## Procedure for Total & Permanent Disablement, Waiver of Premium and Crisis Recovery claims

1. Claim Forms are issued either by mail or email or fax.

SLS: Within 24 hours of claim notification.

2. Upon receipt of the completed claim forms a response, via email or mail, will be sent to the insured with a copy to the adviser:
  - a) accepting (including payment)/declining the claim or

- b) detailing any other evidence that we may require.

SLS: 5 working days.

3. The initial follow-up for other evidence we may require is 30 days with further follow-ups occurring at 14 day intervals. The insured and the adviser will be kept informed regarding the status of the claim.

If any claim is declined or the sum insured is reduced for any reason a full explanation will be provided to the claimant as to why this has been done and their right of review.

## 3. Partial payments

The following table outlines AIA Australia's Priority Protection partial payment amounts under Lump Sum benefits.

	Benefit	Amount
<b>Life Cover, Term Cover, Accidental Death</b>	Final Expenses Benefit	10% of the sum insured with a maximum of \$25,000.
<b>Total and Permanent Disablement, Double Total and Permanent Disablement, Total and Permanent Disablement Stand Alone</b>	Partial and Permanent Disablement	25% of the sum insured with a maximum of \$750,000 for the loss of use of one arm/leg/sight in one eye.
<b>Crisis Recovery, Double Crisis Recovery, Crisis Recovery Stand Alone</b>	Carcinoma in Situ of the Breast	The greater of 10% of the sum insured and \$10,000 where no mastectomy or other surgery and adjuvant therapy (such as radiotherapy and/or chemotherapy) is performed. The sum insured cannot be exceeded.
	Carcinoma in Situ: Female Cancers (vagina, ovary, vulva, fallopian tube and cervix-uteri)	The greater of 10% of the sum insured and \$10,000. The sum insured cannot be exceeded.
	Carcinoma in Situ: Male Cancers (penis and testicle)	The greater of 10% of the sum insured and \$10,000. The sum insured cannot be exceeded.

	Benefit	Amount
<b>Crisis Recovery, Double Crisis Recovery, Crisis Recovery Stand Alone</b>	<b>Skin Cancer</b>	The greater of 15% of the sum insured and \$10,000 for any melanoma without ulceration and measuring less than 1mm in Breslow's depth of invasion and less than Clark Level 3.  The sum insured cannot be exceeded.
	<b>Benign Brain Tumour</b>	25% of the sum insured up to a maximum of \$50,000.  The sum insured cannot be exceeded.
	<b>Coronary Artery Angioplasty</b>	1 coronary artery corrected or up to 2 stents inserted = 25% of the sum insured with a maximum of \$25,000.  2 coronary arteries corrected or more than 2 stents inserted = 50% of the sum insured with a maximum of \$50,000.
	<b>Loss of use of one hand/ foot/sight in one eye</b>	The greater of 25% of the sum insured and \$10,000.  The sum insured cannot be exceeded.
	<b>Rheumatoid Arthritis</b>	25% of the sum insured up to a maximum of \$25,000.
	<b>Chronic Diagnosis Advancement</b>	25% of the sum insured with a maximum of \$25,000 where the life insured is suffering from, or has been diagnosed with, one of the following crisis events but has not yet met the definition for that crisis event: <ul style="list-style-type: none"><li>• Motor Neurone Disease</li><li>• Multiple Sclerosis</li><li>• Muscular Dystrophy</li><li>• Parkinson's Disease.</li></ul>
	<b>Crisis Reinstatement</b>	Second Heart Attack or second Cancer Crisis Event (following reinstatement of the crisis benefit) related to, or caused by, the medical condition resulting in the original claim:  The lower of 10% of the reinstated crisis sum insured and \$50,000.

## Section H – Remuneration Procedures

### 1. Remuneration Team contact details

**Phone:** 1800 033 490 (option 5)

**Email:** VIC/TAS: [au.vicservice.com.au](mailto:au.vicservice.com.au)  
 NSW: [au.nswservice.com.au](mailto:au.nswservice.com.au)  
 QLD: [au.qldservice.com.au](mailto:au.qldservice.com.au)  
 SA/NT: [au.saservice.com.au](mailto:au.saservice.com.au)  
 WA: [au.waservice.com.au](mailto:au.waservice.com.au)

### 2. Remuneration (commission payments)

Remuneration is generated in accordance with the Distribution Agreement, which governs the relationship between you (or your dealer group) and AIA Australia. Please refer to your Distribution Agreement or to your dealer group for further details regarding levels of commission.

### 3. What is payable as remuneration?

All remuneration calculations are based on the premium amounts payable (e.g. Life Cover, Income Protection, any health or pastimes loadings). AIA Australia does not pay remuneration on the policy fee, stamp duty, frequency/modal loadings or other statutory charges and taxes.

GST\* is added to the remuneration payment and will be shown separately on the commission statement.

For any Policies submitted by the Distributor or its Distribution Channels which are to insure a family member of the Distributor or its Representatives, only Level Commission rates are available for calculating the Remuneration payable to the Distributor.

\* Goods and Services Tax is not determined by AIA Australia and may vary in future at the discretion of the ATO.

## 4. Example Summary of Remuneration Terms



### Summary of Remuneration Terms

All commission payable by Us in respect of policies written by you is governed by the terms of our distribution agreement with your Dealer Group. The following is a summary of the key terms governing commission which we pay your Dealer Group.

#### Part A – Products

Priority Protection  
Priority Protection for Platform Investors

#### Part B – Remuneration

Commission percentages given in the Standard Remuneration Table are inclusive of GST. They apply to the premiums payable in a policy year excluding any policy fees, premium frequency charges and Government stamp duty.

**Table 1 – Standard Remuneration for all premium patterns including Term Level**

The remuneration rates shown below apply to the Priority Protection range of products and are effective as at 1 January 2020 in relation to:

- policies issued from 1 January 2020 and any changes to such policies on which AIA Australia pays commission; and
- any changes made from 1 January 2020 to policies issued between 1 January 2018 and 31 December 2020 (unless the policy was grandfathered for LIF purposes) on which AIA Australia pays commission.

For any policies which do not meet these criteria, you should speak with your Dealer Group or AIA Australia Client Development Manager for information regarding the applicable remuneration rates.

Premium Discount		Upfront 2020	Level
P105 (+5%)	Year 1	N/A	31.13%
	Year 2	N/A	31.13%
	Year 3 +	N/A	31.13%
P100 (Standard)	Year 1	66.0%	30.00%
	Year 2 +	22.0%	30.00%
P95 (-5%)	Year 1	65.0%	23.10%
	Year 2 +	18.0%	23.10%
P90 (-10%)	Year 1	55.0%	18.37%
	Year 2 +	14.0%	18.37%
P85 (-15%)	Year 1	40.0%	12.87%
	Year 2 +	9.0%	12.87%
P80 (-20%)	Year 1	20.0%	9.13%
	Year 2 +	4.0%	9.13%
P70 (-30%)	Year 1	0.0%	0.00%
	Year 2 +	0.0%	0.00%

Note: commission paid on benefits for which the stepped, level, term level or optimum premium patterns have been selected is paid as per the above table.

Commission paid on Term Cover, which are reduced term life benefits that expire after a 5 or 10 year term, is as follows:

		Upfront 2020	Level
<b>Term Cover (10-year)</b>	Year 1	55.0%	27.50%
	Year 2 +	22.0%	27.50%
<b>Term Cover (5-year)</b>	Year 1	44.0%	22.00%
	Year 2 +	14.3%	22.00%

- For any Policies submitted by your Dealer Group or persons authorised by it which are to insure a family member of your Dealer Group or persons authorised by it, only the Level Commission rate is available for calculating the Remuneration payable to the Dealer Group.
- Year 2 + Commissions will only be paid on Premium that is received by us.
- If the Policy is a Replacement Policy, then the application of the above tables is subject to the rules in respect of Replacement Policies set out in the Replacement Policy FAQ contained in this Adviser Guide.
- Where you submit an application for a Policy in circumstances where:
  - the person who is to be insured under the Policy being applied for (the insured applicant) had been insured under a Policy issued by AIA Australia which was lapsed or cancelled (previous AIA policy) within the previous three years; and
  - you or a representative of your Dealer Group serviced the previous AIA policy at the time of its lapse or cancellation, that Policy may be treated as if it were a Replacement Policy.
- AIA Australia may, in accordance with the Distribution Agreement, limit the rate of upfront commission payable on policies where your lapse rate or that of your Dealer Group is above a threshold determined by AIA and notified to your Dealer Group. Where year one commission is limited, written notice will be provided to your Dealer Group in advance.

#### Clawback of Remuneration

Any Remuneration payments made by Us to the Dealer Group in respect of a policy which is cancelled, lapses or has a reduction in policy cost will be clawed back as follows:

- 100% clawback applies to upfront commission paid where the cancellation or reduction occurs within 12 months
- 60% clawback applies to upfront commission paid where the cancellation or reduction occurs after 12 months (and between 13–24 months following the policy issue).

Pro rata claw back will apply in relation to reductions in policy cost.

This Summary of Remuneration Terms is subject to the terms and conditions of the Distribution Agreement between AIA Australia Limited and the relevant AFSL holder.



## Replacement Policy FAQ

### 1. What is a Replacement Policy?

A Replacement Policy is issued when the policyholder decides to cancel or terminate an existing AIA policy and to replace it with a new AIA policy that provides a similar level of cover.

The issue date of the Replacement Policy must be no earlier than the cancellation or termination date of the policy being replaced (i.e. 'old policy').

(Please refer to Item 4 for examples)

### 2. Who decides it is a Replacement Policy?

AIA Australia's Underwriting Department will decide if a particular policy is a 'Replacement Policy'. The Retail Admin team will be notified of this decision and commissions will be adjusted accordingly.

### 3. How do commission rules apply to a Replacement Policy?

Commission is payable on the Replacement Policy in accordance with the table set out below. Remuneration paid on the old policy may be subject to claw back in accordance with the Distribution Agreement (see Table 1 on the previous page).

New Business Commission	Renewal Commission
Old policy in-force <10 years	
<p>Equal to:</p> <p>(i) if the sum insured for the Replacement Policy is greater than the sum insured for the old policy, the amount by which Replacement Policy premium exceeds old policy premium as a result of the increase to sum insured multiplied by rate of new business (Year 1) commission applicable at time of issue of Replacement Policy; plus</p> <p>(ii) any amount of Commission clawed back on the old policy as a result of the old policy's cancellation and replacement with the Replacement Policy; plus</p> <p>(iii) Replacement Policy premium (excluding any portion of that premium which results from the sum insured for the Replacement Policy being greater than the sum insured for the old policy) multiplied by the lower of the rate of trail (Year 2+) commission applicable at time of issue of the old Policy and the rate of trail (Year 2+) commission applicable at time of issue of Replacement Policy, provided that the aggregate payment will be no greater than the Replacement Policy premium multiplied by the rate of new business (Year 1) commission applicable at issue of Replacement Policy</p>	<p>Paid on Replacement Policy premium at the lower of the rate of trail (Year 2+) commission applicable at time of issue of the old Policy and the renewal commission rate applicable at the time of the Replacement Policy issue.</p> <p>Note: Any renewal commission paid on additional benefits or increases to the sum insured after the replacement policy is issued will be calculated using the renewal commission rate applicable at the time of issue of the addition or increase.</p>
Old policy in-force ≥10 years	
<p>Paid on Replacement Policy premium multiplied by rate of new business (Year 1) commission applicable at time of issue of Replacement Policy</p>	<p>Paid on Replacement Policy premium at the rate of trail (Year 2+) commission applicable at time of issue of Replacement Policy</p>

If:

- the commission type chosen under the old policy was Upfront or Hybrid, the Upfront commission rate applicable at the time of the Replacement Policy issue (based on the premium discount chosen, if any) will apply to the Replacement Policy;
- the commission type chosen under the old policy was Level, the Level commission rate applicable at the time of the Replacement Policy issue (based on the premium discount chosen, if any) will apply to the Replacement Policy; and
- the +5% Premium Increase for Upfront or Hybrid commission was chosen under the old policy, the Standard Premium Discount for the Upfront commission rate applicable at the time of the Replacement Policy issue will apply under the Replacement Policy.

Remuneration paid on Replacement Policies may be subject to claw back in accordance with the Distribution Agreement (see Table 1 on the previous page).

### 4. Examples – Calculating Replacement Policy Commission

In the following three examples it has been assumed that the old policy being replaced has been in-force for at least 24 months and that no additions had been made to the old policy within 12 months of the cancellation of the old policy.

**Example 1: Sum insured for new policy (Replacement Policy) and old policy are exactly the same**

Old Policy 'A'	New Policy 'B'
Term Life = \$100,000	Life Cover = \$100,000

If the old policy has been in-force for less than 10 years and the sum insured under the old policy is the same as under the new policy, the Distributor is entitled to receive the renewal commission only in relation to the premium payable for the first 12 months of the new policy. Unless level commission has been selected, the remuneration paid for the first year of the new policy will be subject to claw back in accordance with the Distribution Agreement (see Table 1 on previous page).

\*Note: Renewal commission will be calculated at the lower of the rate of renewal commission applicable to old policy and the rate of renewal commission applicable at time of issue of replacement policy.

**Example 2: Sum insured for new policy (Replacement Policy) is lower than for the old policy**

Old Policy 'A'	New Policy 'B'
Term Life = \$100,000	Life Cover = \$80,000

If the old policy has been in-force for less than 10 years, and the sum insured for the new policy is lower than for the old policy, the Distributor is entitled to receive renewal commission only in relation to the premium payable for the first 12 months of the new policy. Unless level commission has been selected, the remuneration paid for the first year of the new policy will be subject to claw back in accordance with the Distribution Agreement (see Table 1 on previous page).

\*Note: Renewal commission will be calculated at the lower of the rate of renewal commission applicable to old policy and the rate of renewal commission applicable at time of issue of replacement policy.

**Example 3: New policy has an extra benefit as compared to the old policy**

Old Policy 'A'	New Policy 'B'
Term Life = \$100,000	Life Cover = \$80,000 Crisis Recovery = \$10,000

Because there is an extra benefit, i.e. Crisis Recovery, under the new policy, the Distributor will be entitled to receive the full new business commission (i.e. at the applicable Year 1 Remuneration rate set out in the Distribution Agreement) in relation to the Premium payable for Crisis Recovery for the first year of the new policy, regardless of how long the old policy has been in force.

In addition, the Distributor will be entitled to receive commission in relation to the Premium payable for Life Cover for the first year of the new policy at the rate of trail commission (Year 2+ Remuneration) which applies at issue of the new policy.

Both the commission payable for Crisis Recovery and Life Cover for the first year of the new policy will be subject to claw back in accordance with the Distribution Agreement (see Table 1 on previous page).

\*Note: Renewal commission will be calculated at the lower of rate of renewal commission applicable to old policy and the rate of renewal commission applicable at time of issue of replacement policy.

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## 5. Types of remuneration

### Upfront 2020 and Level remuneration

AIA Australia will pay remuneration based on the yearly premium at the agreed percentage, only after acceptance of the application by the New Business Department and receipt of the first premium by AIA Australia.

Please note that all remuneration paid may be subject to claw back in accordance with your dealer group's Distribution Agreement should the policy lapse or be cancelled, or should the premium payable under the policy be reduced.

### Frequency of payment from AIA Australia

Remuneration is payable in accordance with the Distribution Agreement and may vary depending on your or your Dealership's payment preferences. AIA Australia will issue New Business remuneration on completion\* of an application from our New Business and Underwriting Department.†

Once the policy has been completed our systems will be activated to generate commission for the policy and this will then be forwarded to the nominated bank account that has been supplied to AIA Australia by the holder of the distribution agreement.

\*Completion is defined as:

1. Application being accepted by the New Business/ Underwriting Department,
2. AIA Australia has received the First Premium Payment; and
3. Policy Schedule has been issued.

† AIA Australia reserves the right to withhold or delay any remuneration should there be a delay in completion, any failure or discrepancy in the information requirements to complete the application or other similar grounds to do so.

### Frequency of revenue statements

Revenue statements will be issued weekly in electronic format if your Licensee or Adviser Code generates commission.

Continuous updates of your revenue statements will be available on the Adviser Site.

Please call 1800 033 490 (option 5) if you have not yet been provided with access and password details to the website.

### Questions in relation to remuneration

Should you wish to query any commission payments, raise any other remuneration issues or need further information, please contact our remunerations team (see details at the front of this section) or contact your dealer group.

### AIA Vitality Activation Payment

An Activation Payment of \$250.00 may be paid to you when AIA Vitality is added onto a Priority Protection policy. This is a once-off payment and is payable only once for each life insured. The Activation Payment will be paid when AIA Vitality is added onto a new or an in-force Priority Protection policy.

## Section I – Group Insurance Services and Administration

Our AIA Australia Group Insurance channel is a specialist provider of group risk products and solutions. It's responsible for managing superannuation funds and corporate scheme relationships across the country.

Our Group Insurance offer is underpinned by market-leading technology and our industry best practice occupational rehabilitation expertise.

If you would like to speak with our Group Insurance Distribution team please contact **1800 238 728**.

### Continuation Options

If a member leaves employment or stops their AIA Australia Group Insurance, they can stay insured with AIA Australia by opting for a continuation option. This means the member, who meets the eligibility criteria, would move to a retail 'Priority Protection' life insurance policy.

To find out about continuation options contact our Group Insurances Services Administration team on **03 9009 4111** or at **[au.groupinsurance@aia.com](mailto:au.groupinsurance@aia.com)**

Our Administration team will complete all eligibility checks for you and provide you with:

- A fully completed Validation Form which covers entitlement and expiry date of the offer
- A 'Group Continuation to Priority Protection' short form application for the member to complete and the current PDS
- A Priority Protection Quotation, based on the benefits and level of cover under the policy.

We will process the policy as a retail policy, as long as the member continues to fall within the eligibility period.

The eligibility criteria applies on all Continuation Options based on the Product offering unique to each Business Partner.

Please note that AIA can only offer an Indemnity based Income Protection policy in continuation of any existing Group Agreed Value Income Protection insurance policies.

# Section J – Occupation Ratings

AIA Australia has 11 classes of occupations as outlined below. The occupation classifications are based on the actual duties performed, not the ‘job title’, therefore a full description of all duties performed should be provided in the application or when discussing an occupation with an Underwriter to determine the correct occupation category.

If your client has a second occupation, the occupation category applicable may be based on the more ‘hazardous’ occupation, depending on the nature and extent of involvement in the second job. The income however is not usually included in determining the Monthly Benefit available. E.g: An applicant works 30 hours a week as a qualified motor mechanic, and also works 20 hours a week as a landscape gardener. In this case the occupation category quoted should be category D not CT.

Occupation Category	Characteristics of Occupation Category
A1	<ul style="list-style-type: none"><li>For professionals, executives and senior management earning more than \$120,000 per annum over the last 2 years and in an office-based management role.</li><li>Or, for professionals, executives and senior management whose income is less than \$120,000 per annum over the last 2 years, then they must have a tertiary qualification* related to their current occupation and they must work in an office-based environment.</li></ul> <p>*Tertiary qualification means a Bachelor’s degree, Master’s degree or PhD granted by a recognised third level institution.</p>
A2	<ul style="list-style-type: none"><li>Primarily for Science and IT Professionals that are office and/or laboratory based. This category also includes select Engineering professionals that may not be solely office bound. Includes Civil Engineers, Research Chemists, and Computer Programmers.</li></ul>
M	<ul style="list-style-type: none"><li>Select highly qualified medical professionals requiring membership of a professional or government body in order to practise that occupation.</li><li>Includes Doctor [medical], Anaesthetist, and Cardiologist. This category excludes allied health professionals such as chiropractors, osteopaths and physiotherapists.</li></ul>
A3	<ul style="list-style-type: none"><li>White collar occupations that involve clerical and administrative work only, who are not working in a warehouse, manufacturing or industrial environment. Includes data entry operators, clerks, and copywriters.</li></ul>
A4	<ul style="list-style-type: none"><li>Select white collar occupations that are not strictly office or deskbound and whose roles may include a degree of driving or travel. This category is also for select allied health professionals whose roles may require some clinical hands-on duties. Includes Interior Designers, Osteopaths, and Agricultural Consultants.</li></ul>
B	<ul style="list-style-type: none"><li>Occupations not classified as white collar, involving some light manual work, including supervisors and persons in a totally administrative job within a warehouse, manufacturing or industrial environment.</li><li>The working environment may present slight injury or sickness risk.</li></ul>

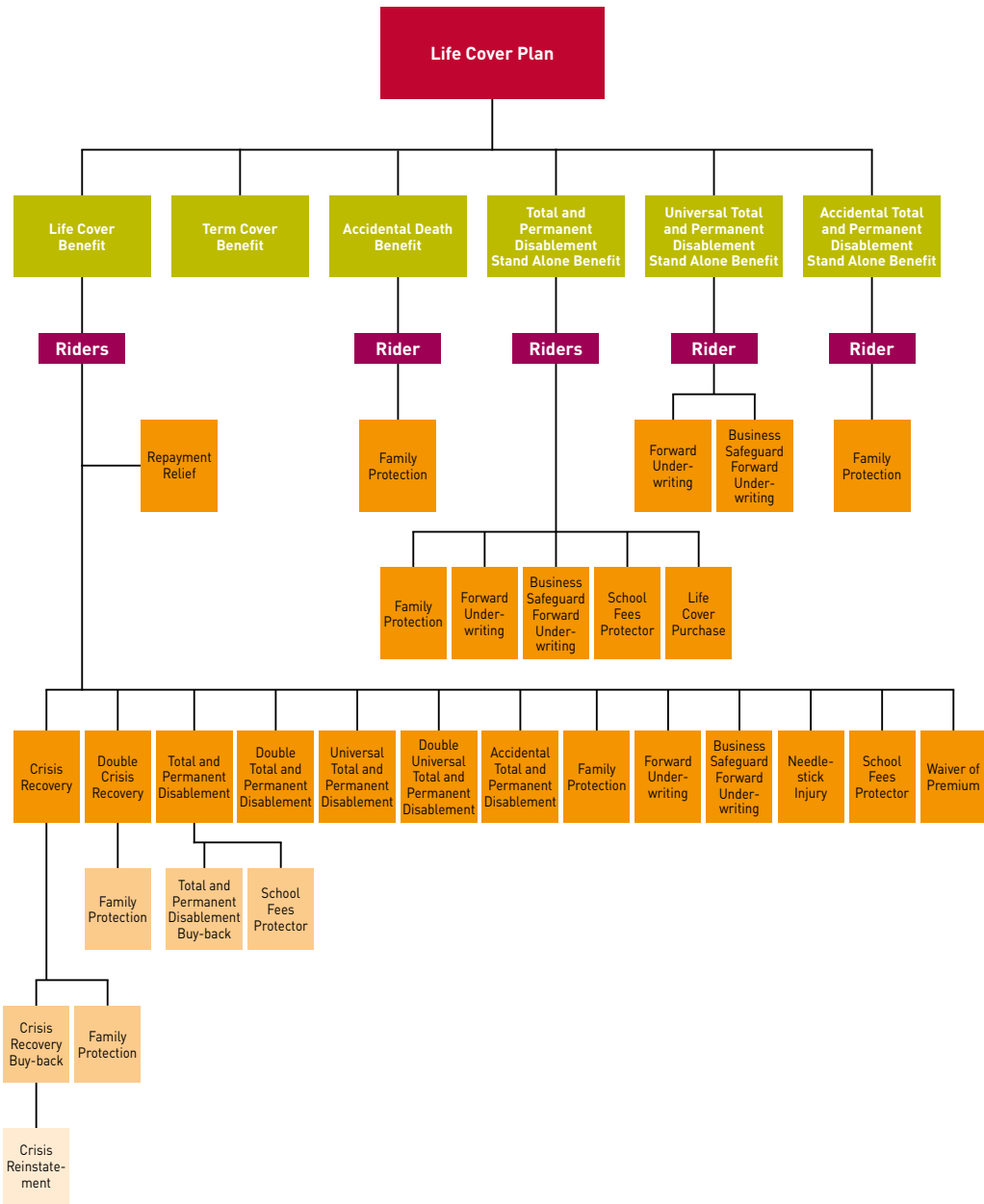
Occupation Category	Characteristics of Occupation Category
<b>C</b>	<ul style="list-style-type: none"> <li>People who perform predominantly light manual work (more than 10% of their time) in various industries and environments with an increased accident or sickness risk.</li> <li>Selected skilled tradespeople such as chefs or bakers, or occupations such as qualified care workers or retail butchers.</li> <li>Supervisors of manual workers with only minimal light manual work involvement (less than 10%).</li> </ul>
<b>CT</b>	<ul style="list-style-type: none"> <li>Selected qualified tradespeople from various industries which have a moderately high accident or sickness risk, and perform moderately heavy manual work as part of their occupation; and</li> <li>Have successfully completed an apprenticeship resulting in relevant trade certification and licensing; and</li> <li>Currently working in that trade.</li> </ul>
<b>D</b>	<ul style="list-style-type: none"> <li>Semi-skilled workers and unqualified tradespersons, who perform heavy manual work. e.g. fencing contractor, plasterers, cleaners</li> </ul>
<b>E</b>	<ul style="list-style-type: none"> <li>Unskilled workers, who perform extra heavy manual work, e.g. concreters, earth-moving workers, carpet layers.</li> <li>The working environment may present a significant injury or sickness risk.</li> </ul>
<b>Home Duties</b>	<ul style="list-style-type: none"> <li>Where you are wholly engaged in full-time unpaid domestic duties in your own residence.</li> </ul>
<b>IC</b>	<ul style="list-style-type: none"> <li>Individual Consideration (further information needed)</li> </ul>
<b>NA</b>	<ul style="list-style-type: none"> <li>Not Available</li> </ul>

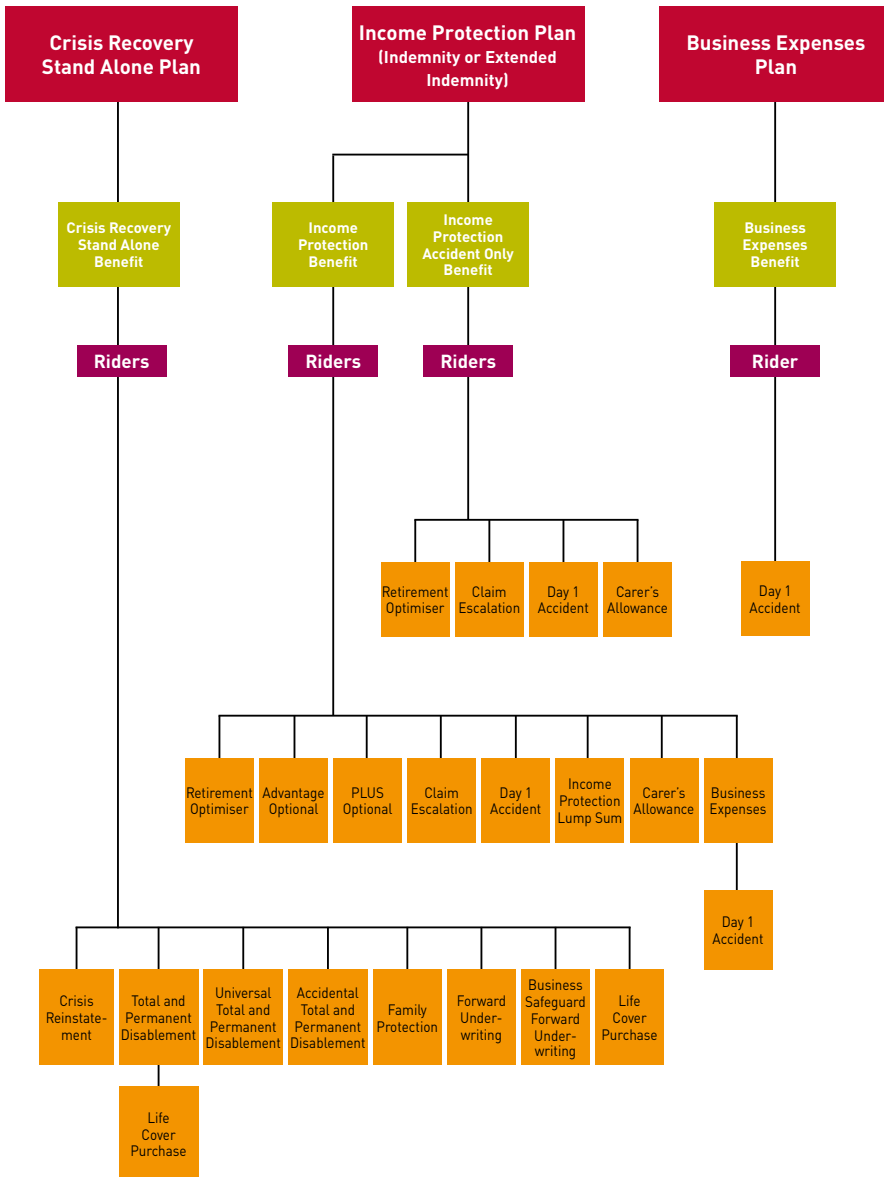
## Product Codes

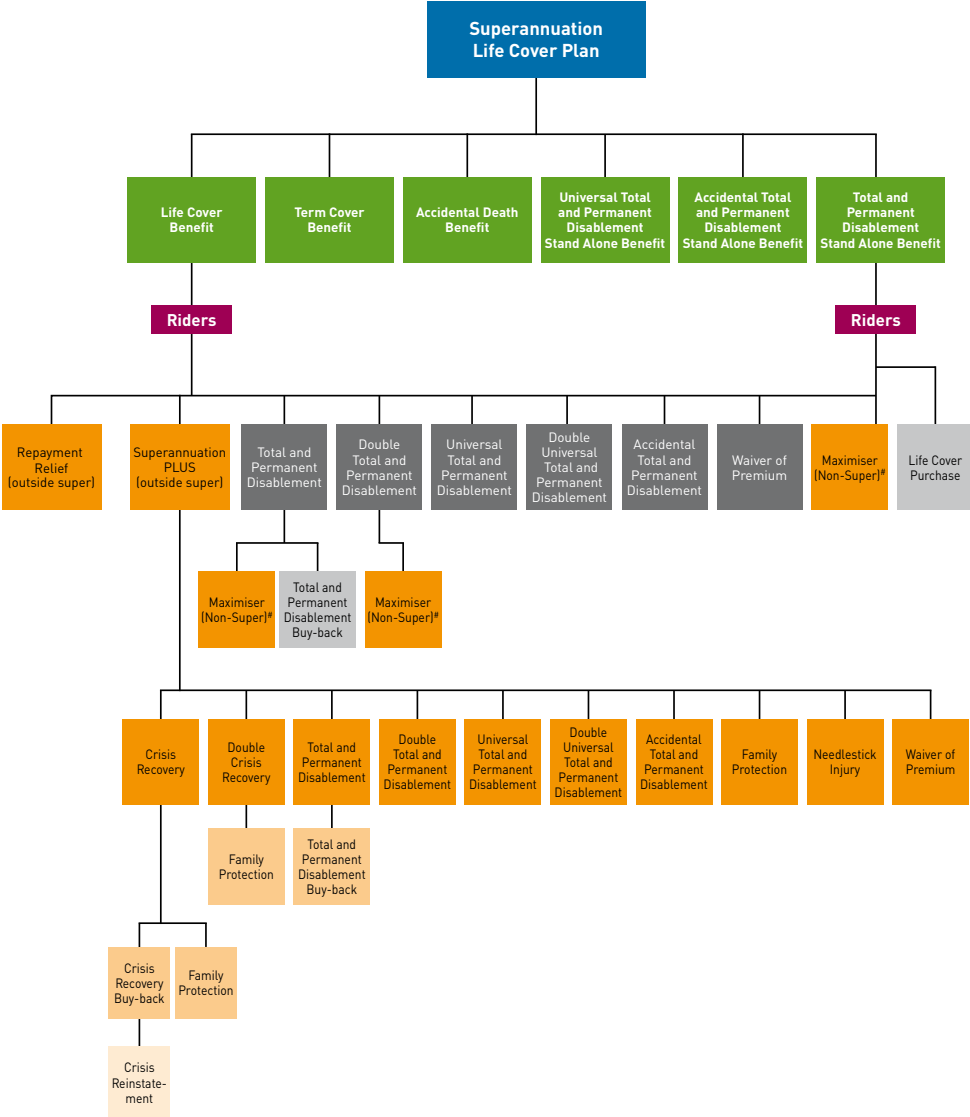
<b>IP</b>	Income Protection
<b>BE</b>	Business Expenses
<b>TPD</b>	Total and Permanent Disablement
<b>WOP</b>	Waiver of Premium
<b>CR</b>	Crisis Recovery

See the full list of occupation ratings in the electronic adviser guide available on the adviser site.

# Section K – Priority Protection Structure



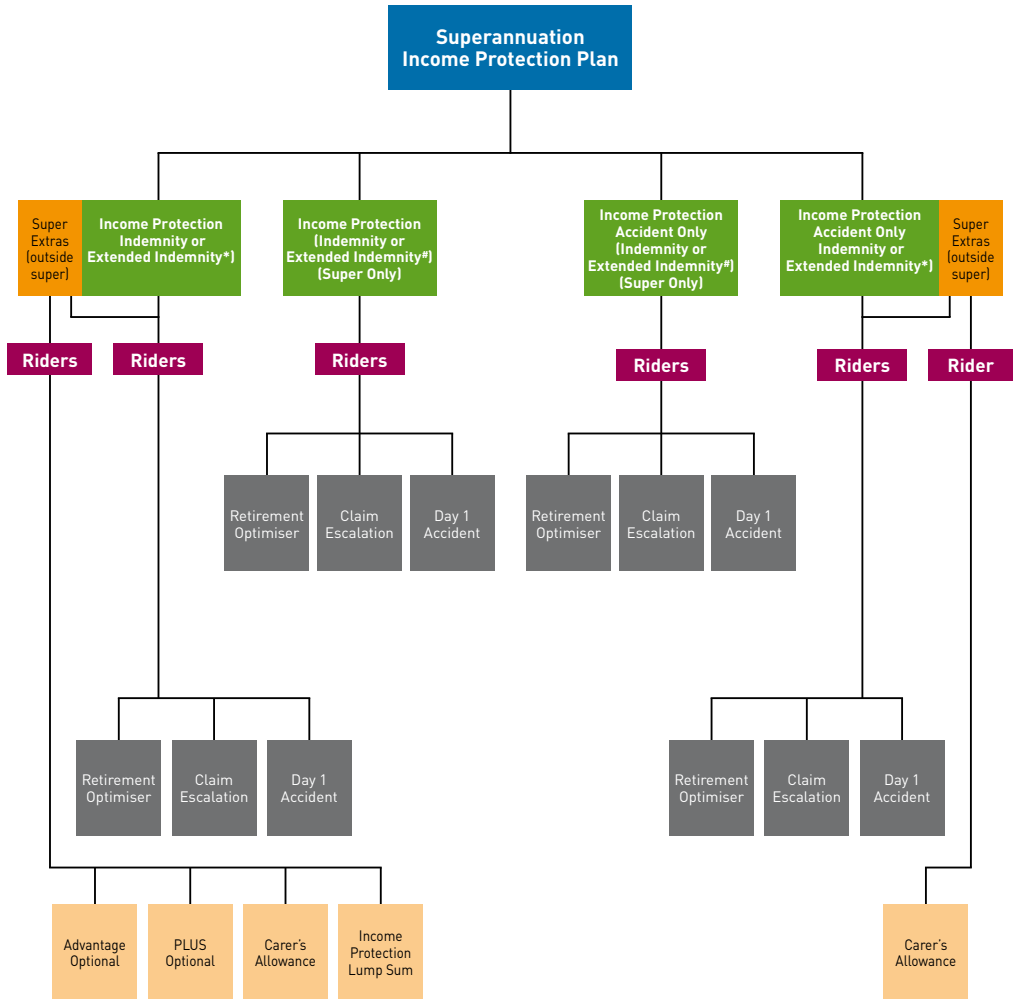




\*Where Maximiser is selected, Family Protection, Needlestick Injury (Occupation AA Only) and Waiver of Premium (where applicable), are the only benefits available to be selected under Superannuation PLUS.

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\*Selection of this benefit automatically provides an Income Protection benefit in superannuation and an Income Protection benefit outside of the superannuation environment linked via Super Extras.

\*Please speak to your adviser about the availability of this feature.





