

Summary of changes



The following is a summary of product changes available under AIA Australia's Group Life and Group Salary Continuance Insurance Product Information Booklets issued June 2017.

All Cover – Death, Total and Permanent Disablement Cover (TPD) and Salary Continuance Cover (SCI)

Feature Benefit / Description	Explanation of change	Policy wording
Leave without Pay	We were unclear as to what happens if an Insured Member returned to work from Leave without pay during the 30 day extended cover period.	<u>Adding:</u> If the Insured Member returns to work within the 30 day period, Cover will continue automatically subject to the continued payment of premiums for that Insured Member .
Continuation Option	<p>We were unclear on availability of Continuation Options if the Policy was terminated.</p> <p>We are seeking to clarify that no individual consideration will be made for Continuation Option applications received after the 60 day window period.</p>	<p><u>Adding:</u> If an Insured Member's Cover has ceased due to the Policy being terminated by the Employer or by AIA Australia, they will not be eligible to apply for a Continuation Option</p> <p><u>Updated condition with the following:</u></p> <p>the Continuation Option must be applied for within 60 days of leaving the service of the Employer, with no individual consideration made for applications received after this date</p>
Termination Notice period	We were silent on our termination notice period	<p><u>Updating clause under 1. Information about this Policy:</u></p> <p><u>1.7 Termination of Policy</u></p> <p>1. The Policy Owner may terminate the Policy at any time by giving prior written notice. We shall refund any premium for any period of unexpired risk and where applicable the Policy Owner must pay all outstanding premiums up to the date the Policy is terminated.</p> <p>2. AIA Australia will give the Policy Owner 30 day's written notice of its intention to terminate the Policy.</p>

All Cover – Overseas Cover terms

We do not appropriately address how NZ citizens living and working in Australia should be treated.

The following clauses have been amended to address this

Feature Benefit / Description	Prior to change	After change
Definition of Australian Resident	Not Applicable	Introduction of definition of Australian Resident: Means: <ul style="list-style-type: none"> • a person who resides in Australia and is either an Australian citizen or a holder of an Australian Permanent Resident visa; or • a person who is a New Zealand citizen and the holder of a Special Category visa (SCV) while residing in Australia indefinitely
Definition of Special Category visa (SCV)	Not Applicable	Introduction of definition of Special Category visa (SCV): As per the guidelines provided under the Department of Immigration and Border Protection, a Special Category visa (subclass 444) is a temporary visa that allows a person to stay and work in Australia as long as that person remains a New Zealand citizen. For avoidance of doubt, a New Zealand citizen who holds a SCV while residing in Australia and departs temporarily overseas will be treated the same as an Australian Resident . They will be entitled to the same provisions, Cover terms and conditions as an Australian Resident under this Policy .
Eligibility	Eligibility of Cover is available to Australian citizens, Australian Permanent Residents or a holder of a Visa .	We are extending our eligibility criteria to allow any person who fits the Australian Resident definition (as described above) or is a holder of a Visa to be able to obtain Cover. Clause 3.1 “Who can obtain Cover” has been updated to include “ Australian Resident ”
8.3.1 Cover during overseas employment	We were silent on cover during overseas employment for those Insured Members who are not an Australian Resident and are holder of a Visa	An Insured Member who is an Australian Resident and who is temporarily employed overseas for their Employer will be provided with cover for up to five years. For an Insured Member who is not an Australian Resident and who is temporarily employed overseas for their Employer , Cover will be provided for up to 3 months.

Feature Benefit / Description	Prior to change	After change
9.2 Termination of SCI Benefits for an Insured Member	SCI benefit payments cease the date the Insured Member , who is not an Australian permanent resident, is no longer permanently in Australia, or not eligible to work in Australia	To keep in line with the introduction of the definition of Australian Resident, this will change to: SCI benefit payments cease for an Insured Member , who is not an Australian Resident , the date the Insured Member is no longer permanently in Australia, or not eligible to work in Australia
Termination of Cover	Currently one of the termination provisions for an Insured Member includes: <ul style="list-style-type: none"> the Insured Member who is not an Australian permanent resident, is no longer permanently in Australia, or not eligible to work in Australia. 	To keep in line with the introduction of the definition of Australian Resident, this termination provision will be replaced with the below: <p>Cover for an Insured Member under this policy shall terminate on the earliest of the date:</p> <ul style="list-style-type: none"> the Insured Member who is not an Australian Resident is no longer permanently in Australia or not eligible to work in Australia the Insured Member has permanently departed Australia

Summary

Who	Cover – while working temporarily Overseas	Cover while travelling or holidaying	Cover cessation / SCI benefit cessation
Australian Citizens & Australian Permanent Residents	Yes up to 5 years	Yes	Cover continues subject to cover cessation rules.
New Zealand citizens holding SCV Visa	Yes up to 5 years	Yes	Cover continues subject to cover cessation rules.
Visa holders (this includes overseas nationals working in Australia and New Zealand permanent residents).	Yes for up to 3 months Covers business trips etc.	Yes	Ceases if no longer eligible to work and live in Australia

Death Cover / TPD Cover – all other changes

Feature Benefit / Description	Prior to change	After change
TPD Maximum Entry Age	64	66
Waiting Period	3 months for all medical conditions	<p>We may waive the three month TPD waiting period if an Insured Member has been certified by a Medical Practitioner (specialising in the relevant field) as having one of the following listed Medical Conditions as defined under the Policy: Alzheimer’s Disease, Dementia, Major Head Trauma, Motor Neurone Disease, Multiple Sclerosis, Muscular Dystrophy, Parkinson’s Disease or Primary Pulmonary Hypertension.</p> <p>The Insured Member still must satisfy the TPD definition of the Policy first. This is available to non-superannuation policies only.</p>

SCI Cover – all other changes

Feature Benefit / Description	Prior to change	After change
<p>Partial Disability calculation</p>	<p>6.4.2 What will we pay?</p> <p>The proportionate Monthly Benefit is calculated in accordance with the following formula:</p> $\frac{A - B}{A} \times C$ <p>Where:</p> <p>A = The Insured Member’s Pre-Disability Income;</p> <p>B = The Income earned by the Insured Member from their usual or alternative occupation during the period of Partial Disability. If the Insured Member takes annual leave or long service leave during the period of Partial Disability, this will include the income the Insured Member would have earned had they not taken such leave; and</p> <p>C = The Total Disability or Permanent Disability Monthly Benefit.</p> <p>For an Insured Member who is Partially Disabled, the Partial Disability Monthly Benefit will continue to be paid until the earliest of the events described in clause 6.6.</p>	<p>6.4.2 What will we pay?</p> <p>The proportionate Monthly Benefit is calculated in accordance with the following formula:</p> $\frac{A - B}{A} \times C$ <p>Where:</p> <p>A = The Insured Member’s Pre-Disability Income;</p> <p>B = The income earned by the Insured Member from their usual or alternative occupation during the period of Partial Disability. If the Insured Member takes annual leave or long service leave during the period of Partial Disability, this will include the income the Insured Member would have earned had they not taken such leave; and</p> <p>C = The Total Disability or Permanent Disability Monthly Benefit.</p> <p>For an Insured Member who is Partially Disabled, the Partial Disability Monthly Benefit will continue to be paid until the earliest of the events described in clause 9.2.</p>

Feature Benefit / Description	Prior to change	After change
Benefit Offsets	<p>The Monthly Benefit payable to an Insured Member will be reduced by any amount which is paid or required to be paid under:</p> <ul style="list-style-type: none"> i) Workers' Compensation, Motor Accident Compensation, Social Security or similar legislation in relation to the injury or sickness of the Insured Member; ii) any statutory or other government payments for loss of income in relation to the injury or sickness of the Insured Member; iii) any disability, injury or sickness insurance type policy (other than a lump sum TPD benefit received under any insurance policy); iv) paid parental leave where an Insured Member continues to suffer a Disability during a period of paid parental leave; and v) any other remuneration (including commissions) paid to the Insured Member from the Employer while being paid a Monthly Benefit <p>The Monthly Benefit will not be reduced by Income earned from investments, annual leave, long service leave entitlements or any termination (redundancy) payments.</p> <p>Sick leave will not be considered to be an offset except in the case where an Employer provides unlimited sick leave to an Insured Member as part of their employment arrangements.</p> <p>If any of the above payments are paid in the form of a commuted lump sum, AIA Australia will convert these to an equivalent monthly payment deemed to be 1/60th of the lump sum payment and offset benefit entitlements by this equivalent monthly benefit for a period of 60 months from the date of the lump sum payment</p>	<p>The Monthly Benefit payable to an Insured Member will be reduced by any amount which is paid or required to be paid under:</p> <ul style="list-style-type: none"> 1 Workers' Compensation, Motor Accident Compensation, Social Security or similar legislation in relation to the injury or sickness of the Insured Member; 2 any statutory or other government payments for loss of income in relation to the injury or sickness of the Insured Member; 3 any disability, injury or sickness insurance type policy (other than a lump sum TPD benefit received under any insurance policy); and 4 paid parental leave where an Insured Member continues to suffer a Disability during a period of paid parental leave. <p>Where a Disability benefit is payable, AIA Australia will also reduce the Monthly Benefit payable to an Insured Member by any remuneration component used in determining the Insured Member's Sum Insured that is paid to the Insured Member from an employer while being paid a Monthly Benefit.</p> <p>The Monthly Benefit will not however be reduced by Income earned from investments, annual leave, long service leave or any termination (redundancy) payments.</p> <p>Sick leave will not be considered to be an offset except in the case where an employer provides unlimited sick leave to an Insured Member as part of their employment arrangements.</p> <p>If any of the above payments are paid in the form of a commuted lump sum, AIA Australia will convert these to an equivalent monthly payment deemed to be 1/60th of the lump sum payment and offset benefit entitlements by this equivalent monthly benefit for a period of 60 months from the date of the lump sum payment.</p>

Feature Benefit / Description	Prior to change	After change
Income definition	<p>Where the Insured Member is employed, the remuneration package paid by the Employer to the Insured Member including base salary and fees, regular bonuses, regular overtime earnings and regular commissions (but excluding mandated superannuation contributions, irregular bonuses, irregular overtime earnings and irregular commissions and unearned income such as investment or interest earnings).</p> <p>Bonuses, overtime earnings and commissions will be calculated based on the average of the last three years' (or where the Insured Member has been employed for less than 3 years, averaged over the Insured Member's period of employment) bonuses, overtime earnings and commissions received by the Insured Member from the Employer.</p>	<p>Where the Insured Member is employed, the pre-tax remuneration package paid by the Employer to the Insured Member including base salary and fees, regular bonuses, regular overtime earnings and regular commissions (but excluding mandated superannuation contributions, allowances, irregular bonuses, irregular overtime earnings and irregular commissions and unearned income such as investment or interest earnings)*.</p> <p>Bonuses, overtime earnings and commissions will be calculated based on the average of the last three years' (or where the Insured Member has been employed for less than 3 years, averaged over the Insured Member's period of employment) bonuses, overtime earnings and commissions received by the Insured Member from the Employer.</p> <p>*The Income advised by the Employer to determine an Insured Member's Sum Insured may not always be the same as the remuneration the Insured Member receives from their Employer</p>
SC Benefit	<p>We are silent on being unable to make payments to overseas superannuation funds.</p>	<p>The SC Benefit cannot be paid to superannuation funds outside of Australia</p>
Claims escalation	<p>Claims Escalation Benefit does not apply to the 2 year Benefit Period</p>	<p>Claims Escalation may apply to the 2 year benefit period. If applicable it will be stated in the Policy Schedule.</p>
Rehabilitation Program definition	<p>We did not provide details on the rehabilitation program a member must engage in to be eligible for a Rehabilitation Expense benefit or a Rehabilitation Incentive benefit.</p>	<p>Means a program pre-approved by AIA Australia for the purpose of returning an Insured Member to the pre-disablement occupation, or where return to pre-disablement occupation is not appropriate, another suitable occupation. A Rehabilitation Program consists of occupational rehabilitation services such as initial rehabilitation assessment, physical conditioning program, graduated return to work program, vocational assessment, and other specific services to support return to pre-disablement occupation or an alternate occupation. Any occupational rehabilitation must be as part of a comprehensive return to work program comprising of a range of tailored services pre-approved by AIA Australia and evidenced by a documented Return to Work Plan prepared by an AIA approved Rehabilitation Provider.</p>

Feature Benefit / Description	Prior to change	After change
Benefit Period options	2 year, 5 year, To Age 60 and To Age 65	2 year, 5 year, 10 year, To Age 60 and To Age 65 Introduction of a new 10 year Benefit Period option with special features only available under this design. Please refer to the “10 year Benefit Design flyer” currently being drafted for more information.
Activities of daily working definition	<ul style="list-style-type: none"> • Walking: they cannot walk more than 200 metres on a level surface without stopping due to breathlessness, angina or severe pain elsewhere in the body; • Rising/Sitting: they are unable to rise and sit using a raised chair with arms without the help of another person; • Dexterity: they are unable to write legibly with a pen or pencil or use a keyboard with either hand; • Communication: they cannot (i) clearly hear (with a hearing aid or other aid if normally used) conversational speech in a quiet room in their first language, or (ii) understand simple messages in their first language, or (iii) speak with sufficient clarity to be clearly understood in their first language; • Eyesight: their visual ability is reduced to the extent that functional abilities are affected and independent functioning without physical assistance from another person in a workplace is impossible, even with the use of assistive devices. 	<ul style="list-style-type: none"> a) Mobility: The ability to: <ul style="list-style-type: none"> • bend, kneel or squat to pick something up from the floor and straighten up again, and get into and out of a standard sedan; or car; or • walk more than 200 metres at a normal pace on a level surface without stopping due to breathlessness as a result of a medical condition or angina. b) Hearing: The ability to hear such that an audiologist can certify that the Insured Member has a hearing ability of less than or equal to 40db in the better ear (averaged over the frequencies 0.5, 1, 2 and 3 KHz) in an audiometry test. c) Communicating through speech: The ability to speak with sufficient clarity to be able to hold a conversation in a quiet room in the Insured Member’s first language. This involves understanding a simple message and relaying that message to another person. d) Seeing: The ability to see even when tested with visual aids, such that an ophthalmologist can certify that the Insured Member’s visual acuity is better than 6/60 in the better eye or a visual field of greater than 10 degrees (i.e not legally blind). e) Manual Dexterity: The ability to use: <ul style="list-style-type: none"> • at least one hand to pick up and/or manipulate small objects such as picking up a coin from a desk, using cutlery or fastening buttons; or • a pen or pencil or keyboard to write a short note that can be understood by another person.

This is a summary only.

For full terms and conditions please refer to the relevant Product Information Booklet issued June 2017.

To find out more about AIA Australia’s Product Information Booklet contact your AIA Australia Business Development Manager.

Group Salary Continuance

New 10 Year Benefit Period



WE'RE
FOR LIFE

AIA Australia recognises the requirement for a product that aligns more closely to our corporate product profile and closes the gap between a Benefit Period of 5 years and a Benefit Period of to age 65.

Why a '10 Year' Benefit Period?

In 2016, the average duration of claims on our long term GSC claims was 9 to 11 years. Therefore, AIA Australia has introduced a product design structured on a 10 Year Benefit Period which meets the needs of our clients. By introducing a range of features (including our leading Rehabilitation framework) we are able to provide incentive and support for claimants to return to employment whilst continuing to provide long term financial security for those still in need.

Our shared value proposition

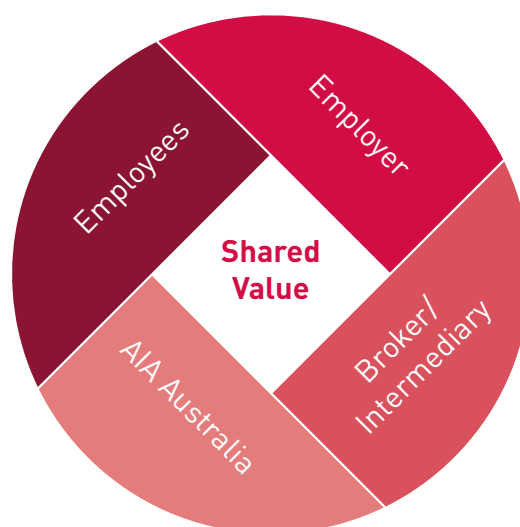
By providing this option, we are able to share the benefits amongst all stakeholders.

Your Employees

AIA Australia provides your employees with better support to assist with returning to work faster.

AIA Australia

Is able to provide competitive pricing with the benefits being passed on to our partners and their employees.



Employer

AIA Australia will provide a needs based option to provide protection if an employee suffers a medical condition and is no longer able to work.

Broker/Intermediary

Provides a further option to meet the needs of clients which will be more sustainable in the long term.

Features of the 10 year Benefit Period design

Disability Definitions available

Total Disability and Partial Disability

- The Monthly Benefits will be paid for a maximum Benefit Period of 10 years for Total Disability
- The Disability definitions will be based on an 'own occupation' definition for the first two years of the Benefit Period switching to an 'any occupation' definition thereafter
- For Partial Disability, a proportionate Monthly Benefit will be payable
- Accessible to everyone regardless of hours worked and employment status.

Permanent Disability

- Monthly Benefits will be paid to age 65 if the Insured Member is diagnosed with a Medical Condition (listed below) and therefore is unable ever to perform their usual occupation or any other occupation for which the Insured Member is reasonably able to perform with reference to their education, training or experience
- Medical Condition means the Insured Member has been certified by a Medical Practitioner (specialising in the relevant field) as having one of the following conditions: Pulmonary Arterial Hypertension (Primary), Major Head Trauma, Motor Neurone Disease, Multiple Sclerosis, Muscular Dystrophy, Dementia, Alzheimer's Disease, Parkinson's Disease, Diplegia, Hemiplegia, Paraplegia or Quadriplegia
- At any time while being paid a Total or Partial Disability benefit with a 10 year Benefit Period, if an Insured Member has been determined to be Permanently Disabled, they will be eligible to be paid benefits for an age 65 benefit period
- If a member returns to work and is Partially Disabled, a proportionate Monthly Benefit is payable and the benefit period will remain to age 65
- Accessible to everyone working on average 15 hours or more per week in the three months immediately prior to disablement.

Cover beyond age 65

The option to extend the cover expiry age from 65 to 70 is available with benefits limited to 2 years after age 65. This is subject to different premium rates.

Replacement ratio reduction

A reduction in the replacement ratio from 75% to 60% of Pre-Disability Income will occur after 5 years of the Benefit Period. There is no reduction in the Superannuation Contribution Benefit (SC Benefit) component (if applicable) which should ensure that a Member's retirement benefits are not impacted. Reduction in replacement ratio applies to all benefits paid.

Maximum Monthly Benefit

	Below age 65	Age 65 and above
For the first 5 years of the Benefit Period	\$30,000 per month (75% of first \$480,000 of annual Income) inclusive of SC Benefit if applicable	\$10,000 per month inclusive of SC Benefit if applicable
After the expiry of the first 5 years and for the balance of the Benefit Period	\$24,000 per month (60% of the first \$480,000 annual Income) plus SC Benefit if applicable.	\$8,000 per month plus SC Benefit if applicable

Mandatory Rehabilitation

Occupational Rehabilitation is provided for Members where we deem it to be appropriate and the member is required to subsequently actively participate in order for a benefit to be paid. This is a mandatory requirement which forms part of the Total Disability and Partial Disability definitions.

AIA Australia Rehabilitation services

AIA Australia has an evidence based rehabilitation framework which is founded on best practice rehabilitation principles. Our rehabilitation team consists of 15 highly experienced allied health professionals who all have both clinical and occupational rehabilitation experience. The research indicates that early intervention facilitates better health outcomes. AIA Australia will commence rehabilitation earlier, which means we can achieve better health outcomes for employees and earlier more sustainable return to work. By working with employees early in the claims process, we will prevent many of them from experiencing long term disability.

If you would like to know more about our rehabilitation services, please contact AIA Australia on 1800 333 613. For more information, visit aia.com.au.