



Income Protection and Waiver of Premium increases – August 2025

Adviser FAQs

Background

AIA review our full suite of Income Protection ('IP') offerings annually and where required, we decrease or increase pricing to account for changing claims experience and changes to reinsurance costs.

As a result of the most recent review, we will be changing the underlying premium rates for our on-sale AIA Living Income Protection and Waiver of Premium benefits and some closed Sovereign Income Protection and Waiver of Premiums benefits. Please refer to the **'What benefits are impacted by the rate changes, and when do the changes take effect?'** section of the FAQs below for more information.

The premium changes are reflective of the rise in disability income claims that we have continued to observe since IP premiums were last increased in 2023, coupled with an increase in reinsurance costs. The rise in disability income claims was more marked for benefits with an Agreed Value benefit definition.

The impact on customers was a key consideration in setting the new rates. While premium rates are increasing for Agreed Value benefit definitions and long benefit payment periods, the premium rates for Indemnity benefits with short benefit payment periods are being reduced and may provide customers with alternative cheaper options.

What can customers do to manage their premiums?

There are options to make premiums more manageable. We always recommend customers speak to their advisers to assess which options are best for them. There are many options to make premiums more affordable. These include:

- Increasing any waiting periods or reducing claim benefit terms;
- Amending their sum assured;
- Consider opting out of CPI indexation, where applicable;
- Consider alternative cover types e.g., alternative IP offerings such as indemnity cover;
- Reviewing the customer's insurance cover to ensure that it remains appropriate for their needs (e.g. reflective of any changes in family structure or life stage);
- Remove optional benefits (e.g. Specified Accidental Injury Cover);
- Change payment frequency (e.g. monthly to fortnightly) to spread premium payments.

Customers also have the option to add AIA Vitality. AIA Vitality members can enjoy discounted insurance premiums. The initial annual discount starts at 10% and can increase up to 20% or decrease down to 0% depending on the member's engagement in the programme. AIA Vitality has a membership fee of \$11.50 per month to cover the cost of offering the programme, but well engaged members can enjoy benefits well in excess of this fee.

AIA Vitality customers also earn points by improving their health in areas such as nutrition, exercise, and mental wellbeing. The more points members earn, the higher their AIA Vitality status and the bigger the rewards. [AIA Vitality Terms and Conditions](#) apply.



General FAQs

What products are impacted by the rate changes, and when do the changes take effect?

On-Sale Products

	New Business	Existing Business
AIA Living Personal Income Protection (Agreed Value, Indemnity, Loss of Earnings)	Changing from 29 August 2025 ¹ , and applicable to all quotes generated on or after this date.	Changing at policy anniversary from mid-October 2025 ²
AIA Living Business Income Support		
AIA Living Waiver of Premium		

Closed Sovereign Products

	New Business	Existing Business
Personal Disability Income Protection (e.g., Sovereign TotalCareMax Agreed Value, Indemnity, Indemnity Extra, Loss of Earnings)	Not applicable	Changing at policy anniversary from mid-October 2025 ²
Mortgage and Income Protection type benefits (e.g., Sovereign TotalCareMax Mortgage and Income Protection)		
Business Income Support (e.g., Sovereign TotalCareMax Business Income Support)		
Waiver of Premium benefits (e.g., Sovereign TotalCare Max Waiver of Premium)		

¹ New business quotes generated prior to 29 August 2025 will remain valid for 30 days, and if proceeded with within this timeframe can be issued on the current rates.

² Customers will receive their usual policy anniversary letter about six weeks before their policy anniversary. The letter will advise customers of their new premiums (including any additional 'annual policy anniversary premium changes'), that there are options that can improve affordability, and a recommendation that customers speak to their Adviser.

'Annual policy anniversary premium changes' include changes based on factors such as an increase in the customer's age and changes in sum assured due to indexation (if applicable). It is also important to remember that for those policies coming off either a level premium or stepped premium term, this can have an impact on the increases a customer may see at their policy anniversary.

Closed AIA Products

Premium rate changes for closed AIA products (including AIA Real) are planned and will take effect early next year. We will communicate these to you separately closer to the effective date.



What are the underlying premium rate changes?

Personal Income Protection, Disability Income Protection, Business Income Support:

Benefit	Benefit period *	Rate Change
Agreed Value and Loss of Earnings	Short Term (1 yr, 2yrs, 5yrs)	+2.4%
	Long term (to age 65, to age 70)	+13.4%
Indemnity, Indemnity Extra; and Business Income Support	Short Term (1 yr, 2yrs, 5yrs)	-2.5%
	Long term (to age 65, to age 70)	+8.0%

* Alternative benefit periods on closed products will be affected equivalently e.g., a benefit period 'to age 60' would be treated as a long term benefit period.

Waiver of Premium:

Benefit	Benefit period	Rate Change
Waiver of Premium	All	+8.0%

Closed Mortgage and Income Protection:

Occupation	Benefit period	Rate Change
Occupation classes 1, 2, 11, 12, 21, 22, 5	Short Term (2yrs, 5yrs)	+4.6%
	Long term (to age 65, to age 70)	+7.7%
Occupation classes 3, 4, 13, 14, 23, 24	Short Term (2yrs, 5yrs)	No change
	Long term (to age 65, to age 70)	+3.0%