

## Accidental Injury Cover Product Release - Adviser FAQs

Product Release 11.7 | updated 22 August 2024

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## OVERVIEW

AIA led the market in launching a distinct Accidental Injury Cover (AIC) rider to provide short-term financial support to customers impacted by an accidental injury. This optional benefit has proved popular with customers; however, some elements of the product design, pricing and eligibility rules have resulted in this product being unsustainable for AIA in its current form.

To ensure that we can continue to offer New Zealanders affordable, sustainable and relevant cover we announced that we would be evolving our AIC product starting from 26 April 2024.

### What's changing and when

We've opted for a phased implementation approach, with the first phase going live on 26 April 2024, and a second phase to follow later this year.

#### Phase One: AIA Living Accidental Injury Cover Product Release 11.7 – 26 April 2024

On 26 April 2024, we launched a new version of AIA Living Accidental Injury Cover as the first step in our journey. Key changes include:

- Updated policy wordings replacing the existing broad injury categories with a table of specified injuries to provide greater clarity of claimable conditions, supported by clearer evidentiary requirements;
- Minimum qualifying eligible base cover sum assured amounts for new business (\$150k across all eligible lump sum products or \$1.5k per month across all eligible Income Protection products) issued on 11.7 from 26 April 2024. If these minimum amounts are not met, whether at the start of the Accidental Injury Cover or at a later date, your customer will not be eligible to hold Accidental Injury Cover;
- Benefit amounts for some injuries have been adjusted;
- Some typically less impactful injuries are excluded e.g., flake, stress or avulsion fractures, and finger and toe fractures (thumbs and big toes remain covered);
- There is no change to the maximum sum assured amount of \$5,000 per month (\$60,000 annually), but the sum assured will level once this maximum is reached; and
- A maximum claim amount of \$60,000 per policy year will be introduced across all AIC claims.

In addition, premium rates increased for new business sold from 26 April 2024, and rates for existing business will be increasing at policy anniversary from June 2024.

The table below sets out the new weekly/monthly premiums that will apply based on \$5,000 per month sum assured, excluding discounts (e.g., Multi-benefit or Vitality discounts).

Monthly Premium (example \$5k per month)	Currently Rates Weekly	New Rates Weekly	Current Rates Monthly	New Rates Monthly
Male, Non-Smoker	\$2.76	\$4.15	\$12.00	\$18.00
Male, Smoker	\$3.04	\$4.56	\$13.20	\$19.80
Female, Non-Smoker	\$2.19	\$3.28	\$9.50	\$14.25
Female, Smoker	\$2.41	\$3.61	\$10.45	\$15.68

There will be no changes to current underwriting rules.



## **Phase Two: AIA Living Specified Accidental Injury Product Launch/Accidental Injury Product Closure**

We'll launch AIA Living Specified Accidental Injury Cover (SAIC) product to market and AIA Living AIC will be closed to new business.

AIA Living Specified Accidental Injury Cover will provide exactly the same coverage as the AIA Living Accidental Injury Cover product launched 26 April 2024 – with the addition of some extra claimable injury categories and an increase in payment amount for one injury category.

Premiums will match the AIA Living Accidental Injury Cover product.

**Customers who add AIA Living Accidental Injury Cover to their insurances from 26 April 2024 will automatically be switched to AIA Living Specified Accidental Injury Cover product upon its launch.**

Click [here](#) for an outline of the specified injury categories and the amount we will pay for each injury under AIA Living Specified Accidental Injury Cover.



### Product Specification Changes – Phase One

Item	AIA Living Accidental Injury Cover (11.6 or earlier)	AIA Living Accidental Injury Cover (11.7) – effective 26 April 2024
<b>Minimum qualifying base cover</b>	Has no minimum level of qualifying base risk cover	Minimum sum assured of \$150k across qualifying lump sum products OR Minimum sum assured of \$1.5k per month across qualifying IP products
<b>Maximum Sum Assured</b>	\$5,000 per month	\$5,000 per month
<b>Maximum Claims Amount</b>	Unrestricted for unrelated claims.	Maximum of \$60,000 per policy year across all AIC claims.
<b>Sum Assured Options</b>	Indexation Applicable	Indexation Applicable, up to the maximum sum assured. Level thereafter.
<b>Worldwide cover</b>	Yes	No change
<b>Exclusions</b>	<ul style="list-style-type: none"> <li>&gt; Any illness, disease or degenerative condition.</li> <li>&gt; Any act or omission by the <i>life assured</i> intended to cause harm to him or herself.</li> <li>&gt; AIA will not pay any Accidental Injury Cover if the <i>life assured</i> participates in any criminal activity or suffers a <i>specified injury</i> when under the influence of alcohol or drugs, except where the drugs were prescribed by and were being used in accordance with the directions of a <i>registered medical practitioner</i>.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Any illness, disease or <i>degenerative illness</i>;</li> <li>&gt; Any <i>avulsion fracture</i>, including flake fractures;</li> <li>&gt; Any hairline or <i>stress fractures</i>;</li> <li>&gt; Any act or omission by the <i>life assured</i> intended to cause harm to him or herself;</li> <li>&gt; The <i>life assured</i> being under the influence of alcohol or drugs, except where the drugs were prescribed by and were being used in accordance with the directions of a <i>registered medical practitioner</i>; or</li> <li>&gt; The <i>life assured's</i> participation in any criminal activity.</li> </ul>
<b>Eligible Entry Ages</b>	Minimum age 16 / Maximum age 65	No change
<b>Eligible Occupations</b>	All occupations are eligible other than hazardous occupations.	No change
<b>Expiry</b>	Age 70	No change
<b>Eligible Qualifying Products</b>	Available as an optional benefit with any core (e.g., Life, Trauma, IP and TPD) risk benefit (Personal and Business) under the AIA Living or Sovereign TotalCareMax product ranges.	No change
<b>Stand downs</b>	No stand down applies. A 14-day survival period applies.	No change
<b>Underwriting</b>	Underwritten in respect of Occupation and Hazardous Activities.	No change



## FREQUENTLY ASKED QUESTIONS

### What date will the changes take effect?

Phase One changes took effect on 26 April 2024; Phase Two changes are expected to take effect later this year (date to be confirmed).

### How will the 26 April 2024 changes impact existing AIA Living or Sovereign TotalCareMax AIC customers?

#### At Claim time

#### For customers holding Accidental Injury Cover 11.7 (either TotalCareMax or AIA Living Policy):

- > For claim events occurring between 26 April 2024 and 28 August 2024, AIA will assess the claim against the policy wording that they were issued.
- > For claim events occurring on or after **29 August 2024**, AIA will compare the policy wording the customer was issued with the wider coverage they will receive when Specified Accidental Injury Cover is launched and we will apply the most favourable terms to the claim.
- > The additional claimable injury conditions that will be covered under AIA Living Specified Accidental Injury Cover are:

Category A	
Fracture of the jaw, skull, collarbone	One times monthly benefit amount
Fracture of three or more ribs	
Category B	
Fracture of vertebrae	Two times the monthly benefit amount
Category C	
Fracture of the pelvis	Three times the monthly benefit amount
Fracture of the hip	
Fractures to multiple limbs	
Category D	
Full thickness burns (excluding hands) to 20% or more of the body surface	Six times the monthly benefit amount
Full thickness burns to 25% of the face or 50% of surface of both hands.	
Permanent total blindness in one eye	

- > If a customer requires further assistance regarding claim events, please direct them to the Claims Team on 0800 500 108 (Monday to Friday, 8am – 6pm).

#### For customers holding Accidental Injury Cover 11.6 or earlier:

- > In the event of a claim for existing AIC customers (those holding version 11.6 or earlier, either with a TotalCareMax or AIA Living policy) we will compare the policy wording they were issued with the latest policy wording available for AIA Living Accidental Injury Cover (Version 11.7) and we will apply the most favourable terms to their claims. In practice, we anticipate that most claims will continue to be assessed against the AIC policy wording that they were issued.
- > If a customer requires further assistance regarding claim events, please direct them to the Claims Team on 0800 500 108 (Monday to Friday, 8am – 6pm).



#### At anniversary

- > New premium rates will apply from 26 April 2024. These will apply to existing customers at policy anniversary from June 2024. Customers will usually receive their policy anniversary letter about six weeks before their anniversary.

#### **Are any other products impacted?**

No, only TotalCareMax and AIA Living AIC benefits are impacted. Other injury benefits (e.g., Warehouse Accidental Injury, IAG Injury cover) are not impacted.

#### **What about adding AIC to existing business?**

Adding AIC to an existing AIA Living or TotalCareMax policy:

- > Quote version 11.7 will apply from 26 April 2024 (inclusive), and the new minimum qualifying base amount requirements will need to be satisfied
- > New minimum qualifying sum assured requirements will need to be satisfied.

#### **What about replacing existing policies that contain AIC (11.6 or earlier)?**

- > AIC version 11.7 (from 26 April 2024) and SAIC (on launch) are not considered like for like replacement with AIC (11.6).
- > As the consolidation of existing policies containing AIC (11.6 or earlier) with new policies could change the cover available to customers they can retain their existing AIC (11.6 or earlier) by leaving \$50k of Lump sum or \$12k (annual) IP cover on the original policy so that the customer's existing AIC benefit remains in force. This approach aligns with how we treat similar requests for customers holding the Sovereign Specialist and Diagnostic Testing benefit.
- > We have updated our standalone [Replacement Policy Advice form](#) and **advisers will be required to** confirm that they have taken into account and explained the differences between the customer's existing cover and the replacement cover as part of their advice process when replacing AIA Living or TotalCareMax AIC (version 11.6 or earlier).

#### **Will existing customers (11.6 or earlier) be impacted by the indexation change?**

No, these customers' sum assured will continue to increase at policy anniversary without any maximum applied.

## **COMMUNICATIONS**

#### **How and when will we communicate these changes to the market?**

'Heads up' market communications were sent via Adviser Connect on 17 April 2024, with additional launch market communications following on 24 April 2024.

On 22 August 2024 we will communicate via Adviser Connect about the delay to the launch of AIA Living Specified Accidental Injury Cover.



### **Will you be communicating with existing customers regarding the changes?**

- > Details of the changes and AIC 11.7 product offering will be available to customers on [aia.co.nz](https://www.aia.co.nz).
  - Accidental Injury: <https://www.aia.co.nz/en/our-products/accidental-injury-cover.html>
  - Past Products: [aia.co.nz/past](https://www.aia.co.nz/past)
- > We continue to work more generally around supporting customers' understanding of product changes as part of our overall customer communications strategy, however, these specific changes will not be directly communicated.
- > The new premium rates are effective for policy anniversaries from June 2024 onwards. Customers will usually receive their policy anniversary letter about six weeks before their anniversary.

### **Is collateral being created or updated to reflect the changes?**

- > Yes. The following will be either created or updated to support the launch:
  - Accidental Injury product brochure. The previous standalone exclusions brochure has been discontinued with key messaging incorporated into the product brochure.
  - [aia.co.nz](https://www.aia.co.nz) website (AIC page, Product Updates & Enhancements page)
  - Adviser Resources website (Product Updates & Enhancements page)
  - Adviser and Customer FAQs
  - L&D Training Modules (AIA)

## **PRODUCT QUESTIONS**

### **What are the qualifying base benefits AIC can be taken out with?**

AIC is available when taken out with one of our AIA Living products. Customers can also add AIC to one of our closed TotalCareMax products (excluding AIA / Sovereign Private Health and Start Up Income Protection).

### **What is the minimum qualifying base cover amount that will apply from 26 April 2024?**

- Minimum sum assured of \$150k cover across qualifying lump sum products
- OR
- Minimum sum assured of \$1.5k across qualifying IP products

Note: The minimum sum assured required can be split across several benefits/policies. E.g., if a customer has \$100k of standalone life cover on TotalCareMax, and \$50k of standalone life cover on AIA Living, they are eligible to add AIC.

### **QuoteBuilder allows me to quote AIC with sums assured below the minimum requirements, will the policies be issued?**

Policies issued with AIC 11.7 are being monitored and we will contact you regarding any policies that are applied for and issued which do not meet the minimum qualifying requirements and outline the steps required to retain the AIC cover. We ask for your support in ensuring that any applications you submit meet these minimum sums assured requirements.

**Does the minimum sum assured need to be on the same benefit?**

No, a customer can hold a combination of lump sum benefits to be eligible. E.g., a \$100k life cover and \$50k of Trauma would make the customer eligible for AIC.

**Can a customer add some life cover below \$150k and top it up with Income Protection to meet the minimum sum assured requirements?**

No, you can't top up lump sum cover with a monthly benefit. The customer needs to fulfil at least one of the two minimum sum assured requirements above.

**Did you have to increase premiums as well as change product design?**

Yes, we had to make changes to both, to ensure the product is sustainable in the future.

**How can a customer with TotalCareMax add Accidental Injury Cover?**

The customer would fill out the AIC application form for existing business additions. For new requests from 26 April 2024, the customer will be issued AIC version 11.7 and the AIC benefit will be issued as a new policy.

**If a customer has existing AIC (11.6 or earlier) of \$3,000 and wants to top up to the maximum sum assured of \$5,000 will this be issued on AIC 11.7?**

No, the increase will be issued on their existing AIC version (11.6 or earlier).

## PRICING

**Why are Accidental Injury Cover premiums increasing?**

Claims for AIC have been significantly greater than we had assumed in our pricing. A change to the pricing is needed to ensure that this product remains of value and sustainable going forward.

**Are you allowed to increase premiums?**

Yes. The ability to review premium rates as claims experience emerges is a key tool to ensure that the product is priced sustainably.

**Why are you increasing premiums if they are Level?**

Although the premiums for AIC do not increase with age, the rates are not guaranteed. This means that prices can be reviewed over time, to reflect material changes in experience. The claims experience for AIC has been consistently significantly greater than was assumed in the original pricing. As a result, it is necessary that prices are adjusted to ensure the product remains sustainable for all parties.

**Is this a one-off increase, or are you planning further increases in the future?**

As part of responsible financial management, we regularly review experience to ensure that our pricing remains up to date, and appropriate. At times this analysis may identify that prices for a particular product are either too high, or too low, and an appropriate change to the price would be considered. Whilst this ongoing review will continue for AIC there are no additional price increases currently planned.





## OTHER

### **Will there be changes to commission rates or rules?**

No, commission rates and rules will remain the same. Please refer to the current commission schedule.

### **How do advisers communicate the changes to AIC, especially considering that AIA is launching a new product with more conditions covered soon?**

It is important for customers to clearly understand the relevant information about the AIA Living Accidental Injury Cover product on sale from 26 April 2024 (version 11.7) and the automatic switch to AIA Living Specified Accidental Injury upon its launch which is expected to be late 2024. We suggest that advisers be mindful of this during advice to clients, and we have set out below a summary of the key information for advisers to consider including in their advice.

Once a customer's policy is issued, they will receive an email from AIA confirming their cover will be switched to Specified Accidental Injury Cover upon launch, so it is important that you share this information with them during the advice process.

When replacing AIA Living or Sovereign TotalCareMax Accidental Injury Cover (version 11.6 or earlier), advisers will be required to confirm that they have taken into account and explained the differences between the customer's existing cover and the replacement cover as part of their advice process. AIA's standalone Replacement Policy Advice form has been updated to include this.

### **AIA FAP Advisers**

A template has been provided in XPlan which explains how AIC meets a customer's needs, minimum qualifying benefits and the automatic switch process from Accidental Injury Cover to Specified Accidental Injury Cover.

### **Independent Financial Advisers**

#### **Key information for customers about AIA Living Accidental Injury Cover (from 26 April 2024)**

##### **Minimum Qualifying Benefits**

There is a minimum qualifying base cover sum assured amount of \$150k across all qualifying eligible lump sum products or \$1.5k per month across all eligible Income Protection products.

If at any time the minimum amount is not met, whether at commencement or at a subsequent date (e.g. your qualifying AIA Living benefits are cancelled or reduced below the minimum sum assured requirements) you will not be eligible to hold Accidental Injury Cover.

##### **Change to Specified Accidental Injury Cover in late 2024**

In late 2024, AIA will be launching AIA Living Specified Accidental Injury Cover, the future of AIA's Accidental Injury Cover product. If you take out AIA Living Accidental Injury Cover from 26 April 2024, you will be automatically switched to AIA Living Specified Accidental Injury Cover product upon its launch. You will receive an email from AIA with further details around the switch to SAIC once your policy is issued.

Specified Accidental Injury Cover will provide exactly the same coverage as your AIA Accidental Injury Cover with the addition of some extra claimable injury categories and an increase in payment amount for one injury category. There will be no change to your premiums.



#### Claim assessment

- > For claim events occurring between 26 April 2024 and 28 August 2024, AIA will assess the claim against the policy wording you were issued (Accidental Injury Cover Version 2 effective 26 April 2024).
- > From 29 August 2024, AIA will assess any new claim events against the wider coverage you will receive when Specified Accidental Injury Cover is launched. The additional claimable injury conditions covered under AIA Living Specified Accidental Injury Cover are:

Category A	
Fracture of the jaw, skull, collarbone	One times monthly benefit amount
Fracture of three or more ribs	
Category B	
Fracture of vertebrae	Two times the monthly benefit amount
Category C	
Fracture of the pelvis	Three times the monthly benefit amount
Fracture of the hip	
Fractures to multiple limbs	
Category D	
Full thickness burns (excluding hands) to 20% or more of the body surface	Six times the monthly benefit amount
Full thickness burns to 25% of the face or 50% of surface of both hands.	
Permanent total blindness in one eye	

- > If a customer requires further assistance regarding claim events, please direct them to the Claims Team on 0800 500 108 (Monday to Friday, 8am – 6pm).

#### [For Replacement Business Only] Replacement of AIA Living or Sovereign TotalCareMax Accidental Injury Cover (issued prior to 26 April 2024)

AIA Living Accidental Injury Cover (on sale from 26 April 2024) and AIA Living Specific Accidental Injury Cover are not a like-for-like replacement for AIA Living or Sovereign TotalCareMax Accidental Injury Cover (version 11.6 or earlier).