

ADVISER FAQs

Changes to our Medical Underwriting Limits Process

July 2024

What is changing?

We're improving the process for how cover is managed where there are mandatory medical requirements based on a combination of age and sum assured.

Where possible, AIA will issue the requested cover up to the medical limit, and only apply the medical requirements to the cover amount above the medical limit.

Why are we doing this?

This change is designed to keep pace with changing client needs and allows flexibility and support for the advice you provide.

When will this happen?

The change is effective from 25 July 2024.

What does this mean for my clients?

The change provides your clients the option to obtain some cover at point of sale, even when additional medical information is still required.

(Please refer example on following pages)

How will it work?

Applications that are above the Non-Medical Limits (NML) can be managed by:

1. Splitting the application and issuing the amount below the NML (referred here as 'Sum Assured One'), resulting in two policies created; and
2. Requesting the NML requirements for the portion above the NML (referred here as 'Sum Assured Two').

(Please refer example below)

Can I choose whether to split the sum assured for my client?

Yes, you can choose to wait and put through the application for all cover under one policy. You can also choose to submit the cover as two applications to ensure a smoother process for new business and underwriting. In this event, AIA will still be able to issue as one policy if the terms on both are the same.

Are there any other requirements for me as an adviser?	To be able to issue cover on a split basis, AIA will need all outstanding admin requirements (e.g. Direct Debit, RPA) at the time of application or within three working days from submission. This will allow for the efficient processing of both amounts above and below the NML.
Does this apply to all benefits?	Yes.
Are there any instances where this process may not apply?	Depending on underwriting outcomes, the discounts for high sum assureds may not be triggered. The loss of these discounts may not be equal to the saving on any loaded premium. In this case the client may choose to opt out of this process.
What happens if my client has disclosed information on the application that requires additional medical information?	Additional medical information will be sought (and terms applied to all cover as necessary), as is standard AIA process. The change of process applies <u>only</u> to the information required for age/sum assured levels.
Will the Interim Cover Certificate apply if a claim is made while the second policy is still pending?	Yes, in the event of a claim while the second (top up) policy is still pending, the ICC will apply; subject to the usual terms and conditions.
Does Business Safeguard and Future Insurability apply?	No, as the client is purchasing a future entitlement to non-underwritten cover, this process will not apply to these benefits.
What if my clients in force cover puts their new cover over the NML?	The NML requirements will apply to the new cover only which is the current process.
What happens to my client's AIA Vitality attachment?	The AIA Vitality attachment will remain as it is. AIA Vitality can be attached to either issued policy irrespective of the NML requirements.
Can the cover above the medical limits be issued on the same policy number and/or have premiums deducted in line with the initial cover?	If the terms on both policies are the same, then the two policies can be recombined so that there is one Direct Debit premium payment. If the terms on the second policy are different to the first, then two policies will need to be issued as we cannot hold different terms on the same benefit on only one policy. This can still be deducted as a single payment from the client's account.
What if a claim is made prior to the medical information being received when the initial cover is issued, but retrospective terms are yet to be applied?	The claim would be considered in line with AIA's standard policy terms and conditions, but any claim assessment on the pending policy would be in line with the Interim Cover Certificate.

What if the medical on balance of cover comes back with an abnormality? Is there an impact on the existing cover AIA have just issued?

If there is a previously unknown abnormality (for example, a raised cholesterol level) identified in the NML tests, then any new terms would apply only to the top up cover (the second policy). The terms of the cover already issued will not be affected.

What if the NML information uncovers some new information not previously disclosed?

AIA's standard policy reassessment process will apply, and any retrospective terms will apply to all covers in total (where applicable).

Is the additional policy captured as an 'e-app submission' and not a 'manual' submission, so I can receive the additional 10% commission?

Yes, this is captured as a New Business process.

Does the 'Take a Month Off' campaign still apply?

Yes, 'Take a Month Off' will apply to both Sum Assured One and Sum Assured Two, or the combined Sum Assured.

If a second policy is needed, will the waiver of premium cover both, or is a separate waiver required on the second policy?

Yes, the waiver will be put on both policies. This is already captured as a New Business process check.

What about pipeline business?

As medicals and bloods will have been ordered and costs already incurred, we are not able to apply this to pipeline business.

Do other competitors offer this?

No, AIA is the first insurer in the New Zealand market to offer this.

An example

A 53-year-old applies for \$3.4m in life insurance cover.

AIA can issue up to \$1,000,000 under Non-Medical Limits and apply Medical Requirements to the balance of cover (\$2,400,000), over and above \$1,000,000.

Application amount	\$3,400,000
Non-Medical Limits Level	\$1,000,000
Non-Medical Limit issued (Sum Assured One)	\$1,000,000 – Standard Rates
Medical Requirements amount (Sum Assured Two)	\$2,400,000

At this point there are two possible outcomes:

The assessment is completed on the remaining cover. The remaining cover is assessed on the same terms as the issued portion of cover.

or;

The assessment is completed on the remaining cover. The remaining cover is not assessed on the same terms as the issued portion of cover.



An example

Outcome one:

In the event the assessment on the remaining cover is assessed on the same terms as the issued portion of cover, the adviser can request that the policies be recombined. In this instance AIA will complete the following steps:

- Check to ensure that the high sums assured discounts and any other premium/cover considerations are met;
- Endorse the issued policy with the additional cover;
- Correct commissions by paying the remaining balance (this will be a top up);
- Cancel (as Not Proceeded With) the Sum Assured Two application.

Outcome two:

- In the event the assessment on the remaining cover is not assessed on the same terms as the issued portion of cover, AIA will complete the following steps:
- Issue the Sum Assured Two amount with necessary terms as per the underwriting outcome on the top up portion of cover;
- Issue the top up portion of cover as per current practice.

