

INSURANCE FOR TODAY – MORTGAGE, INCOME OR RENT COVER



As New Zealand's largest life and income protection insurer*, AIA have a responsibility to ensure our products remain relevant, sustainable and aligned with the needs of the people we serve. In today's economic environment, where housing costs are often a household's biggest financial priority, that responsibility has never been more important. That's why we have evolved our product offering for our mortgage and income protection customers.

From 31 July 2025:

- AIA Living Mortgage and Income Protection (MIP) product is closed to new business and is replaced with a more contemporary solution: AIA Living Mortgage, Income or Rent Cover (MIRC).
- You can no longer quote new business for AIA Living Mortgage and Income Protection (MIP).

Mortgage, Income or Rent Cover key changes:

- ↑ A maximum monthly sum insured amount of \$20,000.
- 💰 No ACC/WINZ offset provision on the first \$7,500 of combined monthly sum assured (calculated across all AIA mortgage protection type benefits).

These changes mean that AIA can meet the needs of more New Zealanders seeking higher coverage amounts to protect their income, mortgage or rent payments - under a single product offering.

Mortgage, Income or Rent Cover – Customer Scenario



My customer currently has MIP. Do they have to replace it with MIRC to obtain an increase in cover, or can my customer take out additional new MIRC cover?

Customers will not be able to apply for additional (top-up) cover on MIP. However, their MIP cover amount may still increase with indexation, or through the Property Special Events Facility until the maximum monthly sum insured amount of \$6,000 is reached at which point their cover will level and not increase further.

Customers can retain their MIP product and take out additional cover with MIRC. However, it is important to note the cover amounts on the two products will index separately up to their respective maximums. If the customer wants indexation amounts calculated on their full amount of cover, they'll need to replace their MIP cover to MIRC – this will enable their full cover amount to index up to \$20,000 per month. Current standard replacement rules and underwriting (where required) will apply.

Mortgage and Income Premium increases

AIA will be increasing the underlying premium rates for our AIA Living Mortgage and Income Protection (MIP) product offering. The increases are reflective of the rise in MIP claims that we have continued to observe since MIP premiums were last increased in 2023, coupled with an increase in reinsurance costs.

MIP rate change overview

- All new 'mortgage' business quoted prior to 31 July will remain valid for 30 days, and if proceeded within this time frame, can be issued on AIA Living MIP.
- All new 'mortgage' business quoted from 31 July 2025, will be issued on the MIRC benefit and will receive the MIRC new business premium rates.
- Premiums for existing AIA Living Mortgage and Income Protection customers will increase at policy anniversary from mid-September 2025.

MIP underlying premium rate changes

The increase in underlying premiums for existing AIA Living Mortgage and Income products (sold from 5 August 2019) are as follows:

OCCUPATION	BENEFIT PERIOD	RATE CHANGE
Occupation classes 1, 2, 11, 12, 21, 22	Short term (2yrs, 5yrs)	11.0%
	Long term (to age 65, to age 70)	14.5%
Occupation classes 3, 4, 5, 13, 14, 23, 24	Short term (2yrs, 5yrs)	6.3%
	Long term (to age 65, to age 70)	9.5%

NOTE: In addition to these underlying premium rate changes, policies will also be subject to annual policy anniversary premium changes based on a number of factors, including:

- Change in premium rate due to an increase in the customer's age; and
- Change in sum assured due to indexation (if applicable).

It is also important to remember for those policies coming off either a level premium or stepped premium term, that this can have an impact on the increases a customer may see at their anniversary.