



AIA Replacement Rules

23 July 2019 V1.0

Overview

AIA considers the cancellation and replacement of an existing AIA, Sovereign, or ASB policy to AIA Living to be “internal replacement”. The replacement of a policy issued by another insurer is referred to as “external replacement”.

The following sections outline our replacement rules. If you have any further questions, please contact our Adviser Relationship Team.

Our replacement rules are reviewed regularly and are subject to change at any time without notice.

Overarching Principle

A policy should only be replaced if it is in the best interests of the customer. When replacing a policy you should take all reasonable steps to advise the customer of the risks and benefits of replacing the policy. If a policy comparison is not completed the customer must be fully advised of the type of adverse circumstances that might occur as a result of changing products.

Important points to note

Please note the following when you submit a request to internally replace an existing AIA policy (including Sovereign and ASB):

- > We recommend that when submitting replacement business to us that you take advantage of using our eApp to ensure that all requirements are completed upfront. Our eApp via AIAhub is the easiest way to submit replacement business to us.
- > When generating a quote for the replacement policy, please remember to indicate any other existing cover to ensure that the correct Multi-Benefit Discount can be applied to the replaced policy.
- > No underwriting is necessary on eligible like-for-like replacement business (please see below). We will inform you if any underwriting is required. Any underwriting terms (loadings, exclusions, etc.) on the original policy will apply to the replaced policy.
- > A signed Replacement Policy Advice Form is required for all internal and external replacement business.
- > A full application will be required for any additional increases in cover. Once the application for the increased cover has been accepted, the original policy will be cancelled and the replaced cover (including any increases) will be issued as a new AIA Living policy.
- > Confirmation of the cancellation and issuance of the replaced policy will be sent to your client and you will receive notification of the changes when they are made.
- > The replacement of a policy from another insurer is treated as new business and requires a full application.



Replacement business requirements

All internal and external replacement business requires:

- > A completed and signed Replacement Policy Advice; and
- > A completed and signed Quote Builder quote if not applying through eApp.

If replacing an existing AIA policy (issued before the launch of AIA Living):

- > New payment details for the replacement policy

If replacing any existing Life and TPD benefits for AIA policies issued before June 2001 or an existing Sovereign or ASB policies issued before February 2001:

- > A completed Legacy Risk Transfer Application form

Policy or benefit alterations during the internal replacement process may attract additional requirements. Please contact us for further requirements for these changes.



Internal replacement rules at a glance

Outlined below is a summary of our internal replacement and commission rules for like-for-like replacements. For detailed information, please refer to the following pages.

ORIGINAL	CRITERIA	REPLACEMENT RULE	INITIAL COMMISSION
Health (AIA, Sovereign & ASB)	Fully underwritten health policy	No underwriting to replace to AIA Living Private Health	Commission paid on premium increase
	Non-underwritten group health policy, AIA Superior Health 3	Full underwriting to replace to AIA Living Private Health	Full commission on replaced premium
Sovereign & ASB February 2001 onwards AIA June 2001 onwards	All underwritten risk products	Replace to AIA Living policy with no underwriting	Commission paid on premium increase
Sovereign & ASB Pre February 2001	Underwritten Life and TPD	Replace to AIA Living policy with no underwriting	Commission paid on premium increase
	Underwritten Trauma and Income Protection products	Replace to AIA Living policy with full underwriting	Full commission on replaced premium
AIA Pre June 2001	All underwritten risk products	Replace to AIA Living policy with full underwriting	Full commission on replaced benefits



Detailed Internal Replacement Requirements

General considerations

Please consider the following when undertaking internal replacement:

- > A change in premium structure does not require underwriting.
- > Any increase in risk (addition of new benefits, increases in the sum assured, reductions in the waiting period or increases in the benefit payment period on income protection policies, decreases in the excess level for health policies, etc.) is subject to underwriting.
- > Benefit indexation may be selected when internally replacing policies (regardless of whether this was selected on the original policy) and will be set to increase at each policy anniversary with CPI. If replacing an AIA policy with built-in indexation levels (1% - 5%), please note that these options are not available on AIA Living.
- > Any underwriting terms (loadings, exclusions, or policy limitations) present on the original policy will be applied to the replacement policy unless evidence is provided to support a review.
- > Smoking status and occupation classes used to calculate the premium under the original policy will be applied to the replacement policy unless evidence is provided to support a review.
- > On like-for-like replacements, the waiving of stand-downs will be assessed at claim time subject to certain conditions.
- > All replacements (internal and external) require a completed Replacement Advice Form.
- > If the original benefit expiry age is not available on AIA Living, we will offer the next closest expiry age. Please select your preference in Quote Builder when quoting the replacement for your customer.
- > For non-underwritten replacements, initial commission is only paid on the increase in premium. Underwritten replacements attract full initial commission on the replaced premium.



Life Cover

Existing Life Cover to AIA Living Life Cover

ORIGINAL POLICY	CONSIDERATIONS
AIA Sovereign ASB	<ul style="list-style-type: none"> > No underwriting on transferred sum assured > Completed Application form for underwriting of any increase in sum assured > Legacy policies complete the Legacy Risk Transfer Application Form (Sovereign pre February 2001 and AIA pre June 2001) > All other policies require a Replacement Policy Advice form > Signed Quote Builder quote
Accidental Death To full Life Cover	<ul style="list-style-type: none"> > Completed Application form for underwriting > Replacement Policy Advice form > Signed Quote Builder quote
Family Protection To Lump Sum Cover	<ul style="list-style-type: none"> > No underwriting on transferred sum assured (the lump sum equivalent of the Family Protection Benefit) > Completed Application form for underwriting for any increase in sum assured > Replacement Policy Advice form > Signed Quote Builder quote
Non or partial underwritten product to full Life Cover	<ul style="list-style-type: none"> > Completed Application form for underwriting > Replacement Policy Advice form > Quote Builder quote > Signed Quote Builder quote

Total Permanent Disablement

Existing Total Permanent Disablement to AIA Living Total Permanent Disability

ORIGINAL POLICY	CONSIDERATIONS
AIA Sovereign ASB	<ul style="list-style-type: none"> > No underwriting on transferred sum assured > Completed Application form for underwriting of any increase in sum assured > Legacy Policies complete the Legacy Risk Transfer Application Form (Sovereign pre February 2001 and AIA pre June 2001 policies) > All other policies require a Replacement Policy Advice form > Signed Quote Builder quote



Lump Sum Trauma

Existing Trauma to AIA Living Critical Conditions

ORIGINAL POLICY	CONSIDERATIONS
Sovereign and ASB policies issued before February 2001	> Full application form for underwriting on both transferred sum assured and any increase in sum assured
AIA policies issued before June 2001	> Replacement Policy Advice form > Signed Quote Builder quote
Sovereign and ASB policies issued after February 2001	> No underwriting on transferred like-for-like (ie can't replace essential to comprehensive) sum assured > Completed application form for underwriting of any increase in sum assured
AIA policies issued after June 2001	> Replacement Policy Advice form > Signed Quote Builder quote

Severity Based Trauma

Progressive Care

ORIGINAL POLICY	CONSIDERATIONS
All Trauma policies	> Full underwriting on original policies greater than 5 years in force > Full underwriting on any benefits accepted on non-standard terms or any benefit increases > Declaration of Continued Good Health Form (DOCGH) for transferred policies accepted on standard terms fewer than 5 years in force > Replacement Policy Advice form > Signed Quote Builder quote



Income Protection

Indemnity, Agreed Value, Loss of Earnings, Mortgage and Income Protection, Business Continuity, Rural Continuity

ORIGINAL POLICY	CONSIDERATIONS
Sovereign and ASB policies issued after February 2001	<ul style="list-style-type: none"> > No underwriting on transferred sum assured subject to below rules > Full underwriting on any risk increase > Full underwriting on reduction in waiting period
AIA policies issued after June 2001	<ul style="list-style-type: none"> > Full underwriting on increasing benefit payment period > Replacement Policy Advice form > Signed Quote Builder quote
Sovereign and ASB policies issued before February 2001	<ul style="list-style-type: none"> > Full underwriting on transferred sum assured and any increase > Replacement Policy Advice form
AIA policies issued before June 2001	<ul style="list-style-type: none"> > Signed Quote Builder Quote

Income Protection

ORIGINAL POLICY	REPLACED POLICY	FINANCIAL UW	MEDICAL UW	REQUIREMENTS
AGREED VALUE	Mortgage & Income	YES	NO	<ul style="list-style-type: none"> > EOM (Evidence of Mortgage) / EOI (Evidence of Income) > Income and Occupation Section from Application form completed and signed > Confirmation of the property being owner occupied (mortgage) > Replacement Policy Advice form > Signed Quote Builder quote
AGREED VALUE	Loss of Earning or Indemnity	NO	NO	<ul style="list-style-type: none"> > Replacement Policy Advice form > Signed Quote Builder quote
INDEMNITY or INDEMNITY EXTRA	Mortgage & Income	YES	NO	<ul style="list-style-type: none"> > EOM & confirmation Owner Occupied > EOI > Income and Occupation Section from the Application form. > Replacement Policy Advice form > Signed Quote Builder quote
INDEMNITY or INDEMNITY EXTRA	Loss of Earnings or Agreed Value	YES	NO	<ul style="list-style-type: none"> > EOI > Income and Occupation Section from Application form > Replacement Policy Advice form > Quote Builder quote



Start-Up Income Protection Upgrade

After the first year of having a Start-Up Income Protection policy, with supporting evidence, clients are able to transfer to an agreed value Business or Personal Income Protection product.

First year transfers allowed:

- > Income Protection Indemnity

Second year transfers allowed:

- > Income Protection Indemnity or Agreed Value

Third year transfers allowed:

- > Income Protection Indemnity, Agreed Value or Loss of Earnings
- > Mortgage and Income Protection
- > Business Continuity Indemnity or Agreed Value



Requirements at time of upgrade

NEW BENEFITS APPLIED FOR (TERM)	FROM START-UP COMMENCEMENT TO 3 YEARS	FROM START-UP AT 3 YEARS (30 DAYS WINDOW)	FROM START-UP AFTER 3 YEARS
2 years IP, Mortgage and Income, or Business Continuity (6, 12, 24 months)	> Completed Start Up Income Protection Upgrade form	> Completed Start Up Income Protection Upgrade form	> Completed Start Up Income Protection Upgrade form
	> Financial evidence for Agreed Value benefit and/or evidence of mortgage and confirmation that the loan is for an owner-occupied property only	> Financial evidence for Agreed Value benefit and/or evidence of mortgage and confirmation that the loan is for an owner-occupied property only	> Financial evidence for Agreed Value benefit and/or evidence of mortgage and confirmation that the loan is for an owner-occupied property only
	> Signed Quote Builder quote	> Signed Quote Builder quote	> Signed Quote Builder quote
	> Existing terms (e.g. exclusions and loadings) will apply	> Existing terms (e.g. exclusions and loadings) will apply	> Existing terms (e.g. exclusions and loadings) will apply
	> Prior claims exclusion/s	> Prior claims exclusion/s	> Prior claims exclusion/s
5 year Income Protection or To Age 65 Income Protection	> Completed Start Up Income Protection Upgrade form for 5 year	> Completed Start Up Income Protection Upgrade form for 5 year	> Completed full Application Form
	> DOCGH for To Age 65	> DOCGH for To Age 65	> Financial evidence for Agreed Value and/or evidence of mortgage
	> Financial evidence for Agreed Value benefit and/ evidence of mortgage and confirmation that the loan is for an owner-occupied property only	> Completed Start Up Income Protection Upgrade form	> Replacement Policy Advice form
	> Signed Quote Builder quote	> Financial evidence for Agreed Value benefit and/ evidence of mortgage and confirmation that the loan is for an owner-occupied property only	> Signed Quote Builder quote
	> Existing terms (e.g. exclusions and loadings) will apply	> Signed Quote Builder quote	>
	> Prior claims exclusion/s	> Existing terms (e.g. exclusions and loadings) will apply	
	> Prior claims exclusion/s	> Prior claims exclusion/s	



New to Business Upgrade

After two years of holding a New to Business Income Protection policy, clients are able to transfer to an agreed value Business or Personal Income Protection product. In order to transfer, customers cannot be on claim, eligible to claim, or considering a claim.

Conversion to Income Protection (self-employed)

- > Option exercised at the end of the two year policy anniversary and subsequent policy anniversaries
- > Same sum assured and waiting period as the original New to Business cover
- > Two year claim benefit period only

Requirements:

- > Occupation Section completed and signed by the Life Assured
- > Signed request from the policy owner
- > Signed Quote Builder quote
- > Replacement Policy Advice form
- > Two years full financial accounts if applying for Agreed Value Income Protection

Conversion to Income Protection (employee)

- > Option exercised at the end of the two year policy anniversary and subsequent policy anniversary's
- > Same sum assured and wait period as the original New to Business cover
- > Two year claim benefit period only

Requirements:

- > Occupation Section completed and signed by the Life Assured
- > Signed request from the policy owner
- > Signed Quote Builder quote
- > Replacement Policy Advice form
- > Evidence of Income if applying for Agreed Value Income Protection

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Health insurance

Health replacements

ORIGINAL POLICY	CONSIDERATIONS
All Fully Underwritten products AIA Superior Health, MajorCare, Absolute Health policies, AIA Real Health, Sovereign Private Health policies	<ul style="list-style-type: none">> Underwriting is not required to transfer to Private Health> Replacement Policy Advice form> Signed Quote Builder quote
All non-underwritten group schemes, including but not limited to: EBS SUREHEALTH MajorCare /Absolute Health Compulsory Medical Schemes	<ul style="list-style-type: none">> Full application required for underwriting> Replacement Policy Advice form> Signed Quote Builder quote
AIA Superior Health 3	<ul style="list-style-type: none">> Full application form for underwriting> Replacement Policy Advice form> Signed Quote Builder quote