

Accidental Injury Cover Product Change - Customer FAQs

26 April 2024

Overview

Experiencing an accidental injury can have an immediate impact on your daily life and ability to do your job, whether you're a builder, office worker, or a parent caring for children at home.

AIA led the market in launching a distinct Accidental Injury Cover (AIC) product to provide short-term financial support to customers impacted by one of the covered accidental injuries. Payments can be used for whatever customers need: covering treatment costs, getting taxis to work, hiring someone to help with children, or simply taking time off work to recover.

Accidental Injury Cover is an optional product that can be added to eligible AIA Living insurance products including; life, trauma, income protection or total permanent disablement insurance for extra support. The product 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'll be evolving our AIC product offering over the next few months.

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 several months later.

Phase One: 26 April 2024

On 26 April 2024, we will:

- > Launch a new version of our AIA Living Accidental Injury Cover product,
 - o Different injuries can have varying recovery periods and impact on our customers lives, so we are introducing a new table of specified injury categories that offer varying amounts of cover to support customers through their recovery and provide greater clarity of claimable conditions.
 - o The new product will also have differences in: coverage for less impactful injuries, policy exclusions, indexation rules, maximum claim amounts and qualifying base cover requirements.
- > In addition, premium rates will be increasing for new policies purchased from 26 April 2024, and existing policies on policy anniversary (from June 2024). Existing customers will receive their policy anniversary letter detailing their new premium amounts approximately six weeks before their anniversary.

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

Around August 2024, we'll launch a new AIA Living Specified Accidental Injury Cover (SAIC) product to market and AIA Living AIC will no longer be available for purchase.

AIA Living Specified Accidental Injury Cover will provide exactly the same coverage as the AIA 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.

Summary only. This document is to be used as a guide only, please refer to the Policy wordings or speak to your Adviser for more information.

Frequently Asked Questions

What date will the changes take effect?

- > Phase One changes take effect on 26 April 2024
- > Phase Two changes will take effect later this year (date to be confirmed but targeting August).

Will existing AIC customers be impacted by the changes at 26 April 2024?

AIA Living or Sovereign TotalCare Max Accidental Injury Cover customers holding a policy issued prior to 26 April 2024 will be impacted as set out below. Customers holding other older accidental injury benefits (e.g., Warehouse Accidental Injury, IAG Injury cover) are not impacted.

At Claim time

- > In the event of claim (on or after 26 April 2024) we will compare the policy wordings you were issued with the latest policy wordings available for the product and we will apply the most favourable terms to your claims. In practice, we anticipate that most claims will continue to be assessed against the AIC policy wordings that existing customers were issued, without any impact from the newer version launched 26 April 2024.

At anniversary

- > The new premium rates will be applied to existing customers at policy anniversary from June 2024. These customers will receive their policy anniversary letter approximately six weeks before their anniversary.

Will existing customers be impacted by the indexation change?

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

Why are Accidental Injury 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 my premiums if they are Level – I thought they would stay the same?

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.