

AIA AUSTRALIA CRISIS RECOVERY AND CRISIS EXTENSION

Technical and Positioning
June 2022



aia.com.au



HEALTHIER, LONGER,
BETTER LIVES

AIA Australia – life insurance that protects and supports your clients

Our life cover ensures that your clients and families are financially protected in the event of death, disability, severe illness or loss of income. No matter which stage of life your clients are in, AIAA will **protect them financially** and **reward them for getting healthier** through our science-backed wellness program, AIA Vitality.

To support you as an adviser in our AIAA community, we continually enhance our benefits to add increased value to your clients.

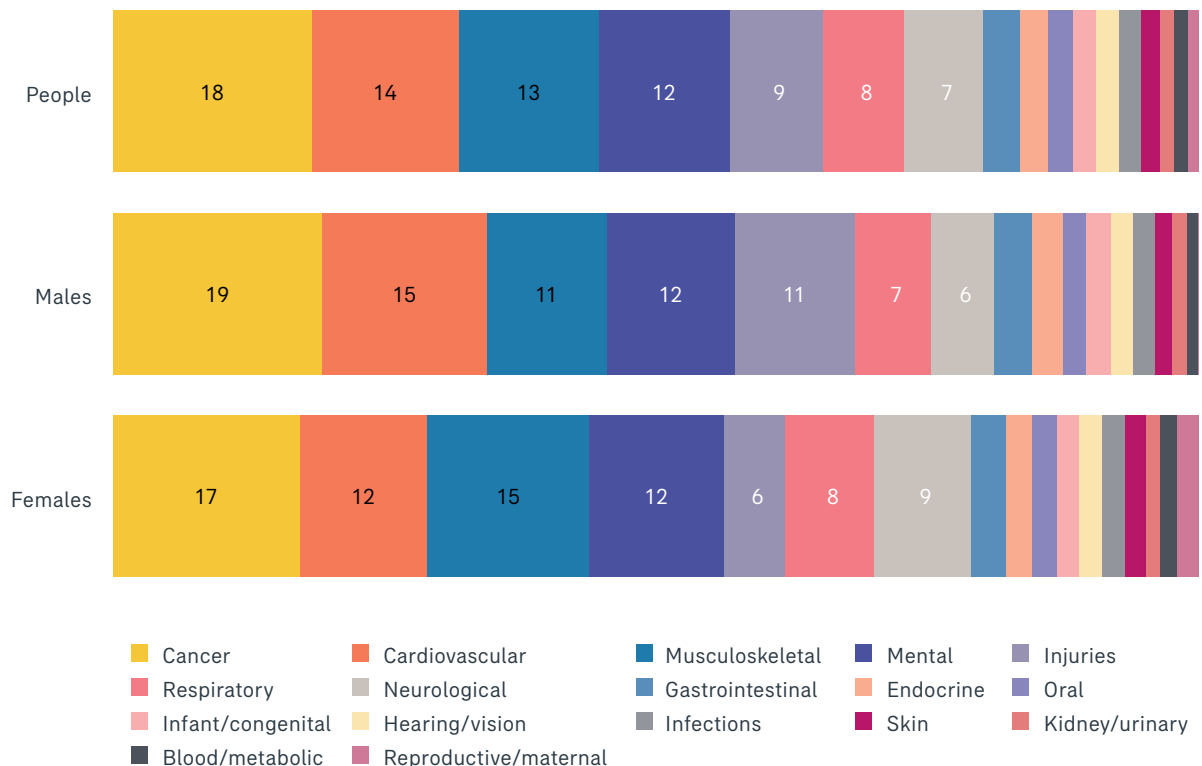
We’re excited to introduce one of newest innovations – our **Crisis Extension cover**. This has been carefully designed to complement our highly rated Crisis Recovery benefit. Through Crisis Extension, your clients will now have the choice of flexible sums insured that offer them **a lot more** cover, for **a lot less**, and for **longer**.

In this brochure, we’ll guide you through the use of Crisis Recovery, while introduce you to Crisis Extension and take you through the range of benefits linked to its flexibly, coverage and affordability.

Why do you need Crisis Recovery

AIAA’s Priority Protection Crisis Recovery is a critical illness/trauma insurance product. This type of insurance product pays a lump sum amount if the life insured is diagnosed with an illnesses or injury that is listed and defined on the insurance policy. The illnesses and injuries covered have a significant impact on your lifestyle, finances and/or life expectancy.

PROPORTION (%) OF TOTAL BURDEN (DALY), BY DISEASE GROUP AND SEX, 2015



<https://www.aihw.gov.au/getmedia/c076f42f-61ea-4348-9c0a-d996353e838f/aihw-bod-22.pdf.aspx?inline=true>

Crisis Recovery is there to cover your out-of-pocket health care costs and other direct and indirect costs of illness. It provides a financial safety net during difficult times that can be useful to cover many unexpected costs. Crisis Recovery complements an insurance package that will often also include Life Cover, Income Protection and Total and Permanent Disablement Cover.

This financial safety provides peace of mind, and gives your clients a sense of security during a difficult period. The funds they have access to can also help them live more comfortably, while they recover from the illness.

For some a Crisis Recovery claim payment will provide funds that are critical to their recovery. **This is the true, original purpose of Crisis Recovery cover.**

For others, a Crisis Recovery claim payment can be used to reduce debt and generally improve their financial circumstances. Improving your financial circumstances can reduce other stressors and sources of anxiety in life and allow your client to focus on their recovery.

We recently asked some of our claimants what they spent their claim payment on and how it affected their lives.

DENTIST, SUDDEN HEART ATTACK	CARER OF CLAIMANT WHO HAD A STROKE	VERY RECENT CLAIMANT, HEART ATTACK	BUSINESS OWNER, EARLY STAGE CANCER
<p>Had gone without insurance covers for almost 20 years, but took out trauma cover when he heard about a friend's windfall payout.</p> <p>Spoke about receiving an 'embarrassing amount'.</p> <p>Has transformed his life, eradicated his debts, and lessened the blow of COVID on his business.</p>	<p>Took cover out due to purchase of an investment property and because he was self-employed.</p> <p>Funds being used for a deposit for his own house so he can live independently.</p> <p>Therefore the benefits were empowerment – a more positive future, a life to look forward to, independence.</p>	<p>Didn't realise he had trauma cover – financial adviser had arranged it many years ago and he'd just been passively paying.</p> <p>The amount he received has set him and his wife up for retirement and enabled her to bring her retirement forward.</p> <p>Felt his experience was miraculous.</p>	<p>Partner had a stroke six years ago and had a payout which prompted her to take out cover.</p> <p>Forgotten about it, so had no expectations. Her financial adviser was the one who prompted him to claim.</p> <p>Received an 'amazing' sum that has taken the pressure of her life and running her business during COVID.</p>
<p><i>My wife was in dire straits before this. I was up to my eyes in debt. I feel guilty saying this but I'm pleased I had the heart attack because it's been like winning the lottery for me and my family.</i></p>	<p><i>It's empowering! It gives him a choice in his rehabilitation. It gives the possibility of a real and positive future, something in life to look forward to. He is such an independent man.</i></p>	<p><i>I feel proud I was so savvy to make the decision to take out trauma cover. It's sitting in the bank at the moment but is going into our super as soon as possible and the wife can now retire early.</i></p>	<p><i>When I got the bonus it was amazing... this was just the silver lining to all I had been through. And what with COVID and my business being quiet, it's given me that cushion, the Universe solved it for me.</i></p>

The tables below summarise the leading burdens of disease in both males and females. Burden of disease is recognised as the best method to measure the impact of different diseases or injuries in a population.

These burden of disease analyses combine living with poor health (the non-fatal burden of disease) with dying prematurely (fatal burden).

In the most recent Australian data, the leading disease groups causing the most burden were cancer, cardiovascular diseases, musculoskeletal conditions, mental & substance use disorders, and injuries. These accounted for two-thirds (65%) of the total burden.

LEADING CAUSES OF TOTAL BURDEN (DALY '000; PROPORTION %) FOR FEMALES, BY AGE GROUP, 2015

Rank	AGE GROUP (YEARS)								
	Under 5	5-14	15-24	25-44	45-54	55-64	65-74	75-84	85+
1st	Pre-term/lbw complications (7.0; 12.3%)	Asthma (7.0; 12.4%)	Anxiety disorders (14.5; 11.3%)	Anxiety disorders (36.3; 9.5%)	Back pain and problems (18.2; 6.7%)	Osteoarthritis (20.6; 6.3%)	COPD (23.0; 6.4%)	Dementia (33.6; 9.7%)	Dementia (59.7; 20.0%)
2nd	Birth trauma/asphyxia (6.2; 10.9%)	Anxiety disorders (6.1; 10.8%)	Depressive disorders (11.4; 8.9%)	Back pain and problems (30.4; 7.9%)	Anxiety disorders (17.1; 6.2%)	Lung cancer (18.3; 5.6%)	Osteoarthritis (20.7; 5.8%)	Coronary heart disease (29.8; 8.6%)	Coronary heart disease (40.0; 13.4%)
3rd	Cardiovascular defects (2.5; 4.3%)	Depressive disorders (4.7; 8.3%)	Asthma (9.2; 7.1%)	Depressive disorders (30.1; 7.8%)	Breast cancer (15.5; 5.6%)	Breast cancer (18.2; 5.5%)	Lung cancer (20.6; 5.8%)	COPD (25.2; 7.3%)	Stroke (24.2; 8.1%)
4th	SIDS (2.3; 4.1%)	Dental caries (2.9; 5.2%)	Back pain and problems (7.7; 6.0%)	Asthma (19.1; 5.0%)	Depressive disorders (14.1; 5.1%)	Back pain and problems (17.8; 5.4%)	Coronary heart disease (20.3; 5.7%)	Stroke (19.1; 5.5%)	COPD (14.2; 4.8%)
5th	Asthma (2.0; 3.6%)	Conduct disorder (2.8; 4.9%)	Suicide/self-inflicted injuries (7.6; 6.0%)	Suicide/self-inflicted injuries (13.8; 3.6%)	Osteoarthritis (11.1; 4.0%)	COPD (13.3; 4.0%)	Breast cancer (15.1; 4.2%)	Lung cancer (12.2; 3.5%)	Falls (11.8; 4.0%)
6th	Lower respiratory infections (1.3; 2.3%)	Acne (2.5; 4.5%)	Bipolar affective disorder (5.9; 4.6%)	Bipolar affective disorder (11.1; 2.9%)	COPD (10.5; 3.8%)	Coronary heart disease (12.2; 3.7%)	Rheumatoid arthritis (14.9; 4.2%)	Osteoarthritis (11.6; 3.3%)	Atrial fibrillation (8.3; 2.8%)
7th	Neonatal infections (1.0; 1.8%)	Back pain and problems (2.2; 4.0%)	Polycystic ovarian syndrome (5.3; 4.1%)	Polycystic ovarian syndrome (10.2; 2.6%)	Asthma (9.4; 3.4%)	Rheumatoid arthritis (11.3; 3.4%)	Back pain and problems (13.3; 3.7%)	Hearing loss (10.0; 2.9%)	Hearing loss (7.4; 2.5%)
8th	Dermatitis and eczema (0.9; 1.7%)	Epilepsy (1.8; 3.3%)	Alcohol use disorders (5.0; 3.9%)	Poisoning (10.0; 2.6%)	Lung cancer (8.5; 3.1%)	Anxiety disorders (11.0; 3.3%)	Dementia (12.6; 3.5%)	Rheumatoid arthritis (9.9; 2.9%)	Chronic kidney disease (7.2; 2.4%)
9th	Brain malformations (0.9; 1.6%)	Dermatitis and eczema (1.8; 3.2%)	RTI/motor vehicle occupant (4.2; 3.3%)	Migraine (9.5; 2.5%)	Rheumatoid arthritis (6.9; 2.5%)	Depressive disorders (9.7; 2.9%)	Type 2 diabetes (11.0; 3.1%)	Bowel cancer (9.4; 2.7%)	Lower respiratory infections (6.8; 2.3%)
10th	Neural tube defects (0.9; 1.6%)	Eating disorders (1.1; 1.9%)	Acne (4.0; 3.1%)	Eating disorders (9.0; 2.4%)	Suicide/self-inflicted injuries (6.8; 2.5%)	Type 2 diabetes (9.4; 2.8%)	Stroke (9.9; 2.8%)	Type 2 diabetes (9.1; 2.6%)	Non-rheumatic valvular disease (5.3; 1.8%)

Note: Disease rankings exclude 'other' residual conditions from each disease group; for example, 'other musculoskeletal conditions'.

LEADING CAUSES OF TOTAL BURDEN (DALY '000; PROPORTION %) FOR MALES, BY AGE GROUP, 2015

Rank	AGE GROUP (YEARS)								
	Under 5	5-14	15-24	25-44	45-54	55-64	65-74	75-84	85+
1st	Pre-term/lbw complications (10.3; 14.6%)	Asthma (9.2; 13.7%)	Suicide/self-inflicted injuries (19.7; 12.8%)	Suicide/self-inflicted injuries (47.7; 10.3%)	Coronary heart disease (28.5; 8.9%)	Coronary heart disease (43.7; 10.6%)	Coronary heart disease (53.0; 11.4%)	Coronary heart disease (47.8; 12.7%)	Coronary heart disease (30.7; 15.8%)
2nd	Birth trauma/asphyxia (6.3; 9.0%)	Anxiety disorders (7.0; 10.5%)	Alcohol use disorders (11.1; 7.2%)	Back pain and problems (29.2; 6.3%)	Back pain and problems (18.9; 5.9%)	Lung cancer (23.7; 5.8%)	COPD (32.8; 7.0%)	COPD (27.0; 7.2%)	Dementia (25.5; 13.1%)
3rd	SIDS (3.9; 5.5%)	Conduct disorder (4.6; 6.9%)	RTI/motor vehicle occupant (8.7; 5.7%)	Alcohol use disorders (27.8; 6.0%)	Suicide/self-inflicted injuries (18.4; 5.8%)	Back pain and problems (18.2; 4.4%)	Lung cancer (31.7; 6.8%)	Dementia (25.4; 6.8%)	Stroke (12.8; 6.6%)
4th	Cardiovascular defects (3.7; 5.2%)	Depressive disorders (4.1; 6.1%)	Depressive disorders (8.3; 5.4%)	Poisoning (27.2; 5.9%)	Anxiety disorders (11.7; 3.7%)	Type 2 diabetes (15.5; 3.8%)	Type 2 diabetes (17.2; 3.7%)	Lung cancer (19.3; 5.1%)	COPD (11.1; 5.7%)
5th	Asthma (2.6; 3.8%)	Autism spectrum disorders (3.6; 5.3%)	Back pain and problems (7.8; 5.1%)	Depressive disorders (25.9; 5.6%)	Depressive disorders (10.4; 3.3%)	COPD (15.5; 3.8%)	Prostate cancer (16.2; 3.5%)	Stroke (18.4; 4.9%)	Prostate cancer (8.9; 4.6%)
6th	Lower respiratory infections (1.6; 2.2%)	Dental caries (3.1; 4.6%)	Asthma (7.2; 4.7%)	Anxiety disorders (22.8; 4.9%)	Chronic liver disease (10.3; 3.2%)	Chronic liver disease (14.0; 3.4%)	Bowel cancer (15.3; 3.3%)	Prostate cancer (16.2; 4.3%)	Falls (6.1; 3.1%)
7th	Drowning (1.2; 1.8%)	Back pain and problems (2.0; 3.0%)	Anxiety disorders (7.1; 4.6%)	Drug use disorders (15.2; 3.3%)	Poisoning (9.5; 3.0%)	Bowel cancer (12.6; 3.1%)	Stroke (14.2; 3.0%)	Bowel cancer (11.3; 3.0%)	Chronic kidney disease (5.0; 2.6%)
8th	Epilepsy (1.1; 1.5%)	Epilepsy (2.0; 2.9%)	Drug use disorders (5.6; 3.7%)	Asthma (14.4; 3.1%)	Lung cancer (9.3; 2.9%)	Osteoarthritis (11.4; 2.8%)	Back pain and problems (13.6; 2.9%)	Type 2 diabetes (10.7; 2.8%)	Lung cancer (4.7; 2.4%)
9th	Urogenital malformations (1.0; 1.4%)	Attention deficit hyperactivity disorder (2.0; 2.9%)	Acne (4.5; 2.9%)	Coronary heart disease (12.7; 2.8%)	Alcohol use disorders (8.3; 2.6%)	Rheumatoid arthritis (10.6; 2.6%)	Dementia (13.3; 2.9%)	Hearing loss (10.3; 2.7%)	Atrial fibrillation (4.3; 2.2%)
10th	Dermatitis and eczema (1.0; 1.4%)	Acne (1.9; 2.8%)	Bipolar affective disorder (4.3; 2.8%)	Schizophrenia (12.4; 2.7%)	Type 2 diabetes (7.5; 2.4%)	Liver cancer (9.3; 2.3%)	Rheumatoid arthritis (11.0; 2.4%)	Chronic kidney disease (8.3; 2.2%)	Lower respiratory infections (4.2; 2.2%)

Note: Disease rankings exclude 'other' residual conditions from each disease group; for example, 'other musculoskeletal conditions'.

Setting the Crisis Recovery Sum Insured

Personal circumstances and choice will determine how much cover your clients need to take for Crisis Recovery. As a minimum, their insurance package should cover income (could be through IP and/or TPD cover), and illness-related expenses. Where your life may mean an additional cost of travel.

Having **the right amount of cover is important**. Crisis Recovery should not be a lottery taking a higher sum insured just because your client can afford it. Your clients may be better off investing into their super or paying off their mortgage once you've helped them determine the right sum insured.

Even though Crisis Recovery covers some very serious conditions, some which will impact life expectancy or will result in many years of living with a disability, it also covers conditions that although traumatic, your clients will recover from after relatively short periods of treatment.

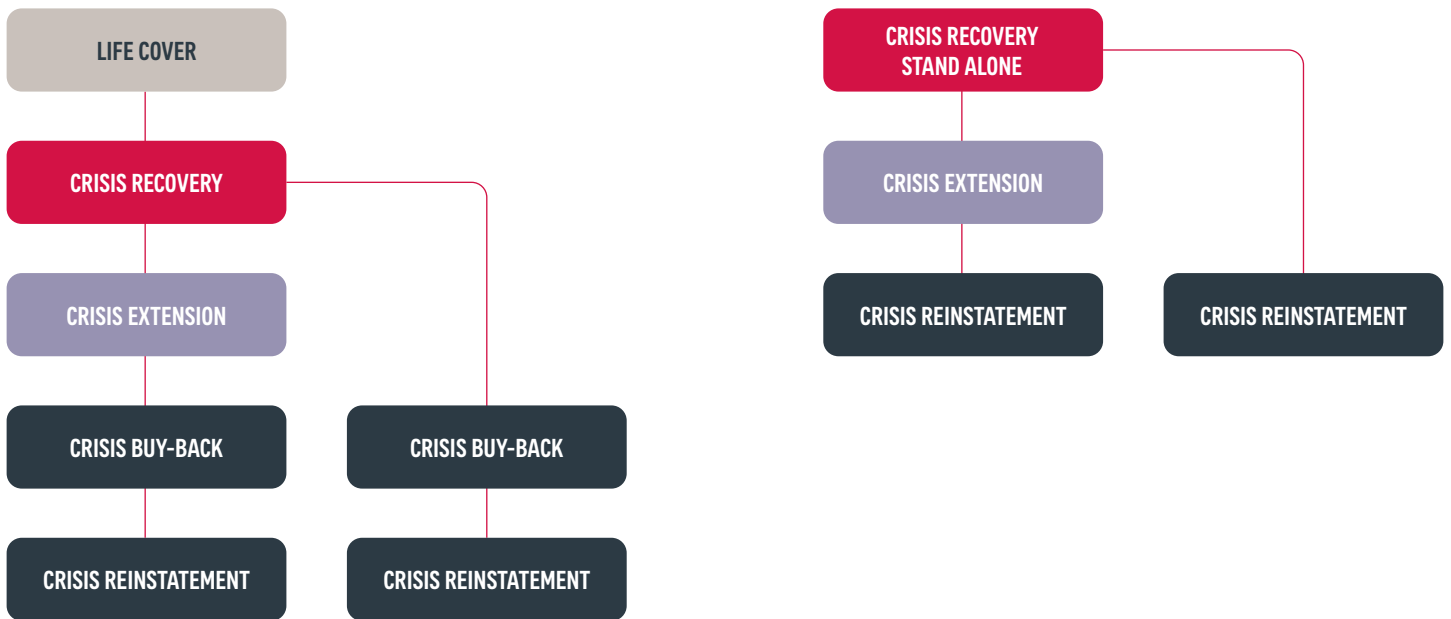
A way to optimise how much they spend in Crisis Recovery cover is to split the sum insured between Crisis Recovery and Crisis Extension.

AVERAGE SUM INSURED FOR CRISIS RECOVERY IS \$231,724*.

* IRESS BI: 6 Jan 2019 to 6 Jan 2020: Average of AIA, Clearview, MLC, TAL, and Zurich: Recommended Crisis Recover coverage amount.

Introducing Crisis Extension

Crisis Extension is new cover from AIA that complements your clients' Crisis Recovery cover.

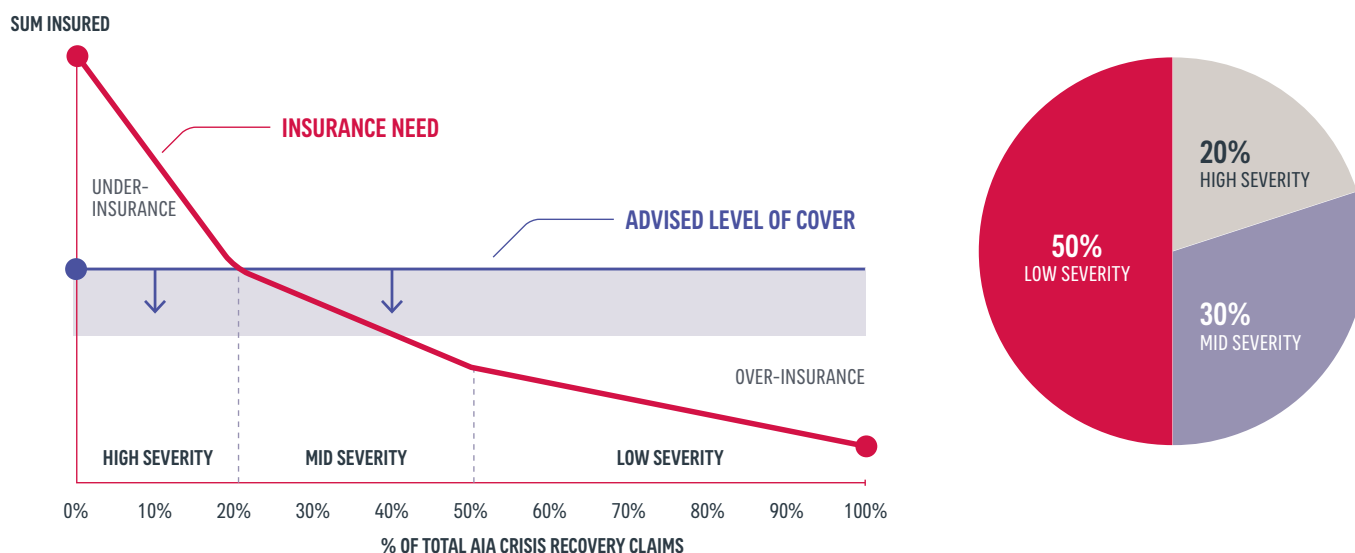


With Crisis Recovery, your clients are paid a lump sum if they are diagnosed with a Crisis Event. Crisis Events are medically defined as part of our Product Disclosure Statement (PDS) and include cancer, heart attack and stroke; medical procedures such as coronary artery angioplasty; and many other serious illnesses and injuries.

This lump sum payment (your clients' sum insured) helps with the financial burden of the medical condition and provides them with peace of mind while they recover from their illness or injury.

While this traditional trauma cover provides extensive protection for them, medical and technological advances mean that some illnesses covered are no longer life threatening or require as much financial input as they did some 30 years ago.

Some of your clients often claim this full benefit as a once-off when they may not need it, leaving them exposed and vulnerable to future risks of not being well enough insured.



Crisis Extension addresses this by offering more personalised and flexible long-term cover allowing for multiple claims, and keeping them covered even after a claim.

Crisis Extension will pay a lump sum if your client is diagnosed with a condition which meets the definition of one of the Crisis Extension Events listed below. Crisis Extension Events are medical conditions that have progressed or deteriorated from the initial diagnosis or are more serious conditions. Some Crisis Extension Events are Crisis Events (under Crisis Recovery) with additional criteria within each definition that reflects this.

CRISIS AND CRISIS EXTENSION EVENTS TABLE

	Crisis Recovery	Crisis Extension
Cancer Events	All cancers, partials for early stage prostate, skin and carcinoma in situ.	Advanced/Invasive cancers (cancer at stage 3 or 4)
Coronary Events (including stroke)	<ol style="list-style-type: none"> 1 Heart attack 2 Stroke 3 Coronary Artery By-pass Surgery 4 Heart valve surgery 5 Surgery to the Aorta 6 Pulmonary Arterial Hypertension 7 Cardiomyopathy 8 Out of hospital cardiac arrest 9 Coronary artery angioplasty 10 Other serious coronary artery disease 	<ol style="list-style-type: none"> 11 Heart attack (severe) with impaired cardiac function (LVEF<30% or NYA Class IV) 12 Stroke with significant function impairment (2 ADLs or 25% WPI) 13 Coronary Artery By-pass Surgery (open heart) 14 Heart valve surgery (open heart) 15 Surgery to the Aorta (open heart or open abdominal) 16 Pulmonary Arterial Hypertension - with NYA Class IV impairment 17 Cardiomyopathy – with NYA Class IV impairment 18 Same definition (no additional criteria) 19 Not covered 20 Not covered
Other Serious Events	32 Crisis Events	21 – same definition (no additional criteria) <ul style="list-style-type: none"> • Alzheimer’s Disease • Blindness • Chronic Lung Disease • Dementia • Loss of Independence • Loss of hearing • Major Burns • Motor Neurone Disease • Pneumonectomy • Aplastic Anaemia • Chronic Liver Disease • Coma • Kidney Failure • Loss of Use of Limbs/Sight • Loss of Speech • Major Organ Transplant • Plegia’s (Di-, Hemi-, Para-, Quad-) • Terminal Illness (Stand Alone) 8 – additional criteria (functional impairment – 2 ADLs or 25% WPI) <ul style="list-style-type: none"> • Bacterial Meningitis • Benign Brain Tumour • Major Head Trauma • Viral Encephalitis • Multiple Sclerosis • Muscular Dystrophy • Parkinson’s Disease • Severe Rheumatoid Arthritis 3 events not covered (Accidental HIV Infection, Intensive Care, Occupationally Acquired Hepatitis B or Hepatitis C Infection)

If your client meets the definition of both a Crisis Event (under Crisis Recovery) and a Crisis Extension Event, both benefits are payable. Alternatively, the client may first meet the definition of a Crisis Event (under Crisis Recovery) and receive a Crisis Recovery claim. Should the condition progress or deteriorate, they may then later meet the definition of the Crisis Extension Event, receiving an additional payout.

If your client meets the definition of a Crisis Event (under Crisis Recovery) and then makes a full recovery, they retain their Crisis Extension benefit for future illnesses.

Breast	Crisis Recovery	Crisis Extension
Early Stages / localised Carcinoma in situ of the breast – where no mastectomy is performed.	\$PAYS the greater of \$10,000 and 10% of the Crisis Recovery Sum Insured	Not covered
Carcinoma in situ of the breast – where the entire breast is removed or where other surgery or adjuvant therapy (such a radiotherapy and/or chemotherapy) is performed	\$PAYS – 100% of the Crisis Recovery Sum Insured	Not covered
Or Breast cancer at Stage 1 or 2		
Advanced / metastases Breast cancer at stage 3 or 4	\$PAYS – 100% of the Crisis Recovery Sum Insured	\$PAYS - 100% of the Crisis Extension Sum Insured
Prostate		
Early Stages / localised Prostate cancer at stage of T1a, where no don't undergo major interventionist therapy.	\$PAYS - 100% of your sum insured, up to \$500,000.	Not covered
Prostate cancer at stage of T1a where you undergo major interventionist therapy.	\$PAYS – 100% of the Crisis Recovery Sum Insured	Not covered
Or Prostate cancer at stage of T1b or greater		
Advanced / metastases Prostate cancer at Stage 3 or 4	\$PAYS – 100% of the Crisis Recovery Sum Insured	\$PAYS - 100% of the Crisis Extension Sum Insured
Melanoma		
Early Stage – localised Melanoma without ulceration and measuring less than 1mm in Breslow's depth of invasion and less than Clark Level 3 in depth of invasion.	\$PAYS – the greater of 15% of your sum insured, and \$10,000.	Not covered
Melanoma where the tumour is with ulceration or is diagnosed as 1mm or greater in Breslow's depth of invasion or Clark Level 3 or greater in depth of invasion	\$PAYS – 100% of the Crisis Recovery Sum Insured	Not covered
Advanced / metastases Melanoma skin cancer at Stage 3 or 4	\$PAYS – 100% of the Crisis Recovery Sum Insured	\$PAYS – 100% of the Crisis Extension Sum Insured
Lung Cancer	Crisis Recovery	Crisis Extension
Early Stage – localised Lung cancer at stage 1 or 2	\$PAYS – 100% of the Crisis Recovery Sum Insured	Not covered
Advanced / metastases Lung cancer at stage 3 or 4	\$PAYS – 100% of the Crisis Recovery Sum Insured	\$PAYS – 100% of the Crisis Extension Sum Insured
Or Pneumonectomy	\$PAYS – 100% of the Crisis Recovery Sum Insured	\$PAYS – 100% of the Crisis Extension Sum Insured

Colorectal

Early Stage – localised Colorectal cancer at Stage 1 or 2	\$PAYS – 100% of the Crisis Recovery Sum Insured	Not covered
Advanced / metastases Colorectal cancer at Stage 3 or 4	\$PAYS – 100% of the Crisis Recovery Sum Insured	\$PAYS – 100% of the Crisis Extension Sum Insured

Heart Attack

Heart Attack	\$PAYS – 100% of the Crisis Recovery Sum Insured	Not covered
Heart attack with impaired cardiac function (LVEF<30% or NYA Class IV)	\$PAYS – 100% of the Crisis Recovery Sum Insured	\$PAYS – 100% of the Crisis Extension Sum Insured

Stroke

Stroke	\$PAYS – 100% of the Crisis Recovery Sum Insured	Not covered
Stroke with impairment (2 ADLs or 25% WPI)	\$PAYS – 100% of the Crisis Recovery Sum Insured	\$PAYS – 100% of the Crisis Extension Sum Insured

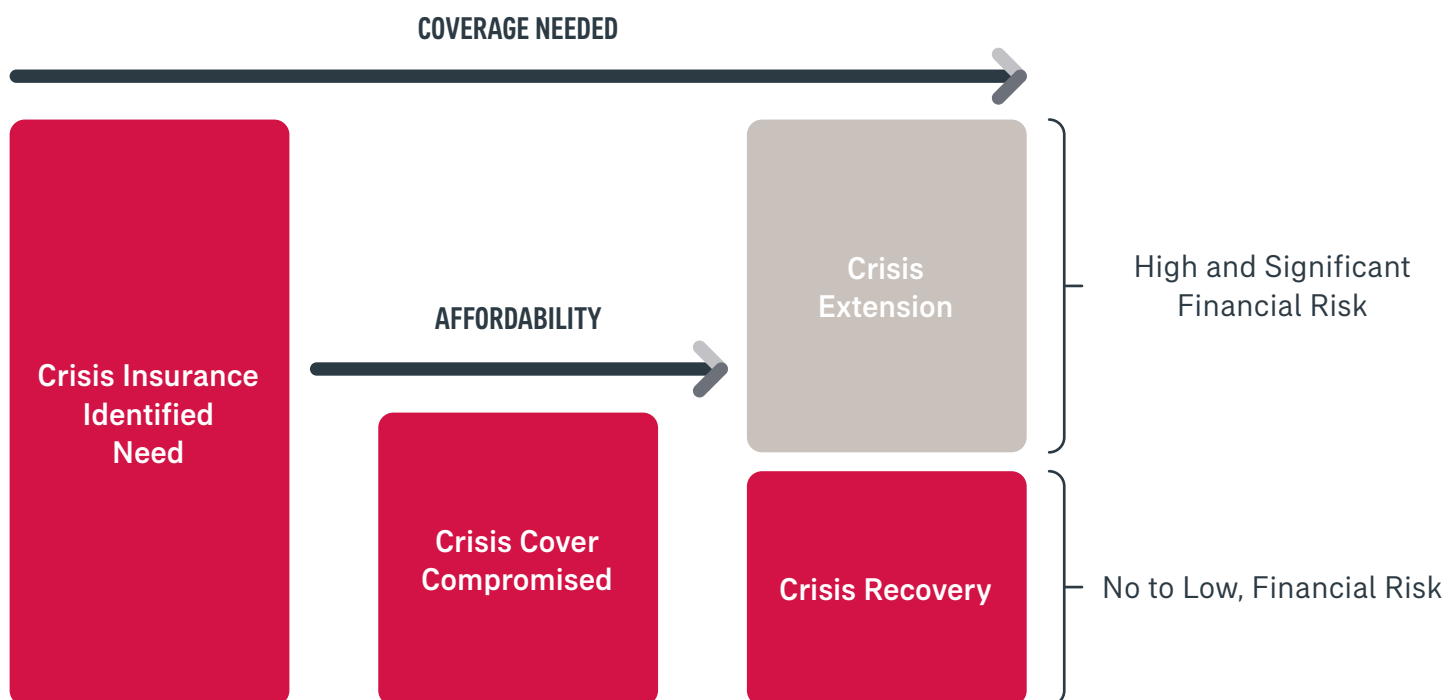
Coronary artery angioplasty

One coronary artery is obstructed and corrected with the use of angioplasty, atherectomy, laser therapy or insertion of up to two stents	\$PAYS – 25% of your sum insured, with a maximum of \$25,000.	Not covered
Two coronary artery are obstructed and corrected with the use of angioplasty, atherectomy, laser therapy or insertion of more than two stents (regardless of the number of coronary arteries involved).	\$PAYS – 50% of your sum insured, with a maximum of \$50,000	Not covered
Three or more coronary artery are obstructed and corrected with the use of angioplasty, atherectomy, laser therapy or stents. This procedure can be completed in one procedure or via multiple procedures within a two-month period.	\$PAYS – 100% of the Crisis Recovery Sum Insured	Not covered

Coronary Artery Angioplasty & Coronary Artery Bypass Surgery

Coronary Artery Bypass Surgery, Heart Valve Surgery or Surgery to the Aorta where open-heart surgery or open abdominal surgery was <i>not</i> required. Surgical repairs were done using, for example, endovascular procedures or minimally invasive procedures.	\$PAYS – 100% of the Crisis Recovery Sum Insured	Not covered
Coronary Artery Bypass Surgery, Heart Valve Surgery or Surgery to the Aorta where open-heart surgery or open abdominal surgery were required.	\$PAYS – 100% of the Crisis Recovery Sum Insured	\$PAYS – 100% of the Crisis Extension Sum Insured

This allows you as the adviser and your client a lot more flexibility when it comes to deciding the amount of cover needed. Through a combination of Crisis Recovery and Crisis Extension, your client can more affordably share the coverage load.



As your client's life changes, so too should their life insurance.

Crisis Extension is taken out in conjunction with our Crisis Recovery benefit but is treated independently, meaning your clients get to choose the sum insured for both of these types of cover. These are like levers that can be pulled in either direction delivering flexibility that best suits their needs.

This means they can choose to add as much or as little toward their Crisis Extension sum insured. This flexibility allows them to get more cover for the most serious events, at lower premium rates, as Crisis Extension premiums are lower than Crisis Recovery premiums.

The great thing about Crisis Extension is that it covers major Crisis Events that generally require additional care – and additional financial support – to lessen the burden on your clients.

It's important to remember that not all events create financial losses to the same degree, and so as an adviser you'll always have to recommend cover on the worst possible scenario. Crisis Extension helps by determining which illness will have a more significant financial impact on your client while giving options on what levels of cover are held in each benefit.

When adding Crisis Extension, Crisis Reinstatement* is automatically applied to the policy ensuring that Crisis Recovery can be reinstated possibly twice through our modulated Crisis Recovery for:

- Cancer Events
- Coronary Events
- Other Serious Crisis Events

* Crisis Reinstatement after 65 is \$10,000 of the Crisis Recovery sum insured.

Crisis Extension Overview

Availability

- All Occupation Categories are eligible.
- Crisis Extension can be purchased as a Rider Benefit to Crisis Recovery where Crisis Recovery is held as either:
 - Stand Alone cover (Ordinary Plan), or
 - Rider Benefit to Life Cover (Ordinary Plan or Linked Benefit).
- In many cases Crisis Extension can be added to an existing policy without underwriting. For example, if the total sum insured remains the same or lower: the combined sum insured Crisis Recovery and Crisis Extension on the new policy are not greater than the Crisis Recovery sum insured on the replaced policy. Or if no claims have been paid: the insured has not been paid a Crisis Recovery claim. See PDS for full details.
- When you purchase Crisis Extension you must also add the Crisis Reinstatement rider option to your Crisis Recovery cover*.
- The Crisis Extension benefit is not available where your Crisis Recovery is limited to one of the three Crisis Recovery modules as set out in the Product Disclosure Statement (i.e. Cancer and Coronary, Cancer Plus and Coronary Plus).

* Crisis Reinstatement only allows you to reinstate your Crisis Recovery benefit following payment of a claim for that benefit but does not allow you to reinstate your Crisis Extension benefit following payment of a claim.

Cover type	Outside super	
Crisis Extension	Ordinary Plan	Linked Benefit (Superannuation PLUS)

Insurance Cover	Premium Options	
Crisis Extension	Stepped Level	Term level (Rider to Crisis Recovery Rider Benefit) Optimum

Built-in Benefits	Benefit availability
<p>Crisis Extension Events</p> <p>Pays a lump sum equal to the full Sum Insured if you are diagnosed with a listed Crisis Extension Event for which you are covered after the applicable qualifying period.</p> <p>If Crisis Extension is a rider to the Crisis Recovery Stand Alone benefit, you must survive for a period of 14 days from the date of diagnosis.</p>	*
<p>Terminal Illness</p> <p>If you are diagnosed with a Terminal Illness, we will pay a lump sum equal to the Crisis Extension Sum Insured. A three-month qualifying period applies.</p> <p>Terminal Illness is listed as a Crisis Extension Event and is only available if Crisis Extension is taken with Crisis Recovery Stand Alone.</p>	*
<p>Benefit Indexation</p> <p>Automatically increases your Sum Insured at the Policy Anniversary each year by the higher of the CPI Increase and 5%, and adjusts your premium accordingly. You can opt out of indexation on your application form or before any Policy Anniversary.</p>	*
<p>Premium Freeze</p> <p>Allows you to keep your premium the same for the following year by reducing your Sum Insured amount. You must be at least 35 years old and paying Stepped premiums.</p>	*
<p>Financial Planning Reimbursement</p> <p>Pays up to \$3,000 to reimburse financial planning advice obtained within 12 months of a claim payment across all policies.</p>	*

Complimentary Interim Accidental Crisis Recovery Cover *

Pays a lump sum in the event that you suffer a Crisis Event whilst we are assessing your application, **solely** as a result of an Accidental Injury.

The lump sum amount will be the combined Crisis Recovery and Crisis Extension Sum Insured you've applied for, up to \$1 million.

This cover applies for up to 90 days from the date of your signed application.

Crisis Extension Events

We will pay a lump sum equal to the Crisis Extension Sum Insured if your client is covered by and diagnosed with one of the Crisis Extension Events listed in this section.

The benefit is payable where the diagnosed condition meets the applicable medical definition set out within the Priority Protection PDS and Policy Document. Some Crisis Extension Events are also Crisis Events under Crisis Recovery. If your client is diagnosed with one of those Crisis Extension Events, we will pay the Crisis Extension benefit in addition to any Crisis Recovery benefit payable under their Stand Alone Crisis Recovery Plan or Crisis Recovery Rider Benefit.

After payment of a claim for the Crisis Extension Sum Insured (when there has been a Crisis Extension Event), this benefit stops and no further Crisis Extension payment will be made for any subsequent Crisis Extension Event.

If your client has selected Crisis Extension with Crisis Recovery Stand Alone, please note the survival period is 14 days from the date of the diagnosis of the Crisis Extension Event to be eligible for the full payment.

The following Crisis Extension Events are available under Crisis Extension as a rider to Crisis Recovery Stand Alone or as a rider to Life Cover, with the exception of Terminal Illness events (which is only available when taken with a Crisis Recovery Stand Alone Plan).

Cancer Events

Advanced Invasive Cancer*

Coronary Events

- Cardiomyopathy with Class IV impairment
- Coronary Artery Bypass Surgery (open heart)*
- Heart Attack (severe) with impaired cardiac function*
- Heart Valve Surgery (open heart)*
- Out of Hospital Cardiac Arrest
- Pulmonary Arterial Hypertension (Primary) with Class IV impairment*
- Stroke with significant functional impairment*
- Surgery to the Aorta (open heart or open abdominal)*

Other Serious Crisis Extension Events

- Alzheimer's Disease
- Aplastic Anaemia
- Bacterial Meningitis with significant functional impairment
- Benign Brain or Spinal Cord Tumour with significant functional impairment *
- Blindness
- Chronic Liver Disease
- Chronic Lung Disease
- Coma
- Dementia
- Diplegia
- Hemiplegia
- Kidney Failure
- Loss of Hearing
- Loss of Independence
- Loss of Speech
- Loss of Use of Limbs and/or Sight[^]
- Major Burns
- Major Head Trauma with significant functional impairment
- Major Organ Transplant*
- Motor Neurone Disease
- Multiple Sclerosis with significant functional impairment
- Muscular Dystrophy with significant functional impairment
- Paraplegia
- Parkinson's Disease with significant functional impairment
- Pneumonectomy
- Quadriplegia
- Severe Diabetes*
- Severe Rheumatoid Arthritis with significant functional impairment
- Terminal Illness (Stand Alone only)*
- Viral Encephalitis with significant functional impairment

* Qualifying period applies (see below)

[^] For Loss of Use of Limbs and/or Sight, no payment for loss of use of one limb or loss of sight in one eye

Qualifying Period

Certain Crisis Extension Events are subject to a qualifying period, as indicated above by the asterisk (*) symbol.

A Crisis Extension benefit is not payable if, within three months after this benefit starts, is reinstated or increased (but only in relation to the increased amount), your client suffers, or is diagnosed with a condition that results in one of the Crisis Extension Events indicated above.

We will waive this three-month qualifying period if:

- your client's policy replaces another Crisis Recovery or trauma policy from AIA or another insurer, and
- the aggregate of the Crisis Recovery and Crisis Extension Sum Insured under your client's policy is the same as or lower than the Sum Insured for the Crisis Recovery or trauma cover under the policy being replaced, and
- the full qualifying period under the replaced policy has elapsed.

Terminal Illness

If your client is diagnosed with a Terminal Illness and we confirm the diagnosis, we will pay a lump sum equal to the Crisis Extension Sum Insured. As is the industry standard, a three-month qualifying period applies.

Terminal Illness is listed as a Crisis Extension Event and is only available for Crisis Extension taken with Crisis Recovery Stand Alone (see the Crisis Extension Events table).

SUM INSURED LIMITS

Benefit	Occupation Categories		Conditions
	A1, A2, M, A3, A4, B, C, CT, D, E	Home Duties	
Crisis Extension	\$2 million	\$1 million	Maximum limit applies to the total sums insured for Crisis Recovery, Double Crisis Recovery, Crisis Recovery Stand Alone, Crisis Extension and other similar benefits under other policies with us and other insurers. Where Crisis Recovery is held as a Rider Benefit to Life Cover, the total sum insured for Crisis Recovery and Crisis Extension cannot exceed the Life Cover Sum Insured.

ENTRY AGE

Benefit	Premium type	Minimum entry age	Maximum entry age
Crisis Extension	Stepped & Level	15 years	59 years
	Optimum	34 years	59 years
	5 Year Term Level	34 years	59 years
	10 Year Term Level	34 years	54 years
	15 Year Term Level	34 years	49 years

Expiry Date

The expiry date for Crisis Extension is the Policy Anniversary prior to your client's 70th birthday.

Limitations and exclusions

Limitations and exclusions that apply specifically to Crisis Extension are set out below.

The Crisis Extension benefit is not available if Crisis Recovery is issued under special acceptance terms and cover restricted to a Crisis Recovery module (Cancer and Coronary, Cancer Plus or Coronary Plus).

Claim payments

The maximum Crisis Extension benefit payable linked to any claim covered under this benefit cannot exceed the total Crisis Extension Sum Insured.

On payment of the Crisis Extension Sum Insured, the Crisis Extension benefit will stop and no payment will be made for any subsequent Crisis Extension Event.

The Life Cover Sum Insured will be reduced by the Crisis Extension Sum Insured where Crisis Extension has been purchased as a rider to a Crisis Recovery Rider Benefit.

Reinstatement

The Crisis Extension benefit cannot be reinstated. The Crisis Reinstatement benefit only applies to the Crisis Recovery Sum Insured.

Exclusions

No Crisis Extension benefit payment will be made in relation to:

- any Crisis Extension Event or disablement directly or indirectly, wholly or partially, caused by intentional self-inflicted injury or any such attempt by your client, or
- an event directly or indirectly caused by intentional self-inflicted injury or any such attempt by your client.

Benefit Reductions

The Crisis Extension Sum Insured will not be reduced by the amount of any claim paid for Crisis Events, Partial Payments or any other benefit payable in respect of Crisis Recovery.

The Crisis Extension Sum Insured will be reduced by the amount of any claim paid on the following Built-in or Rider Benefits (including any Linked Benefits attached to the Superannuation Life Cover Plan):

- Crisis Extension Events
- Loss of Independence* (Built-in Benefit to TPD and Double TPD)
- Death or Terminal Illness† (Built-in Benefit to Life Cover)
- TPD*
- Accidental TPD*
- Universal TPD*
- Partial and Permanent Disablement* (Built-in Benefit to TPD)
- Accidental Partial and Permanent Disablement* (Built-in Benefit to Accidental TPD), and

Day 1 TPD* (Built-in Benefit to TPD)

- A claim paid on TPD, Accidental TPD or Universal TPD Rider Benefits:
- reduces the Crisis Extension Sum Insured, and
- reduces the Crisis Recovery Sum Insured only by the amount of the TPD claim that is higher than the Crisis Extension Sum Insured.

* The Crisis Extension Sum Insured will not be reduced by a claim on these benefits where the TPD, Universal TPD or Accidental TPD (as applicable) is held as a Stand Alone benefit.

† The Crisis Extension Sum Insured will not be reduced by a claim on these benefits where Crisis Extension is held as a Rider Benefit to Crisis Recovery Stand Alone.

When cover begins and ends

The Crisis Extension benefit will begin on the commencement date shown on your client's Policy Schedule and will end at the earliest of:

- payment of the Crisis Extension benefit
- the lapse or cancellation of the Crisis Recovery benefit or Policy
- the lapse or cancellation of the Crisis Extension benefit
- the lapse or cancellation of the Crisis Reinstatement benefit
- the lapse or cancellation of the Superannuation Life Cover Plan (where the Crisis Extension benefit is taken as a Superannuation Plus benefit)
- your client passing away, or
- the expiry date of the benefit.

Here's an example of Crisis Extension in action



Meet Catherine

Catherine 54, is a recently divorced working professional with newly acquired household debts, due to the divorce and purchasing her new home.

As a single working mother, she is seeking investment advice, with insurance currently at a bare minimum through her Superannuation. As a professional, her earning capacity is managing her needs. If she lost her job due to illness or injury, there would be no additional salary within the family home – resulting in instant financial stress in managing her household costs and mortgage repayment.

Catherine meets her adviser and together, they determine that she needs to take out Crisis Recovery with a coverage of \$300,000.

When looking at her circumstances and what she can afford with her insurance portfolio, they realise there could be a potential affordability issue with Crisis Recovery benefit. Her adviser knows that she needs higher levels of cover to protect her financially. Luckily, instead of creating multiple quotes with lower coverage amounts, Crisis Extension will now allow her adviser to reduce the costs of her cover, but still maintain the level of cover needed.

By placing \$100,000 within Crisis Recovery and the \$200,000 in Crisis Extension, the adviser can reduce costs, and then discuss this alternative option with her when presenting the SOA.

Her adviser can clearly demonstrate how she has cover under both benefits and explains that if a serious event occurs that makes both Crisis Recovery and Crisis Extension applicable, she will be paid out the full \$300,000 at the time of claim.

Catherine sees how the \$100,000 in trauma cover will be payable if a serious illness occurs, which will prevent financial devastation linked to her household costs during her recovery. This gives her peace of mind, knowing that she is covered for both significant and small financial losses, at an affordable premium.

Crisis Recovery

\$100K + \$100K Reinstated

Crisis Extension

\$200K

■ CATHERINE IS DIAGNOSED WITH A SMALL MELANOMA

Fast forward nine months after implementation of the insurance and unfortunately Catherine has been diagnosed with small Melanoma. Her adviser works with her and AIAA to lodge her claim. Due to the size of the Melanoma and the isolated location, the claim is paid under Crisis Recovery for \$100,000 giving Catherine the support she needs to recover.

Crisis Recovery

\$100K + \$100K Reinstated

Crisis Extension

\$200K

\$100,000 removed from Crisis Recovery under Cancer Module

■ TWO YEARS LATER

Catherine uses this \$100,000 to minimise debt and reduce her home loan, and she is able to continue work.

Her policy creates an auto-reinstatement of the Crisis Recovery to \$100,000 Coronary Plus benefit (with an additional partial payment should another cancer arise of \$10,000), ensuring that she's still covered should another illness occur.

Catherine's adviser is informed that her skin cancer has reoccurred; and the aggression of Melanoma means that she's been diagnosed with tumours in her lungs at Stage 3 due to the spread within her body.

With Catherine and AIAA the adviser submits a claim. The claim payment will take both Crisis Recovery and Crisis Extension into consideration. Enacting the reinstated \$10,000 for the reoccurrence for the same cancer and the \$200,000 within Crisis Extension, the second claim payment will be a total of \$210,000.



This claim payment enables Catherine to manage the financial impact, and she applies the \$210,000 to both her home loan and to contribute to her medical treatment.

If Catherine had suffered this secondary illness under Crisis Recovery, it would have meant only getting the second payment of \$100,000 and wouldn't have included the Crisis Extension.

NOTE: once Crisis Extension is used in combination with Crisis Recovery, the reinstatement is no longer valid.

Premium savings through a quote example

Female, 54NB, Operations Manager, NSW, Non-smoker, No loading, AIA Vitality member or not an AIA Vitality member, Income \$134,000

Life Cover	Crisis Recovery	Crisis Extension	Vitality Y or N	Premium	
\$567,000	\$300,000	-	Y	\$3,809.55	
\$567,000	\$150,000	\$150,000	Y	\$3,184.74	REDUCES PREMIUM \$624.81
\$567,000	\$100,000	\$200,000	Y	\$2976.47	REDUCES PREMIUM \$833.08
\$567,000	\$300,000	-	N	\$4,432.20	
\$567,000	\$150,000	\$150,000	N	\$3,674.85	REDUCES PREMIUM \$757.35
\$567,000	\$100,000	\$200,000	N	\$3422.40	REDUCES PREMIUM \$1009.80

REDUCES PREMIUM up to \$833.08 in year one, as an AIA Vitality member when splitting Crisis cover between Crisis Recovery and Crisis Extension.

REDUCES PREMIUM up to \$1009.80 in year one, when a customer is not an AIA Vitality member and splits Crisis cover between Crisis Recovery and Crisis Extension.

Examples include Crisis Buyback and Reinstatement, policy fee and AIA Vitality contribution fee. Examples are produced from quoting software for illustrative purposes only.

Crisis Extension positioning

Through in-depth consultation with both advisers and clients, the Crisis Extension benefit was designed so that financial windfalls are reduced, and financial losses are protected; while balancing your 'best interest duty' obligations as an adviser.

When working with clients, it is important to be able to identify where Crisis Extension could be utilised as an alternative to placing 100% of the coverage amount within Crisis Recovery.

AIAA has identified eight key areas where Crisis Extension with Crisis Recovery can create a positive outcome for clients:

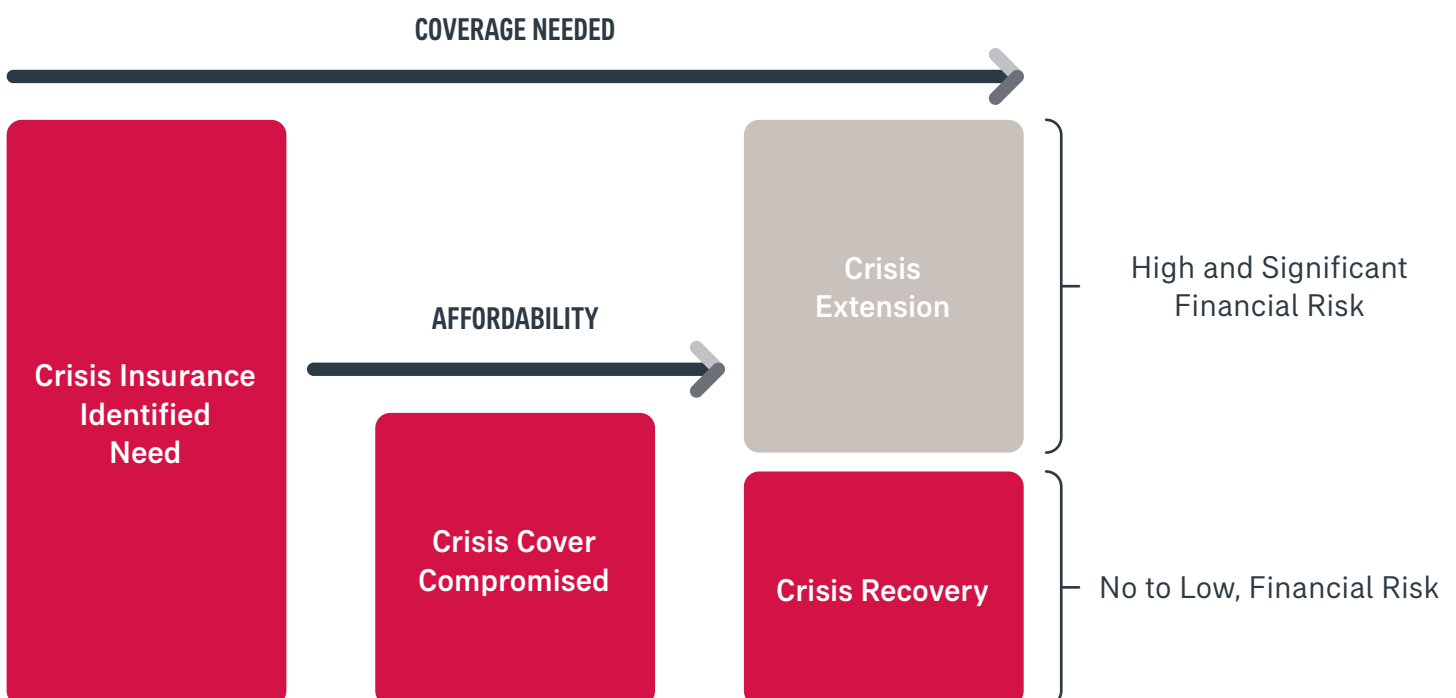
- 1 Addressing Affordability concerns
- 2 Get what you need, when you need it
- 3 Recovery of illness
- 4 Cost of illness
- 5 Duration with out-of-pocket expenses
- 6 Life changes, insurance should too.
- 7 Retention of Crisis Cover
- 8 Rate rise mitigation

1. Addressing affordability concerns

Once an Adviser conducts the 'Fact Find' with a Client(s) and has identified a need for Crisis Recovery within a full insurance program, e.g. Income Protection, TPD and Life with Crisis Recovery, or in isolation; the Adviser will place a recommendation into the Statement of Advice (SOA).

When presenting the recommendation, the Adviser may encounter the Client's objection to the cost of the insurance or may find that there is a warranted affordability issue. This objection could result in the degradation of the initial recommendation and require alterations to the coverage or removing warranted benefits.

By splitting the cover between Crisis Recovery and Crisis Extension, the Adviser can still meet the Client's coverage needs and manage the cost of the Crisis Recovery.



Considerations when taking this approach:

The Client needs to be aware that when they utilise Crisis Extension that both Crisis Recovery and Crisis Extension will operate separately for illnesses that pose lower financial stress. When a serious illness occurs, exposing them to higher and significant financial risk, both benefits will operate concurrently.

Ensure that the Client makes contact with you should any illness that is covered under Crisis Recovery occurs to ensure that you can work with them to manage the claim.

Within annual reviews, be aware of the Client(s) health for the year before to ascertain if there have been any claimable events. At review walk the Client(s) through the claims scenarios so there is a reaffirmed understanding the Crisis Recovery strategy that has been implemented. Review that the Client(s) still wishes to remain with the coverage allocation and the needs are still the same.

When presenting the SOA the Client must understand that only the Crisis Extension will execute for specific illnesses. We believe that placing the table below within the SOA will support a higher level of understanding of what both benefits cover for each illness.

	Crisis Recovery	Crisis Extension
Cancer Events	All cancers, partials for early stage prostate, skin and carcinoma in situ.	Advanced/Invasive cancers, i.e. stage 3 or greater
Coronary Events (including stroke)	<ol style="list-style-type: none"> 1. Heart attack 2. Stroke 3. Coronary Artery By-pass Surgery 4. Heart valve surgery 5. Surgery to the Aorta 6. Pulmonary Arterial Hypertension 7. Cardiomyopathy 8. Out of hospital cardiac arrest 9. Coronary artery angioplasty 10. Other serious coronary artery disease 	<ol style="list-style-type: none"> 11. Heart attack (severe) with impaired cardiac function (LVEF<30% or NYA Class IV) 12. Stroke with significant functional impairment (2 ADLs or 25% WPI) 13. Coronary Artery By-pass Surgery (open heart) 14. Heart valve surgery (open heart) 15. Surgery to the Aorta (open heart or open abdominal) 16. Pulmonary Arterial Hypertension - with NYA Class IV impairment 17. Cardiomyopathy – with NYA Class IV impairment 18. Same definition (no additional criteria) 19. Not covered 20. Not covered
Other Serious Events	32 Crisis Events	21 – same definition (no additional criteria) Alzheimer's Disease Aplastic Anaemia Blindness Chronic Liver Disease Chronic Lung Disease Coma Dementia Kidney Failure Loss of Independence Loss of Use of Limbs/Sight Loss of hearing Loss of Speech Major Burns Major Organ Transplant Motor Neurone Disease Plegia's (Di-, Hemi-, Para-, Quad-) Pneumonectomy Terminal Illness (Stand Alone) 8 – additional criteria (functional impairment – 2 ADLs or 25% WPI) Bacterial Meningitis Benign Brain Tumour Major Head Trauma Viral Encephalitis Multiple Sclerosis Muscular Dystrophy Parkinson's Disease Severe Rheumatoid Arthritis 3 events not covered (Accidental HIV Infection, Intensive Care, Occupationally Acquired Hepatitis B or Hepatitis C Infection)

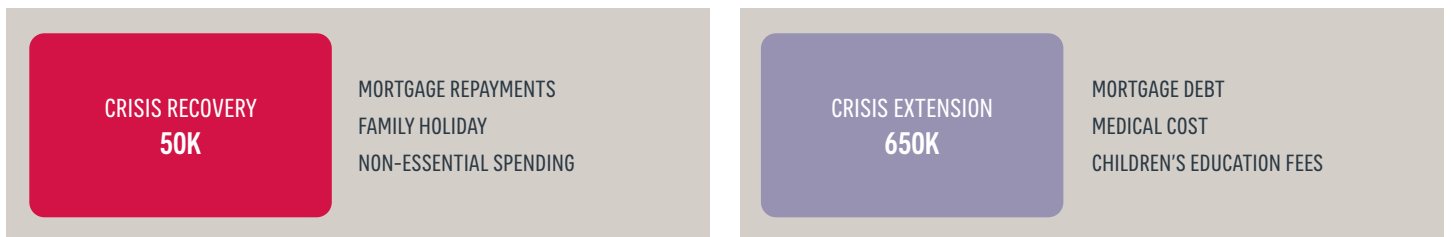
2. Get what you need, when you need it.

Some clients have a price point to work by, which can allow you as the Adviser to not only factor in their needs, but also deliver additional discretionary cover (e.g. the Client has said they would like to take their family on vacation as well as execute all debt, or higher home help while they recover). While these may not be factors that the Adviser naturally takes into consideration within their business 'insurance philosophy'; the Client(s) has stated that they want to fund this additional cover.

When generating the quote, the Adviser can split this discretionary needs, by leaving the needed cover within the Crisis Recovery, and the discretionary needs in the Crisis Extension. Allowing the Client(s) to 'get what they want additionally to what they need'.



The Adviser can use this strategy with the clients desire to want more cover, however has affordability issues. By placing the discretionary needs inside Crisis Recovery and placing the essential cover inside Crisis Extension, you can help protect a client who has not moved through a personal grief cycle prior to receiving the claim payment or has an illness that is not financially significant. This allowing the Client(s) to use their claim payment to manage their stress and family worry, protecting the more substantial coverage amount and serious financial impact against discretionary spending.



Considerations when taking this approach:

The Client needs to be aware that when they utilise Crisis Extension that both Crisis Recovery and Crisis Extension will operate separately for illnesses that pose lower financial stress. When a serious illness occurs, exposing them to higher and significant financial risk, both benefits will operate concurrently.

The Client(s) need to clearly understand that should the Crisis Recovery execute without Crisis Extension that the nominated amount is designated for a specific use. Failure to follow the recommendation could result in the Client(s) not having enough money. If the Client(s) have not followed the recommendation then if the Crisis Extension executes the money will need to be reallocated back to essential needs payments. If both benefits execute concurrently, then the Client will be able to accommodate both essential and discretionary usage of the coverage amount.

Ensure that the Client makes contact with you should any illness that is covered under Crisis Recovery occurs to ensure that you can work with them to manage the claim.

Within annual reviews, be aware of the Client(s) health for the year before to ascertain if there have been any claimable events. At review walk the Client(s) through the claims scenarios so there is a reaffirmed understanding the Crisis Recovery strategy that has been implemented. Review that the Client(s) still wishes to remain with the coverage allocation and the needs are still the same.

When presenting the SOA the Client must understand that only the Crisis Extension will execute for specific illnesses. We believe that placing the Crisis and Crisis Extension events table located on page 17 within the SOA will support a higher level of understanding of what both benefits cover for each illness.

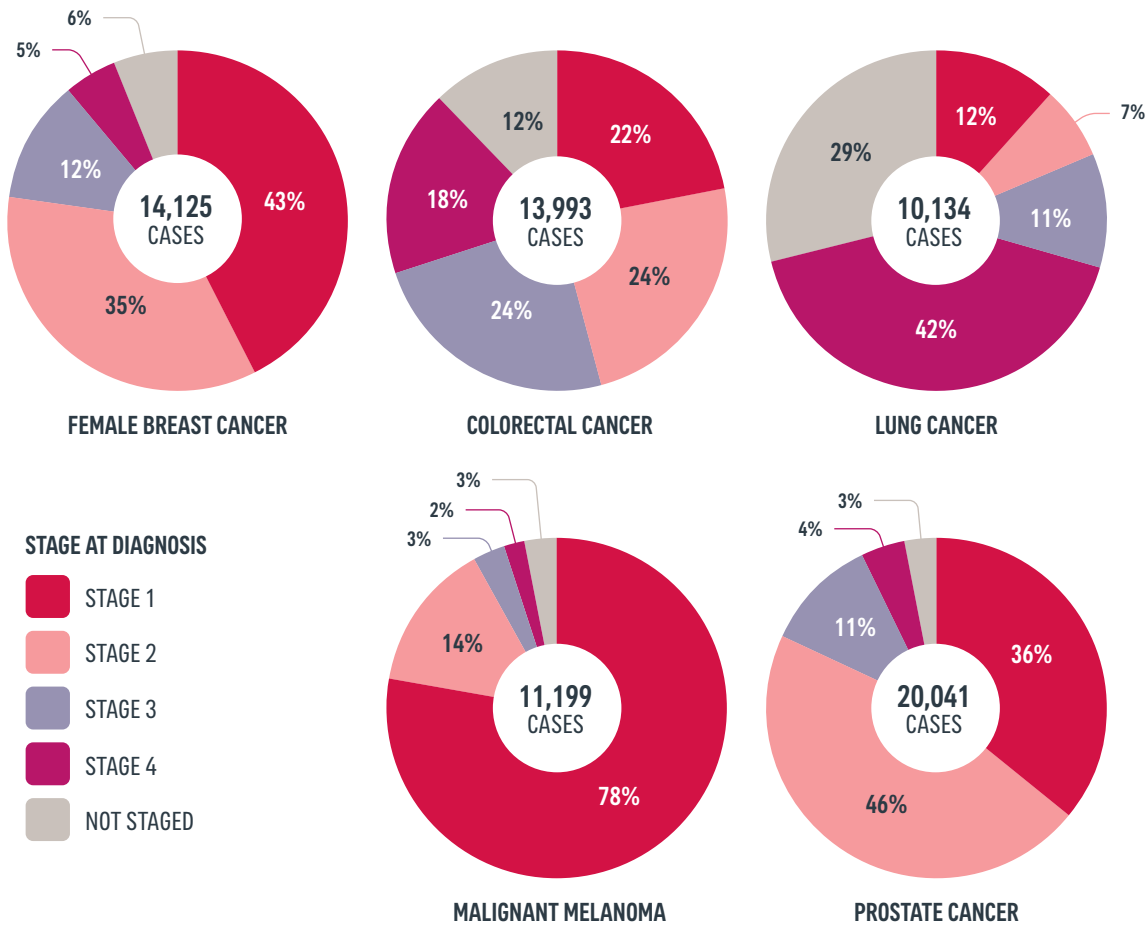
3. Recovery of illness

Before AIAA introducing Crisis Extension, the coverage amount factored in the worst possible outcome and matched the coverage to manage that financial impact. With advancement in treatment and early detection it has meant that recovery of illnesses can result in a much lower financial burden. Using Crisis Extension, the Adviser can now match the financial impact with the average recovery period of illnesses.

The National Cancer Control Indicators website publishes the National cancer stage at diagnosis and relative survival rates by stage data. The 5 most common cancers in Australia are summarised in the following graphs:

Stage at diagnosis can broadly be categorised into four stages of increasing severity (Stages 1, 2, 3 and 4).

The majority of cancers were an 'early stage' diagnosis for each cancer type, except for lung cancer.



These 5 year survival rates are for cancers diagnosed in 2011.

By placing coverage amounts in Crisis Recovery for minor events and using Crisis Extension for significant events, it allows the Adviser to tailor the coverage for the Client(s) and still allows the Adviser to meet 'best interest duty' obligations.

When looking at the recovery period of minor events, the Adviser can use the Client's household income as a basis to determine the coverage amount within each benefit.

Supporting evidence – duration from the workforce data

Condition/Scenario	Average All Classes (Sedentary/Light/Medium/ Heavy/Very Heavy) in Days (1) (2) (3)
Heart Attack (Acute Myocardial Infarction)	
Clerical/modified work	14–42 Days
Manual work, stress test negative	35–56 Days
Heavy manual work, stress test negative	56 Days
Heavy manual work, failed stress test	Indefinite
Angioplasty/Stent	
Angioplasty/Stent	54 Days
Cerebrovascular accident (CVA)	
Cerebral ischemia transient	41 days
Completed stroke unimpaired, no brain damage	14 Days
Completed stroke initially unable to walk independently, without neurologic deficit	55 Days
Completed stroke with continuing loss of function, modified work (permanent partial disability)	182–999 Days
Breast Cancer Category	
Breast biopsy, core needle	0 Days
Mammogram	0 Days
Breast biopsy, incisional	1 Days
Radiation therapy/chemotherapy	1–7 Days
Lumpectomy, clerical/modified work	7 Days
Lumpectomy, manual work	14 Days
Simple mastectomy, clerical/modified work	14 Days
Modified radical mastectomy, clerical/modified work	21 Days
Simple mastectomy, manual work	35 Days
Modified radical mastectomy, manual work	42 Days
Ovarian Cancer	
Culdoscopy	3 Days
Vaginal hysterectomy, clerical/modified work	21–42 Days
Abdominal hysterectomy, clerical/modified work	28–42 Days
Vaginal hysterectomy, manual work	42 Days
Abdominal hysterectomy, manual work	50 Days
Prostate Cancer	
Medical treatment	0 Days
Prostate biopsy, needle or punch	1–3 Days
Brachytherapy	3–5 Days
Prostatectomy, transurethral/TURP, clerical/modified work	21 Days
Prostatectomy, radical, clerical/modified work, without prolonged sitting	28 Days
Prostatectomy, transurethral/TURP, manual work	28 Days
Prostatectomy, radical, clerical/modified work, with prolonged sitting	35 Days
Prostatectomy, radical, manual work	42–63 Days

**Average All Classes
(Sedentary/Light/Medium/
Heavy/Very Heavy)
in Days (1) (2) (3)**

Condition/Scenario

Colon Cancer

Sigmoidoscopy, diagnostic	0 Days
Colonoscopy, diagnostic	1 Days
Colectomy, clerical/modified work	28 Days
Colostomy, clerical/modified work	28 Days
Colostomy, manual work	35 Days
Colectomy, manual work	49 Days

Melanoma

Small size, excision	1 Days
Excision with skin graft, clerical/modified work	2–7 Days
Excision with skin graft, manual work	14–28 Days
Lymph node dissection, clerical/modified work	35 Days
Lymph node dissection, manual work	56 Days

Chemotherapy

Early Stages	74
Chemotherapy	78

Pancreatic cancer

Chemotherapy	1–5 Days
Partial Pancreatectomy, clerical/modified work	28 Days
Partial Pancreatectomy, manual work	42 Days
Total Pancreatectomy, clerical/modified work	42 Days
Pancreaticoduodenectomy/Whipple, clerical/modified work	56 Days
Total Pancreatectomy, manual work	56 Days
Pancreaticoduodenectomy/Whipple, manual work	84 Days

Leukemia

Chronic lymphoblastic, without treatment	0 Days
Chemotherapy (one cycle)	14 Days
Bone marrow transplant, clerical/modified work	42 Days
Bone marrow transplant, manual work	77 Days
Bone marrow transplant, immunosuppression complications	112 Days

Aplastic Anemia

With transfusions	5 Days
Bone marrow transplant, clerical/modified work	35 Days
Bone marrow transplant, manual work	77 Days

Lung Cancer

Bronchoscopy, local anesthesia	1 Days
Bronchoscopy, general anesthesia	1–2 Days
Lung biopsy, percutaneous	3–5 Days
Chemotherapy, clerical/modified work	28 Days
Radiation therapy, clerical/modified work	28 Days

Condition/Scenario	Average All Classes (Sedentary/Light/Medium/ Heavy/Very Heavy) in Days (1) (2) (3)
Lobectomy, clerical/modified work	35 Days
Lung biopsy, thoracotomy, clerical/modified work	35 Days
Chemotherapy, manual work	42 Days
Lung biopsy, thoracotomy, manual work	42 Days
Pneumonectomy, clerical/modified work	42 Days
Radiation therapy, manual work	42 Days
Lobectomy, manual work	49 Days
Pneumonectomy, manual work	59 Days
Multiple Sclerosis	
In remission	0 Days
With hospitalisation	40–60 Days
With hospitalisation, severe episode	170–999 Days
Motor Neurone Disease	
Not severe, medical treatment	0 Days
Severe, modified work	14 Days
Severe, regular work	365–999 Days
Hemiplegia	
Clerical/modified work	50–80 Days
Manual work	182–999 Days
Kidney Failure	
Initial dialysis, without hospitalisation, based on shunt location, clerical/modified work	9 Days
Initial dialysis, with hospitalisation, clerical/modified work	14 Days
Initial dialysis, with hospitalisation, manual work	28 Days
Initial dialysis, without hospitalisation, manual work	28 Days
Kidney transplant, clerical/modified work	28 Days
Kidney transplant, manual work	56 Days
Pneumonectomy	
Pneumonectomy	78 Days

Data source. www.odgbymcg.com

1. This table is general in nature and information in summary only, without taking into account the objectives, financial situation, needs or personal circumstances of any individual, and may not be exhaustive
2. 'Averaging' figures have been utilised and are a target return to work durations
3. Duration projections are generated by condition and/or procedure using medical topics
4. These figures represented in days are general in nature, and have not taken into account anyone's personal circumstance, location or condition.
5. The duration guidelines within this document are at Diagnosis level only.
6. No confounding factors have been represented such as age, state, job class, and claim type – all factors that affect disability duration projections and goals, as well as risk.
7. The Risk Assessment score has not been utilised within this table
8. No Activity Levels have been stated in this document, which may either be Regular or Modified which take into account a return to work goal
9. Physical therapy and Chiropractic have not been taken into consideration

Calculations:



Example:

Client’s annual earnings: \$170,000 (incl Superannuation) Gross

Identified Need for Crisis: \$750,000



Using Crisis Recovery in combination with Income Protection to ensure the Client holds 100% earnings within your income protection ‘insurance philosophy’, the Adviser can apply another working calculation to the above methodology.

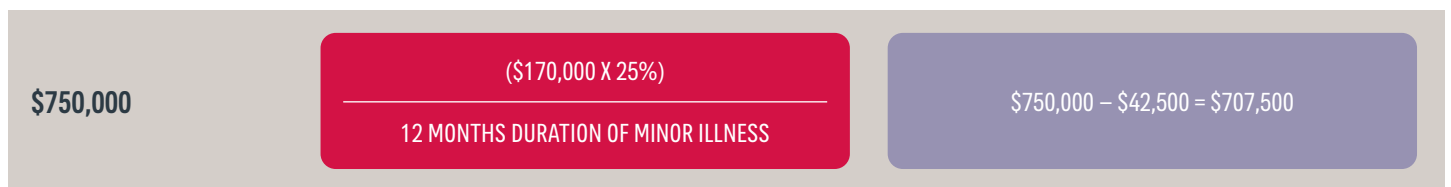


Example:

Client’s annual earnings: \$170,000 (incl Superannuation) Gross

Identified Need for Crisis: \$750,000

Income Protection need: \$10,625 (75% of Annual Income)



Considerations when taking this approach:

Ensure the Client(s) aware they’ve taken a smaller portion of the needed cover within Crisis Recovery, and that they have worked with you to determine the immediate need to access money to manage for a specified period, or to work in combination with Income Protection.

Walk the Client(s) through claims scenarios to enable them a higher level of understanding of how both benefits will work separately or in combination with other benefits.

Ensure that the Client makes contact with you should any illness that is covered under Crisis Recovery occurs so you can work with them to manage the claim.

Within annual reviews, be aware of the Client(s) health for the year before to ascertain if there have been any claimable events. At review walk the Client(s) through the claims scenarios so there is a reaffirmed understanding the Crisis Recovery strategy that has been implemented. Review that the Client(s) still wishes to remain with the coverage allocation and the needs are still the same.

When presenting the SOA the Client must understand that only the Crisis Extension will execute for specific illnesses. We believe that placing the Crisis and Crisis Extension events table located on page 17 within the SOA will support a higher level of understanding of what both benefits cover for each illness.

4. Cost or out-of-pocket expenses of illness

The range of variables when it comes to cost of illness makes it difficult to determine an approximate cost as it will depend on the client's specific situation – location, access to treatments, travel and accommodation needs, their support structure, etc.

Patients' out-of-pocket costs per service

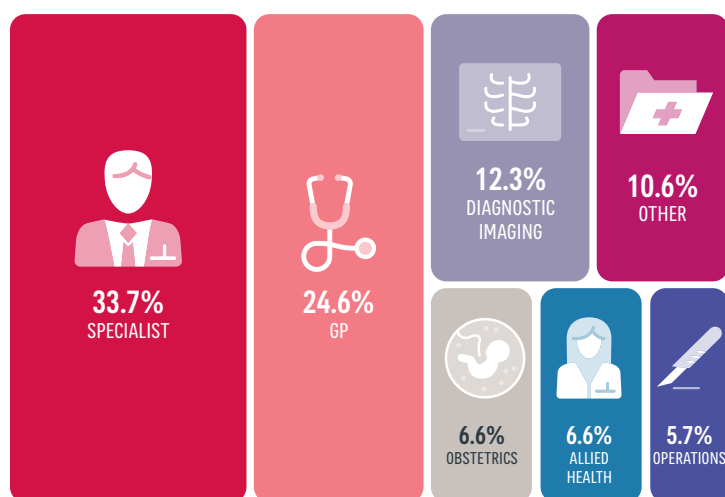
In 2016–2017, Australians spent \$3.0 billion out-of-pocket on non-hospital Medicare services – 34% of which was spent on specialist services, 25% on GP services, 12% on diagnostic imaging services (including radiology) and 6.6% on obstetric services.

The relatively large share of spending on specialist services is set against the relatively fewer services provided to the Australian community. For example, 148.3 million GP services (subsidised by Medicare) were provided to 87% of the population in 2016–2017, while around 23.0 million specialist services were provided to 31% of the population (7.4 million patients).

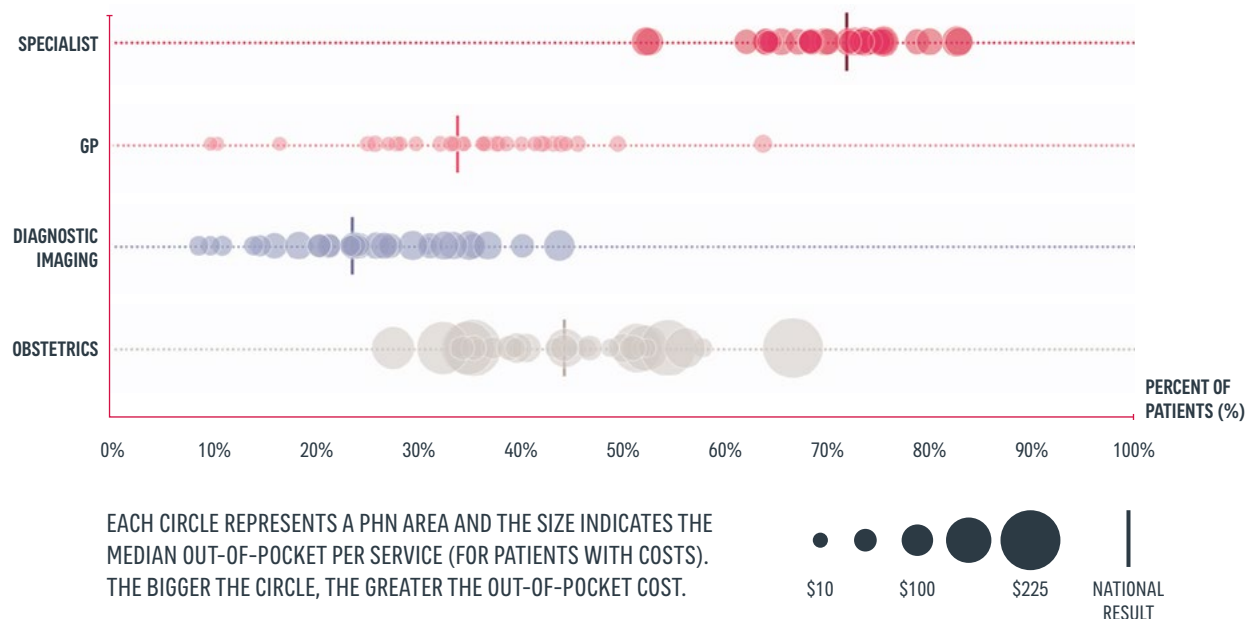
In addition, in the ABS Patient Experience Survey, a higher proportion of the population reported delaying or not getting specialist services due to cost other than health services.

This report looks in detail at specialist services.

National and PHN are information on the out-of-pocket costs associated with GP, diagnostic imaging and obstetric visits are summaries on pages 13–14. Interactive displays of PHN and local area (SA3) level data are available at www.myhealthycommunities.gov.au



PERCENTAGE OF PATIENTS WITHOUT-OF-POCKET COSTS, BY PHN AREA AND SERVICE TYPE, 2016–2017



Note: Includes non-hospital Medicare-subsidised services only.

Source: AIHW analysis of MBS claims data, 2016–2017

Advisers are limited due to product design and ‘best interest duty’ obligations to ensure the worst possible scenarios that could expose the Client’s significant financial losses are covered. The Adviser is also challenged to protect the Client(s) against all illness and treatment programs. This alters product selection to ensure Crisis Recovery the biggest ‘catch all’ definitions, which means the amount of cover will manage from no to low, to medium, right through to significant risk in the same coverage format.

Client(s) will often have cover that creates over insurance issues due access to their multiple forms of medical insurance, including Medicare rebates and the public system, in combination with their Health Insurance. Once the Adviser combines the Australian healthcare and early detection, the Client(s) in many instances has much of the cost of treatment covered for minor illnesses.

TYPICAL FEES AND COSTS (1)

In hospital event	Patients paid nothing (1)	For everyone else this is the typical amount paid for all doctors’ and other health providers costs after Gov’t and insurer payments. Doesn’t include costs charged by the hospital (1)	Patients with payment cost	Typical doctors fee	The Gov’t typically pays	Private insurer typically pay	Patients typically pay	Out-of-pocket for this procedure typically don’t exceed (2)	Additional sourced out-of-pocket information (3) (4) (5)
Coronary artery bypass graft	21%	\$340.00	79%	\$15,000.00	\$7,400.00	\$6,700.00	\$340.00	\$3,891.00	
Stenting blocked heart artery	30%	\$30.00	70%	\$3,100.00	\$1,600.00	\$1,400.00	\$30.00	\$1,228.00	
Heart Valve replacement (not TAVI)	22%	\$300.00	78%	\$14,000.00	\$7,000.00	\$6,500.00	\$300.00	\$7,066.00	
Heart related Angiogram	33%	\$10.00	67%	\$1,500.00	\$760.00	\$680.00	\$10.00	\$408.00	
Prostate watch wait									\$3,000.00
Advanced Prostate Cancer									\$6,000.00
Prostatectomy (endoscopic)	35%	\$460.00	65%	\$3,000.00	\$1,200.00	\$110.00	\$460.00		\$5,000.00
Radical prostatectomy	10%	\$4,700.00	90%	\$8,800.00	\$2,600.00	\$1,600.00	\$4,700.00	\$8,341.00	
Removal of skin lesion	55%	\$350.00	45%	\$1,500.00	\$590.00	\$500.00	\$350.00		
Melanoma Depth unknown low frequency 1 incident – 3 year cost									\$559.00
Melanoma Depth unknown high frequency 2+ incident – 3 year cost									\$11,151.00

TYPICAL FEES AND COSTS (1)

In hospital event	Patients paid nothing (1)	For everyone else this is the typical amount paid for all doctors' and other health providers costs after Gov't and insurer payments. Doesn't include costs charged by the hospital (1)	Patients with payment cost	Typical doctors fee	The Gov't typically pays	Private insurer typically pay	Patients typically pay	Out-of-pocket for this procedure typically don't exceed (2)	Additional sourced out-of-pocket information (3) (4) (5)
Removal of skin lesion (larger excision and/or flap repair)	57%	\$ 300.00	43%	\$1,400.00	\$560.00	\$450.00	\$300.00		
Endoscopy of bile ducts and pancreas (ERCP) & related procedures	57%	\$ 100.00	43%	\$1,800.00	\$860.00	\$750.00	\$100.00		
Bladder cystoscopy to remove tumor or other lesions (abnormal tissue)	49%	\$ 280.00	51%	\$1,600.00	\$660.00	\$560.00	\$280.00	\$703.00	
Lumpectomy (removal abnormal/cancer tissue from breast)	25%	\$ 400.00	75%	\$3,700.00	\$1,700.00	\$1,300.00	\$400.00	\$2,069.00	
Mastectomy	40%	\$ 500.00	60%	\$4,000.00	\$1,800.00	\$1,500.00	\$500.00	\$8,379.00	
Breast reconstruction with removal of tissue expansion unit and insertion of prosthesis	30%	\$ 820.00	70%	\$2,700.00	\$1,000.00	\$700.00	\$820.00		
Breast Cancer diagnosis and treatment unknown									\$5,000.00
Chemotherapy (direct to body cavity)	96%	\$ –	4%	\$120.00	\$70.00	\$50.00	\$-		
Chemotherapy (intravenous – over 6 hours)	99%	\$ 20.00	1%	\$230.00	\$140.00	\$70.00	\$20.00		
Chemotherapy (intravenous – up to 6 hours)	97%	\$ 10.00	3%	\$220.00	\$130.00	\$80.00	\$10.00		
Hemicolectomy (remove part of colon)	37%	\$ 500.00	63%	\$5,100.00	\$2,300.00	\$1,900.00	\$500.00	\$2,876.00	
Rectal cancer – remove part of colon and part or most of rectum	29%	\$ 690.00	71%	\$6,900.00	\$3,100.00	\$2,500.00	\$690.00		
Lymph node removal (neck)	34%	\$ 610.00	66%	\$3,400.00	\$1,400.00	\$1,100.00	\$610.00		
Thyroid tumour – total or partial thyroid removal	26%	\$ 680.00	74%	\$3,700.00	\$1,500.00	\$1,100.00	\$680.00		

1. Data from Medical Cost Finder –

<https://www.health.gov.au/resources/apps-and-tools/medical-costs-finder/medical-costs-finder/#/ih-procedures>

The typical amount means the median or middle amount. So, half of all patients will pay more than this amount and the other half will pay less than this amount. This information should be used as a guide only.

This data is collected from the Medical Cost Finder tool and reflects Australian Government held data for financial year 2018-19. The Government data does not include amounts paid by patients if a doctor gives a patient one bill and Medicare and the insurer a separate bill. The Medical Costs Finder tool is intended as a guide only. Costs information specific to the procedure from each doctor, hospital and insurer should be verified before the commencement of treatment.

Once a specialist is chosen, get more accurate costs estimates specific to your circumstances, the recommended treatment and your insurance situation. Also get information from your primary specialist about the other health care providers who might be involved in the treatment. For example, for surgery this might include the hospitals, anaesthetists, assistant surgeons, physicians or other specialists they work with and diagnostic imaging or pathology. Seek information about their costs. If private hospital insurance is held, ensure discussions with the insurer to find out more about what they will pay.

Procedure in a public hospital as a public patient the medical treatment is free – no out-of-pocket costs for medical services will be incurred.

2. <https://www.medibank.com.au/health-support/hospital-assist/costs/>

3. Griffith University – Financial Toxicity: A potential side effect of prostate cancer treatment amount Australian men 2017

<https://research-repository.griffith.edu.au/bitstream/handle/10072/340062/GORDONPUB686.pdf?sequence=1&isAllowed=y#:~:text=Twenty%20per%20cent%20of%20all,men%20facing%20very%20high%20costs.>

4. BCNA the financial impact of breast cancer April 2020

<https://www.bcna.org.au/media/5609/the-financial-impact-of-breast-cancer.pdf>

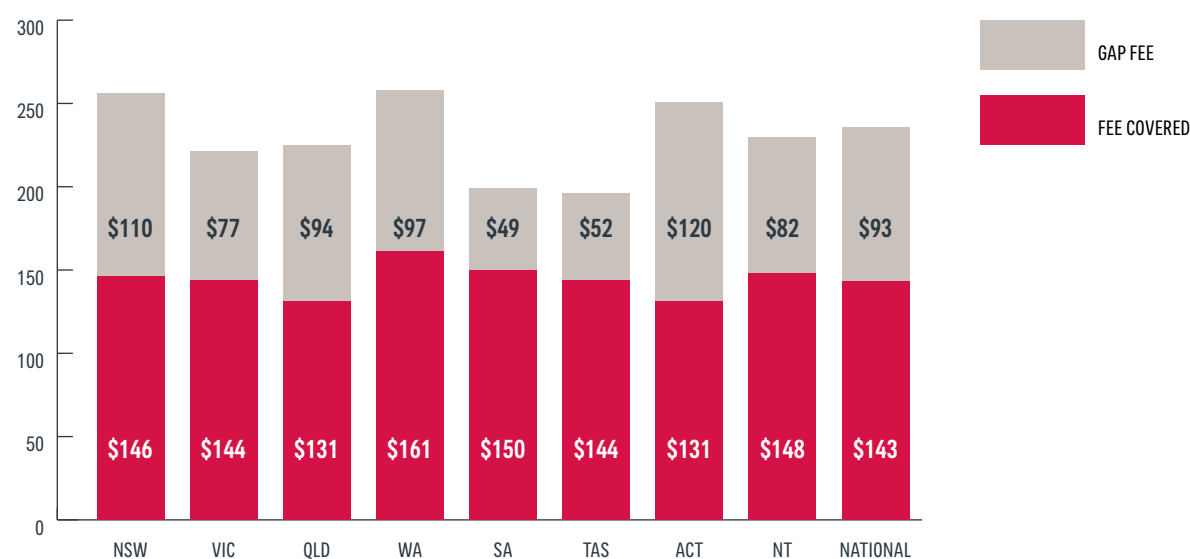
5. Multiplicity of skin cancers in Queensland and their cost of burden to government and patients 2017

<https://onlinelibrary.wiley.com/doi/epdf/10.1111/1753-6405.12738>

Other considerations that are not factored into out-of-pocket expenses are surgeon costs and anaesthetist costs.

AVERAGE FEES AND OUT-OF-POCKET COSTS

AVERAGE ANAESTHETIST FEES WITHOUT “NO GAP” AGREEMENTS*



Source: APRA

- * This includes “known gap” arrangements, where the fund and patient share the cost of the gap, and instances where there is no arrangement, in which case the patient pays the entire gap.

A simple procedure usually comes in at around 10 units, and might include just anaesthesia and the time count. The bill for a more complex operation could look like this:

Description	Units	Unit price	Fee
Anaesthesia for resection of a perforated bowel	6	\$35	\$210
Time – 4 hours 40 minutes	24	\$35	\$840
Modifier – physical status	1	\$35	\$35
Central venous pressure monitoring	3	\$35	\$105
Total	34		\$1190

Notice that the unit price is the same in each row. The anaesthetist sets their fees by the unit, not by the whole service. Everything has to be priced according to its relative unit weight.

Complex, unusual or illnesses that have moved past basic diagnosis and treatment programs that will require additional cost of illness treatments, demanding cover that support trial treatment, or treatment that isn't on the PBS.

By supporting a two-tiered approach to cost of illness through Crisis Recovery and Crisis Extension, it ensures the Client(s) is paid amounts that can close treatment gaps of illness and covering the primary need. Leaving a predominant portion of the benefit in tacked for an illness that requires expensive treatments and exposes the Client to significant financial losses. This strategy supports the recommendation, ensuring the Client has not misspent the total coverage amount. This gives clients the choice to take treatment overseas or treatment that is not covered by Health Insurance or Medicare.

In this scenario, the Client(s) will receive more money when needed for the illness or treatment, increasing the perception of the value of advice and the value of risk insurance portfolio strategy.

For this reason, we recommend that Crisis Recovery be sold to cover debt reduction (income loss, mortgage costs, etc.) with our new Crisis Extension as a valuable “top-up” option for additional therapies and medical treatment. This means that that the ‘need’ would sit in Crisis Recovery and the variables linked to cost of illness would sit in Crisis Extension to cover household needs, and Crisis Extension would fund any treatments outside of standard medical practice.

Considerations when taking this approach:

Within this strategy, ensure that long term affordability is manageable for the Client(s), as the Adviser is covering the need and adding additional cover for medical expenses, which will lift the total cost of premium.

The Client needs to be aware that when they utilise Crisis Extension that both Crisis Recovery and Crisis Extension will operate separately for illnesses that pose lower financial stress. When a serious illness occurs, exposing them to higher and significant financial risk, both benefits will operate concurrently.

With minor illness that don't trigger the Crisis Extension the client may not be able to access additional finances for any treatment programs that have a significant cost.

Within annual reviews, be aware of the Client(s) health for the year before to ascertain if there have been any claimable events. At review walk the Client(s) through the claims scenarios so there is a reaffirmed understanding the Crisis Recovery strategy that has been implemented. Review that the Client(s) still wishes to remain with the coverage allocation and the needs are still the same.

When presenting the SOA the Client must understand that only the Crisis Extension will execute for specific illnesses. We believe that placing the Crisis and Crisis Extension events table located on page 17 within the SOA will support a higher level of understanding of what both benefits cover for each illness.

5. Duration with 'Out-of-pocket' expenses

We believe that the calculations on the cost of illness have too many variables, so should the Adviser have an 'insurance philosophy' that discusses out-of-pocket expenses with Client(s), we have given some indication of how to proceed with this calculation by using both Crisis Recovery and Crisis Extension to minimise cost.

Due to the nature of medical advancement and treatment programs, this makes the 'out-of-pocket expenses' a strategy a frequently reviewed program. The Adviser will need to ascertain the change in cost and calculation work on each illness to determine changes to the coverage regularly.



* Average Monthly Benefit Amount is devised by the averages out of pocket expenses table with additional top up cover to support any additional out of pocket expenses such as but not limited to out of pocket surgeon costs, Anaesthetist's cost, tests or reporting that are not factored into out of pocket expenses reporting. This calculate a low/mid range coverage calculation. This is a working calculation that hasn't taken into account personal circumstance, occupational duties or specific income requirements.

Considerations when taking this approach:

Ensure that the Client(s) is very much aware of how this strategy operates and the risk of not holding the right amount of cover at the right time. Although, this strategy can minimise cost, it also has various review requirements to ensure that the cover is aligned to medical advancements.

The Client needs to be aware that when they utilise Crisis Extension that both Crisis Recovery and Crisis Extension will operate separately for illnesses that pose lower financial stress. When a serious illness occurs, exposing them to higher and significant financial risk, both benefits will operate concurrently.

With minor illness that don't trigger the Crisis Extension the client may not be able to access additional finances for any treatment programs that have a significant cost.

Remind the client that when a serious illness occurs both benefits will operate concurrently.

Ensure that the client makes contact you with you should any illness that is covered under Crisis Recovery occurs to ensure that you can work with them to manage the claim.

Within annual reviews, be aware of the Client(s) health for the year before to ascertain if there have been any claimable events. At review walk the Client(s) through the claims scenarios so there is a reaffirmed understanding the Crisis Recovery strategy that has been implemented. Review that the Client(s) still wishes to remain with the coverage allocation and the needs are still the same.

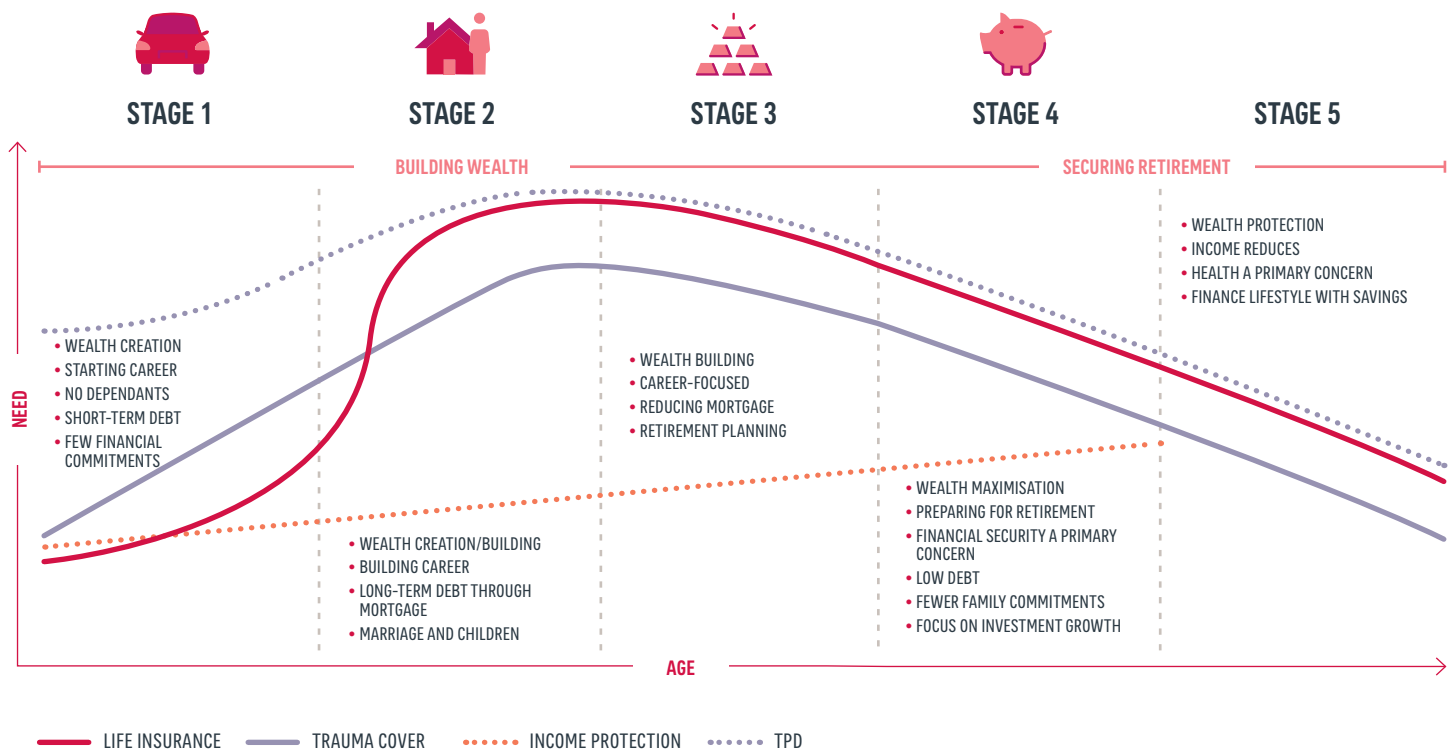
When presenting the SOA the Client must understand that only the Crisis Extension will execute for specific illnesses. We believe that placing the Crisis and Crisis Extension events table located on page 17 within the SOA will support a higher level of understanding of what both benefits cover for each illness.

6. 'Life changes, insurance should change too'

We know that Client(s) differ in insurance needs based on their individual lifestyles and lifecycles. We pride ourselves on offering robust, affordable, relevant insurance products that remain relevant to clients' needs as personal risk appetite adjusts. We've built our products to allow dynamic change when needed.

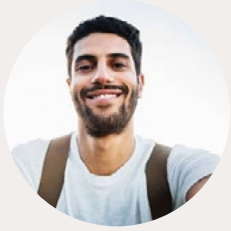
For example, younger clients with reduced risk (and therefore healthier) would prefer lower Crisis Recovery funds and higher Crisis Extension funds. As this client takes on more debt and their risk of illness increases, their coverage may move from Crisis Extension into Crisis Recovery – but this comes at a slightly higher cost. When moving into their more senior years, Clients(s) may choose to move their cover back into Crisis Extension as this allows them to reduce costs, freeing up money to transition into a retirement strategy. AIAA aims to provide life insurance that is appropriate for all life stages so that as your client's life changes, so too does their life insurance.

LIFE STAGES AND CRISIS FLEXIBILITY



Case Studies

Life Stages and Crisis Flexibility – Stage 1.



“THERE IS NOW SOME FLEXIBILITY IN CRISIS COVER AND YOU PAY FOR WHAT YOU NEED”

Thomas

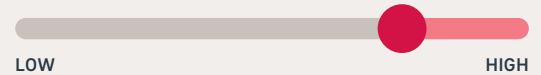
- Aged 26 plus
- They have limited ‘responsibility’ is living with Mum and Day to start to save for a mortgage and has small levels of debt on his Golf GTI
- He receives advice from a young hip team in Sydney that have identified a need for cover on serious illness and the risk to his parents income and retirement strategy should Thomas become sick
- Thomas would like a financial gain, but has had to trade-off between cover amount and premiums
- And while there’s always a risk of serious sickness or injury, Thomas is a fit AIA Vitality Member and knows that at his stage of life, that if a serious illness occurs it will be life changing but the financial impact will only be long-term if it’s a serious illness

Snapshot

Debt levels



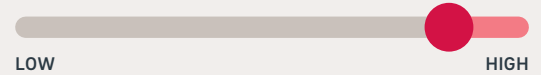
Risk appetite



Level of experience with category



Price sensitivity



Emotional Needs

- Likes the thought that he’s ahead of the game by seeking advice. Like having life insurance for AIA Vitality, however would feel comfortable if he didn’t have insurance. Believes that Health Insurance should be enough

Rational Needs

- Doesn’t want to compromise his parents ability to retire as they have given him everything.
- Just needs to ensure that if something goes wrong he gets to keep his Golf GTI and can have a little fun with his friends.
- Looking to save money so that he can purchase a house or inner city apartment and wants to put himself in the best possible financial position

Pain Points & Barriers

- Cost of insurance and saving for his deposit
- He doesn’t feel that he is a high risk of serious illness and would like a small payment for lower impact illness, but doesn’t want to waste his money
- Struggles to see the difference between Crisis cover and Private Health Insurance

Cover must be

- Cover his debt for his Credit card and Car
- Ensure that he doesn’t have to dip into his savings should any illness occur
- Affordable
- Easy to understand

Life Stages and Crisis Flexibility – Stage 2.



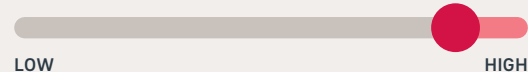
“THERE IS NOW SOME FLEXIBILITY IN CRISIS COVER ALLOWING YOU TO PROTECT WHAT MATTERS THE MOST”

Sarah and Ross

- Aged 32 plus
- They have more responsibilities than ever before, a new mortgage that was more than they wanted to expose themselves to, two young children and all the expenses that come with a new family.
- They believe in holding life insurance, they understand the value and worry what would happen if they didn't have insurance but are questioning the premiums as they are young fit and healthy.
- They are willing to make a trade-off between cover amount and premiums, as they feel that their Private Health Insurance will help them.
- They understand that they are exposed financially, that if any serious sickness or injury, given their stage of life, would have devastating consequences and serious 'long-term' impact.

Snapshot

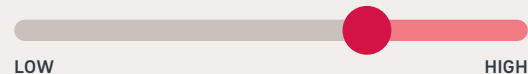
Debt levels



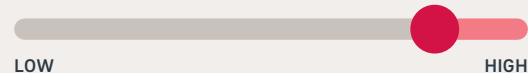
Risk appetite



Level of experience with category



Price sensitivity



Emotional Needs

- Are protective of their new family
- Feel exposed financially and scared that if anything happened to them they could lose everything they are working hard to achieve
- They feel safer seeking advice and it gives them peace of mind that they are protected

Rational Needs

- Carrying high levels of debt and are concerned about funding kids' education or other sporting commitments
- Trying to balance the need with the cost of all their insurance needs
- Are prepared to pay for advice to protect their family
- Looking to save money as they have so many expenses and are prepared to cut back on 'things' no longer needed

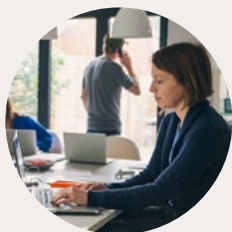
Pain Points & Barriers

- Cost of insurance and household expenditure
- They are healthy and feel that if a smaller illness arose they would still need financial assistance, but would also have to cut back on expenses to manage this for the protection of their family
- Struggles to afford all their insurances and Private Health Insurance

Cover must be

- Cover all debt
- Support care for the children so each spouse could still continue to generate an income
- Needs to cover a little for education or family trip
- Needs to ensure that they don't lose everything
- Affordable
- Easy to understand

Life Stages and Crisis Flexibility – Stage 3.



“THERE IS NOW SOME FLEXIBILITY IN CRISIS COVER ALLOWING TO TAKE CONTROL ON WHAT YOU NEED”

Melinda and Peter

- Aged 44 plus
- They have ‘responsibility’ and are still juggling family life, however they are starting to take control of their mortgage, have paid off debts and are starting to get a hold of savings. They have two young children and all the expenses that come with sending them to schools, they believe in supporting opportunity for their children.
- They believe in holding life insurance, they understand the value and have had to use their Income Protection after a short term knee injury Peter received when playing local football. They have full cover and have peace of mind that they have received sound advice.
- They are willing to make a trade-off between cover amount and premiums, as they feel that their Private Health Insurance will help them
- They understand that they are exposed financially if any serious sickness or injury occurs, given their stage of life, they don’t want to risk what they’ve worked so hard for and serious ‘long-term’ impact that would occur.

Snapshot

Debt levels



Risk appetite



Level of experience with category



Price sensitivity



Emotional Needs

- Are protective of their family
- Don’t wish to compromise or expose all their hard work to risk of illness
- They feel peace of mind and control in seeking advice and they like knowing they are protected

Rational Needs

- Carrying mid range levels of debt and are concerned about funding kids’ education or other commitments
- Have started to control the cost of all their insurance needs, however happy to take direction from their adviser if it helps them with finances
- Are prepared to pay for advice to protect their family
- Happy to discuss changes that support their finances and give them back additional savings to their household

Pain Points & Barriers

- Health is starting to adjust slightly, still healthy but sports injuries and minor health issues are starting to appear
- They feel that they don’t need insurance that pays out for issues that are not serious if it’s going to give them cost savings
- Want to ensure that they are protected with all insurances, so agree that cost savings could help them boost cover

Cover must be

- Cover all debt.
- Support their high level of education costs
- Want to ensure that they are covered for all events and all types of insurance especially IP
- Needs to ensure that they don’t loose everything they’ve created
- Affordable
- Easy to understand

Life Stages and Crisis Flexibility – Stage 4.



“THERE IS NOW SOME FLEXIBILITY IN CRISIS COVER (AND) YOU CAN CHOOSE”

Emma & John

- Aged 55 plus
- They have limited ‘responsibility’ in their mind as the mortgage is paid off (or nearly) and their children have all left home
- They believe in holding life insurance, but are questioning the value of it these days given low debt levels
- They are willing to make a trade-off between cover amount and premiums
- And while there’s always a risk of serious sickness or injury, given their stage of life, they are not as concerned with the ‘long-term’ impact

Snapshot

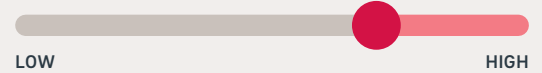
Debt levels



Risk appetite



Level of experience with category



Price sensitivity



Emotional Needs

- Like having life insurance and would feel uncomfortable if they didn’t have some level of cover

Rational Needs

- No longer carrying high levels of debt nor concerned about funding kids’ education or other commitments
- Looking to save money as they look ahead to retirement and are prepared to cut back on ‘things’ no longer needed

Pain Points & Barriers

- Cost of insurance continues to increase every year
- Resistant to cancelling totally however as they feel they’ve invested a lot and don’t want to waste this money
- Not sure what options exist or how much it will cost given their age

Cover must

- Offer a decent level of cover
- Affordable
- Easy to understand

Life Stages and Crisis Flexibility – Stage 5.



“THERE IS NOW SOME CRISIS COVER FOR MY SMALL FINANCIAL NEEDS”

Judy and Roy

- Aged 64 plus
- They have no significant ‘responsibility’ in their mind as the mortgage is paid off, their children are established and having their own children
- They believed in holding life insurance, but are still going to hold onto what they’ve paid for so long and want a little bit of cover to cover any unexpected illness costs
- They don’t feel they need cover for minor illness as they have saving they are prepared to cover small expenses and are willing to make a trade-off between on both cover amount and premiums
- There a risk of serious sickness or injury, given their stage of life, they are not as concerned with the ‘long-term’ impact

Snapshot

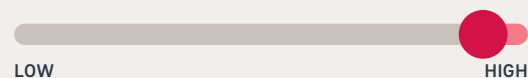
Debt levels



Risk appetite



Level of experience with category



Price sensitivity



Emotional Needs

- Like having life insurance and would feel uncomfortable if they didn’t have some level of cover
- Want the peace of mind

Rational Needs

- No longer carrying debt and don’t have any major funding requirements, but would like to help out with their grandchildren’s costs
- Looking to save money in retirement and are prepared to cut back on ‘things’ no longer needed

Pain Points & Barriers

- Cost of insurance continues to increase every year
- Resistant to cancelling totally however as they feel they’ve invested a lot and don’t want to waste this money
- Not sure what options exist or how much it will cost given their age

Cover must be

- A small amount of cover to cover serious medical costs and grandchildren’s costs
- Affordable
- Easy to understand

Considerations when taking this approach:

Ensure the Client(s) is very much aware of how this strategy operates and the risk of not holding the right amount of cover at the right time. Although this strategy expands and contracts cost, it also has various review requirements to ensure that the cover is aligned to the financial needs of the Client(s).

The client needs to be aware that when they utilise Crisis Extension that both Crisis Recovery and Crisis Extension will operate separately. With minor illness that don’t trigger the Crisis Extension the client may not be able hold the right amount of cover within each benefit.

Remind the client that when a serious illness occurs both benefits will operate concurrently.

Ensure that the client makes contact you with you should any illness that is covered under Crisis Recovery occurs to ensure that you can work with them to manage the claim.

Within annual reviews, be aware of the Client(s) health for the year before to ascertain if there have been any claimable events. At review walk the Client(s) through the claims scenarios so there is a reaffirmed understanding the Crisis Recovery strategy that has been implemented. Review that the Client(s) still wishes to remain with the coverage allocation and the needs are still the same.

When presenting the SOA the Client must understand that only the Crisis Extension will execute for specific illnesses. We believe that placing the Crisis and Crisis Extension events table located on Page 17 within the SOA will support a higher level of understanding of what both benefits cover for each illness.

7. Retention

AIAA understands that retention plays a significant role in an Adviser's business. The current climate has made this particularly challenging to ensure Client(s) retain insurance cover. When trying to discuss retention strategy with Client(s), the adviser is often forced to compromise benefits or coverage amounts. By utilising the affordability strategy on page 16, the Adviser may be able to ensure that during these challenging times, additional support can be offered to their clients.

Crisis Extension can be utilised through a 'cancel and replace' strategy on the Client(s)'s existing lump sum policy.

Where the Crisis Extension benefit suits an existing client, you can utilise the benefit. As Crisis Extension is only available on PP20 – 12 October 2020 onwards, a client with a policy issued prior to this will be required to cancel their existing Crisis Recovery policy and apply for a PP20 – 12 October 2020 series in order to access Crisis Extension.

Advisers will be required to do this via a **Cancel & Replace Form** as long as the following criteria is met:

Existing customer already has Crisis Reinstatement

Total sum insured remains the same or lower: the combined sum insured Crisis Recovery and Crisis Extension on the new policy are not greater than the Crisis Recovery sum insured on the replaced policy.

No claims have been paid: the insured has not been paid a Crisis Recovery claim.

Existing customer does not have Crisis Reinstatement

Total sum insured remains the same or lower: the combined sum insured Crisis Recovery and Crisis Extension on the new policy are not greater than the Crisis Recovery sum insured on the replaced policy.

No claims have been paid: the insured has not been paid a Crisis Recovery claim.

At least 20% of sum insured is moved to Crisis Extension: the Crisis Extension sum insured on the new policy must be at least 20% of the Crisis Recovery sum insured on the replaced policy.

Loadings/exclusions limit: the insured has a maximum of + 50% underwriting loading on Crisis Recovery, and the overall loading/exclusions are within the limits of acceptance for Crisis Reinstatement and Crisis Extension.

Do I have to set up a new policy for both the Crisis Recovery and Crisis Extension?

Yes, as Crisis Extension is only available on PP20 – 12 October 2020 onwards and as it is structured as a separate policy due to the independent sums insured.

Considerations when taking this approach:

When creating a retention strategy, take extreme care and consideration with 'Cancel and Replace'. Do not accidentally cancel any benefits (such as agreed value income protection), double-check the policy and benefit construct of any policy that is being cancelled. Inform AIAA of the specific benefits that are being cancelled and replaced. Do not request full cancellation if the Client(s) are planning to keep, benefits active within the old policy.

Any policy that is under two years may hold LIF responsibility on remuneration that could be subject to clawback.

When exercising a retention strategy, Client(s) may be subject to underwriting if additional risks are being held by AIAA (or reinsurance) upon the change or with any future changes that alter the coverage back to Crisis Recovery from Crisis Extension.

Client(s) will need to be aware of the change in products within the ROA (or SOA if required by your Licensee).

The client needs to be aware that when they utilise Crisis Extension that both Crisis Recovery and Crisis Extension will operate separately for illness that pose lower financial stress, and that when a serious illness occurs, exposing them to higher and significant financial risk, both benefits will operate concurrently.

Ensure that the client makes contact with you should any illness that is covered under Crisis Recovery occurs to ensure that you can work with them to manage the claim.

When presenting the ROA the Client must understand that only the Crisis Extension will execute for specific illnesses. We believe that placing the Crisis and Crisis Extension events table located on Page 17 within the SOA will support a higher level of understanding of what both benefits cover for each illness.

8. Rate Adjustment mitigation

The industry has continued to reviews rates and Crisis Recovery is not immune to these reviews. At AIAA, when we have reviewed Crisis Recovery, every attempt has been made to keep our premium affordable despite the pressure we are facing as insurers, industry-wide.

The introduction of Crisis Extension will help clients to minimise or even circumnavigate any changes in their premiums. . By referring to the affordability strategy on page 17, and the above retention strategy on page 35 options, Advisers will able to offer solutions to Client(s) on the change in premium that was not factored into the original recommendation.

Considerations when taking this approach:

When creating a 'rate adjustment' mitigation strategy, take extreme care and consideration on the alteration in which you are about to implement either with an adjustment of cover from Crisis Recovery to Crisis Extension or with 'Cancel and Replace'. Do not accidentally cancel or reduce definitions that held broader definitions without consultation with the Client(s), e.g. Prostate Cancer. Double-check the policy and benefit construct of any policy that is being altered or cancelled. Inform AIAA of the specific benefits that are being altered or cancel. Do not request full cancellation if the Client(s) are planning to keep, benefits active within the old policy.

Any policy that is under two years may hold LIF responsibility on remuneration that could be subject to clawback.

When exercising a rate adjustment mitigation strategy, Client(s) may be subject to underwriting if additional risks are being held by AIAA (or reinsurance) upon the change or with any future changes that alter the coverage back to Crisis Recovery from Crisis Extension.

The Client(s) will need to be aware of the change in products within the ROA (or SOA if required by your Licensee).

The client needs to be aware that when they utilise Crisis Extension that both Crisis Recovery and Crisis Extension will operate separately for illness that pose lower financial stress, and that when a serious illness occurs, exposing them to higher and significant financial risk, both benefits will operate concurrently.

Ensure that the client makes contact you with you should any illness that is covered under Crisis Recovery occurs to ensure that you can work with them to manage the claim.

When presenting the ROA the Client(s) must understand that only the Crisis Extension will execute for specific illnesses. We believe that placing the Crisis and Crisis Extension events table located on page 17 within the ROA will support a higher level of understanding of what both benefits cover for each illness.

References

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