



VTI3098

AIA Australia Statement of Advice, Record of Further Advice and Positioning Guide for AIA Vitality

Strictly confidential

Contents

Why Choose AIA Australia	2
Suggested Statement of Advice Wording	4
Suggested Record of Further Advice Wording	7
How to Position AIA Vitality & Handle Objections	9

Why Choose AIA Australia

For Adviser Use Only - Background

AIA Australia Limited is an independent life insurance specialist with over 40 years of experience building successful partnerships. One of the country's leading life insurers, AIA Australia offers a range of products that protect the financial health and welfare of more than two and a half million Australians.

AIA Australia offers retail insurance products through financial advisers and a valued network of affinity partners. By having a partnership philosophy at the core of its business, AIA Australia is focused on building sustainable relationships that add true value to its business partners.

In the past 3 years AIA Australia has won the following industry awards:

Year	Award Organisation	Award Category
2016	Australian and New Zealand Institute of Insurance and Finance (ANZIIF)	Women's Employer of the Year
	Shared Value Project	Shared Value Organisation to Watch
	Direct Life Insurance Excellence Awards	Health and Wellness Program Winner
	Australia Insurance Awards	Life Insurance Product of the Year for Vitality
		Executive of the Year (CEO)
	SMSF Magazine	Insurance Provider of the Year
	Women in Financial Services	Marketing
	Association of Financial Advisers (AFA) and Beddoes Institute: The Consumer Choice Awards	Best Return to Health Outcomes
		Best New Policyholder Experience
		Best Policy Material
FSC Life Insurance Awards	Big Thinking Award (for joint research with Sunsuper into TPD)	
	Consumer Innovation Award (with Sunsuper for eClaims)	
iSelect	Life Insurance Company of the Year	
	Partner of the Year for Customer Experience and Life Insurance	
2015	Australian and New Zealand Institute of Insurance and Finance (ANZIIF)	Life Insurance Company of the Year
	AFR Smart Investor Blue Ribbon	Best Term / Best TPD Product
	Super Review	Life Insurance Company of the Year
	SMSF Magazine	SMSF Product of the Year – AGI SMSF Master Insurance Plan
	Super Review	Best Insurer of the Year
2014	Association of Financial Advisers (AFA) and Plan for Life	Best Term / Best TPD Product
	AFR Smart Investor Blue Ribbon	Life Company of the Year
	CANSTAR	Innovation Excellence Award for AIA Vitality
	Investment Trends	Claims Process – Planner Risk Report
	Super Review	Best Insurer of the Year

AIA Australia is part of the AIA Group, a market leader in life insurance across the Asia Pacific region with over 90 years' experience.



Why we're Market Leading

- **Specialisation** AIA Australia is an independent life insurance specialist which has been operating in Australia for over 40 years. We offer a range of life insurance products which protect the financial health and welfare of more than 3 million Australians.
- **Market leading product** Priority Protection's or Priority Protection for Platform Investor's Life Cover, Crisis Recovery, and TPD benefits are recognised by independent research house IRESS amongst the highest ranked in the market.
- **Innovative - AIA Vitality** AIA Vitality is a scientifically backed health and wellbeing program and results over the last 12 months have indicated that actively engaged AIA Vitality members have lapse rates up to 30% lower than non-AIA Vitality members.
- **Claims and underwriting excellence** We pride ourselves on our solid partnerships with you to provide the highest levels of service to your clients.
- **Award winning**

AIA Vitality

AIA Vitality is a health and wellbeing program, encouraging lives insured under eligible AIA Australia policies to get healthier and earn great rewards. Customers with an eligible AIA Priority Protection or Priority Protection for Platform Investor's policy where the life insured also has an AIA Vitality membership may be eligible for premium discounts on their eligible Priority Protection or Priority Protection for Platform Investor's policy.

Please refer to aiavitality.com.au for current details.

Purpose of this Guide

This guide contains a summary of some of the main features of AIA Vitality.

This guide is intended for use by financial advisers who recommend AIA Vitality. Those advisers may choose to incorporate wording regarding the recommendation of AIA Vitality within a Statement of Advice (SOA) or within a Record of Further Advice (RoFA).

This guide provides template wording that describes the features of certain AIA Australia products and possible recommendations advisers may give. Advisers should exercise their own professional judgement in determining whether particular wording is appropriate in relation to any particular Statement of Advice or Record of Further Advice for a client.

This guide may be viewed and utilised in conjunction with AIA Australia's Personal Life Insurance Fact Find and/or Potential Questions to Help Position AIA Vitality document.

Advisers remain responsible for preparing and giving their clients a Statement of Advice or Record of Further Advice in accordance with applicable laws and their licensee's requirements, and for the content of that Statement of Advice or Record of Further Advice. AIA Australia takes no responsibility for reliance by any person on the information provided in this guide.

This document provides general information only and is not intended as financial or other advice. You should obtain your own advice about relevant regulatory obligations, including without limitation, those obligations relating to a Statement of Advice or Record of Further Advice, if required.

In addition to considering the regulatory obligations pertaining to a Record of Further Advice, AIA Australia recommends you refer to your Licensee's policy and/ or checking with your compliance team as to whether a Record of Further Advice is required in those instances where the only recommendation is adding AIA Vitality to an inforce policy.

For the most up-to-date information and to view the terms and conditions governing the AIA Vitality Program please refer to aiavitality.com.au.

Rules relating to premium discounts where the life insured is an AIA Vitality member are available as mentioned in the relevant PDS and in the Premium Adjustment Rules located at aiavitality.com.au.

Suggested Statement of Advice Wording

Executive Summary

If your Statement of Advice (SOA) includes an Executive Summary, you may wish to consider incorporating wording regarding AIA Vitality as follows:

- What your advice covers: in instances where you have specifically drawn out or discussed the client's view/objectives on health and wellbeing (For example: client requested advice as to how their health and wellbeing can benefit their personal insurance. Refer to: Potential Questioning to Help Position AIA Vitality Guide).
- My Recommendations: in instances where you have recommended that the client apply for AIA Priority Protection or AIA Priority Protection for Platform Investors insurance and also apply for an AIA Vitality membership
- Key Benefits: depending on the client's objectives you may outline the benefits of AIA Vitality in terms of:
 - affordability/ premium discounting,
 - improving and/or maintaining health,
 - access to ongoing benefits and
 - rewards or access to discounted flights which may link to holiday goals/ objectives

Current Objectives / Needs

Within this section you may outline the client's individual health and wellbeing objectives which are dealt with in the SOA.

Strategy Recommendation

In order to achieve the client's objectives and needs, you will outline your recommendations. Within this you may outline applying for an AIA Vitality membership. Alternatively, you might have a section entitled 'Additional Recommendations' which you may feel is more appropriate to recommend the client applies for AIA Vitality.

Reasons for your Recommendation

This section will outline why you believe the advice is appropriate to the client's relevant circumstances. It should relate back to the client's objectives (such as wanting to receive discounted insurance premiums). It's important to note that insurance premium discounts go to the policy owner whilst AIA Vitality membership is for the life insured.

Things to Consider

If you have recommended AIA Vitality you should notify your client that AIA Vitality can only be taken out by lives insured under an eligible AIA Australia insurance, and that if the Priority Protection or Priority Protection for Platform Investors application is not completed due to AIA Australia not receiving the relevant information or if the client's Priority Protection or Priority Protection for Platform Investors application is declined by underwriting, the AIA Vitality application cannot proceed.

Within this section you may wish to include wording regarding the requirement for members to activate their membership to access other discounts and benefits. You may also like to notify your clients that some benefits and rewards available through AIA Vitality are based on the member's status or points balance, and that members may only be able to obtain those discounts and benefits by activating their AIA Vitality membership and engaging in the AIA Vitality program.

Alternative Strategies

Whilst this section is not directly related to your recommendation of AIA Vitality, it is worth considering what the implication would be if the client did not proceed with AIA Vitality. This may include impact to the client's premium/affordability or not fulfilling their health and wellbeing objectives.

Insurance Policy Recommendations

Within this section you should state the annual premium AFTER AIA Vitality discounts are applied. We suggest reviewing the below suggested wording and tailoring it to fit the format and wording of your SOA so that you are disclosing the premium reduction.

Premium Discounts for AIA Vitality members	Reasons for recommending AIA Australia
<p>Premium Discounts for AIA Vitality members: Lump Sum benefits</p>	<p>Applicable to both ordinary and superannuation policies</p> <p>AIA Australia offers a health and wellbeing program called AIA Vitality. Where the life insured under your policy is a member of AIA Vitality, the premium payable on your insurance policy for your (specify lump sum benefits) will generally be eligible for an initial discount of 12.5%. This discount will be adjusted either positively or negatively depending on the AIA Vitality status achieved by the life insured at the end of each policy year with a maximum discount of up to 20%. The higher the AIA Vitality status the life insured achieves each year, the greater the discount applied to your premium.</p> <p>If you are the life insured, your engagement with AIA Vitality can help you manage the premiums you pay on your (specify lump sum benefits).</p>
<p>Premium Discounts for AIA Vitality members: Income Protection / Business Expenses benefits</p>	<p>Applicable to both ordinary and superannuation policies</p> <p>AIA Australia offers a health and wellbeing program called AIA Vitality. Where the life insured under your policy is a member of AIA Vitality, the premium payable on your insurance policy for your (specify Income Protection/ Business Expenses benefits) will generally be eligible for an initial discount of 7.5%. This discount will be adjusted either positively or negatively depending on the AIA Vitality status achieved by the life insured at the end of each policy year with a maximum discount of up to 20%. The higher the AIA Vitality status the life insured achieves each year, the greater the discount applied to your premium.</p> <p>Your engagement with AIA Vitality can help you manage the premiums you pay on your (specify Income Protection/ Business Expenses benefits).</p>

Membership Fee

We also suggest considering including reference to the AIA Vitality membership fee (\$10/mth) that the client will be required to pay, in addition to the discounted Annual Premium and the Policy Fee. For example, if you display your recommendation in table format you may include a separate row which states the AIA Vitality membership is \$10/mth (in addition to the insurance premium).

Fees, Commissions and Other Benefits

(Depending on your licensee requirements this may also be entitled One-Off Fee)

Depending on the structure of your SOA and licensee requirements, you may also restate the insurance premium here. If so, we suggest restating the discounted annual premium and including an * which will provide the wording/ explanation of the premium discount (refer to table above).

Depending on whether your licensee passes on the full activation fee, you may include wording regarding what you receive. You may either disclose the AIA Vitality Activation Payment: \$250 in a table format or you may insert wording as follows:

I receive a \$250 Vitality Activation Payment in respect of the AIA Vitality membership purchased by you as a one-off advice fee. This one-off fee is payable by AIA Australia and is no additional expense to you.

Using the AIA Vitality Activation Payment to Purchase a Fitness Device for your Client

AIA Australia provides advisers with the opportunity to purchase Garmin devices with the AIA Vitality discount of 25%. You may wish to utilise your activation payment (or own business funds) to purchase a device for your client and disclose this. Suggested wording follows:

I receive a \$250 AIA Vitality Activation Payment, in respect of the AIA Vitality membership purchased by you, as a one-off fee. This one-off fee is payable by AIA Australia and has been utilised to purchase a fitness device on your behalf. There is no additional expense to you.

Optional Approach – Ongoing Services:

If you choose to provide ongoing support and services to your client you may need to consider your pricing approach to charging an ongoing fee, outlining your ongoing services and considering your FDS/ opt-in obligations.

Summary of Actions

You may include here the additional next step of completing the AIA Vitality application form (in addition to all other steps as per your advice recommendation).

Supporting Information

You may wish to include supporting material as an attachment. There are a range of options available and can be found on AIA Australia's Business Growth Hub (aia.com.au/business-growth-hub)

- Terms and Conditions
 - Frequently Asked Questions
 - Premium Adjustment Rules
 - Premium Discount Explained
 - Program Brochure
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Suggested Record of Further Advice Wording

AIA Australia now offers payment of the Activation Fee should you recommend AIA Vitality on an inforce Priority Protection or Priority Protection for Platform Investors policy.

Strategy Recommendation

In order to achieve the client's objectives and needs, you will outline your recommendations. Within this you may outline applying for an AIA Vitality membership.

Depending on the layout of your Record of Further Advice and whether you are making any other recommendations, you may include (at a minimum) comparison between current annual premium and policy fee and proposed new annual premium and policy fee (post-application of the discount).

We also suggest considering including reference to the AIA Vitality membership fee (\$10/mth) that the client will be required to pay, in addition to the discounted Annual Premium and the Policy Fee. For example, if you display your recommendation in table format you may include a separate row which states the AIA Vitality membership is \$10/mth (in addition to the insurance premium).

Reasons for your Recommendation

This section will outline why you believe the advice is appropriate to the client's relevant circumstances. It should relate back to the client's objectives (such as wanting to receive discounted insurance premiums).

Suggested wording you could also include:

Premium discounts for AIA Vitality members	Reasons for recommending AIA Australia
<p>Premium Discounts for AIA Vitality members: Lump Sum benefits</p>	<p>Applicable to both ordinary and superannuation policies</p> <p>AIA Australia offers a health and wellbeing program called AIA Vitality. Where the life insured under your policy is a member of AIA Vitality, the premium payable on your insurance policy for your (specify lump sum benefits) will generally be eligible for an initial discount of 12.5%. This discount will be adjusted either positively or negatively depending on the AIA Vitality status achieved by the life insured at the end of each policy year with a maximum discount of up to 20%. The higher the AIA Vitality status the life insured achieves each year, the greater the discount applied to your premium.</p> <p>If you are the life insured, your engagement with AIA Vitality can help you manage the premiums you pay on you (specify lump sum benefits).</p>
<p>Premium Discounts for AIA Vitality members: Income Protection / Business Expenses benefits</p>	<p>Applicable to both ordinary and superannuation policies</p> <p>AIA Australia offers a health and wellbeing program called AIA Vitality. Where the life insured under your policy is a member of AIA Vitality, the premium payable on your insurance policy for your (specify Income Protection/ Business Expenses benefits) will generally be eligible for an initial discount of 7.5%. This discount will be adjusted either positively or negatively depending on the AIA Vitality status achieved by the life insured at the end of each policy year with a maximum discount of up to 20%. The higher the AIA Vitality status the life insured achieves each year, the greater the discount applied to your premium.</p> <p>Your engagement with AIA Vitality can help you manage the premiums you pay on your (specify Income Protection/ Business Expenses benefits).</p>

It's important to note that insurance premium discounts go to the policy owner whilst AIA Vitality membership is for the life insured.

Things to Consider

Within this section you may wish to include wording regarding the requirement for members to activate their membership to access other discounts and benefits.

You may also like to notify your clients that some benefits and rewards available through AIA Vitality are based on the member's status or points balance, and that members may only be able to obtain those discounts and benefits by activating their AIA Vitality membership and engaging in the AIA Vitality program.

Alternative Strategies

Whilst this section is not directly related to your recommendation of AIA Vitality, it is worth considering what the implication would be if the client did not proceed with AIA Vitality. This may include impact to the client's premium/ affordability or not fulfilling their health and wellbeing objectives.

Fees, Commissions and Other Benefits

Within this section you would disclose any fees and/or commission received for your advice. If the only recommendation within your RoFA is to add AIA Vitality to the existing Priority Protection or Priority Protection for Platform Investors policy you would disclose the AIA Vitality Activation Payment of \$250 (assuming your licensee passes on the full fee). You may insert wording as follows:

I receive a \$250 AIA Vitality Activation Payment in respect of the AIA Vitality membership purchased by you as a one-off advice fee. This one-off fee is payable by AIA Australia and is no additional expense to you.

Using the AIA Vitality Activation Payment to Purchase a Fitness Device for your Client

AIA Australia provides advisers with the opportunity to purchase Garmin devices with the AIA Vitality discount of 25%. You may wish to utilise your activation payment (or own business funds) to purchase a device for your client and disclose this. Suggested wording follows:

I receive a \$250 AIA Vitality Activation Payment, in respect of the AIA Vitality membership purchased by you, as a one-off fee. This one-off fee is payable by AIA Australia and has been utilised to purchase a fitness device on your behalf. There is no additional expense to you.

Supporting Information

You may wish to include, supporting material as an attachment. There are a range of options available and can be found on AIA Australia's Business Growth Hub (aia.com.au/business-growth-hub)

How to Position AIA Vitality & Handle Objections

Below are some examples of wording to help you position the AIA Vitality program when presenting your Statement of Advice, Record of Further Advice or during your conversations with clients. This is a guide only and we encourage you to alter the wording to suit your own style and phrasing and obtain your own advice.

Option 1:

'AIA Vitality is a health and wellbeing program that is designed to encourage its members to make small changes to their lifestyle to slowly improve their health over time. In a similar sense to how your car insurance works – when you make no claims – you are rewarded with more competitive premiums on your car insurance. AIA has taken a step in this direction and now when an AIA Vitality member lives a healthy and active life the policy owner will be rewarded with more competitive premiums on your Life Insurance.'

Option 2:

'I am recommending an AIA Australia product for you as their Life Insurance offering suits your needs by xxxxx.'

One fabulous initiative that AIA Australia offers on top of your Life Insurance policy is a health and wellbeing program which gives its members the freedom to focus on their health and happiness and gives the policy owner discounts on their premiums.

The program also allows you to gain access to some fantastic rewards and benefits. Have a look at this list of partners (using the flyer) for the program and let me know if you would like me to find out more specific details on any of the benefits and rewards.'

Handling Objections:

'I understand where you are coming from. One thing you might not be aware of is the reason why the program was originally designed and who it has been designed for.'

The premise of the program is to effectively alter three behaviours slowly over time to improve the overall health of Australians. Those three behaviours are 1. Smoking, 2. Poor Nutrition, 3. Inactivity.

These three behaviours are responsible for significantly increasing the risk of chronic disease. Assisting individuals to either stop smoking, start making healthy eating choices and becoming aware of their nutrition as well as simply getting moving can significantly reduce this risk. In saying this, healthy people still get sick. This is why AIA Vitality is coupled with Life Insurance policies as healthy people still can get sick.'
