



HEALTHIER, LONGER,
BETTER LIVES

UNDERSTANDING THE INITIAL SELECTION DISCOUNT

December 2024



Important notes

This information describes a discount that may be available when taking out an AIA Priority Protection or AIA Priority Protection for Platform Investors policy.

The information contained in this document is a summary only and does not replace your policy terms.

The Initial Selection Discount is subject to change, please refer to your PDS and quote for the discount applicable to you.

for the first two years of the policy. The discount is only available on new policies, not cover that has been cancelled and replaced.

How does the discount work?

As at December 2024, the Initial Selection Discount provides a discount of 10% in the first year of the policy, 5% in the second year of the policy and 0% thereafter.

Why does the ISD apply for the first two years of the policy?

We're able to provide the ISD because it is less likely you'll need to make a claim in the initial years following purchase of the policy.

What is the initial selection discount?

The Initial Selection Discount (ISD) is an optional discount offered on new policies with variable age-stepped premiums

Case study: Understanding how the Initial Selection Discount changes your premium.

David sees his adviser, Rebecca, who recommends AIA Priority Protection Life Cover with variable age-stepped premiums and benefit indexation. Rebecca explains that there is an optional Initial Selection Discount (ISD) included and provides David with a quote that shows his premium is \$608 in the first policy year. Rebecca also explains how David's premium will change over the next five years depending on whether he chooses to accept the ISD:

In year	Applicable ISD Discount	David's premium* with ISD	David's premium* without ISD
1	10%	\$608	\$664
2	5%	\$742	\$776
3	0%	\$886	\$886
4	0%	\$1,041	\$1,041
5	0%	\$1,307	\$1,307

*Premium amounts are rounded to the nearest dollar.

Rebecca explains the premium is increasing each year because:

- benefit indexation increases David's cover amount to help keep up with inflation
- David's policy has variable age-stepped premiums, which generally increase as he gets older, and
- his ISD premium discount is reducing or coming to an end.

Rebecca also explains that David's premium could change if:

- after the guarantee period ends, AIA Australia changes premium rates for a group of policies due to, amongst other reasons, unanticipated claim increases, or if economic conditions change,
- if other discounts such as the AIA Vitality discount change or end,
- he makes a change to his policy, or
- due to changes in stamp duty.

David decides to go ahead with the ISD and understands that the discount will reduce to zero within two years.

We're here to help

For more information, please refer to the Product Disclosure Statement that your financial adviser has provided you.

If you have any further questions about your cover, contact your financial adviser or call us on 1800 333 613 between 8am-6pm (AEST/AEDT), Monday to Friday, excluding public holidays, or visit aia.com.au/life.

