

BEAT
Services
Pty. Ltd.

BEAT Mortgage Protection

Product Disclosure Statement - Version 3.1, Issued 24 June 2009.



That's what we do.

Mortgage insurance that's as safe as houses

Who issues Mortgage Protection?

Mortgage Protection is issued by AIA Australia Limited (ABN 79 004 837 861 AFSL 230043). Freecall: 1800 333 613.

This document should be read before making a decision to acquire Mortgage Protection. It is intended to help you decide whether the product will meet your needs and to compare them with other products you may be considering.

This Product Disclosure Statement ('PDS') may be updated or replaced at any time, and you can obtain a copy of the current version on request, free of charge, by calling AIA Australia on Freecall 1800 333 613. Changes that are not materially adverse will be updated and made available to you at www.aia.com.au. You will be advised of material changes or significant events as required by law.

Mortgage Protection is only available to persons receiving the offer and making an application in Australia. It is not an offer, invitation or recommendation by AIA Australia to invest in Mortgage Protection in any other jurisdiction. Applications from outside Australia will not be accepted. AIA Australia is also not bound to accept any application.

This PDS has been prepared with the intention of providing you with important information about the Mortgage Protection product. Any financial product advice contained in this PDS is of a general nature only and has been prepared without taking into account your objectives, financial situation or needs. Therefore, before making any decision you should consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If you are deciding whether to acquire the Mortgage Protection product you should read this PDS before making your decision.

When deciding whether this product is appropriate for you, we recommend that you have particular regard to your cooling-off rights and the external dispute resolution scheme to deal with any complaints you may have in relation to this product.

In this PDS (which includes the attached Application Form) any reference to:

- 'we', 'us', 'our' or 'the insurer' means AIA Australia Limited (ABN 79 004 837 861 AFSL 230043); and
- 'you' means any potential customer likely to become the person insured unless otherwise specified.

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Mortgage Protection Structure

Introduction

Mortgage Protection offers a simplified life insurance product that can be purchased if you have a mortgage.

The product will cover mortgages on residential and commercial properties owned by individuals as their primary home or as an investment property. Individuals may effect Mortgage Protection in their own name or in the name of their company.

Proof of the amount of the mortgage/loan outstanding and of the amount and frequency of the mortgage/loan repayments at the time of your policy application must be provided to us prior to the payment of a claim under the policy. If such proof is not provided we will not pay any claim under the policy.

If the sum insured under your policy is greater than that which can be supported by the proof of mortgage provided at time of claim, the amount of any claim payable by us will be reduced to the sum insured that can be supported by the proof of mortgage provided.

Where we have increased the Term Life and Permanent Disablement sum insured under either Package 1 or Package 2 to ensure that the premium is not below the minimum premium of \$300 per year for the policy (see page 5), the amount of any claim payable by us in respect of the death or total and permanent disablement of the life insured will be the Term Life and Permanent Disablement sum insured (as increased) under the policy.

Mortgage Protection offers two packages of benefits with different eligibility conditions for each package. Whichever package you apply for, all benefits under that package must be taken.

Package 1

Available to occupation categories AAA, AA, A, B, C, D where the life insured is in paid full-time employment (i.e. working 25 hours or more per week and 48 or more weeks per year, excluding public holidays).

Benefits include:

- Term Life benefit;
- Permanent Disablement benefit (on either an 'any occupation' or 'own occupation' definition of total and permanent disablement); and
- Disability Income (Agreed Value) benefit; and
- Claim Escalation benefit.

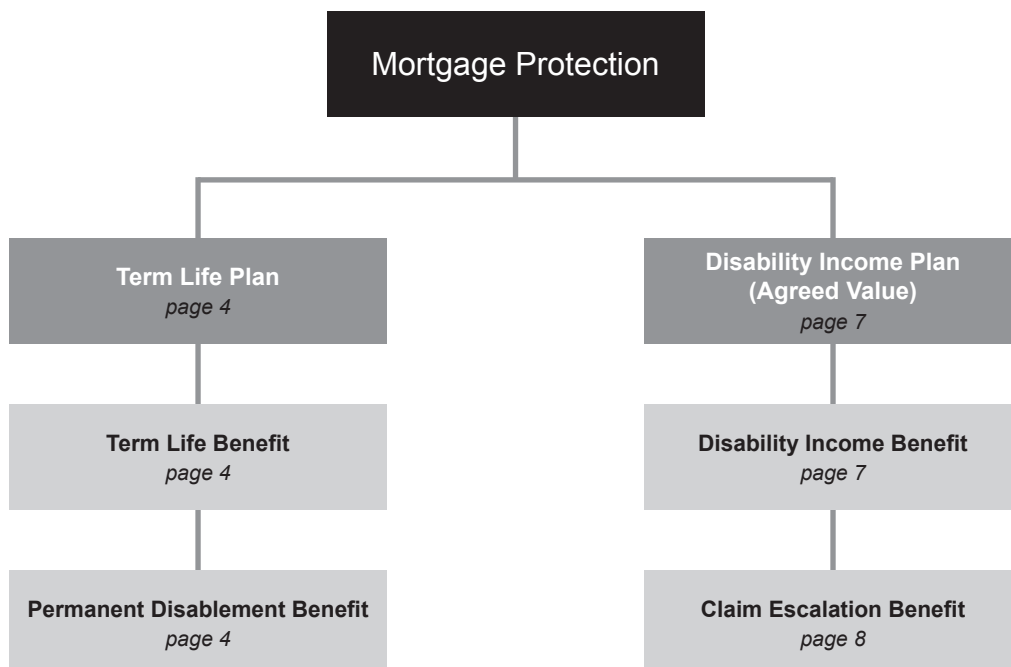
Package 2

Available to occupation categories AAA, AA, A, B, C, D where the life insured is not in paid full-time work (i.e. not satisfying the definition of 'full-time employment' applicable to Package 1 above or on full-time 'home duties') and to occupation category E in either paid full-time or paid part-time employment. (See page 12 for descriptions of each occupation category.)

Benefits include:

- Term Life benefit; and
- Permanent Disablement benefit (on a 'home duties' definition of total and permanent disablement).

Mortgage Protection is available on a stepped premium basis only (see page 11).



Summary of Mortgage Protection

Package 1 (Term Life Plan and Disability Income Plan)

Available to persons in paid full-time employment in occupation category AAA, AA, A, B, C or D*

Package 2 (Term Life Plan)

Available to persons in full-time 'home duties', in occupation category E in paid full-time or part-time employment or in any eligible occupation category in paid part-time employment**

	Term Life Plan		Disability Income Plan		Term Life Plan	
	Term Life Benefit	Permanent Disablement Benefit	Disability Income Benefit (Agreed Value)	Claim Escalation Benefit	Term Life Benefit	Permanent Disablement Benefit
Benefits	<ul style="list-style-type: none"> Death Terminal illness Lump sum payment Funeral Cash Advance Financial Planning Reimbursement Maximum term of 10 years (see Expiry Date below) Stepped premium 	<ul style="list-style-type: none"> Total and Permanent Disablement Choice of 'own' or 'any' occupation definition for categories AAA, AA, A and B Occupation categories C and D are restricted to 'any occupation' definition Lump sum payment Financial Planning Reimbursement 	<ul style="list-style-type: none"> Monthly income Total disablement Partial disablement Waiver of premium Rehabilitation expenses Recurrent disablement Death AIDS cover 30-day waiting period 5-year benefit period Available for occupations AAA, AA, A, B, C and D 	<ul style="list-style-type: none"> Increase in benefit amount after 12 consecutive months of claim payment Benefit automatically increases each year by 5.0% or the CPI increase (whichever is the greater) 	<ul style="list-style-type: none"> Death Terminal illness Lump sum payment Funeral Cash Advance Financial Planning Reimbursement Maximum term of 10 years (see Expiry Date below) Stepped premium 	<ul style="list-style-type: none"> Total and Permanent Disablement 'Home duties' definition of total and permanent disablement for all occupation categories Lump sum payment Financial Planning Reimbursement
Entry Age Next Birthday (years) between	20 and 60 (occupation categories AAA, AA, A & B); 20 and 55 (occupation categories C & D)	Same as Term Life benefit	Same as Term Life benefit	Same as Term Life benefit	20 and 60 (occupation categories AAA, AA, A & B); 20 and 55 (occupation categories C, D and 'home duties'); 20 and 50 (occupation category E)	Same as Term Life benefit
Expiry Date – policy anniversary prior to age (years)	10-year term or to age 65 years next birthday, if earlier	Same as Term Life benefit	Same as Term Life benefit	Same as Term Life benefit	10-year term; or to age 65 years next birthday (if occupation category AAA, AA, B, C, D or 'home duties'); or to age 55 years next birthday (if occupation category E); whichever is the earliest	Same as Term Life benefit
Sum Insured	Outstanding mortgage amount at time of policy application up to a maximum of \$1,000,000 [^]	Term Life sum insured	Monthly mortgage repayment at time of policy application up to a maximum of \$4,000	Same as Disability Income benefit (Agreed Value)	Outstanding mortgage amount at time of policy application up to a maximum of \$1,000,000 (age next birthday at entry 20 to 50 years); or \$750,000 (age next birthday at entry 51 to 60 years) [^]	Term Life sum insured up to a maximum of \$500,000
Minimum Premium	\$300 #	\$300 #	\$300 #	\$300 #	\$300 #	\$300 #
Benefit Indexation Increases	No	No	No	No	No	No

* Paid full-time employment is working for pay for 25 or more hours per week and 48 or more weeks per year, excluding public holidays.

** Paid part-time employment is working for pay but not satisfying the definition of 'paid full-time employment' (see above).

Minimum premium is \$300 per year per policy. This includes the premium for all benefits chosen, the policy fee, any premium frequency charge and stamp duty.

[^] Term Life sum insured may be increased above the outstanding mortgage to meet the minimum premium requirement.

Term Life Plan

Mortgage Protection offers two packages of benefits. See below for which package you are eligible. Whichever package you apply for, all benefits under that package must be taken.

Package 1

Package 1 is available to occupation categories AAA, AA, A, B, C, D where the life insured is in paid full-time employment (i.e. working a minimum of 25 hours per week and 48 weeks per year, excluding public holidays).

Package 1 includes the following plans and benefits:

- Term Life Plan
 - Term Life benefit; and
 - Permanent Disablement benefit (on either the 'any occupation' or 'own occupation' definition of total and permanent disablement).
- Disability Income Plan (Agreed Value)
 - Disability Income benefit; and
 - Claim Escalation benefit.

Package 2

Package 2 is available to occupation categories AAA, AA, A, B, C, D where the life insured is in paid part-time work (i.e. working for pay but not satisfying the definition of 'full-time employment' applicable to Package 1 above), persons on full-time 'home duties' and to occupation category E whether or not in paid full-time or part-time work (see page 12).

Package 2 includes the following benefits under the Term Life Plan:

- Term Life benefit; and
- Permanent Disablement benefit (on the 'home duties' definition of total and permanent disablement).

Term Life Plan

The Term Life Plan provides a:

- Term Life benefit, and
- Permanent Disablement benefit.

Term Life Benefit

This benefit provides:

- lump sum payment on the death of the life insured prior to the benefit expiry date;
- Funeral Cash Advance benefit up to \$10,000, payable on the death of the life insured;
- lump sum payment up to \$1,000,000 on the diagnosis of the life insured with a terminal illness;
- Financial Planning Reimbursement benefit up to \$3,000;
- premium reductions for a sum insured of \$500,000 or greater;
- stepped premiums only (see page 11);
- discounted premium rates for non-smokers;
- discounted premium rates for professional occupations (categories AAA and AA – see page 11); and
- complimentary interim accidental death cover up to \$1,000,000 (see pages 19 and 20).

Payment on Death?

Yes, the Term Life sum insured will be payable as a lump sum on the death of the life insured before the expiry date of the benefit.

To enable the immediate funeral costs to be met pending the finalising of the estate of the life insured, we will make a part payment of the Term Life sum insured to the policy owner or nominated beneficiary/ies at the time of death. (See the 'Funeral Cash Advance Benefit' below.)

Funeral Cash Advance Benefit

- On the death of the life insured, we will pay to the policy owner or nominated beneficiary/ies at the time of death the lower of:
 - 10% of the Term Life sum insured; and
 - \$10,000.
- Death certificate for the life insured and proof of policy ownership must be provided to us before payment can occur.

This payment will be deducted from the Term Life sum insured and any balance of the Term Life sum insured remaining after the payment has been made will be payable upon the resolution of probate etc. **The Funeral Cash Advance benefit is not a payment in addition to the Term Life sum insured.**

Payment on Terminal Illness?

Yes, the Term Life benefit provides for an advanced lump sum payment of 100% of the Term Life sum insured, up to a maximum payment of \$1,000,000, upon the life insured being diagnosed with a terminal illness (defined on page 15) before the Term Life benefit expiry date.

Permanent Disablement Benefit

This benefit provides:

- lump sum payment on the total and permanent disablement of the life insured prior to the benefit expiry date;
- discounted premium rates for non-smokers;
- discounted premium rates for professional occupations (categories AAA and AA – see page 11);
- for Package 1, a choice of 2 different definitions of 'total and permanent disablement' depending on the occupation category of the life insured. For occupation category AAA, AA, A or B (see page 12), you can choose either the 'own occupation' or the 'any occupation' definition. For occupation category C or D (see page 12), only the 'any occupation' definition is available.
- for Package 2, only the 'home duties' definition of 'total and permanent disablement' is available. The 'home duties' definition applies even where the life insured is in paid full-time employment in occupation category E or is in paid part-time employment (i.e. working less than 25 hours per week or less than 48 weeks per year) in an occupation other than 'home duties'.

The premium that will be charged for the benefit depends on the definition of total and permanent disablement that you select (see page 15).

Term Life Plan (continued)

Payment on Total and Permanent Disablement?

Yes, if the life insured becomes totally and permanently disabled we will pay a lump sum equal to the Permanent Disablement sum insured.

Financial Planning Reimbursement Benefit

- On the payment of a claim such as death or terminal illness, we will reimburse the policy owner or the nominated beneficiary/ies the cost of obtaining advice from one or more financial planners as to how the claim proceeds are to be managed or invested subject to the conditions outlined below. Please see below for the conditions that apply to this benefit. This benefit will be paid in addition to the claim amount otherwise due to the policy owner or nominated beneficiary/ies under the policy.
- Each financial adviser providing and charging for financial planning advice must be properly authorised.
- The financial planning costs must be incurred and paid within the first six months following the claim payment.
- Maximum amount reimbursed will be the lower of \$3,000 and the actual financial planning costs incurred as evidenced by tax invoices etc.
- The benefit could be payable more than once up to the maximum total benefit amount of \$3,000.
- The maximum total benefit amount we will pay out on any one life insured under all policies with AIA Australia will also be \$3,000.
- The Financial Planning Reimbursement benefit will apply where the claim amount is paid under the Term Life benefit (death & terminal illness) or the Permanent Disablement benefit.

Other Essential Information

What Are The Minimum Sums Insured?

There are no minimum sum insured requirements for benefits under the Term Life Plan. However, a \$300 minimum premium per year applies to the policy (see Summary on page 3).

What Are The Sums Insured?

For persons eligible for Package 1 (i.e. in paid full-time employment in occupation category AAA, AA, A, B, C or D)

The sum insured for the Term Life benefit is the outstanding mortgage amount at the time of your policy application up to a maximum of \$1,000,000.

The same sum insured applies to both the Term Life benefit and the Permanent Disablement benefit. Where the premium for the policy, based on the life insured's outstanding mortgage amount and mortgage repayments at the time of your policy application, is below the minimum premium of \$300 per year, your Term Life and Permanent Disablement sum insured will be increased to meet the minimum premium.

For persons eligible for Package 2 (i.e. in paid full-time or part-time employment in occupation category E, in paid part-time employment in occupation category AAA, AA, A, B, C or D or in full-time 'home duties')

The sum insured for the Term Life benefit is the outstanding mortgage amount at the time of your policy application up to the maximums set out below:

- \$1,000,000 for a life insured aged 20 to 50 years next birthday at the commencement of the policy; and
- \$750,000 for a life insured aged 51 to 60 years next birthday at the commencement of the policy.

The sum insured for the Permanent Disablement benefit is the outstanding mortgage amount at the time of your policy application up to a maximum of \$500,000. Where the premium for the policy, based on the life insured's outstanding mortgage amount at the time of your policy application, is below the minimum premium of \$300 per year, your Term Life and Permanent Disablement sum insured will be increased to meet the minimum premium.

Can I Increase or Decrease My Sum Insured?

No.

We can accept an application for a Term Life and Permanent Disablement sum insured that is greater than the sum insured that would otherwise apply (see 'What Are The Sums Insured?' above) in order to meet the minimum premium requirement under the policy (see above).

After the commencement date of the policy neither you nor we can increase or decrease any of the sums insured under the policy.

When Does My Cover Stop?

Term Life Benefit and Permanent Disablement Benefit

Cover will stop on the earliest to occur of the:

- death or total and permanent disablement of the life insured;
- payment of the full sum insured under the benefit;
- expiry date of the benefit;
- cancellation of the policy; and
- lapse of the policy.

Exclusions – Events for Which the Life Insured Is Not Covered

The benefits under the Term Life Plan are not payable in the following circumstances:

Term Life Benefit

- Death from suicide within 13 months from the commencement date or the last reinstatement date of the policy.

Permanent Disablement Benefit

- Any disablement directly or indirectly, wholly or partly, caused by intentional self-inflicted injury or any such attempt by the life insured.

Term Life Plan (continued)

What About Tax?

Usually tax is not payable upon death on any lump sum payment that may be made under the policy, as long as the ownership of the policy does not change. Conversely, premiums for a policy that provides lump sum benefits are not usually tax deductible. Different rules may apply in some circumstances. A tax professional will be able to clarify your particular position.

If the policy is owned in a business environment then the premiums may in some situations be deductible and the proceeds may then be assessable for taxation purposes.

This information is based on the continuance of present laws affecting taxation and our interpretation of them.

If The Life Insured Dies Before The Application Is Accepted, Is Any Benefit Payable?

Yes, if the life insured dies as a result of an accident Complimentary Interim Accidental Death Cover may apply, see pages 19 and 20.

Definitions

See page 15 for the definitions of:

- Terminal Illness,
- Total and Permanent Disablement (Any Occupation),
- Total and Permanent Disablement (Own Occupation), and
- Total and Permanent Disablement (Home Duties).

Disability Income Plan (agreed value)

Disability Income Plan (Agreed Value) provides a:

- Disability Income benefit, and
- Claim Escalation benefit.

The life insured under the Disability Income Plan (Agreed Value) must be in paid full-time employment in an occupation acceptable to us. Please refer to page 12 for descriptions of occupations acceptable to us.

The definition of 'full-time' is working a minimum of 25 hours per week and 48 weeks per year, excluding public holidays.

Disability Income Benefit

The Disability Income benefit (Agreed Value) provides an income benefit in the event of the total or partial disablement of the life insured through injury or sickness. The benefit is available to occupation categories AAA, AA, A, B, C and D. Also, the benefit is on an agreed value basis.

What is Agreed Value?

- The insured monthly benefit (i.e. sum insured) is guaranteed subject to receipt by us of financial evidence in relation to your policy application. That evidence must be satisfactory to us. If financial evidence in relation to your policy application is not provided to us at time of application, that evidence must be provided before the payment of any claim and must be satisfactory to us. Claim offsets may apply (see page 8);
- The insured monthly benefit is agreed with you, at the time of policy application and is based on the life insured's monthly mortgage repayment at that time and on the life insured's income at that time. If the life insured's income at that time is insufficient to support an insured monthly benefit equal to the life insured's monthly mortgage repayment at that time, the insured monthly benefit proposed will be reduced to a level that can be supported by the life insured's income at the time of policy application (see below);
- The insured monthly benefit cannot exceed the lower of:
 - a) 75% of the life insured's monthly income at the time of policy application; and
 - b) \$4,000.

What does the Disability Income Benefit Provide?

The Disability Income benefit provides:

- a monthly income upon the total disablement of the life insured;
- a proportion of the monthly income upon partial disablement;
- income payments from the end of the 30-day waiting period to the end of the 5-year benefit period or until the life insured ceases to be disabled (if earlier);
- AIDS cover;
- 30-day waiting period;
- 5-year benefit period;
- stepped premiums only; and
- premium discounts for an insured monthly benefit of \$3,000 or greater.

What Are The Built-In Benefits?

The built-in benefits under the Disability Income benefit are:

- Total Disablement
- Partial Disablement
- Waiver of Premium
- Rehabilitation Expenses
- Recurrent Disablement
- Death
- Worldwide Protection
- Complimentary Interim Accidental Death Cover
- Complimentary Interim Accidental Disability Income Cover

Total Disablement Benefit

If the life insured is totally disabled for longer than the waiting period, the monthly benefit will be payable from the end of the waiting period and will continue throughout the benefit period as long as the life insured continues to be totally disabled. The benefit will be calculated on a daily basis and paid monthly in arrears. The amount of the total disablement benefit may be subject to claim offsets (see page 8).

Partial Disablement Benefit

If the life insured is partially disabled beyond the end of the waiting period, after having been totally disabled for at least 7 consecutive days from the start of the waiting period, a partial disablement benefit will be payable.

This benefit will be a proportion of the monthly benefit and will be payable from the first day the life insured is partially disabled after the end of the waiting period. The benefit will continue throughout the benefit period as long as the life insured continues to be partially disabled. The benefit will be calculated on a daily basis and will be paid monthly in arrears.

If the life insured is earning 25% or less of his or her pre-disablement income (agreed value) during any of the first 3 months of partial disablement after the end of the waiting period, the total disablement benefit amount will be paid for that month. Claim offsets may apply (see page 8).

Waiver of Premium

If the life insured becomes totally disabled for longer than the waiting period, we will waive premiums as and when they fall due from the end of the waiting period until the end of the benefit period or until total disablement ceases, whichever occurs first. Premium payments will recommence from the date on which the waiving of premiums ceases.

Rehabilitation Expenses Benefit

If a total disablement benefit has been paid for at least 3 months, we will reimburse the cost of a rehabilitation program for the life insured that is approved by us. These expenses must be necessary to assist in rehabilitating the life insured back to work.

The benefit does not cover additional expenses involved such as wheelchairs, artificial limbs, home and car modifications and travelling and education expenses. The maximum benefit is 12 times the insured monthly benefit and is payable in addition to any other benefit received.

Disability Income Plan (agreed value) (continued)

Recurrent Disablement Benefit

If the life insured has returned to work on a full-time basis after the payment of a disablement benefit and there is a recurrence of the life insured's disablement from the same or related causes within 12 months of returning to work, we will waive the waiting period.

The claim will be treated as a continuation of the most recent claim and will be payable for up to the balance of the benefit period.

Death Benefit

If the life insured dies while the policy is in force (whether on claim or not), we will pay you 6 times the insured monthly benefit.

Worldwide Protection

If you travel overseas, full cover is provided 24 hours a day, 7 days a week, anywhere in the world.

Complimentary Interim Accidental Death Cover

The Disability Income Plan (Agreed Value) will provide Complimentary Interim Accidental Death Cover (see pages 19 and 20).

Complimentary Interim Accidental Disability Income Cover

The Disability Income Plan (Agreed Value) will provide Complimentary Interim Accidental Disability Income Cover (see pages 21 and 22).

Claim Escalation Benefit

When you receive a benefit for more than 12 consecutive months the benefit will automatically increase each year by 5% or the Consumer Price Index (CPI) increase (whichever is the greater) until the end of the benefit period.

Other Essential Information

What is The Minimum Insured Monthly Benefit?

There is no minimum insured monthly benefit requirement for benefits under the Disability Income Plan (Agreed Value). However, a \$300 minimum premium per year applies to the policy (see Summary on page 3).

What is The Insured Monthly Benefit?

The insured monthly benefit is the lowest of:

- monthly mortgage repayment at the time of your policy application;
- the maximum insured monthly benefit that can be supported by the life insured's income at the time of your policy application (see page 7); and
- \$4,000.

The same insured monthly benefit applies to both the Disability Income benefit (Agreed Value) and Claim Escalation benefit.

Can I Increase or Decrease My Insured Monthly Benefit?

No.

When Do My Benefits and Cover Stop?

Benefits in the course of payment will stop on the earliest to occur of the:

- death of the life insured;
- life insured ceasing to be disabled; and
- end of the benefit period.

Cover will stop on the earliest to occur of the:

- death of the life insured;
- life insured's permanent retirement from the workforce, except when directly due to disablement;
- expiry date of the benefit;
- cancellation of the policy; and
- lapse of the policy.

Claim Offsets

Occupation Categories AAA and AA (see page 12)

In the event of a claim for a total disablement or partial disablement benefit we may reduce the amount of the benefit otherwise payable by amounts received from other sources for loss of income in respect of the life insured's injury or sickness.

Amounts that can be offset include regular payments made from another insurance policy or from a superannuation/pension plan, but only if that policy/plan was not disclosed to us when you applied for this policy.

Significant Risks

If any of these regular payments are paid other than monthly or in the form of a lump sum or are exchanged for a lump sum, we will convert them to an equivalent monthly payment. A lump sum payment will be deemed to be the monthly equivalent of 1/60 of the lump sum payment. Any lump sum total and permanent disablement benefit received will not be offset against your total disablement or partial disablement benefit.

We will reduce the amount of a total disablement benefit or partial disablement benefit only to the extent that:

- the aggregate of the total disablement benefit and any other payments made (see above) cannot exceed 75% of the life insured's monthly pre-disablement income (agreed value);
- the aggregate of the partial disablement benefit, the life insured's monthly income and any other payments made (see above) cannot exceed 100% of the life insured's monthly pre-disablement income (agreed value).

Occupation Categories A, B, C and D (see page 12)

In the event of a claim for a total disablement or partial disablement benefit we may reduce the amount of the benefit otherwise payable by amounts received from other sources for loss of income in respect of the life insured's injury or sickness.

Amounts that can be offset include:

- (i) regular payments made under a workers' compensation or motor accident claim or any claim made under any similar state or federal legislation; and
- (ii) regular payments made from another insurance policy or from a superannuation/pension plan, but only if that policy/plan was not disclosed to us when you applied for this policy.

If any of these regular payments are paid other than monthly or in the form of a lump sum or are exchanged for a lump sum, we will convert them to an equivalent monthly payment. A lump sum payment will be deemed to be the monthly equivalent of 1/60 of the lump sum payment. Any lump sum total and permanent disablement benefit received will not be offset against your total disablement or partial disablement benefit.

We will reduce the amount of a total disablement benefit or partial disablement benefit only to the extent that:

- the aggregate of the total disablement benefit and any other payments made (see (i) and (ii) above) cannot exceed 75% life insured's monthly pre-disablement income (agreed value);
- the aggregate of the partial disablement benefit, the life insured's monthly income and any other payments made (see (i) and (ii) above) cannot exceed 100% of the life insured's monthly pre-disablement income (agreed value).

Exclusions – Events for Which I Am Not Covered

The benefits under the Disability Income Plan (Agreed Value) are not payable in the following circumstances:

- Disablement due to intentional self-inflicted injury or any such attempt by the life insured;
- Disablement due to engaging in or taking part in service in the armed forces of any country;
- Disablement due to normal pregnancy, uncomplicated childbirth or miscarriage; and
- Death from suicide within 13 months from the commencement date or the last reinstatement date of the policy.

What About Tax?

Disability Income Benefit

The monthly benefit payable in the event of a claim is assessable for income tax purposes, but the part of the premium you pay to provide an income for yourself is generally tax deductible.

Usually tax is not payable upon death on any lump sum payment that may be made under this policy, as long as the ownership of the policy does not change. Conversely, premiums for a policy that provides lump sum benefits are not usually tax deductible. Different rules may apply in some circumstances. A tax professional will be able to clarify your particular position.

This information is based on the continuance of present laws affecting taxation and our interpretation of them.

If The Life Insured Dies Before The Application Is Accepted, Is Any Benefit Payable?

Yes, if the life insured dies as a result of an accident Complimentary Interim Accidental Death Cover may apply, see pages 19 and 20.

If The Life Insured Becomes Totally Disabled Before The Application Is Accepted, Is Any Benefit Payable?

Yes, if the life insured is totally disabled as a result of an accidental injury, Complimentary Interim Accidental Disability Income Cover may apply, see pages 21 and 22.

Definitions

See pages 16 to 17 for the definitions of:

- Benefit Period
- Income
- Injury
- Manifests
- Partial Disablement
- Pre-disablement Income (agreed value)
- Sickness
- Total Disablement, and
- Waiting Period.

Significant Risks (continued)

There are some significant risks associated with life insurance:

Insurer Fails

Your insurer may become insolvent and therefore may not pay your claims. Life insurers are supervised by the Australian Prudential Regulation Authority and are regulated under the Life Insurance Act 1995. As at the date of this PDS, the reserves in our Statutory Fund No. 1, which back this product, are in excess of the solvency and capital adequacy requirements that apply to life insurers.

Selection of Wrong Product

You may choose an insurance product that does not meet your needs. You should read the PDS and policy document for an insurance product carefully to prevent this. You may wish to consult an adviser for assistance.

Inadequate Amount of Insurance

You may select the correct insurance product for your needs, but you might not choose enough cover. This might cause you to suffer financial hardship after receiving your benefit payment. You will need to assess your needs carefully to ensure that this does not occur. Again, an adviser may be able to help you.

Inability to Obtain an Increase in Cover

You may not be able to obtain an increase in cover that you need because of your particular health or circumstances, now or in the future. You should therefore ensure you do not allow your existing cover to lapse or to be cancelled until new insurance cover is firmly in place.

Premium Rates

The premium rates under your policy are guaranteed for at least one year. We guarantee that any increase or reduction in a table of stepped or level premium rates will not take effect in respect of a benefit until the first anniversary of the policy commencement date or the next policy anniversary following the latest increase or reduction in the table of premium rates for that benefit, if later.

Notwithstanding the premium rates guarantee, your premiums may be varied from time to time. A table of premium rates is available on request. Different premium rates apply to males and females, to smokers and non-smokers and to different occupations. The premium rates allow for the cost of cover and the life insurer's expenses, including commission payable to your adviser. Your premium rates may not be altered individually but only for all policies in a group. Your policy cannot be singled out for an increase.

Late Payment of Premiums

If you do not pay your premiums within 60 days of the premium due date, your policy will lapse. Although you can apply for reinstatement of the policy upon payment of the unpaid premium with compound interest, we may require evidence of continued good health and eligibility before reinstating the policy and you will not be covered for any symptoms that were apparent before the reinstatement.

Your Duty of Disclosure

Before you enter into a contract of insurance with an insurer, you have a duty under the Insurance Contracts Act 1984, to disclose to the insurer every matter that you know, or could reasonably be expected to know, which is relevant to the insurer's decision whether to accept the risk of the insurance and, if so, on what terms.

You have the same duty to disclose those matters to the insurer before you extend, vary or reinstate this contract of insurance.

Non-Disclosure

If you fail to comply with your duty of disclosure and the insurer would not have entered into the contract on any terms if the failure had not occurred, the insurer may avoid the contract within three years of entering into it. If your non-disclosure is fraudulent, the insurer may avoid the contract at any time from its inception. An insurer who is entitled to avoid a contract of insurance may, within three years of entering into it, elect not to avoid it but to reduce the sum insured that you have been insured for in accordance with a formula that takes into account the contribution that would have been payable if you had disclosed all relevant matters to the insurer.

Additional Information

How Much Does The Policy Cost?

Premiums

The premiums you pay depend on the life insured's age, sex, smoking status, occupation category and state of health. Premiums are payable on a stepped basis only.

For more details about premiums, a copy of our premium rates or an indicative personalised quote, please contact your adviser or us.

Guaranteed Renewable

Provided you pay the appropriate premium in full when due, each benefit under Mortgage Protection is guaranteed renewable each year to the expiry date of the benefit. This applies regardless of changes in the life insured's health, occupation or pastimes and in the case of the Disability Income Plan (Agreed Value), whether a claim has been made.

Policy Reinstatement

Reinstatement can occur within six months from the latest premium due date for the first unpaid premium. Underwriting will be required in some circumstances.

What Are Stepped Premiums?

Stepped premium rates generally increase as the life insured's age increases.

Stepped premiums will change if premium rates are reviewed (see Premium Rates Guaranteed below).

Premium Discounts

Term Life Plan

You may be entitled to a premium rate discount based on the sum insured for each benefit and the age of the life insured at the commencement date of the plan. Please refer to the table below for the discount that may be applicable.

Term Life Sum Insured	Discount to Rate per \$1,000 Sum Insured		
	Age next birthday (years) at entry		
	44 or lower	45–54	55 or greater
\$500,000 to \$999,999	\$0.07	\$0.15	\$0.50
\$1,000,000	\$0.15	\$0.30	\$0.75

These discounts apply to the Term Life benefit only.

Also a 5% discount applies to Term Life premium rates for lives rated as occupation category AAA or AA. If applicable, this 5% discount applies prior to the above discounts.

Please consult your adviser for details of all discounts that may apply.

Disability Income Plan

You may be entitled to a premium rate discount based on the insured monthly benefit for each benefit at the commencement date of the plan. The discount will apply to the yearly premium rate for the Disability Income benefit (Agreed Value).

Insured Monthly Benefit	Premium Rate Discount
Up to \$2,999	Nil
\$3,000 to \$4,000	5%

The premium rate discount applying to the Disability Income benefit (Agreed Value) will apply to the Claim Escalation benefit.

Minimum Premium

The minimum premium is \$300 per year per policy. This includes the premium for all benefits, the policy fee and any stamp duty.

Payment of Premiums

Premiums must be paid monthly, half-yearly or yearly. Premium payments made more frequently than yearly are subject to a premium frequency charge (see page 12).

The first premium must be paid in advance and submitted to us together with the Application Form.

Payments Made Easy

Acceptable methods of payment that can be used are:

- Deposit Premium Only
 - Cheque
 - Direct Debit (credit card¹)
 - Direct Debit (financial institution²)
- All Future Premiums
 - Direct Debit (credit card¹)
 - Direct Debit (financial institution)
 - BPAY (half-yearly and yearly only)
 - POSTbillpay (half-yearly and yearly only)

Notes 1: Acceptable Credit Cards are MasterCard, Visa Card, Diners Card and American Express.

2: Direct Debit (financial institution) will cover both the deposit premium and all future premiums.

Premium Rates Guaranteed

The premium rates under all plans are guaranteed for at least one year. We guarantee that any increase or reduction in a table of stepped premium rates will not take effect in respect of a benefit until the first anniversary of the policy commencement date or the next policy anniversary following the latest increase or reduction in the table of premium rates for that benefit, if later.

Notwithstanding the premium rates guarantee, your premiums may be varied from time to time. A table of premium rates is available on request. Different premium rates apply to males and females, to smokers and non-smokers and to different occupations. The premium rates for Mortgage Protection allow for the cost of insurance and our expenses, including commission payable to an adviser.

Premium rates may not be altered individually but only for all policies in a group. Your policy cannot be singled out for an increase.

Additional Information (continued)

What Happens If I Stop Paying Premiums?

If you do not pay premiums within 60 days from the premium due date your policy will lapse and cover will cease.

What Are The Fees and Charges?

All the fees and charges of your Mortgage Protection policy are fully described in this section. We undertake not to apply any other charges without your specific consent.

We will charge a policy fee, any premium frequency charges and any appropriate government stamp duty (see below and page 13).

At the time of application for your policy, your initial premium or instalment of premium will be held in a trust account administered by us until the policy is issued to you. Under the Corporations Act we are entitled to retain any interest earned during the period the funds are held in trust.

Policy Fee

A policy fee is charged per policy in addition to the premiums applicable per benefit and any stamp duty. The policy fee is currently \$60 per year. The policy fee is subject to any premium frequency charge (see below).

The policy fee may be changed at our discretion. However, the policy fee at any date cannot exceed \$60 increased by the percentage increase in the CPI since 1 October 2001 up to that date. You will be notified of any change in the amount of the policy fee prior to the change taking effect.

Premium Frequency Charge

There is no premium frequency charge on yearly premiums.

Premiums payable half-yearly or monthly are subject to a charge to cover increased costs. This charge is expressed as a percentage of the yearly premium in the following table.

Half-yearly	5%
Monthly	8%

You will be notified of any change in the amount of the charges prior to the change taking effect.

Commissions

We may pay commissions to your adviser in respect of your policy. These commissions are paid from our premium income and are not an additional cost to you. Your adviser will provide you with details of the commissions received.

Occupation Categories

The following is a description of each occupation category:

Category AAA

Professional white collar workers, other than those in medical and allied occupations who must have tertiary qualifications, e.g. lawyers and accountants. Other successful high income earning white collar workers such as senior executives who have long-standing experience in their field of business are also considered as category AAA.

Category AA

Professionals who must have tertiary qualifications in the medical and allied occupations, e.g. doctors, dentists, optometrists, physiotherapists and domestic veterinary surgeons.

Category A

Other white collar occupations that involve clerical and administrative work only (no manual work). These workers are generally office bound, e.g. managers, secretaries, sales people (no deliveries), clerical staff. The working environment must present minimal injury or sickness risk.

Category B

Those occupations which are not classified as white collar and which may involve some light manual work, e.g. shopkeepers, supervisors, hairdressers, beauticians. This category also includes supervisors of manual workers and persons in a totally administrative job within an industrial environment. The working environment may present slight injury or sickness risk.

Category C

Fully qualified, skilled tradespersons of various occupations who perform light to medium manual work e.g. qualified electricians, chefs and mechanics. The working environment may present a moderate injury or sickness risk.

Category D

Unqualified tradespersons who perform light to medium manual work, e.g. cleaners, drivers, fencing contractors. The working environment may present a significant injury or sickness risk.

Category E

Unqualified tradespersons who perform heavy manual work, e.g. concreters, earth moving workers, carpet layers. The working environment may present a significant injury or sickness risk.

Taxation

Please refer to each plan's 'What About Tax?' section for information relating to that plan.

• Tax Changes

Any material change to the taxation position of the policy will be notified to you in the first renewal statement following the change.

• Tax or Other Government Imposts

Where we are, or believe we will become, liable for any tax or other imposts levied by any Commonwealth or State government, authority or body in connection with the policy, we may reduce, vary or otherwise adjust any amounts (including but not limited to premiums, charges and benefits) under the policy in the manner and to the extent we determine to be appropriate to take account of the tax or impost.

• GST

The premium applicable to this policy is input taxed for the purposes of the Goods & Services Tax (GST). No GST is payable by you in respect of the purchase of this policy.

• Stamp Duty

Stamp duty may be payable on this policy by us in accordance with the stamp duty rates applicable in the State or Territory in which the life insured is ordinarily resident. These rates vary between 0% and 11% depending on the State or Territory.

For some benefits the amount of stamp duty payable is included in the premium and is not an additional charge to you. For others, it is not included in the premium and is an additional charge to you. Your adviser can provide you with a personalised premium quotation showing the amount of any stamp duty payable as an additional charge to you.

Nomination of Beneficiary

You are entitled to nominate a beneficiary to receive all death claim proceeds arising from the Mortgage Protection policy.

Statutory Fund

Your Mortgage Protection policy will be written in the AIA Statutory Fund No. 1. The policy does not participate in bonus distributions.

How to Apply

Mortgage Protection is only sold through advisers who are qualified to provide advice on AIA Australia products.

The adviser will provide you with a quotation detailing the benefits available for you to purchase, and assist you with the application process. An application to purchase a Mortgage Protection policy can proceed only on the Application Form accompanying this PDS.

The Application Form and quotation will then be forwarded to us for processing. At that stage, we may require additional information, such as medical and financial information, to assist with the processing of your application

REMEMBER – Do not forget to keep your Complimentary Interim Accidental Death Cover Certificate and Complimentary Interim Accidental Disability Income Cover Certificate.

Health and Other Information Required

We will ask for medical and other information about the person to be insured such as health, income, occupation, residency, travel details, lifestyle and pastimes. This information will assist us to assess:

- your eligibility for the type of cover you have selected;
- if any exclusions or special conditions should apply to your policy; and
- the correct premium of your policy.

In some instances it may be necessary for you to complete additional forms or we may ask for financial and other information in addition to further medical evidence depending on your personal situation or the amount of cover you are applying for.

We will ask for medical and other information about the person to be insured. This evidence is required for us to assess your application. We will keep this information confidential. In assessing your application we may also ask for financial and other information in addition to further medical evidence.

Information on Your Policy

Once we have assessed and approved your application for cover, we will mail or deliver to you a:

- policy document, containing policy terms and conditions; and
- policy schedule which sets out the regular premium payable and the benefits purchased under your policy.

Our contract with you comprises the PDS, the policy document and the policy schedule. You should read these documents carefully and contact your adviser or us directly if you have any concerns.

What Is the Cooling-off Period?

After we have assessed and approved your application for cover, you will receive the policy document and policy schedule from us, free of charge. You will then have 14 days to check that the policy and benefits meet your needs. This is known as the cooling-off period. Within this period you may cancel the policy and receive a full refund of all premiums paid. The cooling-off period starts from when you received the policy document from us or from the end of the 5th day after the day on which we sent the policy document to you, whichever is the earlier to occur.

To return your policy in the cooling-off period, please send us:

- your request to cancel the policy either by letter, fax or email or in any other manner permitted by law, and
- the policy document.

Note: You will lose the right to return your policy within the cooling-off period when you first exercise any right or power, other than this right to return your policy, which you have under the terms of your policy.

Policy Terms and Conditions

Please note that this PDS provides only a basic outline of the coverage. For precise terms and conditions, you should refer to the policy document. This should be done within the cooling-off period, to satisfy yourself that the policy meets your expectations and needs, as discussed with the person who recommended it to you (see above for detailed information on your cooling-off rights).

What If The Life Insured Travels Overseas?

Full cover is provided 24 hours a day, 7 days a week, anywhere in the world.

Transfer of Ownership (Assignment)

At any time, you may request a transfer of ownership of the policy to another person or a company. This is achieved by assigning the policy to the other person or the company. You should be aware that by assigning the policy, you forfeit all rights to benefits payable under the policy and it may give rise to tax implications. Also assignment will revoke any previous nomination of beneficiary.

Please contact AIA Australia on 1800 333 613 if you wish to assign the policy. We will provide you with all of the relevant information required to do so.

Lost or Destroyed Policy Documentation

If your policy document is lost or destroyed we will replace it but may charge to recover the costs involved. This charge is currently not greater than \$100 and covers the cost of reissuing the lost document, including advertising the loss – a statutory requirement in some circumstances. We may vary this charge from time to time. We may also require you to sign a statutory declaration to the effect that the policy document has been lost or destroyed.

Any Questions or Concerns

If you should have any questions or concerns about your policy please contact your adviser in the first instance or us direct on 1800 333 613 and we will promptly investigate your enquiry, referring it if necessary to our Internal Dispute Resolution Committee.

Internal complaints are normally resolved within 45 days. In special circumstances we may take longer. If this is the case we will advise you.

Should you not be satisfied with our response to your concerns after they have been ruled upon by the Committee, then you may take the matter up with the independent Financial Ombudsman Service (FOS) (formerly known as the Financial Industry Complaints Service Ltd). Details as follows:

Financial Ombudsman Service (FOS)
GPO Box 3
MELBOURNE VIC 3001
Telephone: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Policy Upgrade

Over time we will review the benefits provided under the policy. When we approve the benefits under the policy and such improvements result in no increase in premium rates, we will upgrade your policy with the improved benefits. The upgrade will be done automatically and no action is required by you.

These benefit improvements will be effective from the first date on which a Mortgage Protection policy containing the benefit improvements could have been purchased from us.

We will replace your current policy document with a new policy document incorporating the upgrade.

Your rights and obligations will be determined by the new policy document. Should a situation arise where you are disadvantaged in any way as a result of the upgrade, the previous policy wording will apply.

In terms of any upgrade under your new policy, these will only apply to future claims and not to past or current claims or any claims resulting from health conditions or events which began or took place before the effective date of the upgrade.

Definitions

'MEDICAL PRACTITIONER' means a legally qualified and registered medical practitioner other than the policy owner or the life insured, or a family member, business partner, employee or employer of either the policy owner or the life insured.

Term Life Plan

'TERMINAL ILLNESS' means the diagnosis of the life insured with an illness which in our opinion, will result in the death of the life insured within 12 months of the diagnosis regardless of any treatment that may be undertaken.

'TOTAL AND PERMANENT DISABLEMENT (ANY OCCUPATION)' means that:

- (a) the life insured has suffered the total and irrecoverable loss of the:
- sight of both eyes;
 - use of two limbs; or
 - sight of one eye and use of one limb;
- or
- (b) the life insured, where engaged in any business, profession or occupation, whether as an employee or otherwise, or where unemployed or on leave without pay for less than six months immediately prior to the injury or sickness causing disablement:
- has been absent from employment solely as a result of injury or sickness for an uninterrupted period of at least three consecutive months; and
 - is attending a medical practitioner and has undergone all reasonable and usual treatment including rehabilitation for the injury or sickness; and
 - at the end of the period of three months, after consideration of all the medical evidence and such other evidence as we may require, has become in our opinion incapacitated to such an extent as to render the life insured unlikely ever to engage in any business, profession or occupation for which the life insured is reasonably suited by education, training or experience;
- or
- (c) the life insured has suffered Loss of Independence (as defined on page 16).

If the life insured was not engaged in any business, profession or occupation or was on leave without pay in the six months immediately prior to the time of the injury or sickness causing disablement then the Total and Permanent Disablement (Any Occupation) definition will continue to apply.

The life insured is 'Totally and Permanently Disabled (Any Occupation)' if the life insured satisfies the definition of Total and Permanent Disablement (Any Occupation).

'TOTAL AND PERMANENT DISABLEMENT (HOME DUTIES)' means that:

- (a) the life insured has suffered the total and irrecoverable loss of the:
- sight of both eyes;
 - use of two limbs; or
 - sight of one eye and use of one limb;
- or

- (b) the life insured, where wholly engaged in full-time unpaid domestic duties in his or her own residence:
- has been unable to perform normal domestic duties, leave home unaided and engage in any employment for an uninterrupted period of at least six consecutive months solely as a result of injury or sickness; and
 - is attending a medical practitioner and has undergone all reasonable and usual treatment including rehabilitation for the injury or sickness; and
 - at the end of the period of six months, after consideration of all the medical evidence and such other evidence as we may require, has become in our opinion incapacitated to such an extent as to render him or her likely to require indefinite ongoing medical care and unable ever to perform normal domestic duties, leave home unaided and engage in any form of employment.

or

- (c) the life insured has suffered Loss of Independence (as defined on page 16).

'TOTAL AND PERMANENT DISABLEMENT (OWN OCCUPATION)' means that:

- (a) the life insured has suffered the total and irrecoverable loss of the:
- sight of both eyes;
 - use of two limbs; or
 - sight of one eye and use of one limb;
- or
- (b) the life insured, where engaged in any business, profession or occupation, whether as an employee or otherwise, or where unemployed or on leave without pay for less than six months immediately prior to the injury or sickness causing disablement:
- has been absent from employment solely as a result of injury or sickness for an uninterrupted period of at least three consecutive months; and
 - is attending a medical practitioner and has undergone all reasonable and usual treatment including rehabilitation for the injury or sickness; and
 - at the end of the period of three months, after consideration of all the medical evidence and such other evidence as we may require, has become in our opinion incapacitated to such an extent as to render the life insured unlikely ever to engage in his or her own occupation.
- or
- (c) the life insured has suffered Loss of Independence (as defined on page 16).

If the life insured was not engaged in any business, profession or occupation or was on leave without pay in the six months immediately prior to the time of the injury or sickness causing disablement then the Total and Permanent Disablement (Any Occupation) definition will apply.

The life insured is 'Totally and Permanently Disabled (Own Occupation)' if the life insured satisfies the definition of Total and Permanent Disablement (Own Occupation).

Definitions (continued)

LOSS OF INDEPENDENCE means:

- (a) A condition as a result of injury or sickness, where the life insured is totally and irreversibly unable to perform at least two of the following five Activities of Daily Living. The condition should be confirmed by a consultant physician.

Bathing

Means the ability of the life insured to wash himself or herself either in the bath or shower or by sponge bath without the standby assistance of another person. The life insured will be considered to be able to bathe himself or herself even if the above tasks can only be performed by using equipment or adaptive devices.

Dressing

Means the ability to put on and take off all garments and medically necessary braces or artificial limbs usually worn, and to fasten and unfasten them, without the standby assistance of another person. The life insured will be considered able to dress himself or herself even if the above tasks can only be performed by using modified clothing or adaptive devices such as tape fasteners or zipper pulls.

Eating

Means the ability to get nourishment into the body by any means once it has been prepared and made available to the life insured without the standby assistance of another person.

Toileting

Means the ability to get to and from and on and off the toilet, to maintain a reasonable level of personal hygiene, and to care for clothing without the standby assistance of another person. The life insured will be considered able to toilet himself or herself even if he or she has an ostomy and is able to empty it himself or herself, or if the life insured uses a commode, bedpan or urinal, and is able to empty and clean it without the standby assistance of another person.

Transferring

Means the ability to move in and out of a chair or bed without the standby assistance of another person. The life insured will be considered able to transfer himself or herself even if equipment such as canes, quad canes, walkers, crutches or grab bars or other support devices including mechanical or motorised devices is used.

or

- (b) Cognitive impairment, meaning a total and permanent deterioration or loss in the life insured's intellectual capacity which requires another person's assistance or verbal cueing to protect himself or herself as measured by clinical evidence and standardised tests which reliably measure the impairment in the following areas:
- short or long term memory;
 - orientation as to person (such as personal identity), place (such as location), and time (such as day, date and year);
 - deductive or abstract reasoning.

The life insured would be required to be under continuous care and supervision by another adult person for at least six consecutive months. At the end of that six month period, the life insured must, in our opinion on the basis of medical evidence, require ongoing continuous care and supervision by another adult person.

Disability Income Plan (Agreed Value)

'BENEFIT PERIOD' is the maximum period during which the monthly income benefit is payable.

'INCOME' in the case of an employed person is the pre-tax remuneration paid by an employer, including salary, fees and fringe benefits, for the last 12 months. This will include any statutory superannuation contributions and any other superannuation contributions made by an employer including those that are part of a salary sacrifice arrangement between the employed person and the employer. Where commissions and bonuses form over 40% of the pre-tax remuneration for the last 12 months, we will take them into account. Where the employed person is a professional person employed by a professional practice company, income will include the yearly average of all commissions and bonuses paid, in addition to salary, fringe benefits and superannuation contributions made by an employer, for the last 12 months.

'INCOME' in the case of a self-employed person, a working director or partner in a partnership, is the average yearly income generated by the business or practice due to his or her personal exertion or activities, less his or her share of necessarily incurred business expenses, for the last 12 months.

Income does not include:

- income that the life insured will continue to receive from the business, even if the life insured is unable to work, including any ongoing profit generated by other employees of the business, and
- other unearned income such as dividends, interest, rental income, or proceeds from the sale of assets, or ongoing commission or royalties.

'INJURY' means a physical injury which occurs whilst the policy is in force and which results solely and directly and independently of a pre-existing condition or any other cause, in Total or Partial Disablement within one year of the date of its occurrence. Sickness directly resulting from medical or surgical treatment rendered necessary by the physical injury will not constitute an 'Injury'.

'MANIFESTS' means that symptoms exist which would cause an ordinarily prudent person to seek diagnosis, care or treatment, or that medical advice or treatment has been recommended by or received from a medical practitioner.

'PARTIAL DISABLEMENT' means that, due to injury or sickness, the life insured is:

- unable to work in his or her own occupation at full capacity but working in a reduced capacity in any occupation;
- earning a monthly income which is less than his or her pre-disablement income (agreed value); and
- following the advice of a medical practitioner.

Where the life insured is capable of working in a reduced capacity in any occupation but is not working, we may deem the life insured to be entitled to the Partial Disablement benefit.

'PRE-DISABLEMENT INCOME (AGREED VALUE)' is the life insured's highest average monthly income for any financial year since the date two years before the commencement date of the Disability Income benefit (agreed value) up until the commencement of disablement.

During disablement the Pre-Disablement Income (Agreed Value) amount will be increased every 12 months, following the date of disablement, by 5% or the CPI Increase (whichever is the greater).

'SICKNESS' means illness or disease which Manifests itself after the policy is in force and which results in Total or Partial Disablement.

'TOTAL DISABLEMENT' means that, due to injury or sickness, the life insured:

- is unable to perform one or more duties of his or her occupation, that is important or essential in producing income; and
- is following the advice of a medical practitioner; and
- is not working (whether paid or unpaid).

However, if the life insured has been unemployed or on maternity or paternity leave for 12 months or longer immediately preceding the occurrence of an event giving rise to a claim, then Total Disablement means that, due to injury or sickness, the life insured:

- is unable to perform any occupation for which the life insured is reasonably suited by education, training or experience; and
- is following the advice of a medical practitioner; and
- is not working (whether paid or unpaid).

If the life insured is on sabbatical leave it will not be considered as unemployment. Sabbatical leave must be for the purpose of research and cannot exceed 12 months or the sabbatical period specified in the Award covering the life insured, whichever is the shorter period.

The life insured is 'Totally Disabled' if the life insured satisfies the definition of Total Disablement.

WAITING PERIOD' is stated on the policy schedule and means the number of days at the beginning of a period of Total Disablement, in respect of which no Total or Partial Disablement benefit is payable.

The Waiting Period begins on the earlier to occur of the date:

- the life insured first consults a medical practitioner about the condition that is causing the disablement; and
- the life insured first ceases work due to the condition that is causing the disablement as long as it is not more than seven days before the life insured first consults a medical practitioner about the condition and provides reasonable medical evidence about when the disablement began.

If during the Waiting Period the life insured returns to work for 5 consecutive days or a shorter period for Waiting Period of 30 days, then the Waiting Period will not recommence but will be extended by the number of days worked.

If the life insured returns to work for a longer period, the Waiting Period will restart from the day after the last day worked, provided a medical practitioner confirms that the life insured is totally disabled.

Privacy Statement

AIA Australia Limited (ABN 79 004 837 861) follows the National Privacy Principles developed under the Privacy Amendment (Private Sector) Act 2000. We provide you with the following information regarding our privacy procedures and your rights. Our privacy policies and procedures may be found at www.aia.com.au.

Purpose of Collection

We collect personal information about you to:

- a) process your application(s);
- b) administer and manage your policy including claims;
- c) facilitate our business operations; and
- d) market promotional material about services that we believe you may be interested in. (The Privacy Declaration contained in your Application allows you to elect whether you wish to receive direct marketing material from us.)

If you do not wish to provide us with all or part of the personal information we request from you, we may not be able to provide you with insurance cover.

Access to Your Information

You are entitled at any time to request access to your personal information held by us. All requests should be made in writing to:

Policy Services Manager
AIA Australia
PO Box 6111
ST KILDA ROAD CENTRAL, VIC 8008

You can ask us to update your personal information at any time if it is inaccurate, incomplete or out of date.

In some circumstances, we may not permit access to your personal information. Circumstances where access may be denied include where access would be unlawful or denying access is authorised by law.

In these cases, we will provide you with written reasons for denial of access or a refusal to correct personal information.

Disclosure of Information

We may disclose your personal information to:

- a) another member of the AIA Group of companies (whether in Australia or overseas);
- b) your adviser;
- c) our contractors and third party service providers, e.g. medical practitioners and reinsurers;
- d) your employer (for employee superannuation products);
- e) financial institutions you nominate; and
- f) mail houses and archive companies.

We will only disclose your personal information to these parties for the primary purpose for which it was collected. In some circumstances we are entitled to disclose your personal information to third parties without your authorisation, such as law enforcement agencies or government authorities to protect our interests or to report illegal activities.

Any Questions or Concerns on Privacy

If you have any questions or concerns about your personal information, please write to:

Compliance Manager
AIA Australia
PO Box 6111
ST KILDA ROAD CENTRAL, VIC 8008

We have established an internal dispute resolution process for handling customer complaints about our compliance with the National Privacy Principles. This dispute resolution mechanism is designed to be fair and timely to all parties and is free of charge.

If you have a privacy complaint, you should submit it in writing to the Compliance Manager. You will receive a letter from us within 5 working days which documents our complaints handling process. Your complaint will be referred to our Internal Disputes Resolution Committee who will try to resolve your complaint within 45 days of receipt.

Should your complaint not be resolved to your satisfaction by our internal dispute resolution process, you may take your complaint to the Privacy Commissioner. The Privacy Commissioner's contact details are:

Office of the Federal Privacy Commissioner
GPO Box 5218
Sydney, NSW 2001
or call the Privacy Hotline
on 1300 363 992.

Complimentary Interim Accidental Death Cover

AIA Australia Limited
(ABN 79 004 837 861 AFSL 230043)

will provide

.....
(name of proposer)

with Interim Accidental Death Cover
in the event of the life to be insured's accidental death.*
(The amount payable is explained overleaf.)

This certificate is valid for 90 days from

.....
(date of application)

or

until the policy is issued or the application is declined or withdrawn,
whichever is the earliest to occur.

.....
Adviser's Signature



Complimentary Interim Accidental Death Cover

AIA Australia grants COMPLIMENTARY INTERIM ACCIDENTAL DEATH COVER on the life to be insured without any extra premium being charged.

This cover is provided from the EFFECTIVE DATE until an assessment decision is made or until 90 days after the date the application is signed or until the policy is issued or the application is withdrawn by the proposer, whichever is the earliest to occur. A deposit equal to the first yearly premium or instalment of premium must have been paid or be payable on issue of the policy.

This interim cover certificate is issued to you after completion of the application.

Complimentary Interim Accidental Death Cover

1. The lump sum amount payable on accidental death under this cover is:

(a) **Term Life Plan**

The lesser of:

- The Term Life sum insured proposed; and
- \$1,000,000.

(b) **Disability Income Plan (Agreed Value)**

Three times the insured monthly benefit proposed under the Disability Income benefit (Agreed Value) up to a maximum payment of \$12,000.

The maximum payment under the Complimentary Interim Accidental Death Cover on the life to be insured under all proposed policies with AIA Australia is \$1,000,000.

2. Accidental death means death which is caused solely and directly by violent, accidental, external and visible means and results solely and directly and independently of any other cause.

3. The following risks are NOT covered.

Death directly or indirectly caused by:

- (a) war (whether declared or not), invasion or civil war; and
- (b) intentional self-inflicted injury or suicide.

Effective Date

Complimentary Interim Accidental Death Cover is effective from the issue date of the interim certificate if the application is received at our head office within five working days of the issue date with payment of the first instalment of premium. Otherwise cover commences once the application and payment are actually received at our head office.

Optional Benefits

Complimentary Interim Accidental Death Cover applies in respect of any optional benefit which provides death or accidental death cover but not in respect of any other optional benefit.

Claims Procedure

All the usual proofs in relation to a claim will be required (e.g.: death certificate, proof of mortgage, etc).

Complimentary Interim Accidental Disability Income Cover

AIA Australia Limited
(ABN 79 004 837 861 AFSL 230043)

will provide

.....
(name of proposer)

with Interim Accidental Disability Income Cover
in the event of the total disablement of the life to be insured due to an accidental injury.*
(The amount payable is explained overleaf.)

This certificate is valid for 90 days from

.....
(date of application)

or
until the policy is issued or the application is declined or withdrawn,
whichever is the earliest to occur.

.....
Adviser's Signature



Complimentary Interim Accidental Disability Income Cover

AIA Australia grants COMPLIMENTARY INTERIM ACCIDENTAL DISABILITY INCOME COVER on the life to be insured under the Disability Income benefit without any extra premium being charged.

This cover is provided from the EFFECTIVE DATE until an assessment decision is made or until 90 days after the date the application is signed or until the policy is issued or the application is withdrawn by the proposer, whichever is the earliest to occur. A deposit equal to the first yearly premium or instalment of premium must have been paid or be payable on issue of the policy.

This interim cover certificate is issued to you after completion of the application.

Complimentary Interim Accidental Disability Income Cover

1. The monthly amount payable on the Total Disablement of the life insured under this cover due to an accidental injury is the lowest of:
 - the Disability Income insured monthly benefit proposed as shown in the Application Form;
 - \$4,000; and
 - the amount that would normally be acceptable under our underwriting rules (medical and financial).

The maximum payment under the Complimentary Interim Accidental Disability Income Cover is \$24,000.

2. The benefit is payable subject to the following conditions:
 - the life insured must be Totally Disabled for longer than the 30-day waiting period;
 - the accidental injury must occur after the policy application date but prior to the acceptance or rejection of the application by us;
 - the monthly benefit will commence from the end of the proposed waiting period for the remainder of the period of Total Disablement or for six months, whichever is the lesser. The benefit will be calculated on a daily basis and will be paid monthly in arrears.

All the conditions of the Disability Income benefit (Agreed Value) proposed relevant to the payment of a benefit for Total Disablement apply to this interim cover unless modified by the conditions of this interim cover certificate.

3. If during the application process we decide to offer a modified policy, the Interim Accidental Disability Income Cover will also be adjusted to incorporate the modified terms. If we require an additional premium due to the life insured's medical history or pastimes, the level of the life insured's Interim Accidental Disability Income Cover will be recalculated (and hence reduced) based on your proposed premium. If you are eligible to make a claim under the terms of the Interim Accidental Disability Income Cover, when we underwrite the application for insurance, we will take into account any change in the state of health of the life insured as a result of the event entitling you to claim under the Interim Accidental Disability Income Cover.
4. 'TOTAL DISABLEMENT' means that, due to Accidental Injury, the life insured:
 - is unable to perform one of the important duties of his or her occupation that he or she must be able to perform to earn income;

- is following the advice of a Medical Practitioner; and
- is not working (whether paid or unpaid).

An important duty is one which involves 20% or more of the life insured's overall occupational tasks essential to producing the life insured's income.

5. 'ACCIDENTAL INJURY' means a physical injury which is caused solely and directly by violent, accidental, external and visible means, which occurs while the benefit is in force and which results solely and directly and independently of a pre-existing condition or any other cause in total disablement. Sickness directly resulting from medical or surgical treatment rendered necessary by the physical injury will not constitute an 'Accidental Injury'.
6. This cover does not apply:
 - to any benefit other than Total Disablement;
 - where the waiting period proposed is 90 days or longer;
 - to Total Disablement has been caused by an accidental injury that occurs after this cover ends;
 - if an application for a similar type of policy on the life insured, with any insurer, has been declined, cancelled or withdrawn; and
 - if the application is one which we would not normally accept under our standard underwriting guidelines and practices.
7. The following risks are NOT covered. Total Disablement caused by or contributed to by:
 - a) an intentional self-inflicted injury or any such attempt by the life insured or the proposer;
 - b) participation by the life insured in any occupation, sport or pastime which we would not normally cover on standard terms;
 - c) an injury or sickness which the life insured had before this cover began that the proposer or life insured didn't tell us about;
 - d) football injuries (all codes);
 - e) normal pregnancy, uncomplicated childbirth or miscarriage;
 - f) the taking of drugs other than prescribed by a Medical Practitioner;
 - g) the taking of alcohol;
 - h) war (whether declared or not) invasion or civil war; or
 - i) AIDS, AIDS related conditions or HIV.

Effective Date

Complimentary Interim Accidental Disability Income Cover is effective from the issue date of the interim certificate if the application is received at our head office within five working days of the issue date with payment of the first instalment of premium. Otherwise cover commences once the application and payment are actually received at our head office.

Other Benefits

Complimentary Interim Accidental Disability Income Cover does not apply in respect of Term Life, Permanent Disablement and Claim Escalation benefits.

Claims Procedure

All the usual proofs in relation to a claim will be required (e.g.: medical certificate, proof of mortgage repayments, etc).

Direct Debit Request Service Agreement

The following two pages are relevant where you request premium payments to be debited from an account held at your financial institution. Please see application form at the back of this brochure.

Definitions

account means the account held at *your financial institution* from which we are authorised to arrange for funds to be debited.

agreement means this Direct Debit Request Service Agreement between *you* and *us*.

business day means a day other than a Saturday or a Sunday or a public holiday listed throughout Australia.

debit day means the day that payment by *you* to *us* is due.

debit payment means a particular transaction where a debit is made.

direct debit request means the Direct Debit Request between *us* and *you*.

AIA Australia, or us or we means AIA Australia Limited (ABN 79 004 837 861) (User ID 142).

you means the customer who signed the *direct debit request*.

your financial institution is the financial institution where *you* hold the *account* that *you* have authorised *us* to arrange to debit.

1. Debiting your account

- 1.1 By signing a *direct debit request*, *you* have authorised *us* to arrange for funds to be debited from *your account*. *You* should refer to the *direct debit request* and this *agreement* for the terms of the arrangement between *us* and *you*.
- 1.2 *We* will only arrange for funds to be debited from *your account* as authorised in the *direct debit request*.
- 1.3 If the *debit day* falls on a day that is not a *business day*, *we* may direct *your financial institution* to debit *your account* on the following *business day*. If *you* are unsure about which day *your account* has or will be debited *you* should ask *your financial institution*.

2. Changes by us

- 2.1 *We* may vary any details of this *agreement* or a *direct debit request* at any time by giving *you* at least fourteen (14) days written notice.

3. Changes by you

- 3.1 Subject to 3.2 and 3.3, *you* may change the arrangements under a *direct debit request* by contacting our Policy Services Department on (03) 9009 4000.
- 3.2 If *you* wish to stop or defer a *debit payment* *you* must notify *us* in writing at least fourteen (14) days before the next *debit day*. This notice should be given to *us* in the first instance.
- 3.3 *You* may also cancel *your* authority for *us* to debit *your account* at any time by giving *us* fourteen (14) days notice in writing before the next *debit day*. This notice should be given to *us* in the first instance.

4. Your obligations

- 4.1 It is *your* responsibility to ensure that there are sufficient clear funds available in *your account* to allow a *debit payment* to be made in accordance with the *direct debit request*.
- 4.2 If there are insufficient clear funds in *your account* to meet a *debit payment*:
 - (a) *you* may be charged a fee and/or interest by *your financial institution*;
 - (b) *you* may also incur fees or charges imposed or incurred by *us*; and
 - (c) *you* must arrange for the *debit payment* to be made by another method or arrange for sufficient clear funds to be in *your account* by an agreed time so that *we* can process the *debit payment*.
- 4.3 *You* should check *your account* statement to verify that the amounts debited from *your account* are correct.
- 4.4 If *we* are liable to pay goods and services tax ('GST') on a supply made in connection with this *agreement*, then *you* agree to pay *us* on demand an amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

Direct Debit Request Service Agreement (continued)

5. Dispute

- 5.1 If *you* believe that there has been an error in debiting *your account*, *you* should notify *our* Policy Services Department directly on (03) 9009 4000 and confirm this in writing to *us* as soon as possible so that *we* can resolve *your* query more quickly.
- 5.2 If *we* conclude as a result of our investigations that *your account* has been incorrectly debited *we* will respond to *your* query by arranging for *your financial institution* to adjust *your account* (including interest and charges) accordingly. *We* will also notify *you* in writing of the amount by which *your account* has been adjusted.
- 5.3 If *we* conclude as a result of our investigations that *your account* has not been incorrectly debited *we* will respond to *your* query by providing *you* with reasons and any evidence for this finding.
- 5.4 Any queries *you* may have about an error made in debiting *your account* should be directed to *us* in the first instance so that *we* can attempt to resolve the matter between *us* and *you*. If *we* cannot resolve the matter *you* can still refer it to *your financial institution* which will obtain details from *you* of the disputed transaction and may lodge a claim on *your* behalf.

6. Accounts

You should check:

- (a) with *your financial institution* whether direct debiting is available from *your account* as direct debiting is not available on all accounts offered by financial institutions.
- (b) *your account* details which *you* have provided to *us* are correct by checking them against a recent *account* statement; and
- (c) with *your financial institution* before completing the *direct debit request* if *you* have any queries about how to complete the *direct debit request*.

7. Confidentiality

- 7.1 *We* will keep any information (including *your account* details) in *your direct debit request* confidential. *We* will make reasonable efforts to keep any such information that *we* have about *you* secure and to ensure that any of our employees or agents who have access to information about *you* do not make any unauthorised use, modification, reproduction or disclosure of that information.
- 7.2 *We* will only disclose information that *we* have about *you*:
 - (a) to the extent specifically required by law; or
 - (b) for the purposes of this *agreement* (including disclosing information in connection with any query or claim).

8. Notice

- 8.1 If *you* wish to notify *us* in writing about anything relating to this *agreement*, *you* should write to:

Policy Services Department
AIA Australia
PO Box 6111
ST KILDA ROAD CENTRAL, VIC 8008.
- 8.2 *We* will notify *you* by sending a notice in the ordinary post to the address *you* have given *us* in the *direct debit request*.
- 8.3 Any notice will be deemed to have been received two *business days* after it is posted.



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HOME LOANS
That's what we do.