



**AIA LIVING**

# INCOME PROTECTION

## What is income protection insurance?

If you face an illness or injury that stops you from working, this insurance provides regular monthly payments to cover your ongoing financial commitments like household bills and mortgage or rent payments.

## Why do I need it?

Your ability to earn is your biggest asset. If an illness or injury prevents you from working, you'll want to know your finances and family are taken care of so you can focus on recovery and getting back to work.

## Key benefits of our income protection insurance

- Access to partial payments as you return to full time work
- We will work closely with you to consider what rehabilitation or functional support could assist your recovery further
- Reimbursement for additional child care costs for children under 14 years old
- Suspend your cover for up to 12 months if you go on parental leave or unpaid leave
- Our Enhancement Pass Back Benefit is our commitment to keeping our insurance relevant for you. That's why any improvements we make to our AIA products in the future are automatically applied to your policy, offering you even more at claim time.



## Our income protection insurance options

### AIA Living Income Protection

Provides a monthly payment to replace a portion of your income if you have an illness or injury and are unable to work. You have three options to choose from in this category: Agreed Value, Indemnity or Loss of Earnings.

### AIA Living Mortgage and Income Protection

Pays monthly payments to replace your income, or mortgage or rent, should you suffer an illness or injury and are unable to work.

# INCOME PROTECTION INSURANCE OVERVIEW

With income protection insurance, you'll be supported to meet your ongoing financial commitments and make choices that are important to you.

With AIA, you have the choice of traditional Income Protection (either Agreed Value, Indemnity or Loss of Earnings) and Mortgage and Income Protection (MIP).

The main difference between the two options is that Mortgage and Income Protection doesn't have ACC offsets. This means in case of an accident, anything paid by ACC to compensate your income will be deducted from your Income Protection payments. However your Mortgage and Income Protection payments are in addition to your ACC payments.

Depending on your situation you may choose to have a combination of our income protection options ensuring you have the right cover for your needs.

With all our Income Protection insurance, you'll be looked after with total, partial and bridging benefit payments.



### Total Disability

You'll receive your full benefit payment amount if you're totally disabled. The definition of totally disabled depends on the type of cover you have and your occupation – your occupation class can be found in your policy schedule.

### Partial Disability

This will provide a partial benefit payment if you've been totally disabled then engage in work but at a reduced rate. Note that certain conditions must be satisfied.

### Bridging Benefit

For customers who move from a total to partial disability benefit, this pays a lump sum equal to 1/3 of the last monthly total disability benefit to help cover costs during the transition period.

## You choose the timing

Once you know which insurance option is right for you, you then choose the time you'll wait before you start receiving payments and how long you want to receive them for.

	Income Protection	Mortgage and Income Protection
<b>Waiting Period</b> The length of time between you becoming disabled and when you start receiving benefit payments	You choose 2, 4, 8, 13, 26, 52 or 104 weeks.	You choose 4, 8, 13, 26, 52 or 104 weeks.
<b>Benefit Period</b> The length of time for which you could receive the benefit payments	1, 2 or 5 years, or To age 65 or 70	2 or 5 years, or To age 65 or 70

# Our income protection options

## AIA Living Income Protection

With Income Protection you'll need to choose the way you want your monthly payments to be calculated around your income.

### 1. Agreed Value Cover

Benefit payments are based on a proportion of your income agreed at the time you take out your cover. Suited if you want certainty about how much your monthly claim payments will be.

OR

### 2. Indemnity Cover

This option calculates your benefit payments based on a proportion of your income at claim time, before you suffered the illness or injury.

OR

### 3. Loss of Earnings Cover

This option allows you to choose at claim time how your benefit payments are calculated. Based on either an agreed value or indemnity, whichever is higher. This is helpful if your income fluctuates, for example as a contractor or if you're self-employed.

### Extend with Premier Cover

The Income Protection options above can be enhanced with Premier Cover. This provides further financial help if you become permanently disabled or pass away.

## AIA Living Mortgage and Income Protection (MIP)

With MIP, there are two ways your monthly payments can be calculated – simply choose the one that's right for your situation.

### 1. Up to 115% of your contractual mortgage repayments on your residential property

OR

### 2. 45% of your gross income

Remember, MIP doesn't have ACC offsets. This means in case of an accident you will get any ACC payments plus your MIP payments.



# What's included?

Built-in Benefits	Income Protection	Mortgage and Income Protection
	Base and Premier Cover	
Total Disability Income Benefit	✓	✓
Partial Disability Income Benefit	✓	✓
Partial Disability Bridging Benefit	✓	✓
Enhanced Partial Disability Benefit	✓	—
Rehabilitation and Support	✓	✓
Recurrent Disablement Benefit	✓	✓
Vocational Assistance	✓	✓
Home Modification and Equipment Expense Benefit	✓	✓
Bed Confinement Benefit	✓	✓
Suspension of Cover	✓	✓
Back to Work Payment	✓	✓
Pregnancy Premium Waiver	✓	✓
Return Home Benefit	✓	✓
Childcare Support Benefit	✓	✓
Property Special Event Facility	—	✓
Waiting Period Reduction Benefit	✓	✓
Home Care Benefit	✓	—
Concurrent Waiting Period Benefit	✓	✓
	Premier Cover Only	
Extra Cash Benefit	✓	
Permanent Disablement Benefit	✓	
Bereavement Grant	✓	

## ✓ Total Disability Income Benefit

You will receive a monthly benefit payment, less offsets, monthly in advance from the end of the waiting period and until you are no longer totally disabled or the benefit or cover term ends.

## ✓ Partial Disability Income Benefit

You will be paid monthly in arrears if you have been totally or partially disabled and are working less than 75% of your

pre-disability working hours or earning less than 75% of your pre-disability income.

## ✓ Partial Disability Bridging Benefit

If you move from a total to a partial disability benefit, this pays a lump sum equal to 1/3rd of the last monthly total disability benefit to help cover costs during the transition period.

## ✓ Enhanced Partial Disability Income Benefit

When you move from being totally disabled to partially disabled you can receive a monthly top-up payment of either 25% of the Partial Disability Income Benefit (PDIB) or 1/12<sup>th</sup> of the benefit amount less the PDIB, whichever is lower, for up to 12 months while on claim.

## ✓ Rehabilitation and Support

One of our dedicated case managers will work with you to understand your personal situation and will consider what assistance could aid your return to work or improve your capacity to work.

## ✓ Vocational Assistance

This benefit is for the cost of a vocational assistance programme approved in advance by AIA if you're unlikely to return to your pre-disability occupation.

## ✓ Home Modification and Equipment Expense Benefit

AIA may agree to pay you an additional lump sum payment of up to 12 times the monthly benefit amount to cover costs of buying specialised equipment or completing home alterations because of your total disability.

## ✓ Property Special Event Facility

If you have Mortgage and Income Protection you may choose to increase the sum assured if there has been one of the following events: an increase to an existing mortgage, the purchase of a new home, the purchase of a holiday home or the purchase of a bare block of land zoned as residential.

## ✓ Recurrent Disablement Benefit

The waiting period will be waived if you become disabled again and it's caused by the same or a related illness or injury. This is subject to AIA's opinion after considering the advice of a registered medical practitioner and other relevant information.

### ✓ **Bed Confinement Benefit**

If during the waiting period you are confined to bed under full-time care for more than three days and are in an occupation class other than five, AIA will pay a daily Bed Confinement Benefit.

### ✓ **Pregnancy Premium Waiver**

AIA will waive the premium for six consecutive months at any stage between the second trimester and six months after your pregnancy finishes. You can claim during this period.

### ✓ **Return Home Benefit**

If you're outside New Zealand and suffer a total disability for the first time, you could access up to \$10,000 towards the cost for you and a support person to return home.

### ✓ **Childcare Support Benefit**

You could be entitled to reimbursement of the costs for additional childcare that you may need while you are totally or partially disabled for dependent child(ren) who are under the age of 14 years old.

### ✓ **Waiting Period Reduction Benefit**

If you have a waiting period of 26, 52 or 104 weeks, you can reduce this waiting period, without providing any further medical evidence, if your Business Overheads, Business Continuity, Locum Cover or Rural Continuity is cancelled due to the life assured no longer being actively involved in the business or the business is sold or the business is no longer actively trading.

### ✓ **Concurrent Waiting Period Benefit**

If the life assured is disabled and able to receive a benefit under this policy, and you also hold Business Overheads, Business Continuity, Locum Cover or Rural Continuity then the waiting periods applicable to the life assured under each policy will be served concurrently from the disablement date.

### ✓ **Back to Work Payment**

If you can return to work between 12 and 24 months after claiming we will pay you a lump-sum payment equivalent to three times your monthly benefit.

### ✓ **Home Care Benefit**

If you have someone providing care at home, this benefit will cover the costs of the services for up to six months. This could be a professional carer or a family member.

### ✓ **Future Insurability Benefit**

(only available with Income Protection)

You can apply to increase your sum assured at every third policy anniversary without providing any further medical information. Limits and conditions apply and every increase in cover will result in an increase in premium. If you have chosen the Optional Claim Indexation Benefit, the Future Insurability Benefit is not available.

### ✓ **Suspension of Cover**

AIA provide the flexibility to suspend your cover for up to 12 months, without medical evidence if you meet the following conditions:

- Take parental leave
- Take leave without pay for any reason
- Get made redundant
- Become unemployed
- Experience at least a 20% reduction in pay (comparing the most recent payslip against a previous payslip from the same year)
- If self-employed, experience a 30% reduction in revenue (by comparing one month's revenue against the same month for the previous year)

No benefits will be payable for any disability which occurs during any suspension.

### ✓ **Waiver of Premium**

This can remove the burden of paying premiums when you are unable to work due to total disability. We will waive your premium payments, while your insurance remains in place. This benefit is compulsory with income protection and you'll incur an additional cost. You will have the option of choosing the wait period.

### **Worldwide Cover**

Whether you're at home, travelling or living overseas for any period, you remain insured.







## Premier Cover benefits

These are the extra benefits you'll be able to access if you extend your Income Protection with Premier Cover. This isn't available with MIP.

### + Extra Cash Benefit

AIA will pay a one-off monthly Extra Cash Benefit in advance, and in addition to the Total Disability Income Benefit for the first 3 months after the waiting period while the Total Disability Income Benefit is being paid.

### + Permanent Disablement Benefit

A Permanent Disablement Benefit will be paid if:

- a Total Disability Income Benefit has been paid for 24 consecutive months in respect of a life assured; and
- in AIA's opinion that life assured is permanently disabled.

The additional monthly payment will commence from the date when the Permanent Disablement Benefit claim is accepted by AIA.

### + Bereavement Grant

If you pass away while receiving a Total Disability Income Benefit, a lump sum payment of three times this benefit will be paid.

# Optional benefits you can add on

You can tailor your income protection insurance with the below benefits to give you additional support.

## + Accidental Injury Cover

This optional benefit provides a single up-front payment, should you be injured accidentally. You can use it for whatever you need: covering treatment costs, getting taxis to work, hiring someone to help with children, or simply taking time off work to recover.

You choose how much cover you need, up to \$5,000 a month, and the lump sum you receive is based on the treatment you require. Making a claim under this optional benefit is not affected by payments from ACC or other insurances you may have.

## + Mental Health Limitation

Choosing this option will reduce your premiums but means if you make a claim for mental health, you will only receive payments for 2 years throughout the life of your policy. This option is only available if you choose a benefit period to age 65 or 70.

## + Claim Indexation Benefit

Your sum assured will increase every year by the same percentage as the New Zealand Consumer Price Index (CPI). This helps your sum assured stay in line with inflation.

If the CPI decreases in any year your sum assured will not decrease.

## + Retirement Protection

You can keep contributing to your KiwiSaver while you are on total disability claim. We pay an agreed contribution directly to Inland Revenue and this enables you to continue receiving your member tax credits.

## + Redundancy Cover

If you are made redundant you'll be covered with monthly payments for up to six months.

### A note on exclusions and benefits

This insurance (including the built-in and optional benefits) are subject to certain stand-down periods and exclusions.

Please also note that the optional benefits are subject to an increase in premium and their own terms and conditions. For more information, please refer to the relevant policy wordings which can be found on [aia.co.nz](http://aia.co.nz) or speak to your Adviser.



AIA Vitality is our personalised, science-backed health and wellbeing program that supports you every day to make healthier lifestyle choices. It helps you understand your current state of health, provides tools to improve it and offers great incentives to keep you motivated on your journey. The life assured under any eligible AIA policy can take out an AIA Vitality membership.

[aiavitality.co.nz](https://aiavitality.co.nz)

As an AIA customer, you can earn Airpoints Dollars™ for premiums paid on your eligible insurance policy.

[aia.co.nz/airpoints](https://aia.co.nz/airpoints)



0800 500 108

Monday - Friday, 8am - 6pm



[aia.co.nz](https://aia.co.nz)



[enquireNZ@aia.com](mailto:enquireNZ@aia.com)



[aia.co.nz/live-chat](https://aia.co.nz/live-chat)

Monday - Friday, 8am - 6pm



AIA House

74 Taharoto Road,  
Takapuna,  
Auckland 0622



Private Bag 92499,  
Victoria Street West,  
Auckland 1142

## Disclaimer

Other things you should know: the availability of insurance cover is subject to your application being approved. All applications are subject to individual consideration. Special conditions, exclusions and premium loadings may apply. This insurance is underwritten by AIA New Zealand Limited ('AIA'). For full details of the products and benefits offered by AIA, please refer to the policy document(s) which are available from AIA. The information contained in this publication is general in nature and is not intended as advice. It may not be relevant to individual circumstances and before making any insurance decision, you should consult a professional Adviser. Copies of our disclosure statements are available on request, free of charge.

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