

FAQ - General Information on Policy Sustainability and Updates on Universal Life (UL) Financial Statement

1. What does it mean by “Sustainability” of my policy?

Policy sustainability is the ability of your Universal Life policy to continue to provide insurance coverage up to the end of the coverage term of the policy by having sufficient Accumulation Value to cover the Monthly Deduction (*consist of Cost of Insurance, Policy Fee, Monthly Expense Charge (if applicable) and Govt. Tax (if applicable).*) that will need to be taken from your policy to pay for your insurance cover.

2. What could impact my policy sustainability?

There are a few factors which may impact your policy sustainability, such as:

- a. Not paying premiums when it is due. Premium holiday will result in faster depletion of your policy's Accumulation Value
- b. Lower than expected Crediting Rate on Accumulation Value – Crediting Rate is not guaranteed and will fluctuate each year based on the investment performance of the fund. However, the Crediting rate will not fall below the minimum guaranteed crediting rate of 2% (two percent) per annum.
- c. Making partial withdrawals from the Accumulation Value, resulting in faster depletion of Accumulation Value.
- d. Choose not to increase premiums when increasing protection cover (e.g.: increase in sum assured) - higher Monthly Deduction resulting in faster depletion of your policy's Accumulation Value if you choose not to increase your policy's premium.
- e. Choose not to increase premiums or perform top up when the insurer increases Monthly Deduction - higher Monthly Deduction resulting in faster depletion of your policy's Accumulation Value if you choose not to increase your policy's premium.

3. When will I receive my Universal Life Financial Statement?

On yearly basis, you will receive your Universal Life Financial Statement by end of February, based on your policy information as at 31st December of the previous year.

Effective 2023, as part of the effort to contribute towards a greener world, AIA will go on paperless initiative where sending hard copy Annual Statement to your postal address will be discontinued. Annual Statement will be made available in MY AIA Customer Portal. Notification will be sent to you via SMS or email once the Statement is available for viewing.

4. Will I still receive my Universal Life Anniversary Statement which is based on my policy information as at the policy anniversary date?

No. Effective 1st January 2022, your Universal Life Anniversary Statement will no longer be generated based on the policy anniversary date. It will be replaced by Universal Life Financial Statement, which is generated based on your policy information as at 31st December of the previous year.

5. I did not receive my Universal Life Financial Statement. How do I obtain a copy of it?

You may log in to AIA Customer Portal – My AIA (www.aia.com.my) to obtain your Financial Statement.

6. What are the updates to the Universal Life Financial Statement?

Effective 2022, the Universal Life Financial Statement will be enhanced with Sustainability Information. This includes the estimated duration of their policy coverage, possible factors that may impact their policy sustainability (if applicable) and actions they can take to maintain their coverage until the end of the contractual term.

The Universal Life Financial Statements will include disclosure of the projected sustainability information of your policy based on your policy information on a certain date.

There are two (2) possible scenarios on the projected policy sustainability information disclosed in the Universal Life Financial Statements:

- 1) The Estimated Sustainability Date is the same as your policy’s maturity / expiry date – this means that your policy is expected to be able to sustain until the end of your policy’s contractual term.
- 2) The Estimated Sustainability Date is less than your policy’s maturity / expiry date – this means that your policy’s coverage is at risk of becoming lapsed before the end of your policy contractual term.

As it is important for you to always have the coverage that you need, you are encouraged to consider one of the options recommended in the Financial Statements or talk to your Life Planner / Authorised Representative for further review.

Please see below an example of the disclosure of sustainability information in Financial Statements:

SUSTAINABILITY INFORMATION AS AT DECEMBER 31, 2021	
Current Modal Premium (including Govt. Tax if any)	RM 200.00
Policy Maturity or Expiry Date	01/01/2030
Estimated Sustainability Date	01/01/2030
Estimated Sustainability Age	100 Years old

7. Is there any impact on my policy benefits or coverage with the issuance of the Universal Life Financial Statements with updates on my policy sustainability?

No. There are no changes to your policy benefits. However, please note that your policy coverage term would depend on your policy with sufficient Accumulation Value to cover the Monthly Deduction to pay for your insurance cover. (refer Question 6)

8. The sustainability information on my Universal Life Financial Statement states that my insurance coverage is expected to continue until my policy term ends. What does this mean and what should I do?

This means that your policy is expected to provide coverage until the end of your policy contractual term, and no action is required from you besides ensuring premiums are paid promptly. We shall continue to keep you updated on the sustainability of your policy through your Universal Life Financial Statements.

9. The sustainability information on my Universal Life Financial Statement states that:

- a) my Estimated Sustainability Date or age is less than my policy maturity / expiry date; or
- b) my policy may lapse earlier than expected.

What should I do?

As it is important for you to always have the coverage that you need, you are encouraged to consider one of the options recommended below before your next premium payment is due:

Option 1: You may choose to extend your insurance coverage term by increasing your premium amount via a Scheduled Top-up in addition to your current premium based on the sustainability options below:

OPTIONAL PREMIUM INFORMATION			
	Till age 70	Till age 80	Till end of contractual term (age 100)
Estimated Additional Scheduled Top-up to Sustain Policy per [Mode]	RM XXX.00	RM XXX.00	RM XXX.00
Govt. Tax for Additional Scheduled Top-up	RM XXX.00	RM XXX.00	RM XXX.00
Total New Modal Premium (including Govt. Tax if any)	RM XXX.00	RM XXX.00	RM XXX.00

Note: 95% of your Scheduled Top-up will be allocated to your Accumulation Value. Any unallocated amount will be used to pay commissions (3.75%) and other expenses (1.25%).

Option 2: You may choose to extend your insurance coverage term by performing a one-off top-up:

AD HOC TOP UP INFORMATION			
	Till age 70	Till age 80	Till end of contractual term (age 100)
Estimated Ad Hoc Top Up to Sustain Policy	RM XXXX.00	RM XXXX.00	RM XXXX.00
Govt. Tax for Ad Hoc Top Up	RM XXXX.00	RM XXXX.00	RM XXXX.00
Total Ad Hoc Top Up (including Govt. Tax if any)	RM XXXX.00	RM XXXX.00	RM XXXX.00

Note: 95% of your Ad Hoc Top Up will be allocated to your Accumulation Value. Any unallocated amount will be used to pay commissions (3.75%) and other expenses (1.25%).

Option 3: You may consider reducing your sum assured and/or removing any unit-deducting rider(s) to continue your coverage. A thorough review of your policy with your Life Planner / Authorised Representative will help you get a better understanding of the coverage you have now, ensuring that they address your protection and financial needs.

10. Why are you informing me of my policy sustainability now? Does this mean that you have failed to calculate my policy sustainability when I signed -up for my Universal Life policy?

This is in line with our continuous efforts to keep you well-informed on your insurance coverage and to provide you with a better understanding of your Universal Life policy. There may be changes in your policy sustainability over time due to factors that can impact your Accumulation Value (refer Question 2).

11. During the sales process, I was provided a quotation with projected Accumulation Value up to maturity. However, I have received a Universal Life Financial Statement which states that my Estimated Policy Sustainability Date is before my policy maturity date. How often will you issue the Universal Life Financial Statement, and will my policy sustainability change in every Universal Life Financial Statement?

You will receive the Universal Life Financial Statement with information on your policy sustainability on an annual basis. This annual exercise update on your policy sustainability will provide regular updates and information on your policy sustainability to help you better manage your policy, as well as recommendation of the actions you can take to restore your policy sustainability (if applicable). Your policy sustainability can change over time due to factors that can impact your policy's Accumulation Value (refer Question 2).

12. I have paid my premiums on time and have not done any partial withdrawals or policy changes. Why do you recommend that I increase my premiums?

There are other factors that may impact your policy sustainability, such as: (refer Question 2).

- a. Lower than expected Crediting Rate impacting your policy's Accumulation Value
- b. You chose not to increase premiums or perform top up when the insurer increases Monthly Deduction

13. What are the policy changes or transactions that can impact my policy's sustainability?

Below is a list of policy changes or transactions that can impact your policy's sustainability:

- i. Partial Withdrawal
- ii. Change in Sum Assured (basic plan only)
- iii. Manage Scheduled Top Up
- iv. Change in Regular Premium
- v. Manage Loading
- vi. Change of Payment Frequency
- vii. Adhoc Top Up
- viii. Reinstatement

14. Will my policy's sustainability change every time I perform changes to my policy / certificate?

The impact to your policy's sustainability will depend on the transactions or changes made to your policy.

You should obtain a sustainability quotation which will disclose the impact of the transactions or changes to your policy's estimated sustainability. You should review and understand the impact of the transactions or changes before proceeding with the transactions or changes.

As it is important for you to always have the coverage that you need, when you need it, you are encouraged to consider one of the options recommended in the sustainability quotation, if any.

Please contact your Life Planner / Authorised representative if you wish to obtain a sustainability quotation. Alternatively, you may also call our Careline at 1300-88-1899, e-mail us at My.Customer@aia.com or visit any of our Customer Centre nearest to you.