

Zurich implementation of LIF remuneration rules from 1 January 2018 Summary of changes

Are you LIF MatchFIT?

Zurich has a range of tools and resources designed to help you adapt to the LIF reforms. Ask your Zurich risk specialist BDM for details on 1800 252 650.

CATEGORY		RULES	222(//
Commission rates	Maximum upfront	from 1/1/18	88% (inc. GST)
		from 1/1/19	77% (inc. GST)
	Trail	from 1/1/20 all years	66% (inc. GST) 22% (inc. GST)
	Level	27.5% (inc. GS	
Commission paid on	Total annual premium less management fee (and stamp duty where is it explicitly shown as a cost).		
Clawback rules	Clawbacks apply to CURRENT licensee (not original)		
	Calculations are from Risk Commencement Date of original policy and any added benefits on which commissions are paid.		
	Note: any premium holiday extends the effective dates for clawback purposes.		
	Last in first out rule applies to benefit and premium reductions. (ie in the event of any benefit reduction, the first amount to be reduced will be the last amount added, and clawback dates will be calculated accordingly).		
	Upfront commission clawbacks		
	Within months 0 – 12	:	100%
	Within months 13 – 2		60%
	no pro rata applies	т.	0070
	Level commission clawbacks		
	Within months 0 – 12	sliding scale,	based on time in force
	Months 13 onwards:	no clawback	applies
	Examples of events in which clawback rules do not apply:		
	 A claim being paid. The life insured reaches the herefit evolution and 		
	• The life insured reaches the benefit expiry age.		
	• A discount ends or a new premium discount is applied.		
	 There is a change in premium due to a reduction in risk (e.g. customers gives up smoking). 		
Grandfathering	Applies to policies in force prior to 1 January 2018, and to those where application is/was received prior to 1 January 2018 and policy goes in force by 31 March 2018.		
	Customers can increase cover or add a new benefit type where this option was available under the original policy terms.		
	Grandfathered policies will have pre 1 January 2018 commission and clawback rules applied.		
Mandatory Lapse reporting	Life insurers are obliged to report – on a half yearly basis – any individual advisers where their portfolio lapse rate exceeds 20%:		
	 Applies where adviser's portfolio with that insurer is at least \$200k annual premium 		
	• 20% is based on premium value (not policy count).		

This information is dated 28th September 2017, is a summary guide only on Zurich Australia Limited's commission rules and lapse reporting and may be subject to change. The information does not take into account any personal objectives, financial situations or needs. You should consider these factors, the appropriateness of the information and the relevant Product Disclosure Statement (PDS) before making any decisions or recommendations.

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