

Policy Wording

Group Life and Total and Permanent Disablement Insurance

A. INTRODUCTION

1. Group Life and Total and Permanent Disablement policy

1.1 This policy insures, as one group, those **employees** of the **employer** who qualify for cover under it and who become **lives insured**.

1.2 It states the terms upon which **employees** of the **employer** become **lives insured** and the benefits they are entitled to.

1.3 There must be a minimum of ten **lives insured** covered under this policy unless **we** explicitly state otherwise in the **schedule**.

2. Interpretation

2.1 The words that appear in bold font in this policy must be interpreted in accordance with the definitions set out in Part M of this policy.

2.2 This policy consists of the following documents, which must be interpreted as one contract:

2.2.1 The acceptance of quote form and all declarations supplied by the **policy owner** in relation to this policy, and

2.2.2 This policy wording, and

2.2.3 The **schedule** to this policy wording.

2.3 If there is any inconsistency between the policy wording and the **schedule**, the words in the **schedule** prevail.

2.4 Headings are only used in this policy to assist the reader in navigating it. They do not form part of the contract and are not to be considered when interpreting it.

3. Non-participating and no surrender value

3.1 This policy is a non-participating term Life and Total and Permanent Disablement policy and has no surrender value. It does not share or participate in the distribution of bonuses to whole of life and endowment policies issued by **us**.

B. WHO IS COVERED AND WHEN

4. Compulsory for all eligible employees

4.1 This policy is compulsory for all **eligible employees** unless **we** state otherwise in the **schedule**.

5. Eligible employees previously insured

5.1 **Eligible employees** will become **lives insured** under this policy from the **start date**, without **us** requiring any **evidence of insurability** if:

5.1.1 They were insured under a Group Life and Total and Permanent Disablement insurance policy arranged by the **employer** immediately before the **start date** of this policy, and

5.1.2 Immediately before the **start date**, they were not eligible for a benefit under that policy and they were not within any waiting or stand-down period under that policy, and

5.1.3 **We** agree to provide this 'takeover cover' to the **employer**.

5.2 These **eligible employees** become **lives insured** under this policy on the following basis:

5.2.1 The Death Benefit and Total and Permanent Disablement Benefit cannot exceed the higher of:

- a. The amount of cover provided immediately before the **start date** under the previous group policy; and
 - b. The **automatic acceptance limit**;
- unless they provide **evidence of insurability** to our satisfaction; and

5.2.2 We cannot apply any non-standard terms and conditions to the **eligible employee** that are less favourable than those applying to him or her under the previous group policy.

5.2.3 If the **eligible employee** is listed as not **at work** on the **At Work Certificate**, **total and permanent disablement** cover does not commence until he or she is **at work**.

5.3 The **policy owner** must advise **us** of the names of the **eligible employees** who become **lives insured** under this Clause 5 and any other information that **we** require within 30 days of the **start date**.

6. Eligible employees not previously insured

6.1 Eligible employees who were not insured under a Group Life and Total and Permanent Disablement insurance policy arranged by the **employer** immediately before the **start date** of this policy become **lives insured** under this policy from the **start date** (subject to Clauses 6.4 and 6.5 below), without **us** requiring any **evidence of insurability**.

6.2 Their Death Benefit and Total and Permanent Disablement Benefit cannot exceed the **automatic acceptance limit** unless they provide **evidence of insurability** to our satisfaction.

6.3 The **policy owner** must advise **us** of the names of the **eligible employees** who become **lives insured** under Clause 6.1 above and any other information that **we** require within 30 days of the **start date**.

6.4 If the **eligible employee** is listed as not **at work** on the **At Work Certificate**, cover for death, **terminal illness** and the Personal Accident Option will start when he or she is **at work**.

6.5 If, on the **start date**:

6.5.1 The **automatic acceptance limit** has been withdrawn by **us** under Clause 11.3 below, or

6.5.2 The **eligible employee** has previously declined the opportunity to apply for insurance cover under any Group Life and Total and Permanent Disablement insurance policy arranged by the **employer**, or

6.5.3 For **total and permanent disablement** cover, the **eligible employee** is listed as not **at work** on the **At Work Certificate**;

the **eligible employee** cannot become a **life insured** without providing **us** with **evidence of insurability** that is acceptable to **us**. Once **we** have received this evidence and any other information **we** reasonably require, **we** will decide whether the **eligible employee** will become a **life insured** and if so, on what terms and from what date. **We** will notify the **policy owner** of our decision and, if applicable, notify the terms of cover and the date the cover starts.

7. Employees who become eligible employees after the start date

7.1 Employees who become **eligible employees** after the **start date** become **lives insured** under the policy (subject to Clause 7.2 below) on the following basis:

7.1.1 No **evidence of insurability** is required by **us**, and

7.1.2 The Death Benefit and Total and Permanent Disablement Benefit will not exceed the **automatic acceptance limit** unless they provide **evidence of insurability** to our satisfaction.

7.2 This applies if:

7.2.1 The **eligible employee** is either **at work** or on **parental leave** on the date he or she becomes an **eligible employee**, and

7.2.2 The **automatic acceptance limit** has not been withdrawn by **us** under Clause 11.3 below.

7.3 The **policy owner** must advise **us** of the names of the **eligible employees** who become **lives insured** under Clause 7.1 above and any other information that **we** require within 30 days of the next **review date** or any other date that **we** agree.

7.4 If Clause 7.2 above does not apply, the **eligible employee** cannot become a **life insured** without providing **us** with **evidence of insurability** that is acceptable to **us**. Once **we** have received the **eligible employee's evidence of insurability** and any other information **we** reasonably require, **we** will decide whether the **eligible employee** will become a **life insured** and if so, on what terms and from what date. **We** will notify the **policy owner** of **our** decision and, if applicable, notify the terms of cover and the date the cover starts.

8. Interim accident cover

8.1 This cover applies to **eligible employees** who must provide **evidence of insurability** to **us** under Clauses 6.5 and 7.4 above before they can become a **life insured**.

8.2 They are covered if they die or suffer **total and permanent disablement** as a direct result of an **accident** during the period that this interim accident cover applies.

8.3 This interim accident cover starts when they apply to **us** to become a **life insured**, and ends when the earliest of the following occurs:

8.3.1 **We** accept the application;

8.3.2 **We** decide to decline or defer acceptance of the application;

8.3.3 **We** notify the **policy owner** of a special term or condition being imposed in respect of the application;

8.3.4 The date the applicant ceases to be an **eligible employee**;

8.3.5 90 days from the date **we** receive the application;

8.3.6 The date the applicant reaches the **cover end date**;

8.3.7 The Cancellation Date.

8.4 If **we** accept a claim after receipt of all information **we** reasonably require, **we** will pay the least of:

8.4.1 The amount of the applicable Death Benefit or Total and Permanent Disablement Benefit applied for, and

8.4.2 The **automatic acceptance limit** that applies to the applicable benefit applied for, and

8.4.3 \$500,000.

9. Unpaid leave

9.1 Cover continues for a **life insured** who is temporarily not in **service** under the following circumstances:

9.1.1 The **life insured** is on **parental leave**; or

9.1.2 The **life insured** is on other unpaid leave and before the temporary break in **service**, **we** give written consent for the **life insured's** cover to continue. Any continuation of cover for that **life insured** will:

- a. Be subject to any restrictions or special conditions **we** may specify as part of **our** consent; and
- b. End no later than 12 months after the date on which the **life insured** was last **at work**; or

9.1.3 The **life insured** has been on **parental leave**, or on unpaid leave due to **accident** or illness, the **employer** has consented for the leave to continue and **we** give written consent for the **life insured's** cover to continue. Any continuation of cover for that **life insured** will:

- a. Be subject to any restrictions or special conditions **we** may specify as part of **our** consent; and
- b. End no later than 24 months after the date on which the **life insured** was last **at work**.

9.2 Continued cover under Clause 9.1 is subject to the **policy owner** continuing to pay **us** the premiums due in relation to the **life insured** during their leave.

10. Extent of cover

10.1 The **life insured** has cover while in **service** and in New Zealand; or

10.2 The **life insured** has cover while in **service** and temporarily outside of New Zealand for a period of up to three months since he or she was last physically in New Zealand. **We** must give **our** prior written consent for cover to continue if the **life insured** is outside of New Zealand for more than three months in any 12 month period. Any continuing cover for that **life insured** will be subject to any conditions **we** may specify as part of **our** consent; or

10.3 The **life insured** has cover while in **service** and temporarily residing overseas and, before taking up residence overseas, **we** give written consent to the **life insured's** cover continuing. Any continuing cover for that **life insured** will:

10.3.1 Be subject to any restrictions or special conditions **we** may specify as part of **our** consent; and

10.3.2 Be reviewed at the end of each **policy period**.

The **life insured** must continue receiving **salary** or wages from the New Zealand based office.

10.4 For the purposes of Clause 10.3 above:

10.4.1 **We** determine whether a **life insured** is residing overseas or in New Zealand having regard to those factors **we** consider are appropriate at the time, and

10.4.2 If **we** require any **evidence of insurability** while cover continues under Clause 10.3, the **policy owner** must meet the cost of meeting that requirement.

C. AUTOMATIC ACCEPTANCE LIMIT AND EVIDENCE OF INSURABILITY

11. Automatic acceptance limit

11.1 Unless the **life insured** provides satisfactory **evidence of insurability** to **us**, then (subject to Clause 5.2.1 above):

11.1.1 The maximum amount of the Death Benefit and the Total and Permanent Disablement Benefit cannot exceed the **automatic acceptance limit**, and

11.1.2 **We** will not consider any increase for the Death Benefit beyond any **forward acceptance limit**.

11.2 If the **life insured** provides satisfactory **evidence of insurability** to **us**, cover for any portion of the Death Benefit or the Total and Permanent Disablement Benefit above the **automatic acceptance limit** may be subject to additional special conditions, at **our** sole discretion.

11.3 If at any time during the term of this policy, the number of **lives insured** reduces to nine or less **we** may immediately suspend the **automatic acceptance limit**. During this time, at **our** sole discretion, **eligible employees** cannot become **lives insured** without providing satisfactory **evidence of insurability** to **us**. **We** will reinstate the **automatic acceptance limit** as soon as the number of **lives insured** rises to 10 or more.

11.4 If the number of **lives insured** varies by 30% or more since the last **premium variation date**, **we** may, in **our** sole discretion, vary the amount of the **automatic acceptance limit** or any **forward acceptance limit** to an amount **we** consider appropriate, by giving at least one month's prior notice in writing to the **policy owner**. Any variation will only have effect from the date specified in that notice.

11.5 If an **eligible employee** is not automatically accepted for cover under Part B above, **we** will require satisfactory **evidence of insurability** in order for the **eligible employee** to become a **life insured**.

D. BENEFITS

12. Who we pay

12.1 We will pay all benefits to the **policy owner** or to any person as directed by the **policy owner**.

12.2 Unless the **schedule** states that some or all of the benefits are designated 'Key Person', the **policy owner** will immediately forward the benefit to the **life insured**, or his or her personal representative, beneficiary or dependant (as determined by the **policy owner** in its sole discretion). The **policy owner** has no beneficial interest in this policy.

13. Death Benefit

13.1 We will pay the amount of the Death Benefit shown in the **schedule**, if a **life insured** dies while he or she has cover under this policy.

13.2 However, **we** do not pay the Death Benefit if, before his or her date of death, the **life insured** has already qualified for the same benefit under Clause 14 immediately below.

14. Terminal Illness

14.1 We will pay the amount of a **life insured's** Death Benefit before the **life insured** dies if:

14.1.1 A **life insured** has been diagnosed with a **terminal illness** while the **life insured** has cover under this policy.

15. Bereavement

15.1 We will pay a lump sum of \$15,000 immediately on written notification of the death of a **life insured**. We will deduct this payment from the Death Benefit payable once **we** have assessed the death claim. If the Death Benefit is less than \$15,000, **we** will pay the Death Benefit.

15.2 This benefit is payable only once for each **life insured**.

15.3 In the unlikely event that the Death Benefit is not payable, the **policy owner** will repay **us** the \$15,000 advance payment or the amount paid under Clause 15.1 upon receipt of written notification from **us**.

16. Total and Permanent Disablement Benefit

16.1 We will pay the amount of the Total and Permanent Disablement Benefit shown in the **schedule** if the **life insured** becomes **totally and permanently disabled** while he or she has cover under this policy.

16.2 If the **life insured** was **totally and permanently disabled** before becoming a **life insured**, he or she can only be **totally and permanently disabled** under this policy if he or she suffers a new illness or injury causing **total and permanent disablement** that is unrelated to the earlier **total and permanent disablement**.

16.3 If the **life insured**:

16.3.1 Is aged 65 or over, or

16.3.2 Is contracted to work less than 15 hours per week, or

16.3.3 Works for the **employer** on a casual basis,

he or she will only be considered **totally and permanently disabled** if he or she meets the criteria in parts (a) and (c) of that definition.

16.4 If a **life insured** suffers from a **total and permanent disablement** and the **life insured** stops working due to the injury or illness before the **life insured** reaches the **cover end date**, **we** will still pay a Total and Permanent Disablement Benefit if the **life insured** meets the criteria in the definition in the **schedule**.

17. Personal Accident Option

17.1 This option only applies if **we** show it in the **schedule**.

17.2 If a **life insured** suffers an **accident** while he or she has cover under this policy and the **accident** results in any of the losses listed below within 100 days of the **accident**, **we** will pay the amount payable set out below.

If more than one loss results from the **accident**, **we** will only pay the greatest amount.

| Loss | Amount payable |
|---|----------------|
| Loss of both hands, both feet, the sight of both eyes, one hand and one foot, one hand and the sight of one eye, or one foot and the sight of one eye | \$50,000 |
| Loss of one hand or loss of one foot | \$25,000 |
| Loss of the sight of one eye | \$16,250 |
| Loss of thumb and index finger of either hand | \$12,500 |

“Loss” when used in reference to hand or foot means complete severance through or above the wrist or ankle joint.

“Loss” when used with reference to eye means the irrecoverable loss of the entire sight of an eye.

“Loss” when used with reference to thumb and index finger means complete severance through or above the metacarpophalangeal joints.

“Losses” has a corresponding meaning.

17.3 We will not pay anything under this option if the Death Benefit or Total and Permanent Disablement Benefit are also payable because of the same **accident**.

17.4 The payment of this option will not result in the **life insured’s** cover under this policy ending, or result in any reduction to any of the **life insured’s** other benefits under this policy.

E. CLAIMS

18. Claim conditions

18.1 The **employer** must notify **us** in writing of any potential claim under this policy:

18.1.1 Immediately it becomes aware of the death of a **life insured**, and

18.1.2 As soon as reasonably practical, after a **life insured** suffers an illness or injury that causes, or might reasonably be expected to cause, a **terminal illness** or a **total and permanent disablement** or allow a claim under the Personal Accident Option (if applicable).

18.2 We require the following information to support a claim:

18.2.1 A copy of the **life insured’s** birth certificate, and

18.2.2 A copy of the **life insured’s** superannuation scheme application form (if applicable), and

18.2.3 In respect of a claim for death, the original death certificate of the **life insured**, or a signed, witnessed copy of the death certificate, showing the cause of death, and

18.2.4 In respect of any claim for a **terminal illness**, a **total and permanent disablement** or an **accident** under the Personal Accident Option, **our** claim form, fully completed by:

- a. The **employer**, and
- b. The **life insured’s medical practitioner**; and
- c. (If still possible) the **life insured**,
in each case at the cost of the **life insured**, and
- d. Results of any medical examinations **we** may require to be carried out at **our** expense by one or more **medical practitioners** or other specialists appointed by **us** in order to substantiate the claim, and

18.2.5 Any other information **we** consider necessary in the circumstances of the particular claim.

18.3 If a **life insured** becomes **totally and permanently disabled** while overseas **we** may require him or her to return to New Zealand at his or her own cost for assessment.

18.4 Our payment of the Death Benefit, or the Total and Permanent Disablement Benefit is a complete discharge of **our** obligations in respect of that benefit for the **life insured** under this policy.

F. HOW COVER IS CALCULATED

19. How cover is calculated

19.1 We calculate the amount of the Death Benefit and Total and Permanent Disablement Benefit stated in the **schedule** for a **life insured** on the **join date**, and on each **review date** thereafter. However, if the **schedule** states that a continuous **salary** review facility applies, **we** recalculate the amount of the Death Benefit at each date the **employee's salary** alters.

19.2 If **we** pay a Total and Permanent Disablement Benefit in respect of a **life insured**, **we** will reduce the Death Benefit amount for that **life insured** by the amount paid as a Total and Permanent Disablement Benefit. If the amount paid as a Total and Permanent Disablement Benefit equals the Death Benefit, the **life insured's** cover under this policy will end.

19.3 The amount of the Death Benefit for a **life insured** cannot exceed \$2,500,000, and the amount of the Total and Permanent Disablement Benefit for a **life insured** cannot exceed \$2,000,000 or such other amount as may be agreed in writing from time to time between the **policy owner** and **us**. The Death Benefit and Total and Permanent Disablement Benefit are only payable once for each **life insured**.

19.4 The amount of the Total and Permanent Disablement Benefit cannot exceed the amount of the Death Benefit, but it can be less than it.

G. WHEN COVER ENDS

20. When cover ends

20.1 Cover for a **life insured** under this policy ends immediately upon any of the following occurring:

20.1.1 Any part of the insurance premium for the **life insured** is overdue, or

20.1.2 The **life insured** ceases to be an **eligible employee**, however, if he or she suffers an illness or injury while he or she has cover under this policy and as a consequence of that illness or injury he or she becomes **totally and permanently disabled** within 24 months of ceasing to be a **life insured**, **we** will pay the Total and Permanent Disablement Benefit as if he or she is still covered by this policy, or

20.1.3 The **life insured** reaches his or her **cover end date**, or

20.1.4 We pay a

- a. Death Benefit, or
- b. Total and Permanent Disablement Benefit (but not if the amount of this benefit is less than the Death Benefit)

to the **policy owner**, or

20.1.5 This policy is cancelled in accordance with Part J below.

20.2 Where cover for a **life insured** ends and the **life insured** ceases to be in **service** before the **cover end date**, the **life insured** will remain eligible to receive a benefit if he or she dies or suffers a **terminal illness** or **total and permanent disablement** before the earliest of the following events:

20.2.1 The expiry of 45 days from the date he or she ceased to be a **life insured**, or

20.2.2 He or she exercises the continuation option in accordance with Part K of this policy, or

20.2.3 The **cover end date** is reached.

This benefit extension is not available if cover for a **life insured** ends due to payment of a Death Benefit or Total and Permanent Disablement Benefit.

H. EXCLUSIONS

21. Exclusions and incorrect information

21.1 If the **life insured's** age advised to **us** is incorrect, then **we** will adjust the insurance premium and/or the amount of the Death Benefit and Total and Permanent Disablement Benefit for that **life insured**, to compensate for the error.

21.2 If any of the information supplied to **us** in relation to:

21.2.1 Obtaining cover under this policy, or

21.2.2 Increasing the amount of the Death Benefit or Total and Permanent Disablement Benefit, or

21.2.3 A claim

is untrue or incomplete, **we** may adjust the amount of premium payable, adjust the amount of Death Benefit and Total and Permanent Disablement Benefit payable or elect not to pay the claim as **we** consider appropriate in the circumstances to correct or compensate for the error.

21.3 **We** will not pay anything under the Personal Accident Option if what happens to the **life insured** is in connection with:

21.3.1 The **life insured** deliberately injuring themselves or attempting to do so, or

21.3.2 The **life insured** participating in any criminal act.

I. INSURANCE PREMIUM

22. Payment

22.1 The **policy owner** must pay the insurance premium to **us** in respect of a **policy period** on the **start date** and on each subsequent **review date**.

22.2 **We** will calculate the insurance premium in accordance with the Insurance Premium Rates stated in the **schedule**.

22.3 With **our** agreement, the **policy owner** may pay the insurance premium more frequently than annually and **we** may increase the annual insurance premium to reflect the added administration involved in the increased frequency of payment.

22.4 When an **eligible employee** becomes a **life insured** on a date other than a **review date**, the annual insurance premium will be the amount determined by multiplying together:

22.4.1 The amount of the Death Benefit and Total and Permanent Disablement Benefit for the **policy period** in which the **join date** occurs divided by 1,000, and

22.4.2 The insurance premium rate according to the **life insured's** age at his or her next birthday as at the **join date** determined by reference to the Insurance Premium Rates stated in the **schedule**, unless otherwise agreed by **us**.

However, where the period from the **join date** to the end of the **policy period** is other than twelve months, the insurance premium will, at **our** discretion, be either proportionately adjusted, or adjusted in accordance with the **bulk adjustment formula**.

22.5 At each **review date** the annual insurance premium payable for each **life insured** will be the amount determined by multiplying together:

22.5.1 The amount of the Death Benefit and Total and Permanent Disablement Benefit for the next **policy period** divided by 1,000, and

22.5.2 The insurance premium rate according to the **life insured's** age at his or her next birthday at the **review date** determined by reference to the Insurance Premium Rates specified in the **schedule**, unless otherwise agreed by **us**.

However, where the period from the **review date** to the end of the **policy period** is other than twelve months, the insurance premium will, at **our** discretion, be either proportionately adjusted, or be adjusted in accordance with the **bulk adjustment formula**.

22.6 If **we** show the Personal Accident Option in the **schedule**, the premium for this option will be the standard annual premium for this option as documented in the **schedule**.

22.6.1 If the **life insured's** cover starts during the **policy period** **we** will either adjust the premium for this option proportionately for the period from the **join date** to the end of the **policy period** or adjust the premium in accordance with the **bulk adjustment formula**.

22.6.2 If the period from the **review date** to the end of the **policy period** is other than twelve months, **we** will either adjust the premium for this option proportionately or adjust the premium in accordance with the **bulk adjustment formula**.

22.7 If any amount of insurance premium is overdue for payment to **us** for a period of one month, **we** may, in **our** sole discretion, charge interest on the amount overdue at the rate of 10% per annum (or such other rate as **we** may determine from time to time) until it is paid.

22.8 If the **policy owner** pays **us** the insurance premiums in one lump sum on behalf of more than one **life insured**, and the amount paid is insufficient, the premium shortfall will be pro-rated across all relevant **lives insured** and **we** will adjust the amount of their benefits accordingly. **We** will notify the **policy owner** in writing of this action.

22.9 If at the beginning of any **policy period**, **we** have not received any information **we** require to determine the insurance premium in respect of a **life insured** for that **policy period**, **we** will determine a provisional insurance premium, which will become due to **us**. After **we** have received and processed the information required, **we** will calculate the difference between the provisional insurance premium paid and the insurance premium payable and the applicable party will immediately pay this amount.

22.10 If a **life insured's** cover ends during any **policy period** other than because of that person's death, **terminal illness** or **total and permanent disablement**, **we** will refund, at the end of that **policy period**, a proportion of the insurance premium paid. The amount refunded will, at **our** discretion, be either proportionately adjusted from the first day on which the **life insured's** cover ended up to the last day of the relevant **policy period**, or adjusted in accordance with the **bulk adjustment formula**.

23. Premium rates

23.1 The annual Insurance Premium Rates for **lives insured** covered on standard terms are set out in the **schedule** and are guaranteed until the **premium variation date** except in the circumstances outlined in 23.3 to 23.6 below.

23.2 For a **life insured** who is not covered on standard terms, **we** will notify the **policy owner** of the insurance premium rate **we** apply.

23.3 **We** may, by giving the **policy owner** at least one month's notice in writing, vary the Insurance Premium Rates set out in the **schedule**, with any variation being effective from the earlier of:

23.3.1 The date on which the number of **lives insured** altered by 30% or more since the last **premium variation date**, and

23.3.2 The **premium variation date**.

23.4 In the event of an invasion, rebellion or an outbreak of war (whether declared or not) in which New Zealand is involved, and at any time during that event, **we** may vary the Insurance Premium Rates set out in the **schedule** by notice in writing to the **policy owner**. This applies whether before or after the **premium variation date**.

23.5 If in **our** opinion, there is a variation in:

23.5.1 The **employer's** business or location, or

23.5.2 Any **life insured's** occupation or location

which materially alters the risk under this policy, **we** may alter any or all of the Insurance Premium Rates that apply to this policy as **we** in **our** discretion see fit. Any variation will be effective from the time the alteration in risk occurred.

23.6 In the event of any change or variation in any Act or Regulation that, in **our** opinion, affects the tax treatment of this policy or the Insurance Premium Rates, then **we** may vary the Insurance Premium Rates set out in the **schedule** to take into account the change or variation. Any variation will be immediately effective after giving notice in writing to the **policy owner**.

24. Profit Share Option

If the **schedule** shows this option then the following applies:

24.1 Pooled profit share

At the end of each pool period (1 October to 30 September inclusive each year), **we** will calculate a profit share refund taking into account the premiums and claims paid for all policies participating in the pool according to the following formula:

$R = 80\% \times (80\% \times P - C)$ where:

R = the amount of profit share refund

P = the total earned premiums received in the pool period less policy fees, administration expenses, brokerage and GST

C = total claims notified or paid in the pool period.

24.1.1 This option is available where the number of **lives insured** is from 10 to 499 inclusive. If the number of **lives insured** reaches 500, this group may be moved to Self-experience profit share rebate at **our** discretion.

24.1.2 **We** will not carry any losses forward from one pool period to the following pool period.

24.1.3 **We** will pay the **policy owner** the profit share refund calculated in 24.1 above net of transfers to or from actuarial reserves. **We** will not deduct the profit share refund from the scheme's premiums for the following **policy period**.

24.1.4 Payment of any profit share refund is not dependent on the **policy owner** renewing the policy with **us**.

24.2 Self-experience profit share

24.2.1 This option is only available where the number of **lives insured** is 500 or more. If the number of **lives insured** drops below 500, this group may be moved to Pooled profit share rebate at **our** discretion.

24.2.2 Six months after the **premium variation date** and annually thereafter **we** will calculate a profit share refund using a formula that **we** will advise the **policy owner**.

J. CANCELLATION

25. Cancellation by policy owner

25.1 The **policy owner** may cancel this policy at any time by giving **us** three months' notice in writing.

26. Cancellation by Fidelity Life Assurance Company Limited

26.1 **We** may cancel this policy by giving the **policy owner** three months' notice in writing with the cancellation effective at the **review date**. **We** may also cancel this policy by giving one month's notice in writing in the following circumstances:

26.1.1 If the **policy owner** fails to pay any instalment of insurance premium three months after it becomes due, or

26.1.2 In the event of any agreement or arrangement being made where, in **our** opinion, part or all of the benefits (whether available now or in the future) which would otherwise have been provided under this policy to **lives insured** or to **eligible employees** are to be provided outside this policy.

We will refer to the date specified in that notice as the "Cancellation Date".

27. What happens when the cover is cancelled

27.1 With effect from the Cancellation Date:

27.1.1 No further insurance premiums will be payable by the **policy owner**,

27.1.2 Cover for the **lives insured** will end immediately,

27.1.3 **We** will pay no further benefits under this policy, except for any death, **terminal illness, total and permanent disablement** or Personal Accident Option benefits that accrued before the Cancellation Date.

28. Refund after cancellation

28.1 If this Policy cancels and a refund of insurance premium is due, then **we** will refund this to the **policy owner**. **We** may subtract any reasonable expenses **we** incur in cancelling this policy from the refund payable.

K. CONTINUATION OPTION

29. Eligibility and what is provided

29.1 Where a **life insured** is no longer in **service**, he or she may apply for a yearly renewable term life and permanent disability - accelerated policy with **us**, or other life and permanent disability policy as determined by **us**, on terms acceptable to **us**. Upon receipt of a completed continuation option application form, **we** will issue to the **life insured** a policy on the following basis:

29.1.1 The sum insured for the death benefit and the sum insured for the total and permanent disablement benefit will be an amount not exceeding the respective amount of the Death Benefit and the Total and Permanent Disablement Benefit for the **life insured** under this policy on the date the **life insured** is no longer in **service**, except where a claim has been admitted or is pending for:

- a. **Terminal illness** in respect of the **life insured**, in which case the continuation option is not available; or
- b. **Total and permanent disablement** in respect of the **life insured**, and the Death Benefit and Total and Permanent Disablement Benefit are the same, a continuation option is not available. However, if the Total and Permanent Disablement Benefit amount is less than the Death Benefit, a continuation option will be available for the remaining amount of the Death Benefit, and

29.1.2 **We** will issue the policy without any evidence of the **life insured's** current state of health or pursuits, and

29.1.3 **We** will issue the policy subject to the terms and conditions and at **our** premium rates that apply to the particular policy at the date of the application, and

29.1.4 The **life insured's** new occupation is one **we** usually insure under an individual policy, and

29.1.5 Where the **life insured's** cover under this policy was subject to special terms or conditions (including special rates) **we** may apply corresponding special terms, conditions, and rates to the new policy.

30. When the continuation option is not available

30.1 This option is not available if cover ends due to death, **terminal illness**, **total and permanent disablement**, the **life insured** having reached the **cover end date** or the **life insured** retiring from the workforce.

31. Continuation option availability period

31.1 **We** must receive any application for continued insurance under this Clause:

31.1.1 Within 45 days of the date on which the cover for the **life insured** under this policy ends, and

31.1.2 Before the **life insured** reaches his or her **cover end date**.

32. What happens when lives insured is less than ten

31.1 If **we** cancel this policy because the number of **lives insured** is less than ten, these **lives insured** may choose to apply for a continuation option.

33. What happens when the employer is in liquidation or receivership

33.1 For the avoidance of doubt, a **life insured** may exercise this continuation option if the **employer** has been wound up, placed in liquidation or receivership, or otherwise ceased to exist. At **our** sole discretion, **we** may also exercise this continuation option when the **employer** is sold primarily to avoid one of the above possibilities occurring.

L. GENERAL CONDITIONS

34. Policy subject to constitution

33.1 Only **our** assets will be liable under this policy and this policy will at all times and in all circumstances be subject to the constitution of Fidelity Life Assurance Company Limited as amended from time to time.

35. Currency

34.1 The insurance premiums will be paid in New Zealand currency at **our** head office. All amounts and benefits payable by **us** in respect of this policy will be paid in New Zealand currency.

36. Variation

36.1 The **policy owner** may with **our** consent at any time delete from and/or add to the terms of this policy.

36.2 **We** may change the terms and conditions of this policy at the **premium variation date** by giving three months' notice in writing. If the **policy owner** and **we** cannot agree on the revised terms, the policy will end on the **premium variation date**.

36.3 If there is a change in the law affecting **our** liability under this policy or the value of any benefit payable under it, **we** may vary the policy in a manner **we** see fit because of that change, by notice in writing to the **policy owner**.

37. Audit

37.1 From time to time, **we** may conduct an audit of the **employer's** records that relate to this policy. If **we** choose to conduct an audit **we** will give the **employer** reasonable notice of the audit and **we** will conduct the audit during business hours only.

38. Privacy

38.1 During the course of this policy, **we** collect personal information regarding **eligible employees** to administer the policy. The **employer** must advise the **eligible employees** that the information will be provided to **us**, what **we** will use the information for, who **we** may disclose the information to, and that the **eligible employee** may request reasonable access to and correction of the information.

39. New Zealand Law

39.1 The law of New Zealand governs this policy and the New Zealand Courts have exclusive jurisdiction.

M. DEFINITIONS

Accident

Death or injury caused solely and directly by violent, accidental, external and visible means.

Activities of daily living

- bathing and showering
- dressing and undressing (including grooming and fitting artificial limbs)
- eating and drinking
- using a toilet to maintain personal hygiene
- controlling bowel and bladder function
- getting in and out of a bed or chair

At work

The **employee** is in **service**, and physically at his or her place of employment, carrying out all the usual duties of that employment.

At Work Certificate

A certificate in the form prescribed by **us** which the **policy owner** completes as part of its proposal for insurance under this policy.

Automatic acceptance limit

The amount stated in the **schedule**.

Bulk adjustment formula

For adjusting the rate which **we** may apply at **our** discretion, subject to Clauses 22.4, 22.5, 22.6 and 22.10 is:

$0.50 \times P/S1 \times (S2-S1)$, where

P = Total annual premium at the last **review date**

S1 = Total Death Benefit and total Total and Permanent Disablement Benefit at the last **review date**

S2 = Total Death Benefit and total Total and Permanent Disablement Benefit at the current **review date**

This formula will apply if the number of **lives insured** on the **review date** is 50 or more. If the number of **lives insured** is less than 50, then individual adjustments will apply.

Cover end date

Has the meaning stated in the **schedule**.

Eligible employee

Has the meaning stated in the **schedule**.

Employee

A person in the employment of the **employer** or such other person as may be agreed in writing from time to time between the **employer** and **us**.

Employer

The entity named in the **schedule**.

Evidence of insurability

A completed personal statement and such other medical examinations or reports, medical tests and health, occupation and activity statements as **we** may require.

Forward acceptance limit

A level of insurance as specified in the **schedule**.

Join date

The date an **eligible employee** first becomes a **life insured**.

Life insured / lives insured

An **eligible employee** who is covered under this policy in accordance with its terms.

Medical practitioner

An appropriately qualified and registered medical practitioner (and includes an appropriate specialist) who is not the **employer** or the **life insured**, their spouse, relative or business associate.

Parental leave

Parental leave as that term is defined by the Parental Leave and Employment Protection Act 1987 provided that there is a reasonable expectation of the **eligible employee** returning to employment with the **employer** as determined by the **employer**.

Policy owner

The entity named in the **schedule**.

Policy period

The period starting on the **start date** and ending on the day before the next **review date**, or any subsequent period starting on a **review date** and ending on the day before the next **review date**, both dates being included.

Premium variation date

Has the meaning specified in the **schedule**.

Review date

Has the date specified in the **schedule**.

Salary

Has the meaning specified in the **schedule**.

Schedule

The Schedule attached to this policy.

Service

Actual employment with the **employer** in respect of which the **life insured** concerned receives a salary, and includes leave of absence of up to 12 months.

Start date

Is the date stated in the **schedule**.

Terminal illness

The diagnosis of any advanced or rapidly progressive, incurable illness, where in **our** opinion, and in the opinion of an appropriately specialised **medical practitioner** life expectancy is no greater than 12 months. In making this assessment the **medical practitioner** will have regard to the recommended treatment and assume that the treatment will be followed.

Totally and permanently disabled / total and permanent disablement

Has the meaning specified in the **schedule**.

We / us / our

Fidelity Life Assurance Company Limited or any person, firm, corporation or company carrying on business in succession or in amalgamation with it.