

# Policy Wording

## Group Income Protection Insurance

### A. INTRODUCTION

#### 1. Group Income Protection 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 that **we** will provide.

1.3 There must be a minimum of ten **lives insured** covered under this policy at the **start date** 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 illustration 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 **schedule** prevails.

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.

### B. WHO IS COVERED AND WHEN

#### 3. Compulsory for all eligible employees

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

#### 4. Eligible employees previously insured

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

4.1.1 They were insured under a Group Income Protection insurance policy arranged by the **employer** immediately before the **start date** of this policy, and

4.1.2 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

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

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

4.2.1 Their **monthly 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.

4.2.2 **We** will not 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.

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

**4.3** The **policy owner** must advise **us** of the names of the **eligible employees** who become **lives insured** under this Clause 4 and any other information that **we** require within 30 days of the **start date**.

## **5. Eligible employees not previously insured**

**5.1 Eligible employees** who were not insured under a Group Income Protection 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 Clause 5.4 below), without **us** requiring any **evidence of insurability**.

**5.2** Their **monthly benefit** cannot exceed the **automatic acceptance limit** unless they provide **evidence of insurability** to **our** satisfaction.

**5.3** The **policy owner** must advise **us** of the names of the **eligible employees** who become **lives insured** under Clause 5.1 above and any other information that **we** require within 30 days of the **start date**.

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

**5.4.1** The **automatic acceptance limit** has been withdrawn by **us** under Clause 10.3 below, or

**5.4.2** The **eligible employee** has previously declined the opportunity to have insurance cover under any Group Income Protection insurance policy arranged by the **employer**, or

**5.4.3** 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.

## **6. Employees who become eligible employees after the start date**

**6.1 Employees** who become **eligible employees** after the **start date** become **lives insured** under the policy (subject to Clause 6.2 below) on the following basis:

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

**6.1.2** The **monthly benefit** will not exceed the **automatic acceptance limit** unless they provide **evidence of insurability** to **our** satisfaction.

**6.2** This applies if:

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

**6.2.2** The **automatic acceptance limit** has not been withdrawn by **us** under Clause 10.3 below.

**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 next **review date** or any other date that **we** agree.

**6.4** If Clause 6.2 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.

## **7. Interim accident cover**

**7.1** This cover applies to **eligible employees** who must provide **evidence of insurability** to **us** under Clauses 5.4 and 6.4 above before they can become a **life insured**.

**7.2** They are covered if they are **disabled** as a direct result of an **accident** during the period that this interim **accident** cover applies.

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

**7.3.1** **We** accept the application;

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

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

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

**7.3.5** 90 days from the date **we** receive the application;

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

**7.3.7** The Cancellation Date.

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

**7.4.1** The **monthly benefit** applied for, and

**7.4.2** The **automatic acceptance limit**.

**7.5** **We** will pay the benefit under this interim accident cover until:

**7.5.1** The **eligible employee** is no longer **disabled**, or

**7.5.2** The **benefit period** ends, or

**7.5.3** The **eligible employee** reaches the **cover end date**, or

**7.5.4** The **eligible employee** dies,

whichever occurs first.

## 8. Unpaid leave

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

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

**8.1.2** 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

**8.1.3** 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**.

**8.2** Continued cover under Clause 8.1 is subject to the **policy owner** continuing to pay **us** the premiums due in relation to the **life insured** during their leave.

**8.3** If a **life insured** becomes **disabled** while on unpaid leave, the **waiting period** will begin from the date the **employer** agreed that the **life insured** would return to work.

## 9. Extent of cover

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

**9.2** 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, or

**9.3** The **life insured** has cover while in **service** and outside of New Zealand for more than three months in any 12 month period, if **we** give prior written consent to the **life**

**insured's** cover continuing. Any continuing cover for that **life insured** will be subject to any conditions **we** may specify as part of **our** consent; or

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

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

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

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

**9.5** For the purposes of Clause 9.4 above:

**9.5.1** **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

**9.5.2** If **we** require any **evidence of insurability** while cover continues under Clause 9.4, the **policy owner** must meet the cost of meeting that requirement.

## C. AUTOMATIC ACCEPTANCE LIMIT AND EVIDENCE OF INSURABILITY

### 10. Automatic acceptance limit

**10.1** Unless the **life insured** provides satisfactory **evidence of insurability** to **us**, then (subject to Clause 4.2.1 above):

**10.1.1** The maximum amount of the **monthly benefit** cannot exceed the **automatic acceptance limit**, and

**10.1.2** **We** will not consider any increase to the **monthly benefit** beyond any amount **we** have previously advised in respect of that **life insured**.

**10.2** If the **life insured** provides satisfactory **evidence of insurability** to **us**, cover for any portion of the **monthly benefit** above the **automatic acceptance limit** may be subject to additional special conditions, at **our** sole discretion.

**10.3** 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** at a level **we** consider appropriate as soon as the number of **lives insured** rises to 10 or more.

**10.4** 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** 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.

**10.5** 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

### 11. Who we pay

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

**11.2** Unless the **schedule** states that some or all of the **monthly benefit** is 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.

## 12. Disability Benefit

**12.1 We** will pay the amount of the **monthly benefit** shown in the **schedule**, less **other income**, if a **life insured**:

where Standard Cover applies in the **schedule**:

**12.1.1** Is **disabled** for the entire **waiting period**, and

**12.1.2** Is **disabled** at the end of the **waiting period**, or

where Enhanced Cover applies in the **schedule**:

**12.1.3** Is **disabled** for a continuous period of at least 14 days, and

**12.1.4** Remains **disabled** or **partially disabled** for the remainder of the **waiting period**, and

**12.1.5** Is **disabled** at the end of the **waiting period**,

while he or she has cover under this policy.

**12.2 We** will pay an advance payment of 50% of the first month's **monthly benefit**, less our estimate of **other income**, at the end of the **waiting period** if **we** have:

**12.2.1** Received the claims assessment information set out in Clause 23, and

**12.2.2** Accepted the **life insured's** claim

during the **waiting period**. **We** will deduct this advance payment from the first month's **monthly benefit** for the **life insured**.

**12.3 We** will not pay the **monthly benefit** during the **waiting period**.

**12.4 We** will pay the Disability Benefit until:

**12.4.1** The **life insured** is no longer **disabled**, or

**12.4.2** The **benefit period** ends, or

**12.4.3** The **life insured** reaches the **cover end date**, or

**12.4.4** The **life insured** dies,

whichever occurs first.

## 13. Partial Disability Benefit

**13.1 We** will pay a proportion of a **life insured's monthly benefit** if the **life insured**:

where Standard Cover applies in the **schedule**:

**13.1.1** Is **disabled** for a continuous period of at least 30 days, unless the **waiting period** is less than 30 days in which case the **life insured** must be **disabled** for the entire **waiting period**, and

**13.1.2** Remains **disabled** or **partially disabled** for the remainder of the **waiting period**, and

**13.1.3** Is **partially disabled** at the end of the **waiting period**, or

where Enhanced Cover applies in the **schedule**:

**13.1.4** Is **disabled** for a continuous period of at least 14 days, and

**13.1.5** Remains **disabled** or **partially disabled** for the remainder of the **waiting period**, and

**13.1.6** Is **partially disabled** at the end of the **waiting period**,

while he or she has cover under this policy.

**13.2 We** will not pay any portion of the **monthly benefit** during the **waiting period**.

**13.3** The amount **we** will pay is calculated as follows:

$((A-B) / A) \times$  the **monthly benefit**, where

'A' is the monthly **salary** immediately before the **waiting period** begins minus **other income** for that month, and

'B' is the **monthly earned income**.

**13.4** If **we** consider the **life insured** no longer meets the **disability** definition but he or she is not working or is not working to his or her capacity, **we** will calculate the **monthly earned income** as the income he or she could reasonably expect to receive if he or she was working or was working to his or her capacity.

**13.5 We** will pay the Partial Disability Benefit until:

**13.5.1** We decide that the **partial disability** no longer prevents the **life insured** from earning 75% or more of his or her **salary**, or

**13.5.2** The **benefit period** ends, or

**13.5.3** The **life insured** reaches the **cover end date**, or

**13.5.4** The **life insured** dies,

whichever occurs first.

## 14. Recurring Claim Benefit

**14.1** We will waive the **waiting period** on a new claim if:

**14.1.1** The **life insured** had returned to work before the **benefit period** ended on the previous claim, and

**14.1.2** The new claim results from a relapse or recurrence of the same or a related sickness or injury that caused the **life insured's** previous **disability** or **partial disability** within 12 months of the **life insured's** return to work.

**14.2** We will pay the benefit until the earliest of:

**14.2.1** The **life insured** is no longer **disabled** or **partially disabled**, or

**14.1.2** The **life insured** reaches the **cover end date**, or

**14.2.3** The time spent on the previous claim/s and the new claim equals the **benefit period**, or

**14.2.4** The **life insured** dies.

**14.3** If the time spent on the previous claim/s equalled the **benefit period** and the new claim is for the same or a related sickness or injury as the previous claim, the **life insured** must:

**14.3.1** Return to full-time work for at least six continuous months, and

**14.3.2** Perform all the duties of their role without limitation

before being eligible to submit a subsequent claim for the same or a related injury or illness. A new **waiting period** and **benefit period** will apply.

## 15. Rehabilitation Benefit

**15.1** If a **life insured** is **disabled** or **partially disabled** for longer than the **waiting period** and if:

**15.1.1** We approve a rehabilitation programme for the **life insured** for the sole purpose of enabling the **life insured** to return to work or undertake another occupation, and

**15.1.2** The **life insured** fully participates in the programme,

we will pay the costs incurred up to the **monthly benefit**, for a maximum period of 12 months.

**15.2** We will deduct any amount reimbursable from any other source from the amount we pay under this Rehabilitation Benefit.

We will pay this Rehabilitation Benefit in addition to the **monthly benefit**.

## 16. Recovery Support Benefit

**16.1** We will pay the costs, up to a maximum of six times the **monthly benefit**, for specialist equipment or home modifications that we consider are necessary for a **life insured** who is **disabled** as a result of an injury.

The equipment can include (but is not limited to) wheelchairs, artificial limbs and other prosthetic devices, travelling and education expenses or car modifications.

**16.2** We will deduct any amount reimbursable from any other source from the amount we pay under this Recovery Support Benefit.

**16.3** We will pay this Recovery Support Benefit in addition to the **monthly benefit**.

## 17. Relocation Benefit

**17.1** We will pay this Relocation Benefit if a **life insured** becomes **disabled** while outside New Zealand and a **medical practitioner** advises that the **life insured** is likely to remain **disabled** for at least three months.

**17.2** We will reimburse the actual cost of a single standard economy airfare from the **life insured's** location to New Zealand by the most direct route up to a maximum of \$5,000.

**17.3 We** will deduct any amount reimbursable from any other source from the amount **we** pay under this Relocation Benefit.

**17.4 We** will only pay this Relocation Benefit once for each **life insured**.

## 18. Funeral Benefit

**18.1 We** will pay a final amount of three times the **monthly benefit** if a **life insured** dies while receiving the Disability Benefit or Partial Disability Benefit.

## 19. Waiver of Premiums Benefit

**19.1 We** will waive all insurance premiums payable for a **life insured** while that **life insured** is receiving a Disability Benefit or a Partial Disability Benefit.

## 20. Claims Escalation Option

**20.1** This Option applies if:

**20.1.1 You** have selected it, and

**20.1.2** This Claims Escalation Option is shown in the **schedule**.

**20.2** If **we** have paid the Disability Benefit or Partial Disability Benefit for a **life insured** for a continuous period of 12 months, **we** will increase the **monthly benefit** amount paid by the lesser of:

**20.2.1** 5%, or

**20.2.2** The most recent percentage increase of the Consumer Price Index (all groups) announced by Statistics New Zealand.

**20.3** We will continue to increase the **monthly benefit** amount for that **life insured** at each subsequent annual anniversary while **we** continue paying a Disability Benefit or Partial Disability Benefit on behalf of that **life insured**.

## 21. Additional Benefits Option

**21.1** This Option applies if:

**21.1.1 You** have selected it, and

**21.1.2** This Additional Benefits Option is shown in the **schedule**.

This Additional Benefits Option includes the following:

Hospitalisation/Nursing Care Benefit

**21.2 We** will pay 1/30th of the **monthly benefit** for each full day a **life insured** is **disabled** and:

**21.2.1** Is under the care of a Registered Nurse (on the advice of a **medical practitioner**) visiting at least once a day, and

**21.2.2** Remains in or near a bed for a substantial part of each day, and

**21.2.3** Has received that nursing care for at least 3 days, during the **waiting period**.

**21.3 We** will pay the Hospitalisation/Nursing Care Benefit for the lesser of:

**21.3.1** The **waiting period**, or

**21.3.2** 90 days.

Family Member Support Benefit

**21.4 We** will pay this Family Member Support Benefit for up to a maximum of three months when all of the following circumstances apply:

**21.4.1** A **life insured** is **disabled**, and

**21.4.2** That **life insured** is confined to bed, and

**21.4.3** A **medical practitioner** certifies that full-time care is required, and

**21.4.4** The income of one **immediate family member** of that **life insured** ceases as a result of that **immediate family member** providing care.

**21.5 We** will pay the least of:

**21.5.1** Half the **monthly benefit**, or

**21.5.2** \$3,000 per month, or

**21.5.3** The income foregone by the **immediate family member**.

**21.6 We** will pay this Family Member Support Benefit in addition to the **monthly benefit**.

**21.7 We** will pay this Family Member Support Benefit once only for any **life insured** and will deduct any amounts payable under the Hospitalisation/Nursing Care Benefit.

Specific Injury Benefit

**21.8** If a **life insured** suffers an injury specified below while he or she has cover under this policy, **we** will pay the **monthly benefit** for the lesser of:

**21.8.1** The payment period shown in the table below, or

**21.8.2** The **benefit period**.

**21.9 We** will pay this Specific Injury Benefit even if the **life insured** is able to work for some or all of the payment period, and **we** will not deduct **other income** from the amount **we** pay.

**21.10** If the **life insured** suffers more than one of the specific injuries, **we** will pay for the injury that provides the greatest payment period.

**21.11** The **waiting period** does not apply to this Specific Injury Benefit.

**21.12 We** will not pay any other benefit under this policy for that **life insured** while **we** are paying anything under this Specific Injury Benefit.

**21.13** If the **life insured** is still **disabled** or **partially disabled** at the end of the payment period, **we** will assess any further benefit under the Disability Benefit or the Partial Disability Benefit.

Specific Injury	Payment Period
Fracture of skull, jaw, forearm (radius or ulna) or collarbone	30 days
Fracture of wrist	45 days
Fracture of upper arm (humerus), shoulder bone, elbow, vertebrae, kneecap, ankle, heel or leg below the knee (tibia or fibula)	60 days
Fracture of leg above the knee (femur), pelvis	90 days
Loss of thumb and index finger of the same hand	6 months
Loss of one foot, one hand or the sight in one eye	12 months
Loss of one leg or arm	18 months
Loss of any combination of two of the following: a hand, a foot or the sight in one eye	24 months
Paralysis (Diplegia, Hemiplegia, Paraplegia, Quadriplegia)	60 months
<p>'Fracture' means any fracture resulting from an <b>accident</b> that requires fixation, immobilisation or plaster cast treatment of the affected area within 48 hours of the <b>accident</b>. A <b>medical practitioner</b> must certify the fracture.</p> <p>'Loss' means the total and permanent:</p> <ol style="list-style-type: none"> <li>1. Loss of use of the hand from the wrist or foot from the ankle joint, or</li> <li>2. Loss of use of the arm from the elbow or leg from the knee joint, or</li> <li>3. Complete severance of the thumb and index finger from the first metacarpophalangeal joint, or</li> <li>4. Irrecoverable total loss of an eye or the sight in the eye.</li> </ol>	

## 22. Mental and Back Disorder Discount Option

**22.1** This Option applies if:

**22.1.1 You** have selected it, and

**22.1.2** This Mental and Back Disorder Discount Option is shown in the **schedule**.

**22.2** If a **life insured** suffers from a **mental disorder** and/or a **back disorder**, **we** will pay benefits for a maximum period of 24 months, regardless of the **benefit period**.

**22.3 We** will consider any successive periods of **disability** or **partial disability** due to the same or a related **mental disorder** and/or **back disorder** as an extension of any previous periods of **disability** or **partial disability** due to that **mental disorder** and/or **back disorder**. **We** will reduce the maximum period under this Clause 22 by the length of time **we** have already paid a Disability Benefit or a Partial Disability Benefit for that **life insured**.

**22.4 We** will not pay any benefits for any **mental disorders** and/or **back disorders** beyond the maximum period of 24 months unless the **life insured** is unable to perform two or more **activities of daily living** without the assistance of another person.

## E. CLAIMS

### 23. Claim conditions

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

**23.1.1** Immediately it becomes aware of a potential claim for a **life insured**. If **we** receive notification of a claim after 60 days from the date the **life insured** was **disabled**, **we** reserve the right to start benefits from the date **we** receive notification of the claim.

**23.2 We** require the following information to support a claim:

**23.2.1** A copy of the identity verification documentation for the **life insured** specified in the Amended Identity Verification Code of Practice 2013 and any subsequent amendment, and

**23.2.2 Our** claim forms, 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

**23.2.3** 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

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

**23.3 We** pay all benefits monthly in arrears unless specifically stated otherwise in this policy.

**23.4** If the **life insured** is entitled to a benefit for part of a month, **we** will calculate the payment on a pro-rata basis, based on a 30-day month.

**23.5 We** may require the **life insured** to provide **us** with written evidence of his or her continued **disability** or **partial disability** and his or her income whenever **we** reasonably request it. If **we** do not receive that evidence within 30 days **we** may stop any benefit payments.

**23.6** If a **life insured** travels or lives overseas while receiving a benefit under this policy **we** will limit the payment period to three months unless **we** have agreed in writing to a longer period before the **life insured's** travel commences.

**23.7** If a **life insured** becomes **disabled** while travelling or living overseas, **we** may require the **life insured** to return to New Zealand for assessment or medical treatment at his or her own cost.

**23.8 We** may pay a commutation benefit if a **life insured** is **disabled**, and at **our** sole discretion **we** offer a lump sum payment in respect of future benefit payments otherwise payable. **We** will calculate the amount payable using a methodology and based on information that **we** consider appropriate in the circumstances. If the **policy owner** and **life insured** accept the proposed payment, **we** will make the payment in full and final settlement of **our** liability under this policy in respect of that **life insured**.

## F. HOW COVER IS CALCULATED

### 24. How cover is calculated

**24.1 We** calculate the amount of the **monthly 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 **monthly benefit** at each date the **employee's salary** alters.

**24.2** The amount of the **monthly benefit** for a **life insured** cannot exceed \$25,000 per month or such other amount as may be agreed in writing from time to time between the **policy owner** and **us**.

## G. WHEN COVER ENDS

### 25. When cover ends

**25.1** Cover for a **life insured** who is not receiving a Disability Benefit or Partial Disability Benefit under this policy ends immediately upon any of the following occurring:

- 25.1.1** Any part of the insurance premium for the **life insured** is overdue, or
- 25.1.2** 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 **disabled** within 12 months of ceasing to be a **life insured**, **we** will pay the Disability Benefit as if he or she is still covered by this policy, or
- 25.1.3** The **life insured** reaches his or her **cover end date**, or
- 25.1.4** The **life insured** dies, or
- 25.1.5** This policy is cancelled in accordance with Part J below.

**25.2** 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 suffers a **disability** before the earliest of the following events:

- 25.2.1** The expiry of 45 days from the date he or she ceased to be a **life insured**, or
- 25.2.2** He or she exercises the continuation option in accordance with Part K of this policy, or
- 25.2.3** The **cover end date** is reached.

**25.3** If **we** pay a commutation benefit under Clause 23.8, that **life insured's** cover will end immediately.

## H. EXCLUSIONS

### 26. Exclusions and incorrect information

**26.1** If the **life insured's** age advised to **us** is incorrect, then **we** will adjust the insurance premium and/or the amount of the **monthly benefit** for that **life insured**, to compensate for the error.

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

- 26.2.1** Obtaining cover under this policy, or
- 26.2.2** Increasing the amount of the **monthly benefit**, or
- 26.2.3** A claim

is untrue or incomplete, **we** may adjust the amount of premium payable, adjust the amount of **monthly benefit** payable, elect not to pay the claim or avoid the **life insured's** cover as **we** consider appropriate in the circumstances to correct or compensate for the error.

**26.3** If **we** obtain any evidence that the **policy owner** or a **life insured** has made any untrue statement or concealed or misrepresented any matter that is material to this policy in order to claim under this policy, the **policy owner** will refund to **us** all benefit payments made in respect of that **life insured**.

**26.4** **We** will not pay anything under this policy if a **life insured** does not follow medical advice from a **medical practitioner**.

**26.5** **We** will not pay anything under this policy if the **life insured's disability** or **partial disability** is caused by, contributed to, by or related to:

- 26.5.1** The **life insured** deliberately injuring themselves or attempting to do so, or
- 26.5.2** The normal effects of pregnancy and childbirth, or
- 26.5.3** Any act of terrorism, civil unrest, invasion, rebellion or outbreak of war, whether declared or not.

## I. INSURANCE PREMIUM

### 27. Payment

**27.1** 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**.

**27.2** **We** will calculate the insurance premium in accordance with the insurance premium rates stated in the **schedule**.

**27.3** 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.

**27.4** 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:

**27.4.1** The amount of the **monthly benefit** for the **policy period** in which the **join date** occurs divided by 100, and

**27.4.2** 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 or advised 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**.

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

**27.5.1** The amount of the **monthly benefit** for the next **policy period** divided by 100, and

**27.5.2** 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 or advised 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**.

**27.6** 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.

**27.7** 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 **monthly benefit** accordingly. **We** will notify the **policy owner** in writing of this action.

**27.8** 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.

**27.9** If a **life insured's** cover ends during any **policy period** other than because of that person's **disability** or **partial disability**, **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**.

## 28. Premium rates

**28.1** The annual insurance premium rates for **lives insured** covered on standard terms are set out in the **schedule** and **we** will not change them until the **premium variation date** except in the circumstances outlined in 28.3 to 28.6 below.

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

**28.3** **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:

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

**28.3.2** The **premium variation date**.

**28.4** 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**.

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

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

**28.5.2** 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.

**28.6** 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**.

## J. CANCELLATION

### 29. Cancellation by policy owner

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

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

### 30. Cancellation by Fidelity Life Assurance Company Limited

**30.1** **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:

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

**30.1.2** If **we** determine that the **policy owner** or **employer** has made any agreement or arrangement where part or all of the benefits 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".

### 31. What happens when the cover is cancelled

**31.1** With effect from the Cancellation Date:

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

**31.1.2** Cover for the **lives insured** will end immediately, and

**31.1.3** **We** will pay no further benefits under this policy, except for any **disability** or **partial disability** benefits that accrued before the Cancellation Date.

### 32. Refund after cancellation

**32.1** 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

### 33. Eligibility and what is provided

**33.1** Where a **life insured** is no longer in **service**, he or she may apply for a yearly renewable indemnity income protection policy with **us**, or other income protection 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:

**33.1.1** The sum insured will be an amount not exceeding the amount of the **monthly benefit** for the **life insured** under this policy on the date the **life insured** is no longer in **service**, and

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

**33.1.3** **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

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

**33.1.5** 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.

### 34. When the continuation option is not available

**34.1** A continuation option is not available if a claim is pending for **disability** or **partial disability** in respect of the **life insured**, or **we** are paying a Disability Benefit or Partial Disability Benefit in respect of the **life insured**.

**34.2** This continuation option is not available if cover ends due to the **life insured** having reached the **cover end date**, the **life insured** retiring from the workforce, the **benefit period** ending or the **policy owner** cancelling this policy.

### 35. Continuation option availability period

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

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

**35.1.2** Before the **life insured's** 65th birthday.

### 36. What happens when lives insured is less than ten

**36.1** 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.

### 37. What happens when the employer is in liquidation or receivership

**37.1** 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, a **life insured** may also exercise this continuation option when, in **our** opinion, the **employer** is sold primarily to avoid one of the above possibilities occurring.

## L. GENERAL CONDITIONS

### 38. Currency

**38.1** 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.

### 39. Variation

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

**39.2** 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**.

**39.3** 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**.

#### 40. Audit

**40.1** 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.

#### 41. Privacy

**41.1** 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, to whom **we** may disclose the information, and that the **eligible employee** may request reasonable access to and correction of the information.

#### 42. New Zealand Law

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

## M. DEFINITIONS

#### Accident

Injury caused solely and directly by violent, accidental, external and visible means.

#### Activities of daily living

- bathing and showering – the ability to wash in the bath or shower (including getting in or out of the bath or shower) or wash satisfactorily by other means without the 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 and undressing – the ability to put on, take off, secure and unfasten all garments, and as appropriate any braces, artificial limbs or other surgical appliances without the assistance of another person.
- eating and drinking – the ability of the **life insured** to feed himself or herself without the assistance of another person, once food and drink have been prepared.
- using a toilet – the ability to use the toilet with or without aids or otherwise manage bowel and bladder function so as to maintain a satisfactory level of personal hygiene without the assistance of another person.
- mobilising – moving from place to place by walking, wheelchair or with the assistance of a walking aid (including mechanical or motorised devices), without the assistance of another person.

#### 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**.

**Back disorder**

Any disease, disorder or injury to the spine, its intervertebral discs, nerve roots, supporting musculature or ligaments, which is caused by any disease or is as a result of any **accident**.

**Benefit period**

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

**Bulk adjustment formula**

For adjusting the rate which **we** may apply at **our** discretion, subject to Clauses 27.4, 27.5 and 27.9 is:

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

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

S1 = Total **monthly benefit** at the last **review date**

S2 = Total **monthly 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**.

**Disability/ disabled**

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.

**Immediate family member**

Spouse, de facto partner, civil union partner, son or daughter.

**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**

A medical practitioner who is registered with the Medical Council of New Zealand and is not the **employer**, the **life insured**, a business associate, or an **immediate family member**.

## **Mental disorder**

A manifestation of any disorder classified in the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association that is most current on the date the **disability** or **partial disability** began.

Mental disorders include, but are not limited to, the following disorders or combination of disorders:

- Anxiety, depression, behavioural disorder, psychoneurosis or psychosis
- Stress, fatigue, exhaustion, chronic fatigue syndrome
- Any psychiatric complication of physical disorders
- Drug or alcohol abuse
- Any other physical disorder related or attributable to stress or any other mental or nervous disorder.

## **Monthly benefit**

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

## **Monthly earned income**

The **life insured's** monthly earnings from his or her personal exertion from any **employer** (whether included in this policy or not).

## **Other income**

All income a **life insured** receives during a period of **disability** or **partial disability** from any:

- other insurance policy covering the same risk, or
- government funded source (such as Accident Compensation Corporation payments or any other benefit) or a statutory source.

This does not include any lump sum payments unless they are made in lieu of regular payments.

## **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**.

## **Partial disability/ partially disabled**

The **life insured** is no longer **disabled**, but continues to suffer the same sickness or injury, is under the regular and personal care of a **medical practitioner** and is working but because of the continuing sickness or injury earns less than 75% of their **salary**.

## **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**

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**.

**Waiting period**

The period specified in the **schedule**, during which **we** will not pay a benefit unless otherwise stated in this policy.

**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.

**You**

The **policy owner** specified in the **schedule**.