

## OPTIONAL BENEFIT APPENDIX

# TOTALCARE MAX PERSONAL

## DISABILITY INCOME PROTECTION BENEFIT AGREED VALUE

This *appendix* only applies if cover under the policy schedule includes the Disability Income Protection Benefit on an agreed value basis. This *appendix* forms part of and is incorporated into the TotalCare Max policy, the terms of which apply to this *appendix*.

This is an agreed value Disability Income Protection Benefit. Details of the benefit and the names of the people insured for the benefit (called the life or lives assured) are shown in *the schedule*.

This Disability Income Protection Benefit has two cover options, the Base Benefit and the Premier Cover Option. The table below shows the benefits that are applicable to each option.

FEATURES	BASE BENEFIT	PREMIER COVER OPTION
<b>BUILT-IN</b>		
Total Disability Income Benefit	✓	✓
Partial Disability Income Benefit	✓	✓✓
Advance Payment Incentive	✓	✓
Enhanced Partial Disability Income Benefit	✓	✓
Recurrent Disablement Benefit	✓	✓✓
Vocational Retraining Benefit	✓	✓
Rehabilitation Expense Benefit	✓	✓
Bed Confinement Benefit	✓	✓✓
Leave Without Pay Benefit	✓	✓
Suspension of Cover Benefit	✓	✓
Back to Work Payment Benefit	✓	✓
Future Insurability Benefit	✓	✓
<b>OPTIONAL</b>		
Mental Health Limitation	✓	✓
Claim Indexation Benefit	✓	✓✓
Retirement Protection Benefit	✓	✓
<b>EXTRA</b>		
Extra Cash Benefit	✗	✓
Permanent Disablement Benefit	✗	✓
Home Care Benefit	✗	✓
Bereavement Grant	✗	✓

✗ Not covered    ✓ Covered    ✓✓ Includes extra features

## 1 WHEN WILL SOVEREIGN PAY A TOTAL DISABILITY INCOME BENEFIT?

Sovereign will pay a Total Disability Income Benefit if in Sovereign's opinion, at any time during the *benefit term*, the life assured has become *totally disabled* and remains so for a continuous period greater than the *waiting period*. The benefit is paid monthly in arrears from the end of the *waiting period* until the life assured in Sovereign's opinion ceases to be *totally disabled*, or until the end of the *benefit payment period*, whichever is the earlier.

You may be eligible for an Advance Payment Incentive at the end of the *waiting period*. See Section Four for details.

## 2 WHAT AMOUNT WILL SOVEREIGN PAY FOR A TOTAL DISABILITY INCOME BENEFIT?

The amount that Sovereign will pay monthly is 1/12<sup>th</sup> of the benefit amount shown in *the schedule* less offsets shown below.

However, if the life assured was unemployed for more than three months immediately before becoming *totally disabled*, Sovereign will pay the lesser of the amount calculated above, or \$1,000 per month less offsets shown below.

### OFFSETS:

- Any other income replacement or mortgage protection benefits that any *person* receives or is entitled to receive from any sources in connection with the same disability (for example ACC payments), with the following provisions:
  - Where the life assured is covered by income replacement or mortgage protection benefits held with more than one company, Sovereign will negotiate with the other company(ies) to determine the amount to be offset.
  - Benefits payable under a Sovereign key person disability income policy will not be offset.
  - If you are entitled to receive a benefit from ACC but you are not receiving that benefit because you either have not applied for the benefit or your benefit has been stopped due to any non-compliance with ACC requirements, Sovereign will offset the full ACC entitlement regardless of whether you are receiving a payment or not.
- Any *income* after income tax, as a result of the life assured being actively involved in or actively carrying on business, other than unearned income such as investment income, rental income or income earned by the business which cannot be attributed to the active involvement of the life assured.
- The life assured's sick leave entitlements.
- If you have selected a "To age 70" *benefit payment period*, when the life assured reaches the age of 65, the amount of any regular superannuation payment received by the life assured from the Government or as a result of participation in a superannuation scheme.

## 3 WHAT DOES *TOTALLY DISABLED* MEAN?

Whether a life assured's disability is "total" or not depends on his or her occupation class. The occupation class for each life assured is shown in *the schedule*. However, if a life assured has been on leave without pay for more than 12 months or was unemployed for three months immediately before becoming *totally disabled*, that

life assured automatically becomes occupation class five. For each class, the degree of incapacity which constitutes total disablement is as follows:

### OCCUPATION CLASSES OTHER THAN FIVE

In Sovereign's opinion, after considering the advice of a *Registered Medical Practitioner* and other relevant information, the life assured for the benefit is so seriously incapacitated by illness or injury that they are:

- unable to follow the occupation or carry on the business they were involved in before the *disablement date* for more than ten hours per week; and
- not in fact working, or engaged, in any other occupation or business.

### OCCUPATION CLASS FIVE

In Sovereign's opinion, after considering the advice of a *Registered Medical Practitioner* and other relevant information, the life assured for the benefit is so seriously incapacitated by illness or injury that they are continuously confined under *full-time care* to the life assured's home or a medical institution.

## 4 WHAT IS THE ADVANCE PAYMENT INCENTIVE AND WHEN WILL SOVEREIGN PAY IT?

Sovereign will pay an Advance Payment Incentive at the end of the *waiting period* if:

- the life assured has become *totally disabled*; and
- the life assured remains *totally disabled* for a continuous period of the *waiting period*; and
- Sovereign has been provided with the claims assessment information set out in Section 20; and
- your claim is accepted by Sovereign within the *waiting period*.

The Advance Payment Incentive will be 50% of the first month's Total Disability Income Benefit as defined in Section Two. The offsets used to calculate the Advance Payment Incentive will be Sovereign's estimate of the offsets described in Section Two for the month following the *waiting period*.

Any Advance Payment Incentive paid will be deducted from the first month's Disability Income Benefit for that life assured.

## 5 WHEN WILL SOVEREIGN PAY A PARTIAL DISABILITY INCOME BENEFIT?

If the life assured has been *totally disabled* for at least two weeks and then immediately thereafter engages in work or carries on business at a reduced income than was the case before *becoming totally disabled*, a Partial Disability Income Benefit may apply. The following conditions must be satisfied:

- The reduction in earning capacity results from the continuation of the disability.
- Because of the reduction in earning capacity, the life assured earns less than:
  - 75% of (1/12<sup>th</sup> of the benefit amount shown in *the schedule*) / 0.55 if you have chosen calculation (A) in Section Six; or



This benefit is paid monthly in arrears for a maximum period of 12 months per claim.

Sovereign will cease paying this benefit if you are no longer entitled to a Partial Disability Income Benefit for the life assured.

## 8 WHAT IS THE RECURRENT DISABLEMENT BENEFIT?

The *waiting period* will be waived if in Sovereign's opinion, after considering the advice of a *Registered Medical Practitioner* and other relevant information, the life assured becomes *totally disabled* again from the same or a related cause not later than six months after the original Total or Partial Disability Income Benefit ceased. The provisions of Sections One, Two, Three, Five and Six of this *appendix* will apply to any benefit claimed.

If the *benefit payment period* is one, two or five years, all claims resulting from the same or a related cause will be considered to be the same claim in respect of the *benefit payment period*.

If you have the Premier Cover Option then this section does not apply to you. Please refer to Section 18 "What does the Premier Cover Option include?"

## 9 WHAT IS THE CLAIM INDEXATION BENEFIT? (specified in *the schedule* as CPI Linked)

The Disability Income Protection Benefit amount shown in *the schedule* will increase on each *anniversary date*, by the same percentage as the percentage increase in the *consumer price index* for the preceding year ending 30 September.

However, if the increase in the *consumer price index* is more than 10% per annum and on the relevant *anniversary date* you have a current claim for or are eligible for a Total or Partial Disability Income Benefit under this policy, then on that *anniversary date* the increase in the Disability Income Protection Benefit for the life assured for whom you are claiming will be limited to 10%.

If the *consumer price index* falls in any year, the claim payment amount will not change.

If you have the Premier Cover Option then this section does not apply to you. Please refer to Section 18 "What does the Premier Cover Option include?"

## 10 WHAT IS THE VOCATIONAL RETRAINING BENEFIT AND WHEN WILL SOVEREIGN PAY IT?

Sovereign may agree to pay you a Vocational Retraining Benefit. The benefit payable will be the cost of a programme of vocational training for the life assured provided:

- The programme is approved in advance by Sovereign, and reviewed regularly; and
- The sole purpose for the programme is to assist a return to gainful employment at an earlier date than would otherwise have been possible; and
- The life assured actively participates and complies with the programme; and
- The cost of the programme is limited to the fee charged by the institution providing the programme and does not include the cost of text books, equipment and stationery, accommodation and transport costs; and

- The total amount which Sovereign will pay as a Vocational Retraining Benefit is limited to 12 times the benefit amount as calculated in Section Two, or six times the benefit amount as calculated in Section Two if the *benefit payment period* is one, two or five years; and
- Vocational retraining must take place within New Zealand, or the country in which the life assured was residing for six months before becoming disabled; and
- The life assured is receiving the Total Disability Income Benefit when the programme begins.

Any benefit which Sovereign may agree to pay is to be reduced by any costs you or the life assured recovers, or could recover from any other source.

## 11 WHAT IS THE REHABILITATION EXPENSE BENEFIT AND WHEN WILL SOVEREIGN PAY IT?

Sovereign may agree to pay you an additional lump sum payment of up to six times the benefit amount calculated in Section Two. This payment is to cover the costs of buying specialised equipment or completing home alterations that have become necessary because of the life assured's total disability. The policy owner must apply to Sovereign before incurring these costs. Any benefit that Sovereign may agree to pay for the specialised equipment or home alterations will be reduced by any costs you or the life assured recover from any other source.

## 12 WHAT IS THE BED CONFINEMENT BENEFIT AND WHEN WILL SOVEREIGN PAY IT?

If, at any time during the *waiting period*, the life assured is confined to bed under *full-time care* for more than three days and is in an occupation class other than five, then Sovereign will pay a Bed Confinement Benefit for each complete 24 hour period after the first 72 hours of bed confinement.

This benefit will be a daily benefit equivalent to 1/365<sup>th</sup> of the annual Total Disability Income Benefit, as calculated in Section Two of this *appendix*, which you would be entitled to if the life assured was *totally disabled* and the *waiting period* was over. Sovereign will continue to pay the benefit until the *waiting period* is over, or until the life assured is no longer confined to bed under *full-time care*, whichever is sooner.

If you have the Premier Cover Option then this section does not apply to you. Please refer to Section 18 "What does the Premier Cover Option include?"

## 13 WHAT IS THE LEAVE WITHOUT PAY BENEFIT AND WHEN WILL SOVEREIGN PAY IT?

If the life assured becomes *totally disabled* while on leave without pay for 12 months or less due to pregnancy, maternity, paternity or work sabbatical then Sovereign will pay a Leave Without Pay Benefit instead of the Total Disability Income Benefit. The amount of Leave Without Pay Benefit payable will be the same as the Total Disability Income Benefit calculated in Section Two of this *appendix*. The Leave Without Pay Benefit will be payable as set out in Section One of this *appendix*.

If the life assured has been on leave without pay for more than 12 months before the *disablement date* the benefit payable will be limited to \$1000 per month, less any offsets set out in Section Two, and the occupation classification will automatically change to class five. All Leave Without Pay Benefits will be assessed with a 13-week *waiting period*.

## 14 WHAT IS THE SUSPENSION OF COVER BENEFIT AND WHEN WILL SOVEREIGN REINSTATE COVER?

If a life assured goes on parental leave, sabbatical leave, study leave or leave without pay, you may suspend cover under this Disability Income Protection Benefit for the life assured provided that:

- you notify Sovereign within three months from the commencement of leave; and
- Sovereign acknowledges in writing receipt of that notification.

Your cover will be suspended from the date set out in Sovereign's written acknowledgment.

No premium will be payable during the period that the cover is suspended.

No claim under the Disability Income Protection Benefit will be payable during, or for any disability that occurs during, the period that the cover is suspended.

This Disability Income Protection Benefit may be reinstated after it has been suspended in accordance with this clause without the need to provide further medical evidence, provided that:

- within 12 months of commencing the leave, the life assured returns to work for at least 30 hours per week in the same occupation (or the occupation class set out in *the schedule*);
- within three months of the life assured returning to work, you notify Sovereign in writing that this benefit is to be reinstated.

Your cover will be reinstated from the date set out in Sovereign's written acknowledgement.

The premium payable for the reinstated benefit will be based on Sovereign's rates at the time of the reinstatement.

If Sovereign does not receive notification to reinstate the benefit within 15 months of the life assured commencing the leave, then this Disability Income Protection Benefit will cease.

If the life assured becomes entitled to a Partial Disability Income Benefit within 12 months following the reinstatement of the Disability Income Protection Benefit, then the amount of benefit payable will be calculated using Section Six of this *appendix*, provided that the 12 month period used for calculating the life assured's *pre-disability income* will be a combination of:

- the period from the date of reinstatement to the date of disablement; and
- the period immediately prior to the commencement of the parental leave, sabbatical leave, study leave or leave without pay, that is needed to make up the balance of the 12 month period.

## 15 WHAT IS THE FUTURE INSURABILITY BENEFIT?

The Future Insurability Benefit will only apply for a life assured if his or her Disability Income Protection Benefit (as set out in *the schedule*) is a level benefit and is less than \$240,000 per annum.

If this benefit applies for a life assured, then your Disability Income Protection Benefit for the life assured may be increased without the need to provide further medical evidence, subject to the following conditions:

- The Disability Income Protection Benefit for the life assured may be increased by up to the lesser of \$12,000 per annum or 10% of the Disability Income Protection Benefit for the life assured set out in *the schedule*.
- The total maximum benefit amount that can be added under this Future Insurability Benefit is the original monthly Disability Income Protection Benefit for the life assured.
- You can only apply for an increase in cover under this Future Insurability Benefit for a life assured once every three years and you must apply within 30 days of the policy *anniversary date*.
- You must apply to Sovereign in writing and provide evidence satisfactory to Sovereign of your income over the three years prior to the date of application.
- Any increase in your Disability Income Protection Benefit under this clause will be effective from the *risk commencement date* of the cover increase.
- Sovereign may not accept an application under this Future Insurability Benefit to increase cover for a life assured if you are entitled to or are receiving payment of a claim for a disability of the life assured suffered on or before the date of the application.
- A life assured over the age of 55 is not eligible for Future Insurability Benefit increases.
- Any exercise of the Future Insurability Benefit will require an increase in premium. The benefit premium increase will be based on Sovereign's rates at the time the Future Insurability Benefit is exercised.

## 16 WHAT IS THE BACK TO WORK PAYMENT AND WHEN WILL SOVEREIGN PAY IT?

Sovereign will pay you a Back to Work Payment if:

- a disability income benefit has been paid for a life assured for a continuous period of longer than 12 months but less than 24 months; and
- the life assured engages in work or carries on business; and
- the life assured is no longer *totally disabled* or partially disabled; and
- the life assured has ceased to be on claim with Sovereign.

The Back to Work Payment is a lump-sum payment of three times the life assured's monthly disability benefit for the last full month immediately before the claim ceased, as calculated in accordance with Section Two for a total disability and Section Six and (if applicable) Section Seven for a partial disability.

The Back to Work Payment will be limited to once per claim and will not be paid where the *benefit payment period* is one or two years.

If the life assured suffers a recurrence of disability from the same or a related cause within six months of a Total or Partial Disability Income Benefit ceasing then any Back to Work Payment made in respect of that claim will be deducted from the amount of the Total or Partial Disability Income Benefit payable.

## 17 WHAT IS THE MENTAL HEALTH LIMITATION?

This Mental Health Limitation applies only if it is shown in *the schedule* and if no mental health exclusion applies on the policy.

Sovereign will only pay a claim due to a *mental health disorder* for a maximum of two-years throughout the life of the policy. The



Mental Health Limitation payment period will commence if in Sovereign's opinion, after considering the advice of a *Registered Medical Practitioner* and other relevant information, the life assured is deemed to be *totally disabled* or partially disabled as a result of a *mental health disorder*.

## 18 WHAT DOES THE PREMIER COVER OPTION INCLUDE?

This optional benefit applies only if it is shown in *the schedule*. If you have chosen the Premier Cover Option, Sovereign will assess your claim based on the Premier Cover Option definitions. The Premier Cover Option provides you with the following benefits:

### 18 A) PREMIER PARTIAL DISABILITY INCOME BENEFIT

If the life assured has been *totally disabled* for at least two weeks and then immediately thereafter engages in work or carries on business at a reduced income than was the case before becoming *totally disabled*, a Premier Partial Disability Income Benefit may apply. The following conditions must be satisfied:

- The reduction in earning capacity results from the continuation of the disability.
- Because of the reduction in earning capacity, the life assured earns less than:
  - (1/12<sup>th</sup> of the benefit amount shown in *the schedule*) / 0.55 if you have chosen calculation (A) in Section Six; or
  - their *pre-disability income*, if you have chosen calculation (B) in Section Six.
- The *waiting period* is over.
- The life assured is in an occupation class other than five at the time of becoming *totally disabled*.
- The life assured is no longer *totally disabled*.

The Premier Partial Disability Income Benefit will be paid until the earlier of the following:

- In Sovereign's opinion, after considering the advice of a *Registered Medical Practitioner* and other relevant information, the disability is no longer preventing the life assured from earning at least:
  - (1/12<sup>th</sup> of the benefit amount shown in the schedule) / 0.55 (if you have chosen calculation (A)); or
  - their *pre-disability income* (if you have chosen calculation (B)); or
  - the end of the *benefit payment period*.

Any claim for a subsequent Premier Partial Disability Income Benefit must be immediately preceded by a two week period of total disability. Please refer to the Section 18 F) for the "Premier Recurrent Disablement Benefit."

### WHAT IS THE AMOUNT OF THE PREMIER PARTIAL DISABILITY INCOME BENEFIT?

Please refer to Section Six of this *appendix* for the calculation of the amount that Sovereign will pay monthly for the Premier Partial Disability Income Benefit.

### 18 B) EXTRA CASH BENEFIT

If the life assured for the benefit becomes *totally disabled* as a result of any illness or injury, Sovereign will pay an additional benefit each month for three months after the *waiting period*, equivalent to 1/3<sup>rd</sup> (33.3%) of the life assured's monthly benefit as calculated in Section Two.

This benefit is payable only once during the life of the policy.

### 18 C) PERMANENT DISABLEMENT BENEFIT

A Permanent Disablement Benefit will be paid if:

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

The benefit is a monthly payment equivalent to 1/3<sup>rd</sup> (33.3%) of the life assured's monthly benefit as calculated in Section Two. The additional monthly payment will commence from the date when the Permanent Disablement Benefit claim is accepted by Sovereign. The benefit will cease when:

- The *benefit payment period* ends; or
- The life assured dies; or
- The life assured is no longer *permanently disabled*.

### 18 D) HOME CARE BENEFIT

Sovereign will pay a Home Care Benefit in addition to the disability income benefit, if the life assured is *totally disabled* and was any occupation class other than occupation class five before becoming *totally disabled*.

The Home Care Benefit is a payment for the services of the person providing care to the life assured and is payable to the carer, not the policy owner as stated in the TotalCare Max policy document. The person providing the care will not be acting as an employee, contractor or agent of Sovereign.

A *Registered Medical Practitioner* must certify that the life assured requires *full-time care* at home or in a hospital because of the life assured's disability; and

The *full-time care* must be provided by either:

- A person whose profession it is to provide nursing or similar services; or
- A direct family member who is in paid work for at least 28 hours per week immediately before the life assured became *totally disabled* and who has given up that work to care for the life assured.

The amount of the Home Care Benefit each month will be the lesser of:

- 1/12<sup>th</sup> of the benefit amount shown in *the schedule*; or
- \$2,500; or
- The cost of the care, if it is provided by a person whose profession it is to provide nursing or similar services; or
- If the care is provided by a direct family member, 75% of the pre-tax income we determine that family member has lost because he or she is providing care to the life assured.

The total amount of all disability income benefits will not exceed \$2,500 per month if the life assured is occupation class five.

Where the Home Care Benefit is paid for an incomplete month, payment will be at the rate of 1/30<sup>th</sup> of the monthly amount per day.

The Home Care Benefit starts from the expiry of the first three successive days of the life assured receiving *full-time care* and ends when:

- A *Registered Medical Practitioner* no longer certifies that *full-time care* is required; or
- We have paid the Home Care Benefit for six consecutive months; or
- The *benefit payment period* ends; whichever comes first.

If the life assured is *permanently disabled*, he or she will not be eligible for the Home Care Benefit. Instead Sovereign will pay the Permanent Disablement Benefit.

#### 18 E) PREMIER BED CONFINEMENT BENEFIT

If, at any time during the *waiting period*, the life assured is confined to bed under *full-time care* for more than three days and is in an occupation class other than five, then Sovereign will pay a Premier Bed Confinement Benefit for each complete 24 hour period within the *waiting period*.

This benefit will be a daily benefit equivalent to 1/365<sup>th</sup> of the annual Total Disability Income Benefit, as calculated in Section Two of this *appendix*, which you would be entitled to if the life assured was *totally disabled* and the *waiting period* was over. Sovereign will continue to pay the benefit until the *waiting period* is over, or until the life assured is no longer confined to bed under *full-time care*, whichever is sooner.

#### 18 F) PREMIER RECURRENT DISABLEMENT BENEFIT

The *waiting period* will be waived if in Sovereign's opinion, after considering the advice of a *Registered Medical Practitioner* and other relevant information, the life assured becomes *totally disabled* again from the same or a related cause not later than 12 months after the original Total or Partial Disability Income Protection Benefit ceased. The provisions of the Premier Partial Disability Income Benefit along with Sections One, Two and Three of this *appendix* will apply to any benefit claimed.

#### 18 G) PREMIER CLAIM INDEXATION (Specified in the schedule as CPI Linked)

The Disability Income Protection Benefit amount shown in the *schedule* will increase on each *anniversary date*, by the same percentage as the percentage increase in the *consumer price index* for the preceding year ending 30 September.

If the *consumer price index* falls in any year, the claim payment amount will not change.

#### 18 H) PREMIER DISABILITY INCOME PROTECTION BEREAVEMENT GRANT

If the life assured is on a Total Disability claim under this Disability Income Protection Benefit and dies, Sovereign will pay a Bereavement Grant of three times the monthly Total Disability Income Benefit as calculated in Section Two.

No Bereavement Grant payment will be paid if:

- the life assured dies as a direct or indirect result of an intentional self-inflicted act (whether sane or insane); or
- the life assured dies during the *waiting period*.

Sovereign will only pay one Disability Income Protection Bereavement Grant for each life assured across all Sovereign policies.

## 19 TAX

Sovereign understands that under current tax legislation premiums payable for agreed value disability protection insurance are not deductible and claim payments are not taxable.

In the event of a *tax change* you may elect that, for the purpose of calculating the Total Disability Benefit and Partial Disability Benefit only, the benefit amount shown in the *schedule* is increased to an amount agreed by Sovereign to reflect the change in tax treatment. Your premiums from that point will be adjusted to reflect the increased amount of benefit and will be based on premium rates applicable at that time.

An election under this clause must be made within 180 days of the *tax change*. No further underwriting will be required for the increase but any existing exclusions and endorsements will apply. No election under this clause may be made if a Total Disability Income Benefit or Partial Disability Income Benefit is payable in respect of the life assured (or would have been payable had a claim been made).

## 20 HOW TO MAKE A CLAIM

To make a claim, the relevant procedures in the section of your Sovereign TotalCare Max policy entitled 'How to make a claim' must be followed.

In addition, for a Disability Income Benefit or Advance Payment Incentive claim, Sovereign will require:

- The life assured to be examined by a *Registered Medical Practitioner* acceptable to Sovereign, before accepting liability for a claim. Sovereign may also require further examinations.
- A Sovereign claims form completed by the life assured and a *Registered Medical Practitioner* (at your expense).
- For the advance payment incentive, a medical certificate from a *Registered Medical Practitioner* at the end of the *waiting period*.
- Other information which Sovereign may reasonably request to help assess the claim, which may include evidence of monthly earnings, taxable income, business accounts, Accident Compensation Corporation details or something similar.

For ongoing claims Sovereign will regularly require proof of:

- Continuing disability
- Monthly *income* received by the life assured during the claim period
- Any work completed i.e. remunerated or non-remunerated
- Income received from other sources.

The life assured's *Registered Medical Practitioner* will be required to complete a monthly claim report (at your expense). We will normally send this claim report with the payment letter for the previous month's benefit.

For Sovereign to continue paying the benefits, the life assured will need to:

- Undergo medical and/or surgical treatment (including any operation or vocational, medical and/or social rehabilitation programme) at your expense which the life assured's *Registered Medical Practitioner* or a *Registered Medical Practitioner* approved by Sovereign consider necessary.
- Undergo any medical examinations we ask him or her to have, at Sovereign's expense.

If the life assured does not comply with reasonable medical treatment or an agreed rehabilitation programme, the monthly benefit will cease.

## 21 EXCLUSIONS – WHEN SOVEREIGN WON'T PAY A BENEFIT

Sovereign will not pay any of the benefits listed in this *appendix* where any of the following (and in each case either directly or indirectly) causes or contributes to the disability:

- The life assured deliberately injuring himself or herself or attempting to do so.
- The life assured engaging in or being part of any conduct that is criminal.
- Pregnancy or childbirth of the life assured, unless the disability lasts for more than 90 days after the end of pregnancy, in which case the *waiting period* will start from the 91<sup>st</sup> day.
- The life assured does not comply with the treatment prescribed by the attending treatment providers.

If the life assured is imprisoned for any reason, no monthly benefit will be payable during the term of imprisonment.

## 22 KEY TERMS

### **BENEFIT TERM**

The term for which the life assured is insured for the Total Disability Income Benefit as stated in *the schedule*.

### **BENEFIT PAYMENT PERIOD**

The maximum term for which the Disability Income Benefit is payable as stated in *the schedule*.

For benefit payment periods of one, two and five years:

- (a) the benefit payment period will cease when the one, two or five year period expires or when the life assured turns 65, whichever is the earlier; and
- (b) the one, two or five year period (whichever is applicable) is the total period for which benefits will be payable for all claims arising from the same or related cause.

### **DISABLEMENT DATE**

The date the life assured became *totally disabled*.

### **FULL-TIME CARE**

Care for 16 hours per day or more, provided by a nursing service approved by Sovereign whose profession it is to provide nursing services or a *Registered Medical Practitioner*.

### **INCOME**

Any income that the life assured receives or is entitled to receive from his or her current or former employment or business(es).

This includes:

- 1) Life assured's share of profits of the business (and/or any associated entities), after the deduction of business expenses, which are determined in line with the usual manner that profits and/or losses of the business (and/or associated entities) are divided between the life assured and any co-owners, partners, shareholders or beneficiaries of the business (and/or associated entities); and
- 2) Any other remuneration, whether in the form of salary or wages, superannuation, director's fees, allowances or any other monetary or non-monetary benefit, the life assured receives or is entitled to receive directly or indirectly from his or her employment or the business.

The current year's taxation liability excludes any tax losses which have been brought forward from previous years.

### **MENTAL HEALTH DISORDER**

Including but not limited to anxiety disorders, chronic fatigue syndrome, depression, stress, fatigue, exhaustion, psychiatric complications of physical disorders, behavioural or any other mental or functional nervous disorder, the treatment or complications thereof.

### **PERMANENTLY DISABLED**

In the opinion of Sovereign the life assured cannot, and is unlikely to be able to ever again, perform at least two of the five Activities of Daily Living below without assistance from another person because of the effects of an illness or injury which caused the life assured's disability (if the life assured can perform the activity on his or her own by using special equipment Sovereign will treat the life assured as being able to perform that activity).

Alternatively, the life assured is unable to perform one of the Activities of Daily Living **and** his or her intellectual capacity has reduced or deteriorated to such an extent that the life assured requires *full-time care*.

Activities of Daily Living are:

- Bathing and showering
- Dressing and undressing
- Eating and drinking
- Using a toilet
- Moving from place to place by walking, in a wheelchair or with a walking aid.

### **PERSON**

An individual, employer, company, partnership, association, organisation or trust.

### **POST-DISABILITY INCOME**

The last month's *income*.

### **PRE-DISABILITY INCOME**

The average monthly *income* during a continuous 12 month period chosen by the life assured from the 36 months immediately before the *disablement date*.

### **TAX CHANGE**

As a result of a change in legislation or New Zealand Inland Revenue Department's interpretation of existing legislation, Sovereign changes its understanding of the tax treatment of claim payments under agreed value disability protection insurance, and notifies you accordingly.

### **TOTALLY DISABLED**

See Section Three of this *appendix* for the meanings of these words.

### **WAITING PERIOD**

The period stated as such in *the schedule* for which no Total or Partial Disability Income Benefit is payable