

AIA LIVING - BUSINESS

OPTIONAL BENEFIT APPENDIX



Life Cover Benefit

This *appendix* only applies if cover under *the schedule* for your policy includes the Life Cover Benefit. This *appendix* forms part of and is incorporated into your **AIA Living** policy, the terms of which apply to this *appendix*.

This is a Life Cover Benefit. Details of the benefit and the *life/lives assured* are shown in *the schedule*.

1. When will AIA pay a Life Cover Benefit?

AIA will pay a Life Cover Benefit when the *life assured* for the benefit, as specified in *the schedule*, dies. AIA will pay the benefit as soon as we are satisfied with all the information which must be presented at the time of making a claim.

2. Terminal Illness Benefit

You can apply to AIA for a Terminal Illness Benefit of up to 100% of the applicable Life Cover Benefit if the *life assured* has been diagnosed as having an illness where in AIA's opinion despite all reasonable medical treatment they are expected to live for no more than 12 months. The *registered medical practitioner* treating the illness must provide supporting evidence of the illness, possible medical treatment, the prognosis and confirm that the definition of Terminal Illness has been met.

This Terminal Illness Benefit will be treated as an early payment of the Life Cover Benefit. The Life Cover Benefit will then be reduced by the amount paid for the Terminal Illness Benefit.

3. Specified Terminal Conditions Benefit

You can apply to AIA for a Specified Terminal Conditions Benefit of the lower of:

- > 30% of the applicable Life Cover Benefit; or
- > \$250,000

if the *life assured* has been unequivocally diagnosed by an appropriate *registered medical practitioner* as having any of the following incurable terminal conditions:

- > Motor Neurone Disease
- > Exocrine Pancreatic Cancer (Stages 3 or 4)
- > Non-Small Cell Lung Cancer (Stage 4)
- > Distal Oesophageal Cancer (Stage 4)

This Specified Terminal Conditions Benefit will be treated as an early partial payment of the Life Cover Benefit. The Life Cover Benefit will then be reduced by the amount paid under the Specified Terminal Conditions Benefit. The *premium* will adjust to reflect the reduced cover.

AIA may at its sole discretion alter this list of conditions from time to time as a result of the conditions becoming curable or improvements in the medical outlook for the conditions since

2015. AIA will give 30 days prior written notice to you, before any change takes effect.

4. Financial and Legal Advice Benefit

If AIA pays a claim under the Life Cover Benefit, the Specified Terminal Conditions Benefit, or the Terminal Illness Benefit then AIA will reimburse you for fees up to \$2,500 including GST (in total) that you pay for financial planning advice you receive from an *accredited Adviser* or legal advice received from a legal professional approved by AIA, subject to the following conditions:

- > You must pay for the financial planning or legal advice within the three months following AIA paying the Life Cover Benefit claim.
- > You must provide AIA with a completed claim form and a receipt satisfactory to AIA for the fees you are claiming.

AIA will only pay one Financial and Legal Advice Benefit per *life assured* across all AIA policies. This is in addition to the sum assured.

5. Counselling Benefit

The Counselling Benefit covers the cost of a Psychiatrist or Psychologist consultation and/or counselling for the *life assured* and/or a *close relative* of the *life assured* where the support treatments and/or consultations directly relate to a claim under the Life Cover Benefit, the Specified Terminal Conditions Benefit or Terminal Illness Benefit. After referral by the *registered medical practitioner* we will reimburse up to \$2,500 including GST (in total) per *life assured*, subject to the following conditions:

- > The consultation and/or counselling must be paid for within three months following AIA paying the Life Cover Benefit, the Specified Terminal Conditions Benefit or Terminal Illness Benefit claim; and
- > AIA must be provided with a receipt for the consultation and/or counselling being claimed.

The \$2,500 is payable once per *life assured* per policy. This is in addition to the sum assured.

6. Repatriation Benefit

If the *life assured* dies, AIA will reimburse the *policy owner(s)* for the costs of returning the *life assured's* body to New Zealand or their *home country* upon receipt of evidence acceptable to AIA.

If the *life assured* is the sole *policy owner*, AIA will reimburse the person that has paid for the costs of repatriation upon receipt of evidence acceptable to AIA.

The maximum amount of the Repatriation Benefit across all AIA policies for that *life assured* is the lower of:

- > The Life Cover Benefit;
- > \$15,000 if the *life assured* is the sole *policy owner*; or
- > \$20,000 if there is a surviving *policy owner*.

The Repatriation Benefit will be treated as an early payment of the Life Cover Benefit. The Life Cover Benefit will then be reduced by the amount paid.

7. Premium Conversion Facility

You may at any time:

- > Convert all or part of your Life Cover Benefit from the *premium type* shown in the *schedule* to a Level *premium* structure; or
- > Convert a Level *premium* structure to an alternate Level *premium* structure, of which term duration may be the same or less than the current Level *premium* structure.

AIA will not require you or the *life assured* to produce further medical evidence at the time of conversion.

You will be issued a new policy for the sum assured amount of Life Cover Benefit being converted, in which case:

- > The Life Cover Benefit under this policy will be reduced by the sum assured amount converted.
- > The new policy will be issued based on the information provided at the time of conversion, together with the information provided in the original proposal.
- > The terms and conditions of the new policy will be those which are then offered by us to the general public.
- > *Premiums* will be calculated on the current age of the *life assured*.
- > Any special terms, exclusions or *premium* loadings that applied to your existing Life Cover Benefit under this policy will apply to your new Life Cover Benefit under the new policy.

8. Optional Business Safeguard Facility

The Optional Business Safeguard Facility applies only if shown in the *schedule*.

On each occasion that the financial interests of a *life assured* in the business increases, or their loan guarantee increases, or their value to the business increases, you may write to AIA asking us to increase the Life Cover Benefit for that *life*

assured without the need to provide medical evidence, subject to the following conditions:

- > The Life Cover Benefit for a *life assured* under this policy after the use of this Facility cannot exceed the lesser of five times the original Life Cover Benefit or \$10,000,000.

EXAMPLE 1:

Original benefit = \$100,000

Original benefit x 5 = \$500,000

Cover available after the use of this Facility cannot exceed \$500,000

Total increase under this Facility cannot exceed \$400,000

EXAMPLE 2:

Original benefit = \$2,500,000

Original benefit x 5 = \$12,500,000

Cover available after the use of this Facility cannot exceed \$10,000,000

Total increase under this Facility cannot exceed \$7,500,000

- > The Optional Business Safeguard Facility cannot be exercised within six months of the *risk commencement date*.
- > In any 12 month period you can make only two increases under this Facility.
- > You must make the request within three months of the relevant business event.
- > To apply for the increase in cover, you need to write to AIA to satisfy us that the value of the *life assured's* financial interest is at least equal to the requested increase to the amount of cover. You must include:
 - A valuation of the business or valuation of the *life assured* to the business (as provided by an independent qualified accountant or business valuer); and/or
 - Evidence of the loan guarantee, and any other contractual or financial evidence we may request.
- > Any increase is subject to approval by AIA.
- > The method chosen to value the business or *life assured* must be in accordance with established business valuation practice for the industry. The independent qualified accountant or business valuer cannot be a family member, business partner, employee or employer of you or the *life assured*. The method of valuation and valuer must be satisfactory to AIA.
- > In the first six months following an increase, the *life assured* will only be covered for the amount of the increase if the *life assured's* death occurs as a direct and sole result of an *accident*.
- > You cannot apply for an increase under this Facility if at any time the *life assured* has made, or was entitled to make, a claim under the Life Cover Benefit.
- > Each Optional Business Safeguard Facility increase will require an increase in *premium*. This increase will be

calculated on the rates applicable at the time the Optional Business Safeguard Facility is used.

9. How to make a claim

To make a claim, you must follow the relevant procedures in the section of your **AIA Living** policy entitled 'How to make a claim'.

In addition, for a Life Cover Benefit claim, *AIA* will require:

- > A full death certificate (in the event of the death of a *life assured*), and a coroner's report if applicable.
- > A grant of administration – probate, or certificate of administration, or letters of administration if the deceased was the sole *policy owner*.
- > For a Terminal Illness Benefit, evidence from a *registered medical practitioner* diagnosing an illness which will result in the death of the *life assured* within 12 months of the diagnosis and any other evidence we may reasonably require.
- > For a Specified Terminal Conditions Benefit, evidence from a *registered medical practitioner* with an unequivocal diagnosis of a specified condition and any other evidence we may reasonably require.

10. Exclusions – when *AIA* won't pay a benefit

AIA will not pay any benefit under this *appendix* where the *life assured* dies or becomes terminally ill as a direct or indirect result of an intentional self-inflicted act (whether sane or insane) within 13 months of the risk *commencement date* or, if cover under this *appendix* has been reinstated, the date of reinstatement. This exclusion applies to any subsequent benefit increase you make.

11. Key terms

home country The country in which the *life assured* was born or, their country of permanent residence.