

# AIA LIVING - BUSINESS OPTIONAL BENEFIT APPENDIX



## Rural Continuity Business Income Support Benefit

This *appendix* only applies if cover under *the schedule* for your policy includes the Business Income Support Benefit and the Rural Continuity Benefit. This *appendix* forms part of and is incorporated into your **AIA Living** policy, the terms of which apply to this *appendix*. Your Rural Continuity Benefit should be read in conjunction with this benefit.

This is a Business Income Support Benefit. Details of the benefit and the *life/lives assured* are shown in *the schedule*.

### 1. When will AIA pay a Business Income Support Benefit?

To qualify for a benefit, the *life assured* must be *actively involved in farming* in New Zealand on the date of becoming *totally disabled*.

### 2. When will AIA pay a Total Disablement Benefit?

AIA will pay a Total Disablement Benefit if, in AIA's opinion, at any time during the *benefit term*, the *life assured*:

- > has been *totally disabled* or *partially disabled* during the *waiting period*; and
- > is *totally disabled* at the end of the *waiting period*.

We will pay you the benefit monthly in advance from the end of the *waiting period* until the earliest of:

- > the *life assured* is no longer *totally disabled*; or
- > the *benefit term* ends; or
- > the cover ends.

### 3. What amount will AIA pay for a Total Disablement Benefit?

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

#### Offsets:

- > Any other farm protection, business income, key person, income replacement or mortgage protection benefits that any *person* receives or is entitled to receive from any sources in relation to the *life assured* and in respect of the same or a related *disability* (for example ACC payments), with the following provisions:
  - Where the *life assured* is covered by insurance policies held with more than one provider, AIA will negotiate with the other provider(s) to determine the amount to be offset.

- If the *life assured* is entitled to receive a benefit from ACC but is not receiving that benefit because the *life assured* has either not applied for the benefit, or has not provided all of the requirements necessary to assess the benefit, or the benefit has been stopped due to any non-compliance with ACC requirements, AIA will offset the full ACC entitlement regardless of whether the *life assured* is 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. This does not include passive 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 payments, subject to a maximum of 10 days' sick leave payments for all claims resulting from the same or a related *disability*.

### 4. What does *totally disabled* mean?

In AIA's opinion, the *life assured* is *totally disabled*, if as a direct result of sickness or injury, he or she is:

- > under the regular and personal care of a *registered medical practitioner*; and
- > unable to:
  - engage in *farming* that they were involved in immediately before the *disablement date* for more than ten hours per week; or
  - perform at least one important income producing duty of the role they were involved in immediately before the *disablement date* and is not working in that role; and
- > not in fact working or engaged outside the *farm* or in any other business.

### 5. When will AIA pay a Partial Disablement Benefit?

AIA will pay a Partial Disability Income Benefit if, in AIA's opinion, at any time during the *benefit term*, the *life assured*:

- > has been *partially disabled* during the *waiting period*, and is *partially disabled* at the end of the *waiting period*; or

- > becomes *partially disabled*, following a period of receiving a Total Disability Income Benefit under this *appendix* and the *life assured* is no longer *totally disabled*, provided the period in respect of which a Total Disability Income Benefit has been paid in advance has expired.

The Partial Disablement Benefit will be paid monthly in arrears until, in *AIA*'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 working at least 20 hours per week, or until the end of the *benefit payment period*, whichever is the earlier.

A Partial Disablement Bridging Benefit (as set out in Section 8) will also be paid if you have been receiving a Total Disablement Benefit under this *appendix* before you commence receiving a Partial Disablement Benefit.

## 6. What does *partially disabled* mean?

In *AIA*'s opinion, the *life assured* is *partially disabled*, if as a direct result of sickness or injury he or she:

- > has a reduction in work capacity resulting from the continuation of the *disability*; and
- > because of the reduction in work capacity, the *life assured* is working less than 20 hours per week.

## 7. What is the amount of the Partial Disablement Benefit?

The amount that *AIA* will pay monthly is calculated in the following way:

(50% x 1/12<sup>th</sup> of the benefit amount shown in *the schedule*, noted under the Business Income Support Benefit) less offsets as defined in Section 3.

For example, for a benefit amount shown in *the schedule* of \$48,000 per annum (\$4,000 per month) with offsets of \$1,000, the amount that *AIA* will pay monthly is: (50% x \$4,000) - \$1,000 = \$1,000

## 8. What is the Partial Disablement Bridging Benefit and when will *AIA* pay it?

*AIA* will pay you a Partial Disablement Bridging Benefit if:

- > you have been receiving a Total Disablement Benefit under this *appendix*; and
- > the *life assured* is no longer *totally disabled*; and
- > based on the information provided to, and requested by *AIA*, we reasonably expect that a Partial Disablement Benefit (as set out in Section 5) will be payable for that *life assured* for the first month after the *life assured* ceased to be *totally disabled*.

The Partial Disablement Bridging Benefit is a lump-sum payment equivalent to 1/3<sup>rd</sup> (33.3%) of the final monthly Total Disablement Benefit paid before the *life assured* ceased to be *totally disabled*.

The Partial Disablement Bridging Benefit is paid at the end of

the final month in respect of which a Total Disablement Benefit was paid for the *life assured*.

Payment of the Partial Disablement Bridging Benefit does not affect the amount of the Partial Disablement Benefit (as set out in Section 7).

The Partial Disablement Bridging Benefit is payable once for all claims resulting from the same or a related injury or illness.

## 9. What is the Recurrent Disablement Benefit?

The *waiting period* will be waived if not later than 12 months after the benefit payments related to the original claim ceased, the *life assured* becomes disabled again and, in *AIA*'s opinion, after considering the advice of a *registered medical practitioner* and other relevant information, this is caused by the same or a related illness or injury as the original period of *total or partial disablement*. The provisions of Sections 2, 3, 4, 5, 6 and 7 of this *appendix* will apply to any benefit claimed.

All claims resulting from the same or a related illness or injury will be considered to be the same claim in respect of the *benefit payment period*.

## 10. Rehabilitation and Support

On receiving notification of a new or potential claim, we will appoint the *life assured* a Case Manager, who will work with the *life assured* to understand their personal situation and assist them with the claims process. They will work with the *life assured* to consider what rehabilitation or functional support could assist the *life assured's* return to work or improve their capacity to work, either during or after the *waiting period* as appropriate in the opinion of *AIA*.

Acceptance of any costs associated with the agreed rehabilitation and functional support by *AIA* does not mean that we will accept liability for any other benefit under this *appendix* and are accepted at the sole discretion of *AIA*.

## 11. What is Vocational Assistance and when will *AIA* pay it?

*AIA* may agree to pay for vocational assistance for the *life assured* if, in *AIA*'s opinion, the *life assured* is unlikely to return to paid work in their pre-disability occupation without assistance. The Case Manager appointed to the *life assured's* claim will work to understand their personal situation and consider what assistance could aid the *life assured's* return to gainful employment at an earlier date than would otherwise be possible. In all cases:

- > the assistance must be approved in advance by *AIA*, and reviewed regularly; and
- > the *life assured* must actively participate and comply with the assistance as agreed with *AIA*; and
- > the total amount which *AIA* will pay for any vocational assistance is limited to a maximum of 12 times the monthly benefit amount as calculated in Section 3; and
- > the *life assured* must be receiving a Total

Disablement Benefit or Partial Disablement Benefit when the assistance begins.

Any benefit which *AIA* may agree to pay is to be reduced by any vocational assistance costs you or the *life assured* recover, or are entitled to recover, from any other source.

## 12. What is the Home Modification or Equipment Expenses Benefit and when will *AIA* pay it?

*AIA* may agree to pay you an additional lump sum payment of up to 6 times the monthly benefit amount calculated in Section 3. This payment is to cover the costs of buying specialised equipment or completing home alterations that, because of the *life assured's total disability*, have become necessary, in *AIA's* opinion after considering the recommendation of an occupational therapist or an appropriate *specialist* approved by *AIA*. You must apply in writing to *AIA* before incurring these costs. Any benefit that *AIA* may agree to pay for the specialised equipment or home alterations will be reduced by any costs of buying specialised equipment or completing home alterations you or the *life assured* recover, or are entitled to recover from any other source.

## 13. How to make a claim

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

In addition, for a Business Income Support Benefit claim, *AIA* will require:

- > the *life assured* to be examined by a *registered medical practitioner* acceptable to *AIA* before accepting liability for a claim; and
- > an *AIA* claims form completed by the *life assured* and a *registered medical practitioner* (at your expense); and
- > other information which *AIA* may reasonably request to help assess the claim; and
- > the *life assured* to undergo medical and/or surgical treatment (including any operation or vocational, medical and/or social rehabilitation) at your expense which the *life assured's registered medical practitioner* or a *registered medical practitioner* approved by *AIA* considers necessary; and
- > any other information that *AIA* may deem relevant to the assessment of the claim.

## 14. Ongoing claim requirements

For ongoing claims *AIA* will require:

- > Completion of a monthly medical certificate by a *registered medical practitioner* (at your expense) in a form from time to time approved by *AIA* for the purposes of determining ongoing entitlement to payment of a Business Income Support Benefit.
- > Completion of a monthly individual declaration by the *life assured* in a form from time to time approved by

*AIA*, which may include completion of daily activity logs detailing the *life assured's* functional activities for the purposes of determining ongoing entitlement to payment of a Business Income Support Benefit.

- > Proof of any remunerated or non-remunerated work completed during the claim period.
- > Any other information that *AIA* may deem relevant to the ongoing assessment of the claim.

## 15. When will *AIA* cease paying a benefit?

*AIA* will cease paying a benefit if:

- (a) The *life assured* fails to undergo and complete:
  - any surgical operation; and/or
  - any medical rehabilitation; and/or
  - any social rehabilitation; and/or
  - any vocational rehabilitation,which a *registered medical practitioner* approved by *AIA* considers reasonably necessary.
- (b) The *life assured* fails to undertake any medical examinations that *AIA* requires the *life assured* to have, at our expense.
- (c) The *life assured* fails to comply with the requirements of Section 14 above.
- (d) *AIA* determines that the *life assured* is no longer *totally disabled* or *partially disabled*.
- (e) The *benefit payment period* expires in relation to the *life assured*.
- (f) The *life assured* or anyone acting on behalf of the *life assured* makes a false or fraudulent statement in respect of a claim or supports any claim with false evidence.
- (g) The *life assured* ceases to be *actively involved in farming* on the *farm*, unless the reason for this is related to the claim.
- (h) The *life assured* is in prison or sentenced to home detention for any reason.
- (i) The *life assured* dies.

If *AIA* ceases paying a benefit in accordance with paragraphs (a), (b) or (c) and the *life assured* subsequently complies with the relevant requirement(s), then:

- > The date that the *life assured* complied with the relevant requirement(s) will, subject to the provisions of this *appendix*, be treated as the *disablement date* for a new claim.
- > The *waiting period* will be waived for the new claim.
- > No monthly benefit payments will be payable retrospectively for any period of time before the date that the *life assured* subsequently complies with the relevant requirement(s).

## 16. When will this *appendix* terminate for a *life assured*?

This *appendix* will terminate and eligibility for the Business Income Support Benefit will cease for a *life assured*:

- > At the expiry of the *benefit term* for that *life assured* as shown in the *schedule*.
- > If the *life assured* dies.
- > If the *life assured* is no longer *actively involved in farming* on the *farm* for more than 60 consecutive days for reasons other than *total disability*, unless *AIA* has been notified in writing and its written consent has been given for the continuation of the *appendix*.
- > If the *life assured* is no longer a *life assured* under a Rural Continuity Benefit.
- > If the *farming* business is wound-up or liquidated or the *farm* is sold or its lease ends, unless *AIA* has been notified in writing and its written consent has been given for the continuation of the *appendix*. However, if the *life assured* is on claim and the reason for the *farming* business being wound-up or liquidated is due to the *total disability* or *partial disability* of the *life assured*, the benefit will remain in force until the end of the *benefit payment period*.
- > When the benefit is cancelled by the *policy owner*.

## 17. Exclusions – When *AIA* won't pay a benefit

*AIA* will not pay a benefit where any of the following directly or indirectly cause or contribute to the *total disability* or *partial disability*:

- > The *life assured* deliberately injures himself or herself or attempts to do so.
- > The *life assured* engages in or is part of any conduct that is criminal.
- > Pregnancy of, or childbirth by, 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 recommended by the attending treatment providers.

If the *life assured* is imprisoned or sentenced to home detention for any reason, no monthly benefit will be payable during the term of imprisonment or home detention.

## 18. Key terms

<b>actively involved in farming</b>	<i>Farming</i> for more than 30 hours per week in or on the <i>farm</i> .		rather than employment if he or she derives income (either realised or unrealised) from a company or other legal entity, and he or she has effective control, either directly or indirectly (e.g. through a trust, partnership or other legal structure) of more than 25% of the shares or ownership in that company or other legal entity. His or her income will be assessed in accordance with the amounts referred to in both (a) and (b) above.
<b>benefit term</b>	The term for which the <i>life assured</i> is insured for the Business Income Support Benefit as stated in <i>the schedule</i>		
<b>benefit payment period</b>	The maximum term for which the Business Income Support Benefit is payable as stated in <i>the schedule</i> .		
<b>disability/disabled</b>	The illness or injury giving rise to the claim for <i>total disability</i> or <i>partial disability</i> .	<b>partially disabled</b>	See Section 6 of this <i>appendix</i> for the meaning of this key term.  <i>Partial disability</i> has a corresponding meaning.
<b>disablement date</b>	The date the <i>life assured</i> became <i>totally disabled</i> or <i>partially disabled</i> .		
<b>farm</b>	The area where the <i>farming</i> occurs.	<b>person</b>	An individual, employer, company, partnership, association, organisation or trust.
<b>farming</b>	Owning or leasing the farm and/or animals and actively raising the animals for commercial purposes including <i>sharemilking</i> .	<b>sharemilking</b>	The provision of services under a Sharemilking Agreement as defined by the Sharemilking Agreements Act 1937 and any of its subsequent amendments including any replacement Act and/or Regulations.
<b>income</b>	Any income that the <i>life assured</i> receives or is entitled to receive from his or her current or former employment or business/es. This includes: a) <i>Life assured's</i> 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 <i>life assured</i> and any co-owners, partners, shareholders or beneficiaries of the business (and/or associated entities); and b) Any other remuneration, whether in the form of salary or wages, superannuation, director's fees, allowances or any other monetary or nonmonetary benefit, the <i>life assured</i> receives or is entitled to receive directly or indirectly from his or her employment or the business.	<b>totally disabled</b>	See Section 4 of this <i>appendix</i> for the meaning of this key term.  <i>Total disability</i> has a corresponding meaning.
	The current year's taxation liability excludes any tax losses which have been brought forward from previous years.	<b>waiting period</b>	The period stated as such in <i>the schedule</i> for which no Total Disablement Benefit or Partial Disablement Benefit is payable.
	For the purposes of this definition, the <i>life assured</i> is deemed to be in business		