

# AIA LIVING - BUSINESS

## OPTIONAL BENEFIT APPENDIX



### Total Permanent Disablement Benefit

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

This Total Permanent Disablement Benefit may be standalone or accelerated. Details of the benefit and the *life/lives assured* are shown in *the schedule*.

#### 1. What effect does payment of an accelerated Total Permanent Disablement Benefit have?

When *AIA* pays an accelerated Total Permanent Disablement Benefit, the Life Cover Benefit for the *life assured* will decrease by the same amount. Any accelerated benefits relating to that Life Cover Benefit will be reduced, if necessary, so that those accelerated benefits do not exceed the decreased Life Cover Benefit. If the Life Cover Benefit is reduced to nil, all accelerated benefits relating to that Life Cover Benefit will be removed.

The maximum combined amount payable for the Life Cover Benefit, Terminal Illness Benefit, Specified Terminal Conditions Benefit, accelerated Total Permanent Disablement Benefit and, if applicable, the accelerated Critical Conditions Benefit (including any similar benefits) and the accelerated Progressive Care Benefit is the amount of the Life Cover Benefit for that *life assured*.

#### 2. If you have selected an 'any occupation Total Permanent Disablement Benefit'

*AIA* will pay you an 'any occupation Total Permanent Disablement Benefit' if at any time after the *risk commencement date*:

- > A *life assured* suffers in *AIA's* opinion an 'any occupation Total Permanent Disablement' as defined in Section 3 below before reaching the policy expiry age as shown in *the schedule*; and
- > The *life assured* survives for three months after becoming totally and permanently incapacitated.

*AIA* will pay only one 'any occupation Total Permanent Disablement Benefit' for each *life assured*.

The benefit is a lump-sum payment of the amount specified in *the schedule*.

If you have selected an expiry age of age 70 as shown in *the schedule*:

- > If a *life assured* suffers an 'any occupation Total Permanent Disablement' before reaching their 65<sup>th</sup> birthday, they will be assessed under Section 3 a), b) or c) of this *appendix*.
- > If a *life assured* suffers an 'any occupation Total Permanent Disablement' after reaching their 65<sup>th</sup>

birthday, they will be assessed under Section 3 b) or c) of this *appendix*.

- > If *AIA* could not reasonably be expected to make an assessment of the *life assured* prior to their 65<sup>th</sup> birthday they will be assessed under Section 3 b) or c) of this *appendix*.

#### 3. What does 'any occupation Total Permanent Disablement' mean?

A *life assured* has suffered an 'any occupation Total Permanent Disablement' if in *AIA's* opinion he or she:

##### a) Becomes totally and permanently incapacitated by illness or accident and, as a result of that incapacity:

- > Is completely unable to engage in the occupation, or carry on the business, he or she was involved in immediately before becoming incapacitated; and
- > For three consecutive months after that incapacity began, has not *worked* in any occupation or carried on any business or engaged in any other *gainful employment*; and
- > Following the three consecutive months is in the opinion of *AIA*, after consideration of the medical and any other evidence satisfactory to *AIA*, so incapacitated that it is unlikely he or she will ever be able to *work* in any occupation or engage in any other *gainful employment* for which he or she may be reasonably suited by education, training or experience, which would pay remuneration at a rate greater than 25% of the *life assured's* earnings during his or her last 12 consecutive months of *work*; or

##### b) Suffers by illness or accident the total and permanent loss of meaningful use of:

- > Both feet (entire feet); or both hands (entire hands); or
- > The sight in both eyes (to the extent that visual acuity is reduced to 6/36 or less in the better eye and/or the field of vision is reduced to 10 degrees or less of arc in the better eye); or
- > Any combination of two of: a hand, a foot or sight in an eye (to the extent that visual acuity is reduced to 6/36 or less and/or the field of vision is reduced to 10 degrees or less of arc); or

**c) Becomes totally and irreversibly unable by illness or accident to:**

- > Perform at least two of the *activities of daily living* without the physical assistance of someone else (if the *life assured* can perform an activity on his or her own by using special equipment *AIA* will treat the *life assured* as being able to perform that activity); or
- > Perform one of the *activities of daily living* and has permanent and irrecoverable cognitive impairment as evidenced by formal neuropsychological testing performed by a registered psychologist or psychiatrist, or assessment by an appropriate *specialist*.

Any condition that *AIA* has reasonable grounds to expect can be reversed or improved by surgery or other treatment will not be considered to be a disablement covered by the 'any occupation Total Permanent Disablement' definition.

**4. If you have selected an 'own occupation Total Permanent Disablement Benefit'**

*AIA* will pay you an 'own occupation Total Permanent Disablement Benefit' if at any time after the *risk commencement date*:

- > A *life assured* suffers in *AIA*'s opinion an 'own occupation Total Permanent Disablement' as defined in Section 5 below before reaching the policy expiry age as shown in *the schedule*; and
- > The *life assured* survives for three months after becoming totally and permanently incapacitated.

*AIA* will pay only one 'own occupation Total Permanent Disablement Benefit' for each *life assured*.

The benefit is a lump-sum payment of the amount specified in *the schedule*.

If you have selected an expiry age of age 70 as shown in *the schedule*:

- > If a *life assured* suffers an 'own occupation Total Permanent Disablement' before reaching their 65<sup>th</sup> birthday, they will be assessed under Section 5 a), b) or c) of this *appendix*.
- > If a *life assured* suffers an 'own occupation Total Permanent Disablement' after reaching their 65<sup>th</sup> birthday, they will be assessed under Section 5 b) or c) of this *appendix*.
- > If *AIA* could not reasonably be expected to make an assessment of the *life assured* prior to their 65<sup>th</sup> birthday they will be assessed under Section 5 b) or c) of this *appendix*.

**5. What does 'own occupation Total Permanent Disablement' mean?**

A *life assured* has suffered an 'own occupation Total Permanent Disablement' if in *AIA*'s opinion he or she:

**a) Becomes totally and permanently incapacitated by illness or accident and, as a result of that incapacity:**

- > Is completely unable to engage in the occupation, or carry on the business, he or she was involved in immediately before becoming incapacitated; and
- > For the three consecutive months after that incapacity began, has not *worked* in that occupation or carried on that business; and
- > Is, in the opinion of *AIA*, after consideration of the medical and any other evidence satisfactory to *AIA*, so incapacitated that it is unlikely he or she will ever be able to resume *work* in that occupation or carry on in that business; or

**b) Suffers by illness or accident the total and permanent loss of meaningful use of:**

- > Both feet (entire feet); or both hands (entire hands); or
- > The sight in both eyes (to the extent that visual acuity is reduced to 6/36 or less in the better eye and/or the field of vision is reduced to 10 degrees or less of arc in the better eye); or
- > Any combination of two of: a hand, a foot or sight in an eye (to the extent that visual acuity is reduced to 6/36 or less and/or the field of vision is reduced to 10 degrees or less of arc); or

**c) Becomes totally and irreversibly unable by illness or accident to:**

- > Perform at least two of the *activities of daily living* without the physical assistance of someone else (if the *life assured* can perform an activity on his or her own by using special equipment *AIA* will treat the *life assured* as being able to perform that activity); or
- > Perform one of the *activities of daily living* and has permanent and irrecoverable cognitive impairment as evidenced by formal neuropsychological testing performed by a registered psychologist or psychiatrist, or assessment by an appropriate *specialist*.

Any condition that *AIA* has reasonable grounds to expect can be reversed or improved by surgery or other treatment will not be considered to be a disablement covered by the 'any occupation Total Permanent Disablement' definition.

**6. When does an 'own occupation Total Permanent Disablement Benefit' cease?**

Cover under the 'own occupation Total Permanent Disablement Benefit' will cease and cover under the 'any occupation Total Permanent Disablement Benefit' will apply should the *life assured* of the benefit commence full-time domestic duties.

## 7. When will AIA pay a Partial Permanent Disablement Benefit?

Where the *life assured* has suffered:

- > Permanent loss of the entire use of one limb (entire hand or entire foot) as a result of illness or *accident*; or
- > Irrecoverable loss of sight in one eye as a result of illness or *accident* to the extent that visual acuity is reduced to 6/60 or less in that eye and/or the field of vision is reduced to 20 degrees or less of arc.

AIA will pay 25% of the Total Permanent Disablement Benefit sum assured up to a maximum of \$100,000 across all AIA policies. Only one claim can be made for the Partial Permanent Disablement Benefit per *life assured*.

After you have made a claim under this Partial Permanent Disablement Benefit, the Total Permanent Disablement Benefit sum assured will be reduced by the claim amount, and *premiums* will be adjusted accordingly.

If you have chosen the accelerated Total Permanent Disablement Benefit then Section 1 of this *appendix* also applies.

## 8. Financial and Legal Advice Benefit

If AIA pays a claim under this Total Permanent Disablement Benefit, then AIA will reimburse you for fees up to \$2,500 including GST (in total) that you pay for financial planning 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 Total Permanent Disablement 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 benefit is in addition to the sum assured.

## 9. Premium Conversion Facility

You may at any time prior to the *life assured* reaching age 65:

- > Convert all or part of your Total Permanent Disablement 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 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 Total Permanent Disablement Benefit being converted, in which case:

- > The Total Permanent Disablement 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*; and
- > Any special terms, exclusions or *premium* loadings that applied to your existing Total Permanent Disablement Benefit under this policy will apply to your new Total Permanent Disablement Benefit under the new policy.

## 10. Assistance Benefit

If AIA pays a claim under this Total Permanent Disablement Benefit, then subject to the following conditions, AIA will reimburse you for costs up to \$15,000 including GST (in total) that you pay for purchasing specialist equipment, completing home alterations or modifications to the *life assured's* vehicle which are necessary as a result of the illness or *accident* which led to the *life assured's* claim:

- > You must incur the costs after the *life assured* suffers the Total Permanent Disablement and, no later than six months following the date AIA pays the Total Permanent Disablement Benefit claim.
- > You must provide AIA with receipts and/or other evidence satisfactory to AIA for the costs you are claiming.
- > AIA shall be entitled to arrange for an appropriately qualified health professional to assess any recommendation for specialist equipment or home alteration.
- > AIA will only pay one Assistance Benefit per *life assured* across all AIA policies.

This benefit is in addition to the sum assured.

## 11. 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 Total Permanent Disablement Benefit. After referral by a *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 Total Permanent Disablement 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.

## 12. Optional Business Safeguard Facility

The Optional Business Safeguard Facility applies only if shown in *the schedule* and if you have selected an accelerated Total Permanent Disablement Benefit.

On each occasion that the *life assured's* financial interest 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 accelerated Total Permanent Disablement Benefit for that *life assured* without the need to provide medical evidence, subject to the following conditions:

- > The Total Permanent Disablement Benefit for a *life assured* under this policy after the use of this Facility cannot exceed the lesser of five times the original Total Permanent Disablement Benefit or \$5,000,000.

### 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 = \$1,500,000

Original benefit x 5 = \$7,500,000

Cover available after the use of this Facility cannot exceed \$5,000,000

Total increase under this Facility cannot exceed \$3,500,000

- > The Total Permanent Disablement Benefit for a *life assured* under this policy after the use of this Facility cannot exceed the Life Cover Benefit for that *life assured*.
- > After the use of this Facility, the Total Permanent Disablement Benefit for a *life assured* under this policy plus any other Total Permanent Disablement cover held on the *life assured* with any provider cannot exceed \$5,000,000.
- > 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 your Life Cover Benefit or Total Permanent Disablement 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.

## 13. Waiver of Total Permanent Disablement Waiting Period

*AIA* will at its discretion waive the three month waiting period when assessing a Total Permanent Disablement Benefit claim if:

- > In *AIA's* opinion, the *life assured* has met all other requirements for payment of a Total Permanent Disablement Benefit; and
- > *AIA* expects the *life assured* to survive beyond three months after the incapacity began.

In exercising this discretion, *AIA* will consider whether the medical condition of the *life assured* enables an assessment to be made immediately in respect of whether the *life assured* has met all other requirements for payment of a Total Permanent Disablement Benefit.

*AIA* will not waive the three month waiting period if, in our opinion, after considering suitable medical evidence, we believe that the *life assured* may die within three months after the incapacity began. A decision not to waive the three month waiting period will not affect our consideration of a Total Permanent Disablement Benefit claim for the *life assured* if the *life assured* survives for three months after the incapacity began.

## 14. 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 Total Permanent Disablement 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.
- > An *AIA* claims form completed by the *life assured* and a *registered medical practitioner* (at your expense).
- > Other information which *AIA* may reasonably request to help assess the claim, which may include evidence of

earnings, taxable income, business accounts, ACC details or similar.

- > 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.
- > Any other information that AIA may deem relevant to the assessment of the claim.

### 15. Exclusions – when AIA won't pay a benefit

AIA will not pay any Total Permanent Disablement Benefit where any of the following (and in each case either directly or indirectly) causes or contributes to the disablement:

- > The *life assured* deliberately injures himself or herself or attempts to do so; or
- > The *life assured* engages in or is part of any conduct that is criminal.

These exclusions apply to any subsequent benefit increase you make.

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

This appendix will terminate and eligibility for the Total Permanent Disablement Benefit will cease for a *life assured*:

- > When the *life assured* dies; or
- > When the benefit is cancelled by the *policy owner*; or
- > When the full sum assured has been paid.

## 17. Key terms

### **activities of daily living**

- > 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.

### **gainful employment**

*Working* to generate income through personal efforts by using the *life assured's* time and skills. He or she can be self-employed, employed, earning fees, under contract, receiving commissions, *working* on contract or otherwise remunerated for his or her efforts.

### **work**

Personal effort using the *life assured's* time and skills, whether or not income is generated for the *life assured*.

*Worked* and *working* shall have similar meanings.