

# AIA LIVING - BUSINESS

## OPTIONAL BENEFIT APPENDIX



### Business Continuity Benefit

This *appendix* only applies if cover under *the schedule* for your policy includes the Business Continuity 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 Business Continuity Benefit. Details of the benefit and the *life/lives assured* are shown in *the schedule*.

#### 1. When will AIA pay a Business Continuity Benefit?

To qualify for a Business Continuity Benefit, the *life assured* must be *actively involved* in the *business* 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.

Where the *life assured* has a *waiting period* of 8 weeks or less, is *totally disabled* due to injury and the nature of the injury is such that the *life assured* is expected to recover within a set period of time, AIA may choose to make a lump sum payment of up to 3 monthly benefit payments (after the *waiting period* and any offsets have been taken into account) and close the claim. This payment may be made during the *waiting period*.

If the *life assured* is still *totally disabled* or *partially disabled* at the end of the expected recovery period corresponding with the lump sum payment, then AIA will reopen the claim and pay either the Total Disablement Benefit or (if applicable) an Optional Partial Disablement Benefit in accordance with this *appendix*.

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

- > If the "Business Agreed Value Benefit" has been chosen, the amount that AIA will pay monthly is  $1/12^{\text{th}}$  of the benefit amount shown in *the schedule* less any offsets as described below.
- > If the "Business Indemnity Benefit" has been chosen

the amount that AIA will pay monthly is the lower of:

- $1/12^{\text{th}}$  of the benefit amount shown in *the schedule* less any offsets as described below; or
- $1/12^{\text{th}}$  of the gross profit as earned by the *business* in the 12 months immediately prior to the *disablement date*, multiplied by the *replacement ratio* calculated at *application time* and shown in *the schedule*, less any offsets as described below.

#### Offsets

Any other business income, farm protection, key person or income protection benefit(s) 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*. This does not include ACC benefits received, or entitled to be received. 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.

#### 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 the occupation or carry on the *business* they were involved in immediately before the *disablement date* for more than ten hours per week; or
  - perform at least one income producing duty of the role they were involved in immediately before the *disablement date* and is not working in that role; and
- > not working or engaged in any other occupation or business.

## 5. When will AIA pay an Optional Partial Disablement Benefit?

The Optional Partial Disablement Benefit only applies if shown in *the schedule*.

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

- > is in an occupation class other than occupation class five at the time of becoming *totally disabled* or *partially disabled*; and
- > 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 Disablement Benefit under this *appendix* and the *life assured* is no longer *totally disabled*, provided:
  - the period in respect of which a Total Disablement Benefit has been paid in advance has expired; and/or
  - where a lump sum payment has been made in lieu of monthly benefit payments as set out in Section 1, the benefit period to which the lump sum corresponds has expired.

The Optional 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 75% of their *working hours* at *application time*, 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 an Optional Partial Disablement Benefit.

Any claim for a subsequent Optional Partial Disablement Benefit must be immediately preceded by a 14 day period of *total disability*. Refer to Section 9 for "What is the Recurrent 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 75% their *working hours* at *application time*.

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

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

monthly benefit as calculated in Section 3	×	$\frac{\text{(working hours at application time less post-disability working hours)}}{\text{working hours at application time}}$
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For example:

If the monthly benefit as calculated in Section 3 is \$10,000, the *working hours* at *application time* are 50 hours and the *post-disability working hours* are 20 hours, the amount paid will be \$6,000 per month.

$\$10,000 \times \frac{\text{(50 hours less 20 hours)}}{50 \text{ hours}}$	=	$\$6,000 \text{ per month}$
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## 8. What is the Partial Disablement Bridging Benefit and when will AIA pay it?

Where the Optional Partial Disablement Benefit applies as shown in *the schedule*, 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 an Optional 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 Optional 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.

The Partial Disablement Bridging Benefit is not payable where a lump sum payment has been made in lieu of monthly benefit payments, as set out in Section 2.

## 9. What is the Recurrent Disablement Benefit?

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

Business Mentors is available to the *policy owner* following an accepted claim for a *life assured* under this *appendix*. Business Mentors provides independent, impartial advice on your *business* by one of over 1,700 mentors around the country.

If a claim is approved under this *appendix*, *AIA* will pay the costs of a two year membership to Business Mentors.

Business Mentors is independent of *AIA* and Business Mentors terms and conditions and eligibility criteria apply. *AIA* may withdraw access to the service or change the terms on which access to the service is made available with 90 days' notice. Neither *AIA*, its related companies, nor their directors, officers or employees accept any liability whatsoever for any loss or damage arising out of the use of the Business Mentors service, or the unavailability of Business Mentors. *AIA* is not responsible for any cost associated with becoming eligible to use, or use of, the Business Mentors service (including without limitation the cost of any travel, lodging, telephone calls, faxes or mail), unless covered by an *AIA* policy.

*AIA* will only pay one Business Mentors Benefit for each *business*.

## 11. Rehabilitation and Support

On receipt of the claim requirements, set out in 'Part 12: How to make 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*.

## 12. 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 Continuity 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
- > where the "Business Indemnity Benefit" has been chosen, you will be required to provide *AIA* with financial information and accounts for the 12 months immediately prior to the *disablement date*; 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.

## 13. Ongoing Claims 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 Continuity 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 Continuity 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.

## 14. 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 13 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* is no longer *actively involved* in the *business*, unless the reason for this is related to a 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.
- > The original claim and the new claim will be considered to be the same claim in respect of the *benefit payment period*.
- > 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).

## 15. When will this *appendix* terminate for the *policy owner*?

This *appendix* will terminate for the *policy owner*:

- > At the expiry of the *benefit term* as shown in *the schedule*.
- > If the *business* is wound-up or liquidated unless *AIA* has been notified in writing and its written consent has been given for the continuation of the *appendix*. However, if a *life assured* is on claim and the reason for the *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* for that *life assured*.

- > When the benefit is cancelled by the *policy owner*.

In addition, this *appendix* cannot be assigned to another *policy owner*, unless consent is given by *AIA* in writing.

Termination will take effect upon receipt of written notification from the *policy owner*.

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

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

- > At the expiry of the *benefit term* for that *life assured* as shown in *the schedule*.
- > When the *life assured* dies.
- > If the *life assured* is no longer *actively involved* in the *business* for more than 60 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 *business* is wound-up or liquidated unless *AIA* has been notified in writing and its written consent has been given for the continuation of the *appendix*. However, if a *life assured* is on claim and the reason for the *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* for that *life assured*.
- > 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.
- > The *life assured* does not comply with the treatment recommended by the attending treatment providers.
- > 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.

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</b>	Working an average of more than 30 hours per week in the six months prior to the disablement date, inclusive of any periods of approved leave.	<b>replacement ratio</b>	The replacement ratio shown in <i>the schedule</i> , calculated as the monthly benefit multiplied by 12, divided by the gross profit for the <i>business</i> .
<b>application time</b>	The date as declared on the original application form applying for the Business Continuity Benefit for the <i>life assured</i> .	<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.
<b>benefit term</b>	The term for which the <i>life assured</i> is insured for the Business Continuity Benefit as stated in <i>the schedule</i> .	<b>waiting period</b>	The period stated as such in <i>the schedule</i> for which no Total Disablement Benefit or Optional Partial Disablement Benefit is payable.
<b>benefit payment period</b>	<p>The maximum term for which the Business Continuity Benefit is payable as stated in <i>the schedule</i>.</p> <p>The benefit payment period commences at the end of the <i>waiting period</i> and ceases either 6, 12 or 24 months (whichever is stated in <i>the schedule</i>) later or when the <i>life assured</i> reaches the end of the <i>benefit term</i> as stated in <i>the schedule</i>, whichever is the earlier.</p> <p>The 6, 12 or 24 month period (whichever is stated in <i>the schedule</i>) is the total period for which benefits will be payable for all claims arising from the same or a related cause illness or injury.</p>	<b>working hours</b>	The number of hours working as stated at <i>application time</i> for the <i>life assured</i> .
<b>business</b>	The business of the ' <i>policy owner</i> ' named 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>disablement date</b>	The date the <i>life assured</i> became <i>totally disabled</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>person</b>	An individual, employer, company, partnership, association, organisation or trust.		
<b>post-disability working hours</b>	The number of hours per week that the <i>life assured</i> is able to work as stated by a <i>registered medical practitioner</i> . <i>AIA</i> may request the second opinion of another <i>registered medical practitioner</i> .		