

AIA LIVING - PERSONAL OPTIONAL BENEFIT APPENDIX



Loss of Earnings Benefit

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

This Loss of Earnings Benefit has two cover options, the Base Cover Option and the Premier Cover Option. The Premier Cover Option applies only if it is shown in *the schedule*. Otherwise, the Base Cover Option applies. The benefits set out in this *appendix* apply to both the Base Cover Option and the Premier Cover Option, except where those benefits are modified for the Premier Cover Option or are stated to be extra benefits for the Premier Cover Option only. The table below shows the benefits that are applicable to each option.

Features	Base Cover Option	Premier Cover Option
Built in		
Total Disability Income Benefit	✓	✓✓
Partial Disability Income Benefit	✓	✓✓
Partial Disability Bridging Benefit	✓	✓
Enhanced Partial Disability Income Benefit	✓	✓
Recurrent Disablement Benefit	✓	✓
Rehabilitation and Support	✓	✓
Vocational Assistance	✓	✓
Home Modification and Equipment Expenses Benefit	✓	✓
Bed Confinement Benefit	✓	✓✓
Suspension of Cover	✓	✓
Back to Work Payment	✓	✓
Pregnancy Premium Waiver	✓	✓
Return Home Benefit	✓	✓
Childcare Support Benefit	✓	✓
Waiting Period Reduction Benefit	✓	✓
Concurrent Waiting Period Benefit	✓	✓
Optional		
Mental Health Limitation	✓	✓
Claim Indexation Benefit *	✓	✓
Future Insurability Benefit *	✓	✓
Extra Benefits for Premier Cover Option		
Extra Cash Benefit	-	✓
Permanent Disablement Benefit	-	✓
Home Care Benefit	-	✓
Bereavement Grant	-	✓

* If the Optional Claim Indexation Benefit is not selected, then the Future Insurability Benefit is built in for both the Base Cover Option and the Premier Cover Option. The Future Insurability Benefit is not available if the Optional Claim Indexation Benefit is selected.

- Not covered ✓ Covered ✓✓ Includes extra features

1. When will AIA pay a Total Disability Income Benefit?

AIA will pay a Total Disability Income 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 monthly benefit less offsets 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.

Any payment for a period of less than one month is calculated on a pro-rata basis.

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 Disability Income Benefit or a Partial Disability Income Benefit in accordance with this *appendix*.

2. What amount will AIA pay for a Total Disability Income Benefit?

The amount that AIA will pay monthly is:

The greater of calculation (i) or (ii) below, up to a maximum of 1/12th of the benefit amount shown in *the schedule*:

- (i) (1/12th of the benefit amount shown in *the schedule*) less offsets shown below; or
- (ii) (*pre-disability income* less offsets shown below) x 75%.

If the *life assured* has been on parental leave for 12 months or less or on a *work sabbatical* when the *life assured* becomes *totally disabled*, then *pre-disability income* is based on the *life assured's income* immediately before the *life assured* went on leave, as set out in Section 30 "Key Terms".

Offsets

- > Any other 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 the same or a related disability (for example payments from ACC, or another insurer), with the following provisions:
 - Where the *life assured* is covered by income replacement or mortgage protection benefits held with more than one provider, AIA will negotiate with the other provider(s) to determine the amount to be offset. AIA will not seek to apply offsets under this

sub-clause in respect of income replacement or mortgage protection benefits held with other providers which were accurately disclosed in your application, provided that there has been no change in the circumstances for you or the *life assured*.

- Benefits payable under an AIA Key Person Disability Income policy will not 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* before income tax, as a result of the *life assured* being actively involved in or actively carrying on business, other than 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.

If you have chosen the Premier Cover Option then *the life assured's* sick leave payments are not included in offsets.

3. What does *totally disabled* mean?

The definition of *totally disabled* that applies for a *life assured* depends on the *life assured's* 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 or more immediately before becoming *totally disabled*, that *life assured* is automatically classed as occupation class five. For each occupation class, the degree of incapacity which constitutes *total disablement* is as follows:

For occupation classes other than occupation class five:

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:
 - 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; or
 - engage in the occupation they were involved in immediately before the *disablement date* for more than 10 hours per week; and
- > not working or engaged in any other occupation or business.

For occupation class five:

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

- > disabled to such an extent that necessitates confinement to the home under medical supervision or to a recognised medical institution and necessitates receiving regular medical care; or
- > unable to perform at least two of the *Activities of Daily Living* without the assistance of an adult; and
- > not working in any gainful occupation or engaged in voluntary work.

4. When will AIA pay a Partial Disability Income Benefit?

AIA will pay a Partial Disability Income 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 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; 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.
- > because of the reduction in earning capacity, the *life assured* earns less than 75% of their *pre-disability income*.

The Partial Disability Income 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 earning at least 75% of their *pre-disability income*, or until the end of the *benefit payment period*, whichever is the earlier.

A Partial Disability Bridging Benefit (as set out in Section 7) will also be paid if you have been receiving a Total Disability Income Benefit under this *appendix* before you commence receiving a Partial Disability Income Benefit.

Any claim for a subsequent Partial Disability Income Benefit must be immediately preceded by a 14 day period of *total disability*. Please refer to Section 9 for "What is the Recurrent Disablement Benefit?".

5. 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 earning capacity resulting from the continuation of the disability; and
- > because of the reduction in earning capacity, the *life assured* earns less than 75% of *pre-disability income*.

6. What is the amount of the Partial Disability Income Benefit?

The amount that AIA will pay monthly is the greater of calculation (i) or (ii) below, up to a maximum of 1/12th of the benefit amount shown in the *schedule*:

- (i) (1/12th of the benefit amount shown in the *schedule*) less offsets shown below; or
- (ii) (*pre-disability income* less offsets shown below) x 75%

If the *life assured* was on parental leave for 12 months or less or on a *work sabbatical* when the *life assured* became *totally disabled*, then *pre-disability income* will be based on the *life assured's income* immediately before the *life assured* went on leave, as set out in Section 30 "Key Terms".

Offsets:

- > Any other 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 payments from ACC or another insurer), with the following provisions:
 - Where the *life assured* is covered by income replacement or mortgage protection benefits held with more than one provider, AIA will negotiate with the other provider(s) to determine the amount to be offset. AIA will not seek to apply offsets under this sub-clause in respect of income replacement or mortgage protection benefits held with other providers which were accurately disclosed in your application, provided that there has been no change in the circumstances for you or the *life assured*.
 - Benefits payable under an AIA Key Person Disability Income policy will not 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* before income tax, as a result of the *life assured* being actively involved in or actively carrying on business, other than 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.

If you have chosen the Premier Cover Option then the *life assured's* sick leave payments are not included in offsets.

For example:

Pre-disability income	\$5,000 per month
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Benefit amount shown in the schedule	\$45,000 per annum (\$3,750 per month)
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Offsets	\$4,000 per month
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Calculation:

Greater of:

- > $(1/12 \times \$45,000)$ less offsets = $\$3,750 - \$4,000 = -\$250$ per month (no benefit payable); or
- > $(\$5,000 - \$4,000) \times 75\% = \$1,000 \times 75\% = \750 per month;

Subject to a maximum of: $(1/12 \times \$45,000) = \$3,750$

Therefore, the amount payable in this example is \$750 per month (\$9,000 per annum).

7. What is the Partial Disability Bridging Benefit and when will AIA pay it?

AIA will pay you a Partial Disability Bridging Benefit if:

- > you have been receiving a Total Disability Income 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 Disability Income Benefit (as set out in Section 4) will be payable for that *life assured* for the first month after the *life assured* ceased to be *totally disabled*.

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

The Partial Disability Bridging Benefit is paid at the end of the final month in respect of which a Total Disability Income Benefit was paid for the *life assured*.

Payment of the Partial Disability Bridging Benefit does not affect the amount of the Partial Disability Income Benefit (as set out in Section 6) and does not affect the amount of the Enhanced Partial Disability Income Benefit (as set out in Section 8).

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

The Partial Disability Bridging Benefit is not payable where a lump sum payment has been made in lieu of monthly benefit payments, as set out in Section 1.

8. What is the Enhanced Partial Disability Income Benefit and when will AIA pay it?

AIA will pay you an Enhanced Partial Disability Income Benefit if:

- > you have been receiving a Total Disability Income Benefit under this *appendix*; and
- > the *life assured* is no longer *totally disabled*; and
- > you are entitled to a Partial Disability Income Benefit as set out in Section 4 for that *life assured*.

The Enhanced Partial Disability Income Benefit is the lower of:

- > 25% of the monthly Partial Disability Income Benefit as calculated in Section 6; or
- > 1/12th of the benefit amount shown in *the schedule* less the monthly Partial Disability Income Benefit as calculated in Section 6.

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

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

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 disablement*, not later than 12 months after benefit payments related to the original claim ceased. The provisions of Sections 1, 2, 3, 4, 5 and 6 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 illness or injury will be considered to be the same claim in respect of the *benefit payment period*.

10. What is the Optional Claim Indexation Benefit?

The Optional Claim Indexation Benefit applies only if "CPI Linked" is specified in *the schedule*.

Where the Optional Claim Indexation Benefit is selected, the Loss of Earnings Benefit sum assured 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 Loss of Earnings Benefit sum assured will not decrease.

11. Rehabilitation and Support

On receipt of the claim requirements, set out in 'Section 25: 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*.

12. 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 2, except if the *benefit payment period* is one, two or five years, where the total amount is limited to 6 times the monthly benefit amount as calculated in Section 2; and
- > the *life assured* must be receiving a Total Disability Income Benefit or Partial Disability Income 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

13. 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 2. 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.

14. What is the Bed Confinement Benefit and when will *AIA* 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 *AIA* 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 1/365th of the benefit amount shown in the *schedule*, which you would be entitled to if the *life assured* was *totally disabled* and the *waiting period* was over. *AIA* 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 the earlier.

If you have chosen the Premier Cover Option and at any time during the *waiting period* the *life assured* is confined to bed under *full-time care* for more than three days, then *AIA* will also pay the Bed Confinement Benefit for each complete 24 hour period within the first 72 hours of bed confinement.

15. When can you suspend cover and when will *AIA* reinstate cover?

If a *life assured* goes on parental leave, or goes on leave without pay for any reason, you may suspend cover under this Loss of Earnings Benefit *appendix* for the *life assured* provided that:

- > you notify *AIA* within three months from the commencement of leave and provide evidence to *AIA* of the parental leave or leave without pay; and
- > *AIA* acknowledges in writing receipt of that notification.

Cover for the *life assured* will be suspended from the date set out in *AIA's* written acknowledgment.

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

No claim under the Loss of Earnings Benefit will be payable during, or for any disability that occurs during, the period that the cover is suspended.

Cover under this Loss of Earnings Benefit *appendix* may be reinstated after it has been suspended in accordance with this Section without the need to provide further medical evidence, provided that:

- > the benefit has been suspended for no longer than 12 months from commencing the leave; and
- > you notify *AIA* to reinstate the benefit.

If *AIA* does not receive notification to reinstate the suspended benefit before the end of 12 months of suspension, the benefit will be automatically reinstated for that *life assured*.

Cover for the *life assured* will be reinstated from the date set out in *AIA's* written acknowledgement.

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

If the *life assured* becomes entitled to a Total Disability Income Benefit or a Partial Disability Income Benefit within 12 months following the reinstatement of cover under this

Loss of Earnings Benefit *appendix*, then the amount of benefit payable will be calculated using Section 2 or Section 6 (respectively) 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 or leave without pay that is needed to make up the balance of the 12 month period.

16. What is the Future Insurability Benefit?

The Future Insurability Benefit will only apply for a *life assured* if you have not selected the Claim Indexation Benefit (specified in *the schedule* as CPI linked) and the Loss of Earnings Benefit sum assured shown in *the schedule* for the *life assured* together with any previous Future Insurability Benefit increases for the *life assured* is less than \$240,000 per annum. Future Insurability Benefit increases cannot be used to increase the Loss of Earnings Benefit sum assured to more than \$240,000 per annum, or to be in excess of the agreed replacement ratio disclosed in your application.

If the Future Insurability Benefit applies for a *life assured*, then the Loss of Earnings Benefit sum assured for the *life assured* may be increased without the need to provide further medical evidence, subject to the following conditions:

- > The Loss of Earnings Benefit sum assured for the *life assured* may be increased by up to the lower of \$12,000 per annum or 10% of the Loss of Earnings Benefit sum assured for the *life assured* set out in *the schedule*.
- > You can only apply for an increase in cover under this Future Insurability Benefit for a *life assured* once every three years, or in the case relating to an increase in income once per year, and you must apply to AIA in writing within 60 days either side of the applicable policy anniversary date.
- > If the increase is related to your increase in income you must apply in writing to AIA and provide evidence satisfactory to AIA of the *life assured's* increased income within 60 days of the increase in income. This evidence is either:
 - confirmation of the increase in salary from the *life assured's* employer; or
 - in the case of a *life assured* who is self-employed, the *life assured's* annual accounts showing an increase in the Net Profit amount before tax, less expenses.
- > The total of all Future Insurability Benefit increases for a *life assured* cannot exceed 100% of the original Loss of Earnings Benefit sum assured for the *life assured*.
- > AIA will increase the Loss of Earnings Benefit sum assured for the *life assured* from the date we accept your request.
- > AIA will 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 that 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 *premium* increase will be based on AIA's *premium* rates applicable at the time the Future Insurability Benefit is exercised.

17. What is the Back to Work Payment and when will AIA pay it?

AIA will pay you a Back to Work Payment if:

- > a Total or Partial 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 AIA.

The Back to Work Payment is a lump-sum payment equivalent to 3 times the *life assured's* monthly disability benefit for the last full month immediately before the claim ceased, as calculated in accordance with Section 2 for a *total disability*, and Section 6 and (if applicable) Section 7 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 the same or a related illness or injury within 12 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.

18. What is the Pregnancy Premium Waiver?

AIA will waive the *premium* for this Loss of Earnings Benefit for six consecutive months at any stage between the second trimester and six months after the *life assured's* pregnancy finishes if the *life assured* becomes pregnant while this Loss of Earnings Benefit is in force provided:

- > the *life assured* provides AIA with a confirmation of pregnancy from an appropriate *registered medical practitioner*; and
- > the *life assured* did not become pregnant within nine months of:
 - the *risk commencement date*; or
 - the most recent reinstatement of this Loss of Earnings Benefit; and
- > the *life assured* is on maternity leave.

You must notify AIA in writing when the *premium* is to be waived.

This Pregnancy Premium Waiver will cease when six consecutive months *premium* have been waived.

19. What is the Return Home Benefit?

If the *life assured* is outside of New Zealand and suffers, for the first time a *total disability*, upon acceptance of the claim AIA will pay the lesser of:

- > three times the monthly benefit specified in *the schedule*; or
- > a single standard economy flight back to New Zealand for the *life assured* and one support person.

In total the maximum AIA will pay over the life of the Policy under the Return Home Benefit is \$10,000.

No payment will be made if the *life assured* is covered for the same event with a travel insurance provider.

20. What is the Childcare Support Benefit?

AIA will pay a Childcare Support Benefit in the following circumstances:

- > the *life assured* is *totally disabled* or *partially disabled* and is receiving a monthly benefit; and
- > as a direct result of the *life assured's* disability, additional childcare costs are incurred over and above any childcare arrangements which existed prior to the *life assured* becoming *totally disabled* or *partially disabled*, in respect of any dependent *child* who is under the age of 14 years old; and
- > the additional childcare services are not being provided by you or an immediate family member, in AIA's sole opinion.

The amount AIA will reimburse under the Childcare Support Benefit is the lesser of:

- > the actual additional childcare costs; or
- > \$800 per month per dependent *child* under the age of 14 years old.

This Childcare Support Benefit is payable until the earlier of:

- > the *life assured* no longer being *totally disabled* or *partially disabled*; or
- > six monthly Childcare Support Benefit payments have been made; or
- > the end of the *benefit payment period* is reached; or
- > the end of the *benefit term* is reached.

You will need to provide evidence satisfactory to AIA each month of the additional childcare fees that have been paid before AIA will make a payment under the Childcare Support Benefit.

This payment is in addition to the monthly benefit.

21. What is the Waiting Period Reduction Benefit?

If this Loss of Earnings Benefit has a *waiting period* of 26, 52 or 104 weeks the *life assured* can reduce this *waiting period*, without providing any further medical evidence, if the *life assured's* Business Overheads, Business Continuity, Rural Continuity or Locum Cover is cancelled due to:

- > the *life assured* no longer being *actively engaged* in the business,
- > the business being sold; or
- > the business no longer *actively trading*.

The *waiting period* for this Loss of Earnings Benefit will reduce to align with the *waiting period* on the cancelled Benefit. The reduced *waiting period* on this Loss of Earnings will apply to the lesser of:

- > the monthly benefit for the Business Overheads, Business Continuity, Rural Continuity or Locum Cover at the time it was cancelled; or
- > the monthly benefit for this Loss of Earnings Benefit.

For example:

A *life assured* has the following:

- > Loss of Earnings with a \$2,500 per month benefit and a 52 week *waiting period*; and
- > Business Continuity with a \$1,000 per month benefit with a 13 week *waiting period*.

When Business Continuity is cancelled the Loss of Earnings Benefit *waiting period* would be reduced to a:

- > 13 week *waiting period* with a \$1,000 per month benefit; and
- > 52 week *waiting period* with a \$1,500 per month benefit.

The following conditions apply:

- > within 60 days of the cancellation of cover the *life assured* must notify AIA in writing with supporting evidence that the *life assured* is no longer *actively engaged* in the business or the business has been sold or the business is no longer *actively trading*;
- > the *life assured* is no longer *actively engaged* in the business due to reasons other than retirement, redundancy, ill health or incapacity;
- > the *life assured* must be under the age of 60;
- > if the *life assured* has had a claim paid or be entitled to be paid a claim under any policy with us or any other insurance company the request will be referred to an AIA underwriter and full underwriting terms and conditions may apply;
- > the payment of *premiums* must be up to date and are not being waived for any reason.

If AIA agrees to reduce the *waiting period*, the following applies:

- > *premiums* will increase with any reduction in *waiting period*;

- > only one reduction in *waiting period* under this benefit is allowed without evidence of health;
- > any loadings, exclusions or special terms on the cancelled policy will be applied to the reduced *waiting period* benefit.

22. What is the Concurrent Waiting Period Benefit?

If the *life assured* is disabled and able to receive a Loss of Earnings Benefit under this policy, and they also hold a Business Overheads, Business Continuity, Rural Continuity or Locum Cover policy, then the *waiting periods* applicable to the *life assured* under each policy will be served concurrently from the *disablement date*.

If during the *waiting period* under this policy, the *life assured* is able to claim the Recurrent Disablement under a Business Overheads, Business Continuity, Rural Continuity or Locum Cover policy, the portion of their *waiting period* for their Loss of Earnings under this policy will be considered to have been continuous and only the remaining period will apply.

23. What is the Optional Mental Health Limitation?

The Optional Mental Health Limitation applies only if it is shown in *the schedule* and if no mental health exclusion applies for this *appendix*.

If the Optional Mental Health Limitation applies, *AIA* will only pay a claim due to a *mental health disorder* for a maximum of two years throughout the life of this *appendix*. The Optional Mental Health Limitation payment period will commence if, in *AIA'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*.

24. Extra Benefits for the Premier Cover Option

If you have chosen the Premier Cover Option, then the following extra benefits also apply:

a) Extra Cash Benefit

The Extra Cash Benefit will be paid monthly in advance and in addition to the Total Disability Income Benefit, for the first three months after the *waiting period* while the Total Disability Income Benefit is being paid. The Extra Cash Benefit is equivalent to $1/3^{\text{rd}}$ (33.3%) of the Total Disability Income Benefit for each month.

Where applicable and only in respect of the period for which the Extra Cash Benefit is payable, the Extra Cash Benefit will be included together with the Total Disability Income Benefit in the calculation of the lump sum payment *AIA* may choose to make in lieu of up to 3 monthly benefit payments, as set out in Section 1.

This benefit is only payable once for a *life assured*.

b) 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 *AIA's* opinion that *life assured* is *permanently disabled*.

The benefit is a monthly payment equivalent to $1/3^{\text{rd}}$ (33.3%) of the *life assured's* monthly Total Disability Income Benefit as calculated in Section 2. The additional monthly payment will commence from the date when the Permanent Disablement Benefit claim is accepted by *AIA*.

The benefit will cease when the earliest of the following occurs:

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

c) Home Care Benefit

If the *life assured* is *totally disabled*, *AIA* will pay a Home Care Benefit monthly in arrears in addition to the Total Disability Income Benefit.

The Home Care Benefit is a payment for the services of the *person* providing care to the *life assured* and is payable to the *person* providing care, not the *policy owner* named in *the schedule*. The *person* providing the care will not be acting as an employee, contractor or agent of *AIA*.

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.

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 lowest of:

- > $1/12^{\text{th}}$ 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 has given up work to care for the *life assured*.

Where the Home Care Benefit is payable for an incomplete month, payment will be at the rate of $1/30^{\text{th}}$ (one-thirtieth) of the monthly amount per day.

The Home Care Benefit starts from the expiry of the first 3 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 6 consecutive months; or
 - > the *benefit payment period* ends;
- whichever comes first.

For any period where the *life assured* is entitled to a Permanent Disablement Benefit, the Home Care Benefit will not be payable.

d) Bereavement Grant

If the *life assured* dies while AIA is paying a Total Disability Income Benefit for that *life assured*, then AIA will pay a Bereavement Grant of three times the monthly Total Disability Income Benefit as calculated in Section 2.

No Bereavement Grant will be paid if:

- > the *life assured* dies as a direct or indirect result of deliberately injuring himself or herself or attempting to do so; or
- > the *life assured* dies during the *waiting period*.

AIA will only pay one Bereavement Grant for each *life assured* across all AIA policies.

25. 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 Loss of Earnings 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, which may include evidence of monthly earnings, taxable *income*, business accounts, ACC details or similar; 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.

26. 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 Loss

of Earnings 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 Loss of Earnings 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.

27. 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 26 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 in prison or sentenced to home detention for any reason.
- (h) 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.
- > If the *benefit payment period* is one, two or five years, 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).

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

This *appendix* will terminate and eligibility for the Loss of Earnings Benefit will cease for a *life assured*:

- > At the expiry of the *benefit term* as shown in *the schedule*.
- > When the *life assured* dies.
- > When the benefit is cancelled.

29. Exclusions – When AIA won't pay a benefit

AIA will not pay any of the benefits listed in this *appendix* where any of the following directly or indirectly cause or contribute to the 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 91st 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.

30. Key terms

actively engaged Working an average of more than 30 hours per week in the six months prior to cancellation of Business Overheads, Business Continuity, Rural Continuity or Locum Cover.

actively trading Undertaking any activity carried on for the production of income from selling goods or performing services.

Activities of Daily Living 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.

benefit term The term for which the *life assured* is insured for the Loss of Earnings Benefit as stated in *the schedule*.

benefit payment period The maximum term for which the Loss of Earnings Benefit is payable as stated in *the schedule*.

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

- a) the benefit payment period commences at the end of the *waiting period* and ceases either one year, two years or five years (whichever is stated in *the schedule*) later or when the *life assured* turns age 65, whichever is earlier; and
- b) the one year, two year or five year period (whichever is stated in *the schedule*) is the total period for which benefits will be payable for all claims arising from the same or a related illness or injury.

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 AIA whose profession it is to provide nursing services or provided by a *registered medical practitioner*.

income	<p>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:</p> <p>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</p> <p>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.</p> <p>The current year's taxation liability excludes any tax losses which have been brought forward from previous years.</p> <p>For the purposes of this definition, the <i>life assured</i> is deemed to be in business 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.</p>	permanently disabled	<p>In the opinion of <i>AIA</i>, the <i>life assured</i> cannot and is unlikely to ever be able to perform again, at least two of the five <i>Activities of Daily Living</i> without assistance from another <i>person</i> because of the effects of an illness or injury which caused the <i>life assured's</i> disability (if the <i>life assured</i> can perform the activity on his or her own by using special equipment, then <i>AIA</i> will treat the <i>life assured</i> as being able to perform that activity).</p> <p>Alternatively, the <i>life assured</i> is unlikely to ever be able to perform again, at least one of the <i>Activities of Daily Living</i> which, together with a reduction in the <i>life assured's</i> intellectual capacity, means that the <i>life assured</i> will likely always require <i>full-time care</i>.</p> <p>An individual, employer, company, partnership, association, organisation or trust.</p> <p>The average monthly <i>income</i> during a continuous 12 month period chosen by the <i>life assured</i> from the 36 months immediately before the <i>disablement date</i>.</p> <p>However, if the <i>life assured</i> becomes <i>totally disabled</i> when the <i>life assured</i> has been on parental leave for 12 months or less or on a <i>work sabbatical</i>, then the <i>pre-disability income</i> is the average monthly <i>income</i> during a continuous 12 month period chosen by the <i>life assured</i> from the 36 months immediately before the <i>life assured</i> went on leave.</p>
		person	An individual, employer, company, partnership, association, organisation or trust.
		pre-disability income	The average monthly <i>income</i> during a continuous 12 month period chosen by the <i>life assured</i> from the 36 months immediately before the <i>disablement date</i> .
		totally disabled	See Section 3 of this <i>appendix</i> for the meaning of this key term.
		unemployed	<p><i>Total disablement</i> has a corresponding meaning.</p> <p>A <i>person</i> who is not engaged in remunerated work or business activities, for 10 hours or more a week.</p> <p>This definition does not include a person on leave without pay, parental, study, long service or sabbatical leave.</p>
mental health disorder	<p>A 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 and/or the treatment or complications of that disorder.</p>	waiting period	The period stated as such in the <i>schedule</i> for which no Loss of Earnings Benefit is payable.
partially disabled	See Section 5 of this <i>appendix</i> for the meaning of this key term.		

work sabbatical

Voluntary leave without pay, approved by the employer, and where the *life assured* has the employer's agreement to return to the same role within 12 months or less.

SAMPLE