

OPTIONAL BENEFIT APPENDIX

Business Continuity Benefit

This *appendix* only applies if cover under the policy *schedule* includes the Business Continuity Benefit. This *appendix* forms part of and is incorporated into the TotalCareMax policy, the terms of which apply to this *appendix*.

This is a Business Continuity Benefit. Details of the benefit and the names of the people insured for the benefit (called the life or lives assured) are shown in *the schedule*.

1. When will Sovereign 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 Sovereign pay a Total Disablement Benefit?

Sovereign will pay a Total Disablement Benefit if, in Sovereign's opinion, at any time during the *benefit term*, the life assured has become *totally disabled* and remains so for a continuous period greater than the *waiting period*.

The benefit is paid monthly in advance from the end of the *waiting period* until the life assured, in Sovereign's opinion, ceases to be *totally disabled*, or until the occurrence of any one or more of the events set out in Sections 13, 14 or 15.

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, Sovereign 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 Sovereign 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 Sovereign pay for a Total Disablement Benefit?

- > If the "Business Agreed Value Benefit" has been chosen, the amount that Sovereign will pay monthly is 1/12th 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 Sovereign will pay monthly is the lower of:

- 1/12th of the benefit amount shown in *the schedule*
 - o less any offsets as described below; or
- 1/12th 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, Sovereign will negotiate with the other provider(s) to determine the amount to be offset.

4. What does *totally disabled* mean?

In Sovereign'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 Sovereign pay an Optional Partial Disablement Benefit?

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

If the life assured has been totally disabled or partially disabled and then immediately thereafter works in or carries on the business at a reduced work capacity than was the case immediately before becoming totally disabled or partially disabled, an Optional Partial Disablement Benefit may apply. The following conditions must be satisfied:

- > the reduction in work capacity results from the continuation of the *disability*, and
- > because of the reduction in work capacity, the life assured is working and is only able to work less than 75% of their *working hours at application time*; and
- > the *waiting period* is over; and
- > the life assured is no longer *totally disabled*; and
- > if applicable, the period in respect of which a Total Disablement Benefit has been paid in advance has expired; and
- > where a lump sum payment has been made in lieu of monthly benefit payments as set out in Section 2, the benefit period to which the lump sum corresponds has expired.

The Optional Partial Disablement Benefit will be paid monthly in arrears until, in Sovereign'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 occurrence of any one or more of the events set out in Sections 13, 14 or 15.

A Partial Disablement Bridging Benefit (as set out in Section 7) 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 Partial Disablement Benefit must be immediately preceded by a 14 day period of *total disability*. Refer to Section 8 for "What is the Recurrent Disablement Benefit?".

6. What is the amount of the Optional Partial Disablement Benefit?

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

monthly benefit as calculated in Section 3	X	$\frac{(\text{working hours at application time} - \text{post-disability working hours})}{\text{working hours at application time}}$
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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.

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

Where the Optional Partial Disablement Benefit applies as shown in *the schedule*, Sovereign 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 Sovereign, 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 1/3rd (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 6).

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.

8. What is the Recurrent Disablement Benefit?

The *waiting period* will be waived if in Sovereign'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*.

9. 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, Sovereign will pay the costs of a two year membership to Business Mentors.

Business Mentors is independent of Sovereign and Business Mentors terms and conditions and eligibility criteria apply. Sovereign may withdraw access to the service or change the terms on which access to the service is made available with 90 days' notice. Neither Sovereign, 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. Sovereign 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 a Sovereign policy.

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



10. What is the Optional Employee Upgrade Benefit?

The Optional Employee Upgrade Benefit will only apply if shown in *the schedule*.

If selected this benefit enables *your employees* and their immediate family use of Best Doctors as many times as they need to. Best Doctors can provide additional advice on critical, chronic and degenerative conditions after the person who is suffering the condition has seen a specialist. The Best Doctors service can be accessed regardless of whether the condition is covered by this *appendix*.

Best Doctors is only available to current employees of the *business* and cover will cease once they leave the employment of the policy owner.

Best Doctors reserves the right to audit employee numbers of the policy owner's *business*.

Best Doctors is independent of Sovereign and Best Doctors terms and conditions and eligibility criteria apply. Sovereign may withdraw access to the service or change the terms on which access to the service is made available with 90 days' notice. Neither Sovereign, 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 Best Doctors service, or the unavailability of Best Doctors. Sovereign is not responsible for any cost associated with becoming eligible to use, or use of, the Best Doctors service (including without limitation the cost of any

medical consultations or treatment, travel, lodging, telephone calls, faxes or mail), unless covered by a Sovereign policy.

Contact Best Doctors on 0800 425 005.

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11. How to make a claim

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

In addition, for a Business Continuity claim, Sovereign will require:

- > the life assured to be examined by a *registered medical practitioner* acceptable to Sovereign, before accepting liability for a claim; and
- > a Sovereign claims form completed by the life assured and a *registered medical practitioner* (at *your expense*); and
- > other information which Sovereign may reasonably request to help assess the claim; and
- > where the "Business Indemnity Benefit" has been chosen, *you* will be required to provide Sovereign 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 programme) at *your expense* which the life assured's *registered medical practitioner* or a *registered medical practitioner* approved by Sovereign considers necessary; and
- > any other information that Sovereign may deem relevant to the assessment of the claim.

12. Ongoing Claims Requirements

For ongoing claims Sovereign 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 Sovereign 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 Sovereign, 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 Sovereign may deem relevant to the ongoing assessment of the claim.

13. When will Sovereign cease paying a benefit?

Sovereign will cease paying a benefit if:

- (a) The life assured fails to undergo and complete:
 - any surgical operation; and/or
 - any medical rehabilitation programme; and/or
 - any social rehabilitation programme; and/or
 - any vocational rehabilitation programme, which a *registered medical practitioner* approved by Sovereign considers reasonably necessary.
- (b) The life assured fails to undertake any medical examinations that Sovereign requires the life assured to have, at our expense.
- (c) The life assured fails to comply with the requirements of Section 12 above.
- (d) Sovereign 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 for any reason.
- (i) The life assured dies.

If Sovereign 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).

14. 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 Sovereign 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 Sovereign in writing.

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

15. 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 Sovereign 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 Sovereign 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.

16. Exclusions – when Sovereign won't pay a benefit

Sovereign 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 91st day.

If the life assured is imprisoned for any reason, no monthly benefit will be payable during the term of imprisonment.

17. Key terms

actively involved	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.	replacement ratio	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> .
application time	The date as declared on the original application form applying for the Business Continuity Benefit for the life assured.	totally disabled / total disability	See Section 4 of this <i>appendix</i> for the meanings of these key terms.
benefit term	The term for which the life assured is insured for the Business Continuity Benefit as stated in the <i>schedule</i> .	waiting period	The period stated as such in <i>the schedule</i> for which no Total Disablement Benefit or Optional Partial Disablement Benefit is payable.
benefit payment period	<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 the <i>schedule</i>) later or when the life assured 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>	working hours	The number of hours working as stated at <i>application time</i> for the life assured.
business	The business of the 'Policy Owner' named in <i>the schedule</i> .	you/your	The 'Policy Owner' named in <i>the schedule</i> .
disability/disabled	The illness or injury giving rise to the claim for <i>total disability</i> or <i>partial disability</i> .		
disablement date	The date the life assured became <i>totally disabled</i> .		
partially disabled / partial disability person	<p>See Section 5 of this <i>appendix</i> for the meanings of these key terms.</p> <p>An individual, employer, company, partnership, association, organisation or trust.</p>		
post-disability working hours	The number of hours per week that the life assured is able to work as stated by a <i>registered medical practitioner</i> . Sovereign may request the second opinion of another <i>registered medical practitioner</i> .		