

OPTIONAL BENEFIT APPENDIX

Life Cover Benefit

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

This is a Life Cover Benefit. Details of the benefit chosen 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 Life Cover Benefit?

Sovereign will pay a Life Cover Benefit when the life assured for the benefit, as specified in *the schedule*, dies. Sovereign will pay the benefit as soon as we are satisfied with all the information which must be presented at the time of making a claim.

2. Terminal Illness Benefit

You can apply to Sovereign for a Terminal Illness Benefit of up to 100% of the applicable Life Cover Benefit if the life assured has been diagnosed as having an illness where in Sovereign's opinion despite all reasonable medical treatment they are expected to live for no more than 12 months. The *registered medical practitioner* treating the illness must provide supporting evidence of the illness, possible medical treatment, the prognosis and confirm that the definition of Terminal Illness has been met.

This Terminal Illness Benefit will be treated as an early payment of the Life Cover Benefit. The Life Cover Benefit will then be reduced by the amount paid for the Terminal Illness Benefit.

3. Specified Terminal Conditions Benefit

You can apply to Sovereign for a Specified Terminal Conditions Benefit of the lower of:

- > 30% of the applicable Life Cover Benefit; or
- > \$250,000

if the life assured has been unequivocally diagnosed by an appropriate *registered medical practitioner* as having any of the following incurable terminal conditions:

- > Motor Neurone Disease
- > Exocrine Pancreatic Cancer (Stages 3 or 4)
- > Non-Small Cell Lung Cancer (Stage 4)
- > Distal Oesophageal Cancer (Stage 4)

This Specified Terminal Conditions Benefit will be treated as an early partial payment of the Life Cover Benefit. The Life Cover Benefit will then be reduced by the amount paid under the Specified Terminal Conditions Benefit. The *premium* will adjust to reflect the reduced cover.

Sovereign may at its sole discretion alter this list of conditions from time to time as a result of the conditions becoming curable or improvements in the medical outlook for the conditions since 2015. Sovereign will give 30 days prior written notice to you, before any change takes effect.

4. Financial and Legal Advice Benefit

If Sovereign pays a claim under the Life Cover Benefit, the Specified Terminal Conditions Benefit, or the Terminal Illness Benefit then Sovereign will reimburse you for fees up to \$2,500 including GST (in total) that you pay for financial planning advice you receive from an *accredited Adviser* or legal advice received from a legal professional approved by Sovereign, subject to the following conditions:

- > You must pay for the financial planning or legal advice within the three months following Sovereign paying the Life Cover Benefit claim.
- > You must provide Sovereign with a completed claim form and a receipt satisfactory to Sovereign for the fees you are claiming.

Sovereign will only pay one Financial and Legal Advice Benefit per life assured across all *Sovereign policies*. This is in addition to the sum assured.

5. Counselling Benefit

The Counselling Benefit covers the cost of a Psychiatrist or Psychologist consultation and/or counselling for the life assured or a *close relative* of the life assured where the support treatments and/or consultations directly relate to a claim under the Life Cover Benefit, the Specified Terminal Conditions Benefit or Terminal Illness Benefit. After referral by the *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 Sovereign paying the Life Cover Benefit, the Specified Terminal Conditions Benefit or Terminal Illness Benefit claim; and
- > Sovereign 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.

6. Repatriation Benefit

If the life assured dies, Sovereign will reimburse *you* for the costs of returning the life assured's body to New Zealand or their *home country* upon receipt of evidence acceptable to Sovereign.

If the life assured is the sole policy owner, Sovereign will reimburse the person that has paid for the costs of repatriation upon receipt of evidence acceptable to Sovereign.

The maximum amount of the Repatriation Benefit across all *Sovereign policies* and *AIA New Zealand policies* for that life assured is the lower of:

- > The Life Cover Benefit;
- > \$15,000 if the life assured is the sole policy owner; or
- > \$20,000 if there is a surviving policy owner.

The Repatriation Benefit will be treated as an early payment of the Life Cover Benefit. The Life Cover Benefit will then be reduced by the amount paid.

7. Premium Conversion Facility

You may at any time:

- > Convert all or part of *your* Life Cover Benefit from the *premium* shown in *the schedule* to a *Level premium* structure. The Life Cover Benefit under *your* policy will be reduced by the sum assured amount converted; or
- > Convert a *Level premium* Term to a further *Level premium* Term, of which duration may be the same or less than current *Level premium* Term.

Sovereign will not require *you* or the life assured to produce further medical evidence at the time of conversion. 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. Any special terms, exclusions or *premium* loading that applied to *your* existing Life Cover Benefit will apply to *your* new Life Cover Benefit.

8. Optional Business Safeguard Facility

The Optional Business Safeguard Facility applies only if shown in *the schedule*.

On each occasion that the financial interests of a life assured in the business increases, or their loan guarantee increases, or their value to the business increases, *you* may write to Sovereign asking us to increase the Life Cover Benefit for that life assured without the need to provide medical evidence, subject to the following conditions:

- > The Life Cover Benefit for a life assured under this policy after the use of this Facility cannot exceed the lesser of five times the original Life Cover Benefit or \$10,000,000.

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 = \$2,500,000
Original benefit x 5 = \$12,500,000
Cover available after the use of this Facility cannot exceed \$10,000,000
Total increase under this Facility cannot exceed \$7,500,000

- > The Optional Business Safeguard Facility cannot be exercised within six months of the *risk commencement date*.
- > 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 Sovereign 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 Sovereign.
- > 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 Sovereign.
- > 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 the Life Cover 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.

9. How to make a claim

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

In addition, for a Life Cover Benefit claim, Sovereign will require:

- > A full death certificate (in the event of the death of a life assured), and a coroner's report if applicable.
- > A grant of administration – probate, or certificate of administration, or letters of administration if the deceased was the sole owner of the policy.
- > For a Terminal Illness Benefit, evidence from a *registered medical practitioner* diagnosing an illness which will result in the death of the life assured within 12 months of the diagnosis and any other evidence we may reasonably require.
- > For a Specified Terminal Conditions Benefit, evidence from a *registered medical practitioner* with an unequivocal diagnosis of a specified condition and any other evidence we may reasonably require.

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

Sovereign will not pay any benefit under this *appendix* where the life assured dies or becomes terminally ill as a direct or indirect result of an intentional self-inflicted act (whether sane or insane) within 13 months of the risk *commencement date* or, if cover under this *appendix* has been reinstated, the date of reinstatement. This exclusion applies to any subsequent benefit increase *you* make.

11. Key terms

Accident	Injury caused by violent, accidental, external and visible means.
accredited Adviser	Either an Adviser with a current financial adviser agreement with Sovereign Services Limited or a member of a financial services industry body approved by Sovereign.
AIA New Zealand policy /policies	Any policy or policies where AIA New Zealand Limited is the insurer.
home country	The country in which the life assured was born or, their country of permanent residence.