

OPTIONAL BENEFIT APPENDIX

Business Continuity Locum Cover Disability Income Benefit

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

This is a Business Continuity Locum Cover Disability Income 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 Locum Cover Disability Income Benefit?

To qualify for a benefit, the life assured must be *actively involved* in the *business* immediately before the *disablement date*.

Sovereign will pay a Locum Cover Disability Income 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 designed to reimburse the cost of a locum or *eligible business overheads* where a locum is not engaged.

The benefit is paid monthly in arrears from the end of the waiting period until the earlier of the following events:

- > the life assured ceases to be *totally disabled*; or
- > the end of the *benefit payment period*; or
- > the occurrence of any one or more of the events set out in Sections 8 and 9.

2. What amount will Sovereign pay for a Locum Cover Disability Income Benefit?

The amount that Sovereign will pay monthly is the lowest of the following amounts:

- > 1/12th of the benefit amount shown in *the schedule* less offsets shown below; or
- > the reasonable costs incurred by the *business* in engaging a locum for the *business* for that month less offsets shown below; or
- > where a locum is not for any reason engaged, the *eligible business overheads* actually incurred by the *business* for that month less offsets shown below.

Offsets

Any other benefit amounts received by *you*, the life assured or the *business* from any source other than Sovereign for that month in relation to the life assured and in respect of the same or a related disability, for:

- > reimbursement of the costs of the locum; or
- > reimbursement of the same *eligible business overheads*

where a locum is not for any reason engaged. Where the life assured is covered by business continuity benefits held with more than one provider, Sovereign will negotiate with the other provider(s) to determine the amount to be offset.

3. What does *totally disabled* mean?

In Sovereign's opinion, the life assured for the benefit 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.

4. 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 disablement*, not later than 12 months after benefit payments related to the original claim ceased. The provisions of Sections 1, 2 and 3 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*.

5. Rehabilitation and Support

On receiving notification of a new or potential 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 Sovereign.

Acceptance of any costs associated with the agreed rehabilitation and functional support by Sovereign does not mean that we will accept liability for any other benefit under this *appendix* and are accepted at the sole discretion of Sovereign.

6. 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 Locum Cover Disability Income Benefit 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 any claim payments, which may include evidence of any other locum disability cover or business overheads type policy payments, *business* accounts, confirmation of the *business* continuing to trade, etc; 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.

7. Ongoing claim 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 Locum Cover Disability Income Benefit.
- > Where a locum is engaged, proof of the costs incurred in engaging the locum including copies of any relevant contract.
- > Where a locum is not engaged, proof of the *eligible business overheads* incurred in relation to the *business* and the completion of a business expenses claim

form.

- > 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 Locum Cover Disability Income Benefit.
- > Proof of any remunerated or non-remunerated work completed by the life assured during the claim period.
- > Any other information that Sovereign may deem relevant to the ongoing assessment of the claim.

8. 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) *You* or the life assured fails to comply with the requirements of Section 7 above.
- (d) Sovereign determines that the life assured is no longer *totally 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 for any reason.
- (h) 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).

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

This *appendix* will terminate and eligibility for the Locum Cover Disability Income 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.
- > When the life assured ceases to have an ownership interest in the *business*.
- > When the *business* ceases to trade.
- > When the benefit is cancelled by the policy owner.

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

Sovereign will not pay a benefit under this *appendix* for any period before being notified of a claim for this benefit.

Sovereign will not pay a benefit under this *appendix* where any of the following directly or indirectly cause or contribute to the life assured being *totally disabled*:

- > 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 for any reason, no monthly benefit will be payable during the term of imprisonment.

11. 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.

benefit term The term for which the life assured is insured for the Locum Cover Disability Income Benefit as stated in *the schedule*.

benefit payment period The maximum term for which the Locum Cover Disability Income Benefit is payable as stated in *the schedule*. The benefit payment period commences at the end of the *waiting period* and ceases either 12 or 24 months (whichever is stated in *the schedule*) later or when the life assured reaches the end of the

benefit term, whichever is the earlier.

The 12 or 24 month 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.

business

The business of the 'Policy Owner' named in *the schedule*.

disablement date

The date the life assured became *totally disabled*.

eligible business overheads

The following expenses incurred in relation to the *business*:

- > Rent of business premises.
- > Interest on business loans.
- > The gross amount of salaries and related costs for employees who are totally unable to earn income for the *business* while the life assured is *totally disabled*.
- > Insurance premiums.
- > Cost of obtaining normal business services such as electricity, gas, water, telephone, laundry, cleaning and maintenance.
- > Accounting and audit fees, advertising expenses and professional subscriptions.
- > Equipment or motor vehicle lease costs (of an expense nature).
- > Depreciation of business equipment.
- > Any other fixed expenses that are normal and customary in the conduct of that particular *business*.

But do not include:

- > Salary, fees, or any other amounts paid or payable from the *business* to:
 - the life assured; or
 - any person engaged to replace the life assured or any member of the life assured's family unless that person or member was employed in the *business* for at least 30 days immediately before the *disablement date*.
- > The repayment of any mortgage or loan principal.
- > Any costs or expenses of a capital nature (including the cost of equipment, fittings, fixtures, furniture, and vehicles).
- > The cost of any trading goods or other stock.

totally disabled / total disablement See Section 3 of this appendix for the meanings of these key terms.

waiting period The period stated as such in *the schedule* for which no Locum Cover Disability Income Benefit is payable

you/your The 'Policy Owner' named in *the schedule*.

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