

OPTIONAL BENEFIT APPENDIX

Rural Continuity Benefit

This *appendix* only applies if cover under the policy *schedule* includes the Rural 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 Rural 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 Rural Continuity Benefit?

To qualify for a benefit, the life assured must be *actively involved in farming* in New Zealand 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 12 or 13.

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?

The amount that Sovereign will pay monthly is 1/12th of the benefit amount shown in *the schedule*, less offsets shown below.

Offsets:

Any other farm protection, business income, 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.

Only one Rural Continuity Benefit will be paid per *farm* at any one time.

If *you* have chosen the optional ACC offset and it is shown in *the schedule* then any ACC payments in respect of the same or a related *disability* will be included in offsets. 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, Sovereign will offset the full ACC entitlement regardless of whether the life assured is receiving a payment or not.

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 *farming* they were involved in immediately before the *disablement date* for more than ten hours per week; or
 - perform one important 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 outside the *farm* or in any other 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 carries on *farming* 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 less than 20 hours per week; 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 20 hours per week, or until the occurrence of any one or more of the events set out in Sections 12 or 13.

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 Optional 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:

$(50\% \times 1/12^{\text{th}}$ of the benefit amount shown in *the schedule*) less offsets as defined in Section 3.

For example, for a benefit amount shown in *the schedule* of \$60,000 per annum (\$5,000 per month) with offsets of \$1,000, the amount that Sovereign will pay monthly is:
 $(\$5,000 \times 50\%) - \$1,000 = \$1,500$

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 Optional Peak Season Upgrade Benefit and when will Sovereign pay it?

The Optional Peak Season Upgrade Benefit applies only if shown in *the schedule*.

If *you* have chosen the Optional Peak Season Upgrade Benefit, then Sovereign will pay an additional 25% of the monthly benefit while the life assured is in receipt of a Total Disablement Benefit during the nominated 3 month peak season period as defined in *the schedule*, in any year.

The nominated peak season period may only be changed with Sovereign's written consent. There will be a 90 day stand down from the date the peak season period is changed on *the schedule* before any Optional Peak Season Upgrade Benefit is payable during the new peak season period. During this stand down period *your* previous peak season period will remain in force.

10. 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 Rural Continuity 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
- > 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.

11. 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 Rural 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 Rural 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.

12. 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 11 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 ceases to be *actively involved in farming*, unless the reason for this is related to the claim. 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).

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

This *appendix* will terminate and eligibility for the Rural 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 *farm* for more than 60 consecutive 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 *farming* business is wound-up or liquidated or the *farm* is sold or its lease ends, unless Sovereign has been notified in writing and its written consent has been given for the continuation of the *appendix*. However, if the life assured is on claim and the reason for the *farming* 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*.
- > When the benefit is cancelled by the policy owner.

14. 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.

15. Key terms

actively involved	<i>Farming</i> for more than 30 hours per week in or on the <i>farm</i> .
benefit term	The term for which the life assured is insured for the Rural Continuity Benefit as stated in <i>the schedule</i> .
benefit payment period	<p>The maximum term for which the Rural Continuity Benefit is payable as stated in <i>the schedule</i>.</p> <p>The benefit payment period commences at the end of the <i>waiting period</i> and ceases either 6, 12 or 24 months (whichever is stated in <i>the schedule</i>) later or when the 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 all claims arising from the same or related illness or injury.</p>
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> .
farm	The area where the <i>farming</i> occurs.
farming	Owning or leasing the <i>farm</i> and/or animals and actively raising the animals for commercial purposes including sharemilking.
partially disabled / partial disability	See Section 5 of this appendix for the meaning of these key terms.

person	An individual, employer, company, partnership, association, organisation or trust.
sharemilking	The provision of services under a Sharemilking Agreement as defined by the Sharemilking Agreements Act 1937 and any of its subsequent amendments including any replacement Act and/or Regulations.
totally disabled / total disability	See Section 4 of this appendix for the meanings of these key terms.
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.
you/your	The 'Policy Owner' named in <i>the schedule</i> .

