

OPTIONAL BENEFIT APPENDIX

Rural Continuity Business Income Support Benefit

This *appendix* only applies if cover under *the schedule* includes the Business Income Support Benefit and the Rural Continuity Benefit. This *appendix* forms part of and is incorporated into *your* TotalCareMax policy, the terms of which apply to this *appendix*. *Your* Rural Continuity Benefit should be read in conjunction with this benefit.

This is a Business Income Support 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 Income Support 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 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 benefit 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.

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 any offsets as described below.

Offsets:

- > Any other farm protection, business income, key person, 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 ACC payments), with the following provisions:
 - 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.

- 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.
- > Any *income* after income tax, as a result of the life assured being actively involved in or actively carrying on business. This does not include 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*.

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 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; and
- > in each case, not in fact working, or engaged outside the *farm* or in any other business.

5. When will Sovereign pay a Partial Disablement Benefit?

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*, a 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
- > if applicable, the period in respect of which a Total Disablement Benefit has been paid in advance has expired.

The 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 end of the *benefit payment period*, whichever is the earlier.

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 a Partial Disablement Benefit.

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

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

(50% x 1/12th of the benefit amount shown in *the schedule*, noted under the Business Income Support Benefit) less offsets as defined in Section 3.

For example for a benefit amount shown in *the schedule* of \$48,000 per annum (\$4,000 per month) with offsets of \$1,000, the amount that Sovereign will pay monthly is:

$$(50\% \times \$4,000) - \$1,000 = \$1,000$$

7. What is the Partial Disablement Bridging Benefit and when will Sovereign pay it?

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 a 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 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.

8. What is the Recurrent Disablement Benefit?

The *waiting period* will be waived if not later than 12 months after the benefit payments related to the original claim ceased, the life assured becomes disabled again and, in Sovereign's opinion, after considering the advice of a *registered medical practitioner* and other relevant information, this is caused by the same or a related illness or injury as the original period of *total* or *partial disability*. The provisions of Sections 2, 3, 4, 5 and 6 of this *appendix* will apply to any benefit claimed.

If in Sovereign's opinion, after considering the advice of a *registered medical practitioner* and other relevant information, the life assured becomes disabled again and this is caused by the same or a related illness or injury as the original period of *total* or *partial disability*, later than 12 months after benefit payments related to the original Business Income Support claim ceased, a waiting period of four weeks will apply. 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. 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.

10. What is the Vocational Retraining Benefit and when will Sovereign pay it?

Sovereign may agree to pay *you* a Vocational Retraining Benefit if in Sovereign's opinion the life assured is unlikely to return to paid work in their pre-disability own occupation. The benefit payable will be the cost of a programme of vocational training for the life assured provided:

- > the programme is approved in advance by Sovereign, and reviewed regularly; and
- > the sole purpose for the programme is to assist the life assured to return to gainful employment at an earlier date than would otherwise have been possible; and
- > the life assured actively participates and complies with the programme; and
- > the cost of the programme is limited to the fee charged by the institution providing the programme and does not include the cost of text books, equipment and stationery, accommodation and transport costs; and
- > the total amount which Sovereign will pay as a Vocational Retraining Benefit is limited up to a maximum of 12 times the monthly benefit amount as calculated in Section 3; and
- > vocational retraining must take place within New Zealand; and
- > the life assured is receiving the Total Disablement Benefit when the programme begins.

Any benefit which Sovereign may agree to pay is to be reduced by any programme costs *you* or the life assured recover, or are entitled to recover, from any other source.

11. What is the Home Modification or Equipment Expenses Benefit and when will Sovereign pay it?

Sovereign may agree to pay *you* an additional lump sum payment of up to 6 times the monthly benefit amount calculated in Section 3. 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 Sovereign's opinion after considering the recommendation of an occupational therapist or an appropriate specialist approved by Sovereign. *You* must apply in writing to Sovereign before incurring these costs. Any benefit that Sovereign 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.

12. 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 Income Support 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.

13. 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 Business Income Support 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 Income Support 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.

14. 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 13 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* on the *farm*, unless the reason for this is related to the 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.
- > 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).

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

This *appendix* will terminate and eligibility for the Business Income Support Benefit will cease for a life assured:

- > At the expiry of the *benefit term* for that life assured as shown in *the schedule*.
- > If the life assured dies.
- > If the life assured is no longer *actively involved in farming* on 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 life assured is no longer a life assured under a Rural Continuity Benefit.
- > 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.

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.
- > 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.

17. Key terms

actively involved in farming	<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 Business Income Support Benefit as stated in <i>the schedule</i>
benefit payment period	The maximum term for which the Business Income Support Benefit is payable as stated 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> or <i>partially disabled</i> .
farm	The area where the <i>farming</i> occurs.
farming	Owning or leasing the farm and/or animals and actively raising the animals for commercial purposes including <i>sharemilking</i> .
income	Any income that the life assured receives or is entitled to receive from his or her current or former employment or business/es. This includes: <ul style="list-style-type: none">a) Life assured's 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 life assured and any co-owners, partners, shareholders or

- beneficiaries of the business (and/or associated entities); and
- 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 life assured receives or is entitled to receive directly or indirectly from his or her employment or the business.

The current year's taxation liability excludes any tax losses which have been brought forward from previous years.

For the purposes of this definition, the life assured 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.

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 *the schedule* for which no Total Disablement Benefit or Partial Disablement Benefit is payable.

you/your

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