

OPTIONAL BENEFIT APPENDIX

Essential Disability Income Benefit

This *appendix* only applies if *you* have chosen an Essential Disability Income Benefit. The terms of the TotalCareMax policy document also apply to this *appendix*.

Details of the Essential Disability Income Benefit *you* have 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 Total Disability Income Benefit?

Sovereign will pay a Total Disability Income Benefit if, at any time during the *benefit term*, the life assured:

- > has suffered a *condition* and as a result of that *condition* has become *totally disabled* or partially disabled during the *waiting period*; and
- > is *totally disabled* at the end of the *waiting period*.

The benefit is in the form of monthly income, which Sovereign pays monthly in advance from the end of the *waiting period* until the life assured ceases to be *totally disabled*, or until the end of the *benefit payment period*, whichever is the earlier.

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

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

Take the lower of:

- a) 1/12th of the benefit amount shown in *the schedule*; or
- b) either:
 - > 75% of the life assured's *pre-disability income*; or
 - > if the life assured for the benefit is a *homemaker*, 75% of the costs incurred in hiring home care as a result of the disability, subject to a maximum of \$2,500 per month.

Subtract from this amount each of the following:

- > Any other 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 payments from ACC, or another insurer), with the following provisions:
 - Where the life assured is covered by income replacement or mortgage protection benefits held with more than one provider, Sovereign will negotiate with the other provider(s) to determine the

amount to be subtracted.

- 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 subtract the full ACC entitlement regardless of whether the life assured is receiving a payment or not.
- > Any *income* before income tax, as a result of the life assured being actively involved in or actively carrying on business, other than 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.

If the life assured was *unemployed* for more than three months before becoming *totally disabled* the maximum amount Sovereign will pay is \$1,000 per month.

3. What does *totally disabled* mean?

The definition of *totally disabled* that applies for a life assured depends on the life assured's occupation class. The occupation class for each life assured is shown in *the schedule*. However, if a life assured has been on leave without pay for more than 12 months or was *unemployed* for three months or more immediately before becoming *totally disabled*, that life assured is automatically classed as occupation class five. For each occupation class, the degree of incapacity which constitutes *total disablement* is as follows:

For Occupation classes other than Occupation Class five:

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:
 - 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; or
 - engage in the occupation they were involved in immediately before the *disablement date* for more than ten hours per week; and
- > not working or engaged in any other occupation business.

For Occupation class five:

In Sovereign’s opinion the life assured is:

- > disabled to such an extent that necessitates confinement to the home under medical supervision or to a recognised medical institution and necessitates receiving regular medical care; or
- > as a result of sickness or injury, he or she is unable to perform at least two of the activities of daily living without the assistance of an adult; and
- > not working in any gainful occupation or engaged in voluntary work.

4. When will Sovereign pay a Partial Disability Income Benefit?

If the life assured has been *totally disabled* or partially disabled and then immediately thereafter engages in work or carries on business at a reduced level than was the case before becoming *totally disabled* or partially disabled, then a Partial Disability Income 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 earns less than 75% of the life assured’s *pre-disability income*; and
- > the *waiting period* is over; and
- > the life assured is in an Occupation class other than Occupation class five at the time of becoming *totally disabled*; and
- > if applicable, the period in respect of which a Total Disability Income Benefit has been paid in advance has expired.

The Partial Disability Income 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 earning at least 75% of their *pre-disability income*, or until the end of the *benefit payment period*, whichever is the earlier.

A Partial Disability Bridging Benefit (as set out in Section 6) will also be paid if *you* have been receiving a Total Disability

Income Benefit under this *appendix* before *you* commence receiving a Partial Disability Income Benefit.

5. What is the amount of the Partial Disability Income Benefit?

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

Take the lower of:

- a) 1/12th of the benefit amount shown in *the schedule*; or
- b) 75% x (*pre-disability income* less the monthly amount the life assured is earning or is capable of earning from *eligible sources* while disabled).

For the purposes of this calculation, income from *eligible sources* excludes passive income such as investment income or rental income.

Subtract from this amount each of the following:

- > Any other 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 payments from ACC or another insurer), with the following provisions:
 - Where the life assured is covered by income replacement or mortgage protection benefits held with more than one provider, Sovereign will negotiate with the other provider(s) to determine the amount to be subtracted.
 - 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 subtract the full ACC entitlement regardless of whether the life assured is receiving a payment or not.
- > 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.

For example:

Pre-disability income	\$5,000 per month
Monthly amount the life assured is earning or is capable of earning from eligible sources while disabled	\$3,000 per month
Benefit amount shown in the schedule	\$45,000 per annum (\$3,750 per month)
ACC entitlements for the same disability	\$500 per month

Calculation:

Take the lower of:

- a) $1/12 \times \$45,000 = \$3,750$ per month; or
- b) $75\% \times (\$5,000 - \$3,000) = 75\% \times \$2,000 = \$1,500$ per month

Therefore, the amount payable in this example, after subtracting ACC entitlements, is:

$$\$1,500 - \$500 = \$1,000 \text{ per month}$$

6. What is the Partial Disability Bridging Benefit and when will Sovereign pay it?

Sovereign will pay *you* a Partial Disability Bridging Benefit if:

- > *you* have been receiving a Total Disability Income 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 Disability Income Benefit (as set out in Section 4) will be payable for that life assured for the first month after the life assured ceased to be *totally disabled*.

The Partial Disability Bridging Benefit is a lump-sum payment equivalent to 1/3rd (33.3%) of the final monthly Total Disability Income Benefit paid before the life assured ceased to be *totally disabled*.

The Partial Disability Bridging Benefit is paid at the end of the final month in respect of which a Total Disability Income Benefit was paid for the life assured.

Payment of the Partial Disability Bridging Benefit does not affect the amount of the Partial Disability Income Benefit (as set out in Section 5).

The Partial Disability Bridging Benefit is payable once for all claims resulting from the same or a related injury or illness.

7. 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 disablement* or partial disablement. The provisions of Sections 1, 2, 3, 4 and 5 of this *appendix* will apply to any benefit claimed.

If the *benefit payment period* is five years, 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*.

8. 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.

9. Children's Benefit

If any child of a life assured (either by birth or legal adoption) aged between 3 and 18 years of age, solely by reason of sickness or injury:

- > is confined to home or a medical institution; and
- > after considering the advice of a *registered medical practitioner*, the child requires continuous nursing care;

then Sovereign will pay a Children's Benefit.

The amount of the Children's Benefit is the lower of \$500 per month or 50% x 1/12th of the benefit amount shown in *the schedule*.

The Children's Benefit will be paid monthly in advance after the child has been so confined for eight weeks until the child is no longer so confined or attains the age of 18 or the end of the *benefit payment period* is reached, whichever is earlier.

10. When can you suspend cover and when will Sovereign reinstate cover?

A life assured can suspend their cover under this Essential Disability Income Benefit *appendix* for up to 12 months if they:

- > go on parental leave;
- > go on leave without pay for any reason;
- > become unemployed or redundant;
- > experience at least a 20% reduction in pay (comparing the most recent payslip against a previous payslip from the same year); or
- > if self-employed, experience a 30% reduction in revenue (by comparing one month's revenue against the same month for the previous year),

provided that:

- > *you* notify Sovereign within three months of one of the above listed suspension events occurring and provide

- evidence to Sovereign of the suspension event; and
- > Sovereign acknowledges in writing receipt of that notification.

Cover for the life assured will be suspended from the date set out in Sovereign's written acknowledgment.

No *premium* will be payable during the period that the cover is suspended.

No claim under this Essential Disability Income Benefit *appendix* will be payable during, or for any disability that occurs during, the period that the cover is suspended.

A claim may only be payable if the life assured first meets the criteria for an eligible claim under this policy after their cover is reinstated.

Cover under this Essential Disability Income Benefit *appendix* may be reinstated at the end of the suspension period in accordance with this Section without the need to provide further medical evidence, provided that the benefit has been suspended for no longer than 12 months.

At the end of the suspension period, the benefit will be automatically reinstated for the life assured.

Cover for the life assured will be reinstated from the date set out in Sovereign's written acknowledgement.

The *premium* payable for the reinstated benefit will be based on Sovereign's *premium* rates at the time of the reinstatement.

If the life assured becomes entitled to a Total Disability Income Benefit or a Partial Disability Income Benefit within 12 months following the reinstatement of cover under this Essential Disability Income Benefit *appendix*, then the amount of benefit payable will be calculated using Section 2 or Section 5 (respectively) of this *appendix*, provided that the 12 month period used for calculating the life assured's *pre-disability income* will be a combination of:

- > the period from the date of reinstatement to the *date of disablement*; and
- > the period immediately prior to the commencement of the suspension event, that is needed to make up the balance of the 12 month period.

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 an Essential 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, which may include evidence of monthly earnings, taxable income, business accounts, Accident Compensation Corporation details or similar; 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 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 an Essential Disability Income 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 an Essential Disability Income 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:

- 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.
- The life assured fails to undertake any medical examinations that Sovereign requires the life assured to have, at our expense.
- The life assured fails to comply with the requirements of Section 12 above.
- 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 in prison for any reason.
- (h) The life assured dies.
- (i) The ongoing cause of disablement ceases to be the *condition* that gave rise to the claim. No amount will be payable where the ongoing cause of disablement is a secondary condition that is not one of the *conditions* covered by this *appendix*, such as depression.

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.
- > If the *benefit payment period* is five years, 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 a life assured?

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

- > At the expiry of the *benefit term* as shown in the *schedule*.
- > When the life assured dies.
- > When the benefit is cancelled.

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

Sovereign will not pay any of the benefits listed in this *appendix* where any of the following (and in each case either directly or indirectly) cause or contribute to the disability:

- > The life assured (or a child in respect of the Children's Benefit) deliberately injures himself or herself or attempts to do so.
- > The life assured (or a child in respect of the Children's Benefit) 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.

Sovereign will not pay a Children's Benefit for the relevant *condition* if the *condition* directly or indirectly arises from an injury caused by *you*, the child's parents or guardian(s).

Sovereign will also not pay a Children's Benefit if the disability is directly or indirectly caused, or contributed to, by:

- > a *pre-existing condition*; or
- > any *congenital condition*.

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

16. Definitions of medical conditions

Cancer

Carcinoma-in-situ

As a result of a carcinoma-in-situ, an operation to arrest spread of the malignancy is performed that is considered medically necessary by an appropriate *specialist*.

This benefit only covers the following carcinoma-in-situ surgeries:

- > Carcinoma-in-situ of the breast requiring the removal of the entire breast.
- > Carcinoma-in-situ of the cervix requiring a total hysterectomy.
- > Carcinoma-in-situ of the ovaries or fallopian tubes requiring a total hysterectomy and/or oophorectomy.
- > Carcinoma-in-situ of the vagina requiring a pelvic lymphadenectomy.
- > Carcinoma-in-situ of the vulva requiring a vulvectomy.

The carcinoma-in-situ must be positively diagnosed by a biopsy and be classified as TIS according to the TNM staging method or FIGO Stage 0.

Malignant tumours

The presence of one or more malignant tumours, characterised by uncontrolled growth and spread of malignant cells, with the invasion and destruction of normal tissue for which major interventionist treatment or surgery is considered medically necessary by an appropriate *specialist*.

The following tumours are excluded:

- > Tumours classified as carcinoma-in-situ (including intraepithelial neoplasia).
- > Prostate tumours with a Gleason score of less than 6. (If

the Gleason score is unavailable, we will use the TNM classification and tumours classified as T1 or its equivalent will be excluded).

- > All skin cancers unless there is evidence of metastases or that they are at least a Clark level 3, or greater than 1.5mm thickness as measured using the Breslow histological classification.
- > Chronic Lymphocytic Leukaemia less than RAI stage 1.

Prostatic cancer surgery

As a result of a prostate tumour the entire prostate is removed to arrest spread of the malignancy and this is considered medically necessary by an appropriate *specialist*.

Heart

Angioplasty - 3 vessels or more

The actual undergoing of coronary artery balloon angioplasty, considered medically necessary by an appropriate *specialist* cardiologist, to correct a narrowing or blockage of three or more coronary arteries during the same procedure, provided that there is a level of occlusion to each affected artery of at least 50%.

Aortic surgery

Open-chest surgery or laparotomy to correct or repair any narrowing, dissection or aneurysm of the thoracic or abdominal aorta.

Cardiomyopathy

Impaired ventricular function of variable aetiology due to primary disease of the heart muscle, resulting in permanent and irreversible physical impairments to the degree of at least Class 3 of the New York Heart Association classification of cardiac impairment. Cardiomyopathy caused by alcohol or drug abuse is specifically excluded.

Coronary artery bypass

Open-heart bypass surgery to correct or treat coronary artery disease.

Heart attack

The death of a portion of the heart muscle (myocardium) as a result of inadequate blood supply to the relevant area, confirmed by a cardiologist or general physician and evidenced by:

Typical rise and/or fall of cardiac biomarkers with at least one value above the 99th percentile of the upper reference limit and at least one of the following:

- > Signs and symptoms of ischaemia which are consistent with myocardial infarction; or
- > Confirmatory new (or presumed new) ECG changes associated with myocardial infarction with the development of any one of the following:
 - ST changes;

- T wave inversion;
- Left bundle branch block (LBBB);
- Pathological Q waves; or

- > Imaging evidence of new loss of viable myocardium or new regional wall motion abnormality.

A rise in cardiac biomarkers resulting from a percutaneous procedure for coronary artery disease is excluded unless the baseline value is normal and the elevation is greater than 5 times the 99th percentile of the upper reference limit.

If the above evidence is inconclusive or superseded by technological advances, we will consider other appropriate and medically recognised tests that unequivocally diagnose that a myocardial infarction of the degree of severity or greater as outlined above has occurred.

Other acute coronary syndromes including but not limited to angina pectoris are excluded.

Heart valve surgery

Open-heart surgery to correct any defects in, abnormalities of, or disease-affected cardiac valves.

Out-of-hospital cardiac arrest

Cardiac arrest not associated with any medical procedure and that is documented by an electrocardiogram and occurs out of hospital, and is due to:

- > cardiac asystole; or
- > ventricular fibrillation with or without ventricular tachycardia.

Pulmonary hypertension

Primary pulmonary hypertension with substantial right ventricular enlargement resulting in permanent and irreversible physical impairment to the degree of at least Class 3 of the New York Heart Association classification of cardiac impairment.

Major neurological disease

The life assured has suffered any one of the following *conditions* and, as a consequence, sustained a neurological deficit causing:

- > at least 25% permanent impairment of *whole person functioning* as measured six months beyond initial diagnosis; or
- > the total and irreversible disablement of the life assured with the effect that he or she is unable to perform without assistance at least one of the following activities of daily living for himself or herself:
 - Bathing and showering.
 - Dressing and undressing.
 - Eating and drinking.
 - Using a toilet.

- Moving from place to place by walking, in a wheelchair, or with a walking aid.

Any of the following *conditions* caused by alcohol or drug abuse are specifically excluded.

Alzheimer’s disease and Dementia

The unequivocal diagnosis of Alzheimer’s disease or other dementia. The diagnosis must confirm permanent irreversible failure of brain function and result in significant cognitive impairment for which no other cause has been identified.

Significant cognitive impairment means a deterioration or loss of intellectual capacity that results in a requirement for continual supervision to protect the life assured or others. The diagnosis is confirmed by an appropriate *specialist* in psychogeriatrics, psychiatry, neurology or geriatrics. Dementia as the result of alcohol or drug abuse is specifically excluded.

Benign brain tumour

A benign intracranial tumour which cannot be removed by surgery, or growth arrested by other available techniques.

Coma

A state of unconsciousness with no reaction to stimuli or internal needs, persisting continuously for at least 96 hours, requiring the use of life-support systems.

Creutzfeldt-Jakob disease

The diagnosis of Creutzfeldt-Jakob disease confirmed by an appropriate *specialist* neurologist. The life assured must exhibit signs and symptoms of cerebellar dysfunction, severe progressive dementia, uncontrolled muscle spasm, tremor and athetosis, resulting in the life assured requiring permanent and continual medical supervision.

Encephalitis

Severe inflammatory disease of the brain diagnosed by an appropriate *specialist* approved by Sovereign.

Idiopathic Parkinson’s disease

The unequivocal diagnosis of idiopathic Parkinson’s disease where the *condition* cannot be controlled by medication and shows signs of progressive impairment.

Major head trauma

An accidental cerebral injury diagnosed by an appropriate *specialist* approved by Sovereign.

Meningitis

The diagnosis of meningitis diagnosed by an appropriate *specialist* approved by Sovereign.

Motor neurone disease

The unequivocal diagnosis of motor neurone disease diagnosed by an appropriate *specialist* approved by Sovereign.

Multiple sclerosis

The unequivocal diagnosis of multiple sclerosis confirmed by CT or MRI scans. A single episode of multiple sclerosis from which full remission has occurred will not be covered under this *appendix*.

Muscular dystrophy

The unequivocal diagnosis of muscular dystrophy diagnosed by an appropriate *specialist* approved by Sovereign.

Peripheral neuropathy

Irreversible inflammation or degradation of a peripheral nerve diagnosed by an appropriate *specialist* approved by Sovereign.

Stroke

A cerebrovascular event producing neurological deficit. This requires clear evidence on CT, MRI or similar appropriate scan or investigation that a stroke has occurred.

This requires evidence of:

- > infarction of brain tissue; or
- > intracranial or subarachnoid haemorrhage.

Excluded from this definition are transient ischaemic attacks (TIA), reversible neurological deficit (RND), cerebral symptoms due to migraine, cerebral injury from trauma or hypoxia and vascular disease affecting the eye, optic nerve or vestibular functions.

Paralyses and Loss of functionality

Diplegia

Total and permanent loss of function of both arms or both legs due to injury or disease of the spinal cord.

Hemiplegia

Total and permanent loss of function of one side of the body due to brain injury or disease.

Loss of independent existence

The life assured is totally and irreversibly disabled, with the effect that he or she is unable, as a result of sickness or injury, to perform without assistance at least two of the following activities for himself or herself (if the life assured can perform the activity on his or her own by using special equipment Sovereign will treat the life assured as being able to perform that activity):

- > Bathing and showering.
- > Dressing and undressing.
- > Eating and drinking.
- > Using a toilet.
- > Moving from place to place by walking, in a wheelchair, or with a walking aid.

Alternatively, the life assured is unable to perform one of the above and his or her intellectual capacity has reduced or deteriorated to such an extent that the life assured requires *full-time care*.

Paraplegia

Total and permanent loss of function of both legs due to injury or disease of the spinal cord.

Permanent blindness

Complete and irrecoverable loss of the sight of both eyes (whether aided or unaided) as a result of sickness or injury. The extent of vision must be 6/36 or less in both eyes. Blindness as a result of alcohol or drug abuse is specifically excluded.

Permanent loss of hearing

The life assured, as a result of sickness or injury, loses all hearing in both ears (aided or unaided). This loss must be total and permanent as assessed three months after the event.

Permanent loss of speech

The life assured, as a result of sickness or injury, loses the ability to produce intelligible speech, both natural and assisted. This loss must be total and permanent as assessed three months after the event. Loss of speech related to any psychological cause is excluded.

Permanent loss of limbs

The life assured, as a result of sickness or injury, loses two or more limbs (the complete severance of an entire hand or foot).

Quadriplegia

Total and permanent loss of function of both upper and lower limbs due to injury or disease of the spinal cord.

Other key conditions

Aplastic anaemia

The life assured has suffered the first occurrence of bone marrow failure which results in anaemia, neutropenia and thrombocytopenia, requiring treatment over a period of at least two months with at least one of the following:

- > blood product transfusion;
- > marrow stimulating agents;
- > immunosuppressive agents;
- > bone marrow transplantation; or
- > haemopoietic stem cell transplantation.

Chronic liver failure

The life assured suffers end-stage liver failure as evidenced by:

- > Permanent jaundice; or

- > Ascites; or
- > Encephalopathy.

Liver disease arising from alcohol or drug abuse is specifically excluded.

Chronic lung disease

The life assured has reached end-stage respiratory failure as diagnosed by an appropriate *specialist* in respiratory disease. As a result, the life assured requires continuous oxygen therapy and has a FEV 1 test result of less than one litre.

Chronic renal failure

The kidneys of the life assured have reached the end-stage of renal disease resulting in chronic irreversible failure of the kidneys to function, as a result of which regular renal dialysis is instituted or transplantation performed.

HIV

Infection with the Human Immunodeficiency Virus (HIV) must have been acquired by accident or violence during the course of the life assured's normal occupation or through the medium of a blood transfusion, transfusion of blood products, organ transplant, assisted reproduction technique or other medical procedure or operation performed by a registered healthcare professional and/or in a registered hospital care institution, surgical centre or surgical clinic. *You* must prove this to our satisfaction. Seroconversion to the HIV infection must occur within six months of the accident. HIV infection transmitted by any other means, including but not limited to sexual activity or non-medical intravenous drug use, is not covered under this *appendix*.

Any incident giving rise to a potential claim must be reported to us within 30 days of the incident and be supported by a negative HIV Antibody Test taken within seven days after the incident. Sovereign may decline *your* claim if we are not given access to independently test all blood samples used, if we require, or if the life assured does not allow Sovereign to take further independent blood tests.

Intensive care benefit

A state of unconsciousness with no reaction to stimuli or internal needs, persisting continuously for at least 96 hours, requiring the use of endo-tracheal intubation in the intensive care unit of a hospital.

Major burns

The life assured has suffered tissue injury caused by thermal, electrical or chemical agents. As a result, the life assured has full thickness or third-degree burns to:

- > at least 20% of the body surface area (as measured by age appropriate use of The Rule of 9 or the Lund and Browder Body Surface Chart); or
- > 50% of both hands, requiring surgical debridement and/or grafting; or
- > 25% of the face, requiring surgical debridement and/or grafting.

Major transplant surgery

The life assured has had one or more of the following human organs or substances completely transplanted from a human into that life assured's body:

- > Kidney; or
- > Heart; or
- > Lung; or
- > Liver; or
- > Pancreas; or
- > Bone marrow; or
- > Intestine.

The transplant of all other organs, parts of organs or any other tissue transplant is excluded.

17. Key terms

benefit term	The term for which the life assured is insured for the Essential Disability Income Benefit as stated in <i>the schedule</i> .
benefit payment period	<p>The maximum period for which the Essential Disability Income Benefit is payable as stated in <i>the schedule</i>.</p> <p>For a benefit payment period of five years;</p> <ul style="list-style-type: none">> the benefit period will cease when the five year period expires or when the life assured turns 65, whichever is earlier; and> the five year period is the total period for which benefits will be payable for all claims arising from the same or a related illness or injury.
condition(s)	A treatment, illness, surgical procedure or event as specified in this <i>appendix</i> which leads to a claim being paid under the specified definition.
congenital condition	A health anomaly or defect which is present at birth, whether it is recognised or not, and whether it is inherited or due to external environmental factors such as drugs, alcohol, or complications during pregnancy or delivery.
disablement date	The date the life assured became <i>totally disabled</i> or partially disabled.

eligible sources	Your business, employer, former employer, business partnership, family trust or company.
full-time care	Care for 16 hours per day or more, provided by a nursing service approved by Sovereign whose profession it is to provide nursing services.
homemaker	A <i>person</i> who manages the household of his or her own family as a principal occupation.
person	An individual, employer, company, partnership, association, organisation or trust.
pre-disability income	<p>1) For employed:</p> <p>Means the average monthly earnings of the life assured before tax from their principal employment in the 12 months immediately before the <i>disablement date</i>. Any benefits for which fringe benefit tax would be payable under the tax legislation applying at the <i>disablement date</i> would also be included. Sovereign will calculate the value of these benefits in accordance with the formula used by the Inland Revenue Department.</p> <p>2) For self-employed:</p> <p>1/12th of the taxable income of the life assured earned from their business or occupation (after business or professional expenses) during a continuous 12 month period chosen by the life assured from the 36 months immediately before the <i>disablement date</i>.</p>
pre-existing condition	Any disease or medical condition for which, prior to becoming covered under this <i>appendix</i> , the individual consulted a <i>registered medical practitioner</i> , received treatment or services from a <i>registered medical practitioner</i> , or took prescribed drugs and medicines.
specialist	A <i>registered medical practitioner</i> who has an approved fellowship in one of the approved surgical, anaesthetic or traditional nonsurgical colleges and

who is registered with the New Zealand Medical Council. These include, but are not limited to, the following disciplines: general surgery, orthopaedic surgery, urology, neurosurgery, anaesthesiology, cardiology, endocrinology, gastroenterology, haematology, paediatrics, gynaecology, obstetrics, neurology, oncology, renal specialists and rheumatology.

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

unemployed A *person* who is not engaged in remunerated work or business activities, for 10 hours or more a week.

This definition does not include a *homemaker* or a *person* on leave without pay parental, study, long service or sabbatical leave.

waiting period The period stated as such in *the schedule* for which no Total or Partial Disability Income Benefit is payable.

whole person functioning Is defined in the 'Guides to the Evaluation of Permanent Impairment – 4th Edition' (or subsequent editions), produced by the American Medical Association.

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