

TOTALCAREMAX PERSONAL

REDUNDANCY BENEFIT

This *appendix* only applies if you have chosen a Redundancy Benefit and if you have a current Sovereign TotalCareMax mortgage or disability income benefit. Details of the Redundancy 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*. This *appendix* forms part of and is incorporated into the TotalCareMax policy, the terms of which apply to this *appendix*.

1 WHEN WILL SOVEREIGN PAY A REDUNDANCY BENEFIT?

Subject to the terms of the policy, Sovereign will pay a Redundancy Benefit if the life assured has become *redundant*.

Sovereign will pay the Redundancy Benefit monthly in arrears to you, with the first payment made one month after the end of the *waiting period*.

Subject to the other terms of this policy, the Redundancy Benefit will be paid until the earliest of the following:

- › Six months after the date the Redundancy Benefit commenced;
- › The life assured begins working again as a casual, part-time or full-time employee, a contractor or becomes self employed;
- › The life assured is 65 years old; or
- › The life assured dies.

2 WHAT AMOUNT WILL SOVEREIGN PAY FOR A REDUNDANCY BENEFIT?

The amount that Sovereign will pay monthly is:

- › The *redundancy* sum assured shown in *the schedule*; minus
- › Any other mortgage or income protection benefits that the life assured receives or is entitled to receive from any other sources in connection with the same *redundancy*, excluding any unemployment benefit paid by Work and Income New Zealand (WINZ) or equivalent.

3 EXCLUSIONS – WHEN SOVEREIGN WILL NOT PAY A REDUNDANCY BENEFIT

Sovereign will not pay any benefit under this *appendix*:

- › If the life assured is made *redundant* within six months following the *risk commencement date*;
- › If the life assured was not an *earner* for the six months immediately prior to the life assured's *redundancy*;
- › While the life assured is completing a sentence of imprisonment or home detention;
- › If the life assured is made *redundant* whilst outside of New Zealand and does not return to New Zealand within 28 days of the *redundancy*; or
- › If you or the life assured knew or ought to have known at the *risk commencement date* that the life assured could be made *redundant*.

4 WHEN SOVEREIGN MAY CEASE TO PAY A REDUNDANCY BENEFIT

Sovereign may cease to pay a Redundancy Benefit:

- › If, while you are receiving a Redundancy Benefit, you do not provide any information requested by Sovereign within the time reasonably specified by Sovereign;
- › If in Sovereign's opinion the life assured does not make reasonable efforts to obtain employment – this includes but is not limited to registering with a recruitment agency, WINZ or any equivalent government agency; or
- › If the life assured leaves New Zealand for a continuous period of 28 days or more.

5 HOW TO MAKE A CLAIM

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

In addition, for a Redundancy Benefit claim, Sovereign will require evidence of:

- › *Redundancy*;
- › Income received by the life assured for the six weeks immediately prior to the *redundancy*;
- › The life assured's continuing *unemployment*;
- › Any earnings received by the life assured during the claim period;
- › Any work completed by the life assured during the claim period (e.g. remunerated or non-remunerated); and
- › Income received by the life assured from all other sources.

6 KEY TERMS

EARNER

A person who is employed for financial reward in a permanent position for an average of at least 20 hours per week.

REDUNDANT OR REDUNDANCY

A situation where an employer ends the life assured's employment wholly or mainly because the position filled by the life assured has become surplus to the needs of the employer (including where the employer is going into liquidation).

Redundancy does not include a situation where the life assured voluntarily elects redundancy or where the employer is owned or controlled by you, the life assured, or a *relative* of yours or the life assured.

RELATIVE

A relative is one or more of the following:

- › Spouse by marriage or civil union;
- › a person you or the life assured is living with in the nature of marriage;
- › parent;
- › step-parent;
- › child;
- › step-child; or
- › sibling.

UNEMPLOYMENT

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

WAITING PERIOD

The waiting period will commence on the date the life assured's *redundancy* takes effect.

The waiting period will be the greater of the following:

- › Four weeks; or
- › The number of weeks (up to a maximum of 13 weeks) for which any *redundancy* payment(s) from the life assured's employer could reasonably provide income. Such period is calculated as follows:
 - the total after tax amount of any *redundancy* payment(s) from the life assured's employer to the life assured in respect of the relevant *redundancy*; divided by
 - the life assured's average weekly income, net of tax for the six weeks immediately prior to the date that the relevant *redundancy* took effect.