

### Telephone underwriting & free HealthScreen® service

Sovereign operates a telephone underwriting service and a free mobile HealthScreen service to help process applications quickly and simply.

If more information is required than you provide on your application, an underwriter may call you and ask questions about your health and any hazardous pursuits. Any information you provide will be recorded and a copy of the questions and your answers will be sent to you to check and correct if necessary. Any information you provide either on your application or during any telephone conversation will be kept strictly confidential.

If the underwriters decide a medical assessment is necessary, a HealthScreen registered nurse will conduct the assessment at a time and place convenient to you (for example at home or work). This optional HealthScreen service is professional and confidential, and is available in all major metropolitan areas.

### Are you replacing an existing policy?

If you are replacing an existing policy you need to be aware that insurance policies are not all the same. For example, there may be differences in the benefits, exclusions, definitions or the policy wordings that mean you may be better or worse off when replacing a policy you already have. All information provided to you about State Term Life Cover is general only and does not consider your specific needs, financial situation or objectives and because of this we strongly recommend you ensure this cover is right for you before deciding to cancel any existing insurance policy.

### How much cover do you need?

While there is no simple answer to this question, most people have cover to meet immediate expenses such as funeral costs, to repay debt such as a mortgage or hire purchases, and provide a lump sum for dependants to live on. The simple calculator opposite may help you decide how much cover you want to apply for.

<b>How much do you owe?</b>	
Mortgage	<input type="text" value="a \$"/>
Personal loans	<input type="text" value="b \$"/>
Hire purchases	<input type="text" value="c \$"/>
Credit cards	<input type="text" value="d \$"/>
<b>Total debts (a+b+c+d =)</b> <input type="text" value="e \$"/>	
<b>Ongoing living costs</b>	
How much will your dependants need each year to live on?	<input type="text" value="f \$"/>
For how many years (e.g. until your children leave home)	<input type="text" value="g"/> years
<b>Total living costs (f x g =)</b> <input type="text" value="h \$"/>	
<b>Funeral expenses</b>	
How much do you want to allow for funeral costs (usually between \$5,000 & \$10,000)	<input type="text" value="i \$"/>
<b>Existing assets</b>	
If you already have some life cover, assets or investments, write the approximate value here	<input type="text" value="j \$"/>
<b>Potential cover required (e + h + i - j =)</b> <input type="text" value="\$"/>	

## Any questions?

If you have any questions about State TLC, call us on **0800 STATE LIFE (0800 782 835)**

State Term Life Cover is underwritten by Sovereign Assurance Company Limited, 74 Taharoto Road, Takapuna, North Shore, Private Bag Sovereign, Auckland Mail Centre 1142. Sovereign has an "A" (Excellent) claims paying rating which was confirmed by A.M. Best Company Inc. of New Jersey, United States of America on 4 January 2007.

The rating scale is:

A++	Superior	B+	Very Good	C	Marginal
A+	Superior	B	Adequate	C-	Marginal
A	Excellent	B-	Adequate	D	Very Vulnerable
A-	Excellent	C++	Fair	E	Under Supervision
B++	Very Good	C+	Fair	F	In Liquidation

This brochure dated November 2007 gives only a brief summary of the State Term Life Cover policy. Please refer to the policy document for full details (call us on 0800 782 835 if you would like a copy of either the policy or Sovereign's latest financial statements). All applications are subject to individual consideration and special conditions, exclusions or premium loadings may apply. This policy has no cash value if it is cancelled.

## Life Cover made simple



People buy life insurance for different reasons and not everyone's needs are the same. In simple terms though, if you have dependants or financial commitments, then some life cover is essential.

Without it, your dependants could be in a very difficult position if you and your income were suddenly no longer around.

State Term Life Cover is a straightforward, value for money solution that can cost as little as \$10 a month.

Life insurance is something we all should have, but most of us put off doing anything about. Unfortunately, the longer you put it off, the more it is likely to cost and the more difficult it can be to qualify.

#### Life Cover from \$10 a month

State Term Life Cover (TLC) is an easy and affordable way to secure the protection you and your family may need, without the usual fuss you might expect. And, depending on how much cover you want, it can cost as little as \$10 a month.

You can decide how much to pay each month, starting from \$10, and the cover you receive will be based on your age, your gender and whether or not you smoke. Or you can choose a specific amount of cover, up to \$500,000, and the premium you pay will be based on age, gender and smoking status. Either way, you're in control.

If you're not sure how much cover you want, take a look at our cover calculator later in this brochure. It's designed to help you work out how much life insurance you might need to take care of your dependants now and later.

#### Independent cover

Many people buy life cover from their lending provider, for example linking their policy to their mortgage. But what happens when you want to change your mortgage or your bank?

If your life policy is tied to your mortgage you could face having to reapply for cover whenever you change your banking arrangements. Not only could this cost you a lot more in the long term, the older you get the more difficult it can be to secure cover on standard terms.

A State TLC policy will operate independently of your lending arrangements; allowing you to change banking relationships whenever you want without affecting your policy. Ownership of the policy can still be assigned to your bank if required as mortgage security.

#### No age limit

All State customers aged 16 to 65 can apply for State TLC, although for customers aged 61 to 65 when they apply, the Life Cover will be limited to a maximum of \$250,000 and Living Cover to a maximum of \$125,000. Individual consideration will be given to people outside of this age range and other, specialised products may be offered to older customers.

Once your policy is in place there is no age limit and your policy cannot be cancelled because of your age or deteriorating health.

#### Living Cover is available too

Life Cover pays out if you die but what if you survive a health crisis and need expensive ongoing treatment? What if you can't work for an extended period and have to make significant lifestyle changes?

With State TLC you can add optional Living Cover to your policy, paying out a portion of your Life Cover early if you suffer one of these critical conditions:

- Heart attack
- Stroke
- Cancer
- Coronary artery bypass surgery
- Paraplegia
- Quadriplegia
- Chronic renal failure
- Major transplant surgery

The money is paid as a lump sum for you to use however you wish. That might be to pay for treatment, to cover expenses until you get back on your feet, or even to take an overseas trip if that's what you want to do.

Once a Living Cover claim is paid, this portion of your cover ceases and your Life Cover reduces by the amount paid out. Your premium reduces too, so you continue to pay for only the cover that remains.

There are some other special conditions, for example Living Cover must be in place for 90 days before you can make a claim and you must survive at least 14 days to qualify for payment of a Living Cover benefit. A full description of each condition is provided in the policy document.

#### Terminal illness & bereavement support

100% of your Life Cover benefit will be paid early if you are diagnosed with a terminal illness (a condition that is expected to cause death within twelve months). If you have already received a partial payout for Living Cover, only the remaining Life Cover will be paid under this benefit.

There's also a bereavement support benefit, where \$10,000 of your Life Cover will be paid as soon as Sovereign, the underwriter of State TLC, is notified of your death (if your remaining Life Cover is less than \$10,000, the total remaining will be paid). This money is designed to cover any immediate costs such as grief counselling, legal costs, even transporting family members to the funeral – whatever is needed.

#### Premiums

Life Cover premiums are guaranteed not to change for either one year or five years, depending on which premium term you have chosen. At each review date the premium will be adjusted to your age and Sovereign's underlying premium rates that apply at that time, and then fixed again for another one or five years.

Premiums for optional Living Cover will increase at the same time but, for five year policies these premiums aren't guaranteed not to increase before the review date.

Before each review date Sovereign will write to tell you when and how much your premium will be adjusted by. You'll also be given the option to reduce your cover if you decide you would rather not pay a higher premium at that time.

#### Policy ownership

Unless you arrange otherwise, you will be the legal owner of your policy. You can arrange for someone else to own the policy, in which case any benefit payable will be paid directly to them and most correspondence will be sent to them (even if they are not paying the premium). Any person aged 16 or older or a business can own the policy, but a trust or trustee cannot.

To arrange for someone else to own the policy, complete their details in the policy owner section of the application and have them sign the declaration. You can also organise a change of ownership later by completing and returning the Memorandum of Transfer form that will be included in your policy document.

#### What isn't covered

The only standard exclusion for Life Cover is an intentional self-inflicted act within the first 13 months of the policy. A few additional exclusions apply to Living Cover, including self-inflicted injury, participation in a criminal act or any condition that existed before the start date of the cover (unless Sovereign is satisfied that you could not have known about the condition or the condition was declared on your application and accepted by Sovereign). Additional exclusions are sometimes imposed but you will be advised before your policy is issued if this applies to you.

#### Fly Buys Points

With State you can collect Fly Buys points on your insurance premiums. If you don't already have a Fly Buys card, call us on 0800 STATE LIFE (0800 782 835) and we can help arrange one for you. Fly Buys terms and conditions apply.



#### Applying is easy

Simply complete the application form and return it to us in the envelope provided before the close date printed at the top of your form. If you would like a quote for a different amount of cover or for optional Living Cover, just call us on 0800 STATE LIFE (0800 782 835).

Although most people can be covered, all applications are subject to individual consideration and special conditions, exclusions or premium loadings are sometimes applied.