

TOTALCAREMAX PERSONAL

OPTIONAL BENEFIT APPENDIX

Life Cover Benefit

This *appendix* only applies if cover under the policy schedule includes the Life Cover Benefit. This *appendix* forms part of and is incorporated into the TotalCareMax policy, the terms of which apply to this *appendix*.

This is a Life Cover Benefit. Details of the benefit 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 Life Cover Benefit?

Sovereign will pay a Life Cover Benefit when the life assured for the benefit, as specified in *the schedule*, dies. Sovereign will pay the benefit as soon as we are satisfied with all the information which must be presented at the time of making a claim.

2 Terminal Illness Benefit

You can apply to Sovereign for a Terminal Illness Benefit of up to 100% of the applicable Life Cover Benefit if the life assured has been diagnosed as having an illness, which, Sovereign believes at its discretion, after considering medical evidence provided by the life assured's own *Registered Medical Practitioner* and any other evidence we may reasonably require, will result in the death of the life assured within 12 months, irrespective of any treatment the life assured may receive.

This Terminal Illness Benefit will be treated as an early payment of the Life Cover Benefit. The Life Cover Benefit will then be reduced by the amount paid for the Terminal Illness Benefit.

3 Specified Terminal Conditions Benefit

You can apply to Sovereign for a Specified Terminal Conditions Benefit of the lower of:

- > 30% of the applicable Life Cover Benefit; or
- > \$250,000,

if the life assured has been unequivocally diagnosed by an appropriate *Registered Medical Practitioner* as having any of the following incurable terminal conditions:

- > Motor Neurone Disease
- > Exocrine Pancreatic Cancer (Stages 3 or 4)
- > Non-Small Cell Lung Cancer (Stage 4)
- > Distal Oesophageal Cancer (Stage 4)

This Specified Terminal Conditions Benefit will be treated as an early partial payment of the Life Cover Benefit. The Life Cover Benefit will then be reduced by the amount paid under the Specified Terminal Conditions Benefit. The premium will adjust to reflect the reduced cover.

Sovereign may alter this list of conditions from time to time as a result of the conditions becoming curable or improvements in the medical outlook for the conditions since 2015. Sovereign will give 30 days prior written notice to you, before any change takes effect.

4 Bereavement Support Benefit

Upon receiving written notification that the life assured has died, Sovereign will pay a lump sum of \$15,000 (or the Life Cover Benefit, whichever is lower). This Bereavement Support Benefit will be treated as an early payment of the Life Cover Benefit. The Life Cover Benefit will then be reduced by the amount paid. Only one Bereavement Support Benefit payment per life assured will be made.

5 Children's Funeral Benefit

Sovereign will make a Children's Funeral Benefit payment* if a child of the life assured dies as a result of injury caused by violent, accidental, external and visible means, within 90 days after the date on which the injury happened. The sole cause of death must be accidental injury. The benefit is payable only if the child is aged between three years and 10 years at the time he or she first suffers from the injury.

The amount of the benefit is limited to \$2,000 (or the Life Cover Benefit, whichever is lower). Sovereign will pay one Children's Funeral Benefit per child. This payment will be deducted from the life assured's Life Cover Benefit. The premium will reduce accordingly.

*Current legislation limits who can receive payment on the death of a child and how much can be paid.

6 Special Events Increase Facility

1) WHAT IS THE SPECIAL EVENTS INCREASE FACILITY?

On each occasion when one of the following circumstances occurs for a life assured on the Life Cover Benefit:

- > Having a child (by birth or legal adoption);
- > Becoming married or entering into a civil union;
- > Becoming divorced or the dissolution of the life assured's civil union;
- > Financially supporting a dependent child through a first course of full-time tertiary education;
- > Taking out or increasing a home loan because the life assured has purchased a new home, a new residential investment property, a vacation home, or a bare block of land zoned as residential;
- > Becoming responsible for the full-time care or payment for long term care of a *close relative*;
- > Receiving an *annual salary* increase of at least the greater of \$20,000 per annum or 10% of the life assured's *annual salary* immediately prior to the increase. The figure of \$20,000 per annum will be increased from time to time in accordance with an official measure of inflation. This special event is not available to a life assured who is self-employed; or
- > Experiencing the death of a spouse or de facto partner,

you may write to Sovereign asking us to increase the Life Cover Benefit for that life assured.

2) WHAT IS THE MAXIMUM COVER THAT CAN BE ADDED?

The maximum increase for each special event cannot exceed the lower of:

- > 50% of the original Life Cover Benefit for the life assured; or
- > \$250,000.

The total of all increases made under this Facility cannot exceed the lower of:

- > 100% of the original Life Cover Benefit for the life assured; or
- > \$750,000.

In the case of taking out or increasing a home loan, the individual increase cannot exceed the amount of the home loan or the increase in the home loan.

In the case of an *annual salary* increase, the individual increase cannot exceed five times the *annual salary* increase.

The maximum increases outlined above each apply in respect of all Life Cover and/or similar benefits for that life assured across all Sovereign policies.

3) WHAT ARE THE OTHER CONDITIONS APPLYING TO THIS FACILITY?

You do not need to produce any medical evidence regarding the life assured when you request this increase, but any special events increase is subject to the following conditions:

- > You must make the request within 12 months of the relevant special event and provide Sovereign with suitable evidence of the occurrence of the event.
- > A life assured over the age of 55 is not eligible for special events increases.
- > In any 12 month period you can make only one increase under this Facility or (if selected) the Optional Future Insurability Benefit described in Section 10.

Sovereign will increase the Life Cover Benefit for a life assured from the date we accept your request.

Each increase will require an increase in premium. This increase will be calculated on the rates applicable at the time the Special Events Increase Facility is exercised.

Any loadings, exclusions or special terms on the original Life Cover sum assured will be applied to the increased amount.

4) WHEN WILL SOVEREIGN NOT PAY A CLAIM UNDER THIS FACILITY?

INCREASES IN SUM ASSURED ADDED TO THIS POLICY

After an increase under this Facility has been made, Sovereign will not pay the increased benefit amount if:

- > Before the increase, the life assured qualified for payment of the Terminal Illness Benefit or the Specified Terminal Conditions Benefit; or
- > Within six months following the increase, the life assured:
 - dies, except where *accidental death* under this benefit occurs, or
 - qualifies for payment of the Terminal Illness Benefit or the Specified Terminal Conditions Benefit.

INCREASES IN SUM ASSURED ISSUED AS AN ADDITIONAL NEW POLICY

Where this policy or any part of the sum assured under it, has been issued as the result of an increase under the Special Events Increase Facility, then:

- > The Special Events Increase Facility under this policy will not be available for the proportion of the sum assured that represents the increase.
- > Sovereign will not pay the increased benefit amount if:
 - before the increase, the life assured qualified for payment of the Terminal Illness Benefit or the Specified Terminal Conditions Benefit; or
 - within six months following the increase, the life assured:
 - dies except where *accidental death* under this benefit occurs, or
 - qualifies for payment of the Terminal Illness Benefit or the Specified Terminal Conditions Benefit.

7 Special Events TPD/Trauma Facility

1) WHAT IS THE SPECIAL EVENTS TPD/TRAUMA FACILITY?

On a special event occurring for a life assured (as listed in earlier Special Events Increase Facility section on page 2), you can choose to add any one of the following:

- > An accelerated Living Assurance Benefit (Comprehensive or Essential);
- > An accelerated Progressive Care Benefit; or
- > An accelerated Any Occupation Total Permanent Disablement Benefit with an expiry age of age 65

to the Life Cover for that life assured, without providing further medical evidence.

This Facility can be exercised in combination with the Special Events Increase Facility for a given special event or this Facility can be exercised by itself.

2) WHAT IS THE MAXIMUM COVER THAT CAN BE ADDED?

The maximum cover allowed will be the lower of:

- > 50% of the original Life Cover Benefit for that life assured; or
- > \$50,000.

The following maximum sum assured limits also apply across all Sovereign policies for each life assured:

- > \$2,000,000 for Comprehensive Living Assurance, Essential Living Assurance and Progressive Care and similar benefits (combined), including cover added under this Facility;
- > \$5,000,000 for Total Permanent Disablement and similar benefits, including cover added under this Facility; and
- > \$5,000,000 for Comprehensive Living Assurance, Essential Living Assurance, Progressive Care, Total Permanent Disablement and similar benefits (combined), including cover added under this Facility.

This Facility can only be exercised once per life assured in respect of all Life Cover and/or similar benefits for that life assured across all Sovereign policies.

3) WHAT ARE THE OTHER CONDITIONS APPLYING TO THIS FACILITY?

The Special Events TPD/Trauma Facility is not available in any of the following circumstances:

- > If the Special Events TPD/Trauma Facility has previously been exercised for the life assured;
- > If the life assured is aged 50 or over;
- > If the Life Cover Benefit was issued at other than standard rates or with exclusions;
- > If TPD, Living Assurance, or Progressive Care or similar benefits have previously been applied for in respect of the life assured and Sovereign's underwriting decision was to decline cover or to offer cover at non-standard rates or with exclusions.

If, at any time before you seek to exercise the Facility, a claim for the life assured had been accepted by us or notified to us, Sovereign will have discretion in determining whether the Facility can be exercised. In exercising discretion, we will consider whether the life assured represents an increased risk of claim for the benefit being added under this Facility.

At the time of adding an accelerated Total Permanent Disablement Benefit under this Facility, the life assured must be employed in an occupation that is eligible for this Benefit under Sovereign's underwriting guidelines at that time.

To use the Special Events TPD/Trauma Facility, you must provide written advice to Sovereign within 60 days either side of the special event and provide Sovereign with suitable evidence of the occurrence of the special event.

Premiums will be adjusted to reflect the cover added using the Special Events TPD/Trauma Facility.

The added cover begins on the date we issue the new cover to the policy owner, subject to payment of the additional premium.

4) WHEN WILL SOVEREIGN NOT PAY A CLAIM UNDER THIS FACILITY?

After the Special Events TPD/Trauma Facility has been exercised, Sovereign will not pay a benefit under the added benefit, if, at any time before the Facility was exercised, or within six months of the Facility being exercised, the life assured:

- > Suffers any *claim event* for anything other than an *accident* under the benefit, or
- > Has any symptoms or signs leading to a *claim event* (whether or not a *Registered Medical Practitioner* has been consulted) that may result in a claim for anything other than an *accident* under the benefit.

8 Financial Advice Benefit

If Sovereign pays a claim under this Life Cover Benefit, then Sovereign will reimburse you for fees up to \$2,500 including GST (in total) that you pay for financial planning advice you receive from an *accredited Adviser* approved by Sovereign, subject to the following conditions:

- > You must pay for the financial planning advice within the three months following Sovereign paying the Life Cover Benefit claim.
- > You must submit a claim for the Financial Advice Benefit within the three months following Sovereign paying the Life Cover Benefit claim.
- > You must provide Sovereign with a completed claim form and a receipt satisfactory to Sovereign for the fees you are claiming.
- > Sovereign will only pay one Financial Advice Benefit per life assured across all Sovereign policies.

9 Repatriation Benefit

If the life assured dies while overseas, Sovereign will reimburse the policy owner(s) for the costs of returning the life assured's body to New Zealand upon receipt of evidence acceptable to Sovereign.

If the life assured is the sole policy owner, Sovereign will reimburse the person that has paid for the costs of repatriation to New Zealand upon receipt of evidence acceptable to Sovereign.

The maximum amount of the Repatriation Benefit is 5% of the Life Cover sum assured (up to a maximum of \$20,000 per life assured across all Sovereign policies for that life assured). The Repatriation Benefit will be treated as an early payment of the Life Cover benefit. The Life Cover Benefit will then be reduced by the amount paid.

The Repatriation Benefit may be paid in addition to the Bereavement Support Benefit but no more than the Life Cover Benefit sum assured will be paid for both benefits.

10 Optional Life Future Insurability Benefit

The Optional Life Future Insurability Benefit applies only if shown in the *schedule*.

Where a Life Future Insurability Benefit is selected, the original Life Cover Benefit may be increased without the need to provide further medical evidence, subject to the following conditions:

- > The Life Cover Benefit may be increased by up to 20% of the original Life Cover Benefit or \$100,000, whichever is the greater, every three years on the *anniversary date*.
- > The total maximum Life Future Insurability amount that can be added is the lower of twice the original Life Cover Benefit or \$1 million.
- > Sovereign will notify you of your entitlement to exercise the Optional Life Future Insurability Benefit before each third *anniversary date*. You can accept the offer by providing written notice to Sovereign any time before 60 days after the applicable *anniversary date*.
- > The Optional Life Future Insurability Benefit expires on the 60th birthday of the applicable life assured.
- > If a special events increase has occurred in the last 12 months, no Life Future Insurability increase can occur.
- > Any Optional Life Future Insurability Benefit not exercised may not be carried forward to any future time.
- > Any exercise of the Optional Life Future Insurability Benefit will require an increase in premium. This increase will be calculated on the rates applicable at the time the Optional Life Future Insurability Benefit is exercised.

11 How to make a claim

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

In addition, for a Life Cover Benefit claim, Sovereign will require:

- > A full death certificate (in the event of the death of a life assured), and a coroner's report if applicable.
- > A grant of administration – probate, or certificate of administration, or letters of administration if the deceased was the sole owner of the policy.
- > For a Terminal Illness Benefit, evidence from a *Registered Medical Practitioner* diagnosing an illness which will result in the death of the life assured within 12 months of the diagnosis and any other evidence we may reasonably require.
- > For a Specified Terminal Conditions Benefit, evidence from a *Registered Medical Practitioner* with an unequivocal diagnosis of a specified condition and any other evidence we may reasonably require.

12 Exclusions – when Sovereign won't pay a benefit

Sovereign will not pay any benefit under this *appendix* where the life assured dies or becomes terminally ill as a direct or indirect result of an intentional self-inflicted act (whether sane or insane) within 13 months of the *risk commencement date* or, if cover under this *appendix* has been reinstated, the date of reinstatement. This exclusion applies to any subsequent benefit increase you make.

Sovereign will not pay a Children's Funeral Benefit if death directly or indirectly arises from an injury caused by you, or the child's parents or guardian/s.

13 Key terms

ACCIDENT

Injury caused solely by violent, accidental, external and visible means.

ACCIDENTAL DEATH

Death caused solely by violent, accidental, external and visible means.

ACCREDITED ADVISER

Either an Adviser with a current financial Adviser agreement with Sovereign Services Limited or a member of a financial services industry body approved by Sovereign.

ANNUAL SALARY

Regular remuneration that is subject to PAYE, excluding allowances in lieu of non-monetary remuneration and extra income such as, but not limited to, bonuses and overtime payments.

CLOSE RELATIVE

A relative who is the life assured's spouse, mother, father, brother, sister, son, daughter, grandfather or grandmother.