

Monthly Disability Cover



The following terms and conditions of Monthly Disability Cover tell you:

- › how this cover works if the life assured has standard or variable cover
- › the definitions of total disability and partial disability a life assured needs to meet to claim under this cover
- › the definition of eligible business overheads (if applicable), which you can claim under this cover
- › what benefits are available under this cover and how they work.

You must read these terms and conditions together with the general terms of your policy.

For example, if the life assured is totally disabled during Month Three following the end of the *waiting period*, the relevant monthly benefit will be calculated using Sum Insured Month 3.

Month of disablement following end of waiting period...	Monthly total or partial disability benefit calculated using...
Month One	Sum Insured Month 1
Month Two	Sum Insured Month 2
Month Three	Sum Insured Month 3
Month Four	Sum Insured Month 4
Month Five	Sum Insured Month 5
Month Six	Sum Insured Month 6
Month Seven	Sum Insured Month 7
Month Eight	Sum Insured Month 8
Month Nine	Sum Insured Month 9
Month Ten	Sum Insured Month 10
Month Eleven	Sum Insured Month 11
Month Twelve	Sum Insured Month 12

Monthly Disability Cover can be standard or variable

Your *policy schedule* shows whether the Monthly Disability Cover for a life assured is standard or variable.

Standard cover

With standard cover, the benefits we pay each month are based on a single *sum insured*. The Total Disability Benefit, Partial Disability Benefit and other relevant monthly benefits we pay under this cover will be calculated for each month of disablement following the end of the *waiting period* using the monthly *sum insured*.

Variable cover

With variable cover, the monthly benefits we pay can vary from month to month, based on the needs of your business. The Total Disability Benefit, Partial Disability Benefit and other relevant monthly benefits we pay under this cover will be calculated for each month of disablement following the end of the *waiting period* using the corresponding *sum insured* for that month in the table adjacent.



Your *policy schedule* shows which of Months 1 to 12 have been selected for cover, and the *sum insured* for each selected month.

We will only pay a monthly disability benefit for a month of disablement if your *policy schedule* shows a *sum insured* for that month.

If no *sum insured* has been selected for one or more months, but the life assured remains totally disabled or partially disabled throughout that period as a result of the same *illness* or *injury*, we will treat any monthly disability payments for subsequent months as a continuation of the same claim.

To be entitled to claim a Total Disability Benefit or Partial Disability Benefit for any month of disablement following the end of the *waiting period*, the life assured must have been continuously totally disabled or partially disabled as a result of the same *illness* or *injury*:

- › during the *waiting period*, and
- › for the period starting after the end of the *waiting period* to the end of the relevant month of claim

For example, if your *policy schedule* shows *sums insured* for each of Months 2, 3 and 5, we will not pay any benefit for disablement of the life assured during Month Four. To claim for disablement during Month Five the life assured must have been continuously totally disabled or partially disabled for five months after the end of the *waiting period* (even though no benefit was payable during Month Four).

We will only pay each *sum insured* (or part *sum insured*) for Months 1 to 12 once for a continuous or recurrent claim.

Total disability and partial disability have particular meanings

In this section for Monthly Disability Cover, total disability and partial disability have the definitions below.

The definition of total disability

The life assured is totally disabled if, because of an *illness* or *injury*, one of the following apply.

- › The life assured is unable to continuously perform at least one of the duties of their *pre-disability occupation* that's needed to generate at least 20 percent of the amount of business revenue that the life assured directly or indirectly generated in their *pre-disability occupation*. The life assured isn't working in their *pre-disability occupation* or any other *gainful occupation*.
- › The life assured is unable to work more than 10 hours a week in their *pre-disability occupation*. The life assured isn't working more than 10 hours a week in their *pre-disability occupation* and isn't working at all in any other *gainful occupation*.

In either case, the life assured is under the regular care of, and following the advice and treatment of, a *medical practitioner*.

The definition of partial disability

The life assured is partially disabled if an *illness* or *injury* causes them to be unable to work in their *pre-disability occupation* for more than 75 percent of their *pre-disability hours*.

All of the following must also apply.

- › The life assured is working in their *pre-disability occupation* or any other *gainful occupation*.
- › The life assured is under the regular care of, and following the advice and treatment of, a *medical practitioner*.



Eligible business overheads has a particular meaning

If this Monthly Disability Cover is for the purpose of business overheads, eligible business overheads mean the regular day-to-day expenses incurred in the normal operations of the business, as further defined below.

Eligible business overheads

Eligible business overheads include, but are not limited to:

- › costs of electricity, gas, water, heating, internet and telephone charges
- › regular cleaning and laundry costs
- › contracted security
- › property rates
- › motor vehicle registration, warrant of fitness or regular scheduled maintenance for motor vehicles used in your business (this doesn't include unscheduled major part replacements or repairs)
- › professional subscriptions
- › premiums for business insurance, including key person, fire and general and professional indemnity insurance
- › accounting and audit fees
- › advertising costs for regular radio, television or print media where there is a contract in place
- › rent (including building operating expenses)
- › interest directly related to business loans
- › the gross amount of salaries (including any employer superannuation) and the related costs of employees who are not directly involved in producing income or revenue
- › any other costs we agree to.

Costs that are not eligible business overheads

Cost that are not eligible business overheads include:

- › any capital spending
- › depreciation
- › repayments of any capital or principal on a mortgage, loan, hire purchase agreement, or lease-to-own agreement (other than repayments directly related to one or more identifiable business assets, that are no more than the minimum repayments required by the loan or mortgage, and that have been in place for at least 6 months before the life assured's disability)
- › any new expense incurred or contracted to after the life assured becomes totally or partially disabled
- › income tax, resident withholding tax, non-resident withholding tax and capital gains tax
- › salaries, fees, drawings or any other remuneration for:
 - the life assured
 - employees directly involved in producing income or revenue
 - any member of the life assured's family, unless they were employed in the business for at least 90 days before the total or partial disability
- › costs of any goods, wares and merchandise of any nature.



Getting an outline of your benefits

The tables below summarise this cover's benefits and tell you where you can read the full terms of each benefit.

Your built-in benefits

Your Monthly Disability Cover includes these benefits.

Benefit	Summary	Full terms
Total Disability Benefit	You can get a monthly payment if the life assured has a total disability.	Page 5
Partial Disability Benefit	You can get a monthly payment if the life assured has a partial disability.	Page 5
Special Care Benefit	You can get help if the life assured needs <i>full-time care</i> at home.	Page 6
Suspension of Cover	You can apply to suspend this cover for a life assured if they are not gainfully occupied in the business, on employer approved leave without pay, or you're having significant financial difficulties.	Page 7
Cover Conversion Option	You can apply to convert this Monthly Disability Cover for a life assured to another policy without assessment of their health.	Page 7
Recurrent Disability Benefit	We will waive the <i>waiting period</i> and treat your claim as continuing if a disability comes back within 12 months of a claim ending.	Page 8
Vocational Retraining and Rehabilitation Benefit	We may choose to pay for rehabilitation or retraining of the life assured.	Page 8

Your optional benefits

These optional benefits are included in your cover if you've applied for them and your *policy schedule* or *endorsement schedule* confirms you have them.

Benefit	Summary	Full terms
Seasonal Adjustment Option	You can get increased total or partial disability claim payments for a selected 3-month period.	Page 9
Business Increase Option	You can increase the monthly <i>sum(s) insured</i> under this cover without assessment of the life assured's health if a circumstance justifies increasing your business insurance needs for them.	Page 9
Farm Consultancy Option	You can get an additional payment, for up to 6 months, to help cover the cost of a specialist farming consultant while we are paying a total or partial disability claim.	Page 9



Understanding your benefits

This section details the benefits we include in Monthly Disability Cover.

Total Disability Benefit

With the Total Disability Benefit, we'll make monthly payments if the life assured has a total disability and meets the criteria to claim.

When we'll start paying this benefit

We'll start paying the Total Disability Benefit while this policy is in force, if all the following apply because of the same *illness* or *injury*.

- › The life assured has a total disability or partial disability continuously during the *waiting period*.
- › The life assured has a total disability either:
 - at the end of the *waiting period*
 - after a period of continuous total disability and/or partial disability after the end of the *waiting period*.

For variable cover, the life assured must be covered for the relevant month, and meet the continuous disablement requirement, as described in the section "Variable cover" starting on page 1.

The *waiting period* starts on the first day the life assured has a total disability or partial disability.

How much we'll pay and when we'll pay

The amount we'll pay, and when we'll pay, depends on the purpose of this Monthly Disability Cover as shown on the *policy schedule*.

Revenue Replacement or Replacement Labour

If the purpose of this Monthly Disability Cover for a life assured is either Revenue Replacement or Replacement Labour, the maximum we'll pay each month is the monthly *sum insured* for that month.

We'll subtract any *other business insurance income* (after tax) that you or the life assured gets, or can get, from other sources because of the life assured's disability.

We'll pay monthly in advance, starting from the day after the *waiting period* ends, provided that we have assessed and accepted your claim.

Business Overheads

If the purpose of this Monthly Disability Cover for a life assured is Business Overheads, then for the first 3 months of the claim, the maximum we'll pay is the monthly *sum insured* for each of those 3 months.

For variable cover, the first 3 months will include any months that do not have a *sum insured* selected for cover.

After 3 months, the maximum we'll pay is the lesser of:

- › the life assured's share of eligible business overheads incurred for that month
- › the monthly *sum insured* for that month.

The life assured's share of eligible business overheads will be calculated based on their total direct or indirect ownership interest in the business.

We'll subtract any *other business insurance income* (after tax) that you or the life assured gets, or can get, from other sources because of the life assured's disability.

For the first 3 months of the claim we'll pay monthly in advance provided we have assessed and accepted your claim. After 3 months we'll pay monthly in arrears.

When we'll stop paying the Total Disability Benefit

We'll stop paying when one of the following happens.

- › The life assured is no longer totally disabled.
- › For standard cover, the *payment term* ends.
- › For variable cover, when the life assured has no *sum insured* for subsequent months of disablement.
- › The *cover term* ends.
- › This cover is no longer in force for the life assured.
- › This cover has ended as described in the section 'When cover ends' on page 10.
- › The life assured dies.

Partial Disability Benefit

With the Partial Disability Benefit, we'll make monthly payments if the life assured has a partial disability and meets the criteria to claim.

When we'll start paying this benefit

We'll start paying the Partial Disability Benefit while this policy is in force, if all the following apply because of the same *illness* or *injury*.

- › The life assured has a total disability or partial disability continuously during the *waiting period*.
- › The life assured has a partial disability either:
 - at the end of the *waiting period*
 - after a period of continuous total disability and/or partial disability after the end of the *waiting period*.

For variable cover, the life assured must be covered for the relevant month, and meet the continuous disablement requirements, as described in the section "Variable cover" starting on page 1.

The *waiting period* starts on the first day the life assured has a total disability or partial disability.



We won't pay a Partial Disability Benefit if the life assured is eligible for a Total Disability Benefit.

How much we pay depends on the hours the life assured can work and the hours they were working before becoming disabled

We'll calculate what we pay using a percentage based on:

- › the hours the life assured can work with a partial disability. If the life assured is working fewer hours than they're capable of while they have a partial disability, we'll use medical advice to determine the number of hours the life assured can work.
- › the life assured's *pre-disability hours*.

We work out the percentage by subtracting the hours the life assured can work from their *pre-disability hours*, and then dividing that figure by the *pre-disability hours*. This gives us the percentage of working hours the life assured has lost because of their partial disability.

For example, if the life assured can work 16 hours a week with a partial disability and they worked 40 hours a week on average in the three months before becoming disabled, we subtract 16 from 40 to get 24. Then we divide 24 by 40 to get 0.6. We'll calculate the Partial Disability Benefit using 60 percent.

Revenue Replacement or Replacement Labour

If the purpose of this Monthly Disability Cover for a life assured is either Revenue Replacement or Replacement Labour, we'll pay the percentage calculated above multiplied by the monthly *sum insured*.

We'll subtract any *other business insurance income* (after tax) that you or the life assured gets, or can get, from other sources because of the life assured's disability.

Business Overheads

If the purpose of this Monthly Disability Cover for a life assured is Business Overheads, then for the first 3 months of the claim we'll pay the percentage calculated above multiplied by the monthly *sum insured* for each of those 3 months.

After 3 months following the end of the *waiting period*, we'll pay the percentage calculated above multiplied by the lesser of:

- › the life assured's share of eligible business overheads incurred for that month
- › the monthly *sum insured* for that month.

The life assured's share of eligible business overheads will be calculated based on their total direct or indirect ownership interest in the business.

We'll subtract any *other business insurance income* (after tax) that you or the life assured gets, or can get, from other sources because of the life assured's disability.

We'll pay monthly in arrears

We'll pay the Partial Disability Benefit monthly in arrears, with the first payment following the end of the first month after the end of the *waiting period*.

If the life assured is moving from a Total Disability Benefit paid in advance to a Partial Disability Benefit paid in arrears, there may be a period of at least two months between the last Total Disability Benefit payment and the first Partial Disability Benefit payment.

When we'll stop paying the Partial Disability Benefit

We'll stop paying when one of the following happens.

- › The life assured is no longer partially disabled.
- › For standard cover, the *payment term* ends.
- › For variable cover, when the life assured has no *sum insured* for subsequent months of disablement.
- › The *cover term* ends.
- › This cover for the life assured is no longer in force.
- › This cover has ended as described in the section 'When cover ends' on page 10.
- › The life assured dies.

Special Care Benefit

With the Special Care Benefit, we can help pay for *full-time care* the life assured needs because of their total disability.

The person who gives the *full-time care* must be either:

- › a professional nurse or carer
- › a direct family member who's given up at least 28 hours of paid work a week to care for the life assured.

When we'll pay this benefit

We'll pay this benefit while this policy is in force, if all the following apply.

- › The life assured needs *full-time care* at home because of their total disability.
- › An appropriate *medical practitioner* confirms the life assured needs *full-time care* at home.
- › We have accepted the Total Disability Benefit claim for the life assured.

We'll pay for each month of care

For each full month of *full-time care* we'll pay the lesser of:

- › the cost of the care, if it is from a professional nurse or carer
- › the *sum insured* for the relevant month of total disablement. For variable cover, if there is no cover for the relevant month of disablement the *sum insured* for these purposes is \$0.
- › \$2,500.



If the life assured doesn't get care for a whole month, we'll pay one-thirtieth of that amount for each day of care.

We'll start paying after 3 nights of care

We'll start paying this benefit after the life assured has had *full-time care* at home for 3 nights in a row.

We'll stop paying when one of the following happens.

- › A *medical practitioner* confirms the life assured doesn't need *full-time care* anymore.
- › We've paid the Special Care Benefit for 6 months.
- › For standard cover the *payment term* for the Total Disability Benefit claim ends.
- › For variable cover, when the life assured has no *sum insured* for subsequent months of disablement.

Suspension of Cover

You can apply to put this cover on hold for a life assured if it has been in force for at least 12 months.

While this cover is on hold, you can't make any claims and you don't pay any premiums.

We recommend you get advice from your adviser before you apply to suspend your cover.

When you can suspend your cover

You can apply to suspend your cover for a life assured if any of the following apply.

- › You're having significant financial difficulties
- › The life assured is on employer-approved leave for at least 3 months in a row.
- › The life assured is not gainfully occupied in the business on a temporary basis for at least 3 months in a row.

You can suspend your cover if you're having significant financial difficulties

You can apply to suspend your cover for up to 6 months if you're having significant financial difficulties.

You can suspend your cover for the time the life assured is on leave or not gainfully occupied in the business

If the life assured is on employer-approved leave, or not gainfully occupied in the business, for at least 3 months in a row, you can apply to suspend cover for the lesser of:

- › the time the life assured is on leave or not gainfully occupied in the business
- › 12 months.

Employer-approved leave can include:

- › leave without pay
- › sabbatical leave
- › parental leave.

When we'll suspend your cover

If we approve your application to suspend your cover, you'll stop paying premiums from the later of:

- › the day the life assured begins their leave
- › the day the life assured ceases to be gainfully occupied in the business
- › your next premium due date.

We won't backdate a suspension or apply it retrospectively.

You can't make any claims if we've suspended your cover

You can't make any claim while your cover is suspended.

We also won't cover the life assured for any *illness, injury* or condition that showed signs or symptoms, or was diagnosed, while the cover was suspended.

You can suspend your cover once every 12 months

You can only use this Suspension of Cover for a life assured if it's been at least 12 months since you last used it for them.

You can only suspend your cover for a life assured for up to 24 months

You can only suspend your cover under this Suspension of Cover for a life assured for 24 months in total over the life of this cover.

You must pay any overdue premiums

If you have any overdue premiums before you suspend your policy, you'll need to pay them once the Suspension of Cover ends. If you don't, we may cancel your policy.

Cover Conversion Option

With the Cover Conversion Option, you can apply to convert an amount up to the Monthly Disability Cover *sum(s) insured* under this policy to monthly disability cover on a new policy without assessment of the life assured's health.

The cover on the new policy can be either:

- › Monthly Disability Cover on an Assurance Extra Business policy on the same terms applying to this cover and policy,
- › monthly disability cover on another policy with similar benefits and terms, that is available at that time, at our discretion.



When you can apply to use this Cover Conversion Option

You can apply to use this Cover Conversion Option if all the following apply.

- › The business has been trading continuously for at least 2 years.
- › The life assured is under 60 years old.
- › The life assured is working in an insurable, *gainful occupation*.
- › The life assured isn't currently eligible for, applying for, or on a claim on this Monthly Disability Cover.
- › This cover is in force.
- › All premiums are paid and up to date.
- › The cover has a benefit period of 12 or 24 months.
- › Variable benefits can only be converted on a like for like basis.

How we'll assess your application to convert

Your application to convert will be subject to normal underwriting criteria for the new cover and policy, without assessment of the life assured's health.

We'll issue the converted cover on similar terms to this cover

Where the cover is converted to another policy, the same *waiting period* as your Monthly Disability Cover at the time of conversion will be applied, unless you choose to extend the *waiting period*. The payment term will be the same or the closest equivalent *payment term* available at our discretion on the policy the cover transfers to.

Any special terms and conditions which apply to a life assured's cover under this policy will also apply to the cover that is converted to the new policy.

Recurrent Disability Benefit

With the Recurrent Disability Benefit, you can get support sooner if the life assured's total disability or partial disability comes back after their claim ends.

When this benefit applies

The Recurrent Disability Benefit applies if all the following apply.

- › We were paying a Total Disability Benefit or Partial Disability Benefit claim for the life assured.
- › After that claim has ended, the life assured is totally disabled or partially disabled again because of the same *illness* or *injury*.
- › The total disability or partial disability returns within 12 months of the previous claim ending.

How we'll assess your continuing claim

When this benefit applies, we'll assess your Total Disability Benefit or Partial Disability Benefit claim for the same *illness* or *injury* as if there was no *waiting period* and as a continuation of your previous claim.

Standard cover

For standard cover, the previous claim(s) and the recurring claim will be treated as a continuous claim for the purposes of the *payment term*.

Variable cover

For variable cover, we'll disregard the period the life assured was not totally or partially disabled for the purpose of determining their month of disablement and period of continuous disablement in the table on page 1.

For example, if a claim for a life assured ended after Month Two when they returned to work, but their disability returned in Month Four, we will assess their continuing claim as if they are disabled in Month Three and have been continuously disabled for three months. The monthly disability claim benefit would be calculated using Sum Insured Month 3.

You'll need to make a new claim if the disability returns after 12 months or has a different cause

You'll need to make a new claim and the *waiting period* will restart if the returning disability was not caused by the same *illness* or *injury*, or if it comes back after 12 months.

Vocational Retraining and Rehabilitation Benefit

The discretionary Vocational Retraining and Rehabilitation Benefit can help pay for vocational retraining or rehabilitation we think will help the life assured recover from their total disability or partial disability and return to work.

When we'll consider paying this benefit

This benefit is payable at our sole discretion. We'll consider paying for the retraining or rehabilitation costs if all the following apply.

- › We have accepted a Total Disability Benefit claim or Partial Disability Benefit claim for the life assured.
- › The retraining or rehabilitation is likely to help the life assured get their pre-disability function back and to re-enter the workforce or increase their ability to work in any *gainful occupation*.
- › We consider the retraining or rehabilitation is likely to reduce the future payments we expect to make under this cover by more than the cost of the retraining or rehabilitation.

Apply and get our approval before you pay

You must apply for this benefit, and we must agree to pay in writing (at our sole discretion), before you or the life assured is charged for the retraining or rehabilitation.



How much we'll pay

The most we'll pay under this benefit is the lesser of:

- › For standard cover, 3 times the monthly *sum insured*.
- › For variable cover, 3 times the average of all selected monthly *sum(s) insured*.
- › \$20,000.

We'll only pay this benefit once for each life assured for the same, similar or related *illness* or *injury*.

Getting extra help with optional benefits

This section includes information about the optional benefits in Monthly Disability Cover. These optional benefits are included in your cover if you've applied for them and your *policy schedule* or *endorsement schedule* confirms you have them.

Seasonal Adjustment Option

With the Seasonal Adjustment Option, we will increase the amount of any Total Disability Benefit or Partial Disability Benefit claim we pay during your selected 3-month period by twenty-five percent (25%).

You must tell us your chosen period before the *commencement date*.

When you can change your 3-month period

You can change your selected 3-month period by writing to us within 60 days of the *anniversary date*.

You cannot change the selected 3 month period if the life assured is currently eligible for, applying for, or on a claim on this Monthly Disability Cover.

We'll only pay once during a 12-month period

We will only pay this seasonal adjustment benefit once during a 12-month period.

Business Increase Option

With the Business Increase Option, you can apply to increase the monthly *sum(s) insured* for a life assured without assessment of their health, if your circumstances justify increasing your business insurance for that life assured.

You can apply to increase the monthly sum insured, on top of increases due to inflation, by up to the lesser of:

- › 50 percent of the monthly sum insured
- › \$5,000

When you can apply to increase the monthly sum insured

You can apply to increase the monthly *sum insured* if the financial needs of the business justify an increase to either:

- › if you have standard cover, the monthly *sum insured*
- › if you have variable cover, any of the monthly *sums insured* selected for cover which are currently shown on the *policy schedule*.

We have sole discretion to determine whether the financial needs of the business justify an increase.

The following circumstances must also apply.

- › The life assured is under 55 years old.
- › The life assured isn't currently eligible for, applying for, or on a claim on any policy held with us or any other insurer.
- › The cover is still in force.

How we'll assess your application to increase

Your application to increase will be subject to normal underwriting criteria, without assessment of the life assured's health.

Send us evidence when you apply

When you apply for an increase under this benefit, you must send us evidence satisfactory to us that financially justifies your business' need to increase the *sum insured*. The evidence may include any or all of the following.

- › Financial information covering the last 2 years for your business and all related entities
- › Details of the methodology applied to justify the increase
- › Any other evidence we may reasonably require

You can apply for an increase once every 3 years

You can apply for an increase under this benefit once every 3 years, but not within the first 6 months from the *commencement date*.

You're limited in how much you can increase the sum insured

All increases under this benefit for a life assured can't be more than 150% of the *original sum insured* or \$15,000 per month, whichever is the lesser.

Farm Consultancy Option

With the Farm Consultancy Option, we'll pay an additional \$750 per month, for up to 6 months, for specialist farming assistance.

When we'll pay this benefit

We'll pay this benefit each month, for up to 6 months, while this policy is in force if we are paying a Total Disability Benefit or Partial Disability Benefit claim for that month for the life assured.



When we'll stop paying this benefit

We'll stop paying the Farm Consultancy Option benefit when one of the following happens.

- › We stop paying a Total Disability Benefit or Partial Disability Benefit claim for the life assured.
- › If we've paid this benefit for 6 months for the same continuing or recurrent claim.
- › The life assured stops farming for more than 6 months in a row for any reason other than a disability we're paying a Total Disability Benefit or Partial Disability Benefit for under this cover.

Understanding what we don't cover

We won't cover the life assured if they become totally disabled or partially disabled as a direct or indirect result of:

- › intentional self-harm, including attempted suicide
- › pregnancy or complications resulting from pregnancy, unless the disability lasts more than 90 days after the pregnancy
- › taking part in a criminal activity.

The life assured must follow medical advice

We also won't pay a claim, and we'll stop paying existing claims, if the life assured isn't under the regular care of, or doesn't follow the advice and treatment of, a *medical practitioner*.

When cover ends

This cover ends, meaning we won't pay a claim, or we'll stop paying existing claims, 60 days from any of the following occurring to the business the life assured is working in, for any reason other than the disability we're covering.

- › It's sold, liquidated, or placed into receivership.
- › It stops operating.
- › It cannot pay its debts.
- › The life assured permanently ceases to be gainfully occupied in the normal operations of the business.