

CORPORATE SOLUTIONS INCOME PROTECTION INSURANCE POLICY

Compulsory membership



Definitions

A. Applicable Table of Rates

The table of premium rates set out in Schedule 2 or any revision thereof.

B. Automatic Acceptance Limit or AAL

The amount stated in the Policy Schedule.

C. At Work

To satisfy the definition of 'At Work' the Eligible Member is:

- i. engaged in his / her normal duties and working his / her normal hours on the day cover is to commence (or the first working day immediately following the date of commencement should the date of commencement fall on a public holiday or a weekend) without restriction or limitation due to an Injury or Sickness; or
- ii. on Employer approved leave and is capable of performing his / her normal duties and working his / her normal hours on the day cover is to commence (or on the first working day immediately following the date of commencement should the date of commencement fall on a public holiday or a weekend) without restriction or limitation due to an Injury or Sickness; and
- iii. not be in receipt of and / or entitled to claim income support benefits from any source including workers compensation benefits, statutory transport and accident benefits and disability income benefits.

D. Benefit Period

The maximum period for which the benefit is payable as shown in the Policy Schedule.

E. Cessation Age

The age on which benefits will cease to be payable and / or cover will cease under this Policy, as detailed in the Policy Schedule.

F. Company

AIA New Zealand Limited. We or us or AIA New Zealand shall also mean the Company.

G. Day

Includes a weekend or public holiday in New Zealand.

H. Disability or Disabled

Means the Total Disability or Partial Disability of the Insured Member as applicable.

I. Eligible Member

A member who:

- i. is in the service of the Employer; and
- ii. is under the maximum entry age as set out in the Policy Schedule; and
- iii. is Gainfully and Permanently Employed for at least fifteen (15) hours per week (each and every normal working week); and
- iv. is a New Zealand citizen, permanent resident or holds a current New Zealand work visa, issued for a period not less than twelve (12) months and resides in New Zealand; and
- v. meets the eligibility criteria specified in the Policy Schedule.

J. Employer

The Employer, as set out in the Policy Schedule, for whom the Eligible Member is Gainfully and Permanently Employed.

K. Evidence of Insurability

Such evidence of health and such other particulars of an Insured Member as the Company may require at the time he / she first becomes an Insured Member, and at any subsequent time when the Monthly Benefit of that Insured Member is increased or reinstated, and which is supplied or caused to be supplied in respect of that Insured Member by the Policy Owner to enable the Company to determine whether an Insured Member is to be accepted for any insurance and the terms of such acceptance.

L. Gainfully and Permanently Employed

Employed on a permanent basis (for monetary gain or reward in any business, trade, profession, vocation, calling, occupation or employment).

M. Income

- i. where the Insured Member is either self-employed, a working director or partner in a partnership, the income generated by the business or practice due to his / her personal exertion or activities, less his / her share of necessarily incurred business expenses and investment income, for the last twelve (12) months; or
- ii. where the Insured Member is other than that described in (i) then the income is the total value of remuneration paid by the Employer including salary, fees, regular commission, regular bonuses and regular overtime (but excluding mandated superannuation contributions and KiwiSaver) earned over the last twelve (12) months.

N. Injury

Means accidental bodily injury to an Insured Member, caused solely and directly by violent external and visible means, occurring whilst the Insured Member is covered under this Policy and resulting directly, and independently of all other causes, in the Insured Member's Disability.

O. Insured Member

An Eligible Member who is currently insured under the Policy for whom the Company has accepted cover, the premium has been paid in respect of (or agreed to be paid) and whose cover has not been terminated.

P. Leave of Absence

Employer approved maternity or paternity leave and other Employer approved leave of up to twenty-four (24) months, but does not include leave leading to engagement in other gainful employment or business activity.

Q. Medical Practitioner

A person approved by the Company registered with the Medical Council of New Zealand to render medical or surgical services, and who holds an Annual Practising Certificate. For diagnoses made outside New Zealand, the definition of Medical Practitioner shall mean any appropriately qualified Medical Practitioner approved by the Company. It does not include an Employer of the Insured Member, the Insured Member, or the Insured Member's spouse, de facto spouse, civil union partner (as defined in the Civil Union Act 2004) or immediate family member or business partner.

R. Monthly Benefit

In relation to an Insured Member means that amount certified by the Policy Owner, under General Condition 1, and accepted as such by the Company, subject to the conditions relating to the amount payable in the Policy Schedule and Schedule 1.

S. Partial Disability

Means solely due to Injury or Sickness, the Insured Member:

- i. is unable to perform one or more of the essential and substantial duties of his / her usual occupation but has returned to work in their usual or an alternative occupation; and
- ii. is earning an Income from his / her usual or alternative occupation which is less than his / her Pre-Disability Income; and
- iii. remains under the regular care and attendance of a Medical Practitioner and is following the advice of that Medical Practitioner in relation to that Injury or Sickness.

T. Plan Year

Unless otherwise agreed between the Policy Owner and the Company means the successive period of twelve (12) months commencing on the Policy Commencement Date, during which the Policy is in force.

U. Policy

This Policy, the Policy Schedule and any riders or endorsements thereto signed by the Company and notified to the Policy Owner.

V. Policy Commencement Date

The date shown as such in the Policy Schedule.

W. Policy Owner

The entity stated as such in the Policy Schedule or its legal successors in title.

X. Policy Schedule

The schedule issued with this Policy and updated from time to time.

Y. Pre-Disability Income

Means one of the following:

- a. the gross monthly Income earned by the Insured Member immediately prior to becoming Disabled; or
- b. for contractors with a minimum contract period of twelve (12) months or less (if applicable), the average gross monthly Income earned by the Insured Member in the three (3) months immediately prior to becoming Disabled.

Z. Renewal Date

The yearly date shown as such in the Policy Schedule.

AA. Sickness

An illness or disease of an Insured Member which results directly, and independently of all other causes, in the Insured Member's Disability.

AB. Total Disability (refer Policy Schedule)

1. Own Occupation

The Insured Member, solely due to Injury or Sickness, is:

- a. completely and continuously unable to perform his / her own occupation in any capacity; and
- b. remains under the regular care and the attendance of a Medical Practitioner and is following the advice of that Medical Practitioner in relation to that Injury or Sickness; and
- c. is not engaged in any occupation, paid or unpaid;

Or

2. Own Occupation (first two (2) years)

The Insured Member, solely due to Injury or Sickness, is:

- a. completely and continuously unable to perform his / her own occupation in any capacity for the first two (2) years following the expiry of the Waiting Period and after the two (2) years then any occupation for which the Insured Member is reasonably suited by education, training or experience; and
- b. remains under the regular care and the attendance of a Medical Practitioner and is following the advice of that Medical Practitioner in relation to that Injury or Sickness; and
- c. is not engaged in any occupation, paid or unpaid.

AC. Waiting Period

The number of continuous days, as set out in the Policy Schedule, which must elapse before the Monthly Benefits begin to accrue. The Waiting Period commences from the later of the following:

- i. the date the Insured Member is first examined and certified by a Medical Practitioner as being Disabled in relation to an Injury or Sickness that gave rise to the claim; and
- ii. the date the Insured Member ceases work due to that Injury or Sickness.

General Conditions

1. Eligibility for Automatic Cover

- a. At the end of each month, or as otherwise agreed, the Policy Owner shall nominate to the Company in the form prescribed by us those employees of the Employer who are proposed for insurance under the Policy.

- b. An Eligible Member will become an Insured Member for a Monthly Benefit not exceeding the Automatic Acceptance Limit from the date the person complies with the terms on which the Company offers automatic acceptance.
- c. Automatic Acceptance
Unless otherwise stated, automatic acceptance is subject to the following conditions:
 - i. suitable eligibility conditions for membership of the group to be insured are clearly specified; and
 - ii. 100% of persons eligible to join the group to be insured are covered under this plan; and
 - iii. Monthly Benefit for each Eligible Member is established using a consistent and acceptable basis; and
 - iv. satisfactory evidence is provided to the Company that 'At Work' conditions are met by the Eligible Member when cover commences; and
 - v. any other terms specified by the Company; and
 - vi. the Company reserves the right to change the automatic acceptance conditions or limits at any time.
- d. Any proposed Total Disability benefit which either exceeds the Automatic Acceptance Limit or is in respect of a person who does not comply with the terms upon which automatic cover is offered, is subject to consideration by the Company of such Evidence of Insurability as may be requested. Any such cover will commence upon the Company's acceptance of the risk.
- e. The Company shall notify the Policy Owner of the terms (if any) on which it will grant cover to an Eligible Member.
- f. Not later than one month after the first day of each Plan Year, the Policy Owner shall supply the Company with a schedule stating the name and any additional information relating to each Eligible Member as the Company may require for the purposes of this Policy.

2. Premium - When Payable

Premiums are payable by the Policy Owner to the Company with the first premium due within thirty (30) days of the Policy Commencement Date and thereafter as set out in the Policy Schedule. If the premiums are not paid within thirty (30) days from the date they fall due (Days of Grace), the Company will give the Policy Owner notice of intention to lapse the Policy and all cover will cease from the premium due date.

3. Premium - How Calculated

- a. At any time the premium due in respect of a particular Insured Member shall be that Insured Member's current Monthly Benefit, multiplied by the premium rates applicable to the Insured Member's age, gender and occupation, multiplied by any additional premium loadings (if any) that have been applied to the Insured

Member, or as may otherwise be agreed.

- b. The premium due in respect of the Policy for any Plan Year shall be the sum of the premiums calculated in paragraph (a.) of this condition in respect of every Insured Member, subject to the minimum premium amount set out in the Policy Schedule.

4. Premium - Misstatement of Age

If the date of birth of an Insured Member has been incorrectly recorded, then the Company will adjust the cover and / or the premium for that Insured Member based on the correct age.

5. Premium Adjustments

At each Renewal Date, premium adjustments will be calculated in respect of exiting members, new entrants and changes in Insured Member details such as salary and age during any Plan Year, using one (1) of the two (2) methods below. The method applicable to this Policy will be set out in the Policy Schedule.

1. Individual Exits and Entrants Method:
Premium adjustments will be calculated in respect of any new entrants or exiting members based on the number of days he / she was accepted for cover within the applicable Plan Year.

Or,

2. Bulk Adjustment Formula:
 $A = 0.5 \times P \times (S2 - S1) / S1$ where:
A is the premium adjustment payable to, or receivable from the Company in respect of the relevant Plan Year; and
P is the aggregate insurance premiums of all lives insured as at the commencement date, or as at the Renewal Date at the commencement of the relevant Plan Year, as the case may be; and

S1 is the aggregate sum insured of all lives insured as at the commencement date, or as at the Renewal Date at the commencement of the relevant Plan Year, as the case may be; and

S2 is the aggregate sum insured of all lives insured as at the Renewal Date at the end of the relevant Plan Year, or as at termination date, as the case may be.

6. Days of Grace

Thirty (30) Days of Grace shall be allowed for the payment of each premium and if a claim arises within that period, no Monthly Benefit shall become due hereunder in respect of such claim until the premium is paid.

7. Lapse and Reinstatement

This Policy shall cease to be in force if any premium is not

paid within the Days of Grace. If the Policy ceases to be in force it may be reinstated with the Company's consent upon the payment of the overdue premium for the period during which the premium is overdue, together with such Evidence of Insurability as the Company may require.

8. Annual Renewal

Within thirty (30) days (or as otherwise agreed by the Company) of the Renewal Date of each Plan Year, the Policy Owner must furnish the Company with details of all Insured Members of the plan, including persons who were Insured Members of the plan at the last Renewal Date, as well as all new Eligible Members who are required to be covered under this Policy. Such information shall include the name, occupation, gender, date of birth, Income and location of each Insured Member and their Monthly Benefit. With respect to new entrants or exiting Insured Members, information should include the date cover either commenced or ceased.

9. Leave of Absence

If an Insured Member commences Leave of Absence, he / she may continue to be covered under this Policy with prior approval of the Company provided premiums in respect of the Insured Member are paid in advance (or in conjunction with regular payments under the Policy, as agreed by us). The Company may provide cover for up to twenty-four (24) months.

10. Risk Commencement

Any proposed Monthly Benefit in respect of an Insured Member shall be subject to the maximum benefit amount, set out in the Policy Schedule and to such Evidence of Insurability as the Company may require. Such cover will commence upon the Company's acceptance of the risk following receipt of the required Evidence of Insurability.

11. Termination of Policy

This Policy will terminate in the following circumstances:-

- a. If the number of Insured Members under this Policy falls below the minimum number of insured lives as specified in the Policy Schedule, the Policy may be terminated by the Company giving thirty (30) days notice in writing; or
- b. Premiums for the Policy Owner are in arrears subject to General Condition 2; or
- c. At the expiration of any premium rate guarantee period provided in the Policy, the Company gives the Policy Owner thirty (30) days notice in writing that it intends to cease to participate in the Policy; or
- d. This Policy will terminate if the Policy Owner gives the Company ninety (90) days notice in writing that it intends to cease to participate in the Policy; or
- e. We may terminate this Policy with immediate effect in the circumstances described in General Condition 15.

12. Effects of Termination

With effect from the date of termination, no further premiums will be payable by the Policy Owner, except those that became due for the period up to and including the date of termination. All benefits of Insured Members will become nil, and no further payments will be paid except any payments which became due prior to the date of termination or which will become due in respect of claims admitted or admissible in terms of this Policy prior to the date of termination.

13. Refund of Overpaid Premiums

If this Policy is terminated, the Company will refund to the Policy Owner a proportion of any premiums paid for the Plan Year period after the date the Policy terminated. Any refund under this condition will be calculated based on the membership data as at the date of termination and may include a premium adjustment for any membership changes that occurred between the previous Renewal Date and the termination date.

14. Termination of Membership

- a. At the end of each month or as otherwise agreed, the Policy Owner shall give notice to the Company that a person has ceased to be an Insured Member and shall advise the date upon which that person ceased to be an Insured Member.
- b. The Income Protection cover of an Insured Member shall terminate at 11:59pm New Zealand standard time on the earliest of:
 - i. the date the Insured Member is no longer Gainfully and Permanently Employed for at least fifteen (15) hours per week (for each and every normal working week), subject to any Extended Cover provision provided under General Condition 27; or
 - ii. the Insured Member attaining the Cessation Age; or
 - iii. the date the Insured Member leaves the service of the Employer, subject to any Extended Cover provision provided under General Condition 27; or
 - iv. the date the Insured Member commences active duty in the armed forces of any country or international organisation; or
 - v. the date the Company or the Policy Owner terminates the cover under the plan; or
 - vi. the date the Insured Member dies; or
 - vii. the Insured Member is on Leave of Absence for longer than the period of time that we have agreed to provide cover under General Condition 9, except where the reason why the Insured Member has not returned to work is because he / she has made a claim under this Policy, or is eligible to do so; or
 - viii. the date we terminate the Policy or the Insured Member's Income Protection cover under General Condition 15.

15. Refusal of Cover due to Sanctions

- a. We shall not provide cover for any risk and/or pay any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would be in respect of a person who is the subject of any sanction, prohibition or restriction under United Nations resolutions or trade or economic sanctions, laws or regulations of New Zealand, the European Union, United Kingdom or United States of America, or any of its states and/or any other applicable economic or trade sanction laws or regulations.
- b. This provision applies without limitation not only to the Policy Owner or holder, but to the Insured Member and any assignee, other third party, related party or beneficiary of the policy.
- c. Should we determine that the above is applicable, we may at our sole discretion terminate the Policy or Income Protection cover of an Insured Member as applicable with immediate effect.

16. Termination of Benefit Payments

Monthly Benefit payments for an Insured Member will cease upon any of the following events:

- a. on the Insured Member's attainment of the Cessation Age; or
- b. on the expiry of the Benefit Period, subject to Schedule 1 (Benefit and Benefit Offsets); or
- c. the Insured Member no longer satisfies the Total or Partial Disability definitions; or
- d. the Insured Member is not under the regular care of a Medical Practitioner for the Injury or Sickness; or
- e. the Insured Member commences active service in the armed forces of any country or international organisation; or
- f. the Insured Member does not comply with medical treatment or rehabilitation as recommended by a Medical Practitioner; or
- g. a fraudulent claim is made in respect of any member; or
- h. thirty (30) days after the Insured Member leaves the Employer except where the Insured Member is medically retired or made redundant from the workforce; or
- i. the Insured Member dies.

17. Exclusions

This Policy does not cover any loss, caused wholly or partly, directly or indirectly or resulting from:

- a. normal pregnancy, uncomplicated childbirth or miscarriage; or
- b. active service in the armed forces of any country or international organisation; or
- c. any act of invasion or war, whether war is declared or not in which New Zealand Armed Forces are involved,

or the Insured Member's country of residence (including temporary residence) is involved; or

- d. any intentional, self-inflicted Injury or Sickness, or any attempt at suicide or self destruction while either sane or insane; or
- e. alcoholism, drug or substance abuse; or
- f. violation or attempted violation of the law or resistance to lawful arrest.

18. Claims and Proof of Loss

The Policy Owner shall give notice to the Company in the form prescribed by us, of the Disability of any Insured Member that gives rise to a claim. Upon receipt of a notice of claim, the Company will furnish to the Policy Owner such claim forms as are usually furnished by the Company for the notice of claim, or as soon as is reasonably possible thereafter. All ongoing claim requirements will be furnished by the Policy Owner to the Company as required.

In respect of claims that arise whilst the Insured Member is overseas, the Company reserves the right to require a medical examination to be conducted in New Zealand as part of its consideration of a claim. The Company shall have the right to arrange for the Insured Member to be examined by a Medical Practitioner at the Company's expense when so often as the Company may reasonably require for the duration of the claim.

Proof of Loss

- a. Written proof of a Disability under this Policy should be furnished to the Company's reasonable satisfaction within ninety (90) days of the Insured Member suffering loss.
- b. Proof must be established by such reports, written declarations or by other means the Company may reasonably require.
- c. Failure to furnish such proof within ninety (90) days will not invalidate or reduce any claim if it was not reasonably possible and, except in the case of legal incapacity, no later than one (1) year from the date the proof is required.

19. Mitigation of Loss

Whilst in receipt of a Monthly Benefit, the Insured Member must comply with all reasonable treatments as determined by an approved Medical Practitioner. Failing which, the Company reserves the right to cease such Monthly Benefit payments.

20. Rates Guarantee

Where applicable, the Company shall guarantee the individual age premium rates until the rate guarantee period end date set out in the Policy Schedule (if any) provided that:

- a. the membership number of the plan does not fluctuate by more than 20% of insured lives and not fall below

the minimum number of insured lives as specified in the Policy Schedule; or

- b. the benefit formula for cover as specified in the Policy Schedule does not change.

21. Concurrent Disability

Where an Insured Member is Disabled because of more than one (1) Injury or Sickness, or from both, whether related or not, benefits are payable in respect of only one (1) Injury or Sickness, as the Company shall determine, based on medical evidence.

22. Recurrent Disability

If a further claim is made by an Insured Member arising from the same or related cause as the first claim, the further claim:

- a. will be treated as a separate claim if it occurred after the ceasing of payment from the earlier claim for at least six (6) months and the Waiting Period will apply; or
- b. will be deemed to be a continuation of the original claim if made within six (6) months from the ceasing of payments from the earlier claim. A further Waiting Period will not apply in this case, however the maximum Benefit Period will be adjusted to take into account prior claim payments.

23. Consecutive Absence

An Insured Member may return to work once, performing their usual duties for up to:

- a. ten (10) consecutive days during the Waiting Period, where the Waiting Period is sixty (60) days or more; or
- b. five (5) consecutive days during the Waiting Period, where the Waiting Period is less than sixty (60) days.

Where the Insured Member does return to work during the Waiting Period for up to five (5) or ten (10) days (as applicable), the Waiting Period will be extended by the total number of days the Insured Member had attempted to return to work. Where the Insured Member does return to work during the Waiting Period for more than five (5) or ten (10) consecutive days (as applicable) the Waiting Period starts again.

24. Retraining and Rehabilitation Expenses

Retraining and rehabilitation expenses approved by the Company will be reimbursed and are limited to six (6) Monthly Benefit payments. Retraining and rehabilitation expenses will relate to retraining and rehabilitation programmes designed to retrain and rehabilitate the Disability of an Insured Member or return the Insured Member to work.

25. Worldwide Cover

The cover provided is a 24-hour worldwide cover. If an Insured Member is temporarily residing overseas, once cover is in place and provided premiums continue to be paid,

the Company may at its sole discretion, provide cover for up to five (5) years depending on the nature and location of overseas residency. The Company must be notified of any such overseas residency prior to departure.

Temporary visits back to New Zealand of less than sixty (60) days will not constitute an Insured Member returning to New Zealand to reside in New Zealand.

26. Continuation Option

If an Insured Member, under the age of sixty-five (65) years, ceases to be an Insured Member, other than as a result of death, Injury or Sickness or the Policy terminating and provided that the Insured Member is not in receipt of or entitled to receive benefits under this Policy, that Insured Member shall be entitled to apply for and have issued, an Income Protection Policy that the Company from time to time considers appropriate, without being required to produce any Evidence of Insurability subject to the following conditions:

- a. the Monthly Benefits payable under the individual policy will not exceed the Monthly Benefits payable in respect of the Insured Member under this Policy; and
- b. the Waiting Period under the individual policy will not be less than the Waiting Period in respect of the Insured Member under this Policy; and
- c. the Insured Member's new occupation must be on a permanent basis for at least fifteen (15) hours per week and along with their new Income it must be broadly similar to their current occupation and Income with the Employer, or if the occupation and Income category is different a new rate will be supplied; and
- d. any maximum Benefit Period under the individual policy will not exceed the maximum Benefit Period in respect of the Insured Member under this Policy; and
- e. the individual policy will be subject to the standard policy conditions and provisions for similar policies issued to the public, including but not limited to residency status, location, occupational and minimum premium requirements; and
- f. the premium payable will be calculated at the rate charged by the Company on similar individual policies, taking into account the Insured Member's age, occupation, Income, sex, and smoking status; and
- g. the policy will be subject to any extra premium or exclusion clause(s) imposed in respect of the Insured Member under this Policy; and
- h. there are no outstanding or overdue premiums in respect of the Insured Member under this Policy.

The Company must receive written notice of application in the form prescribed by us within sixty (60) days of the date on which the Insured Member ceased to be employed by the Employer and subsequently insured under this Policy.

27. Extended Cover

Unless shown as not applicable in the Policy Schedule, the following will apply:

Under this Policy, cover for an Insured Member under the age of sixty-five (65) years, will continue for a maximum period of sixty (60) days after the Insured Member ceases to meet the Insured Member eligibility criteria under the Policy. Extended Cover will cease on the earlier of:

- a. the date the Insured Member meets any of the other provisions under termination of cover for an Insured Member; or
- b. sixty (60) days after the Insured Member ceases to meet the eligibility criteria; or
- c. the date the Company accepts or declines the Insured Member's application for a Continuation Option.

28. Policy Amendment

The Company reserves the right to amend from time to time the Schedules, Definitions and General Conditions in this Policy upon giving three (3) months notice in writing to the Policy Owner of its intention to do so.

29. Taxes and Duties

Where the Company is, or believes that it will become, liable for any tax or other duties levied by the Inland Revenue Department of New Zealand or any Government authority or body in connection with the Policy, the Company may reduce, vary or otherwise adjust any amounts (including but not limited to premiums, charges and benefits) under the Policy in the manner and to the extent the Company determines to be appropriate to take account of the tax or impost.

30. Jurisdiction and Currency

This Policy shall be deemed to be issued in New Zealand and governed by the laws of New Zealand and all monies payable in respect hereof whether by or to the Company shall be payable in New Zealand currency.

31. Statutory Fund

This Policy is part of the AIA New Zealand Statutory Fund Number 1.