

Income Protection

Sales guide for advisers

3 2 1 GO!
talk to your customers
about Income Protection.



Introduction

Selling Income Protection

This sales guide aims to help you understand what makes Fidelity Life Income Protection stand out in the market, and how the features meet the needs of your customers to help them get back on their feet faster. It explains key features, customer benefits and the importance of a smooth claims experience for you and your customers.

If you have any questions please contact your BDM.

Why Fidelity Life Income Protection



Stand-out features



Affordable pricing




Smooth claims experience*


*Based on Lewers industry benchmarking study 2017, Fidelity Life's claims experience was rated 85.1% vs the industry average 83.6%. Fidelity Life also rated above the industry average in 2016.

Stand-out features


Fidelity Life Income Protection offers three unique features you won't find anywhere else:

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Unique income offset

Fidelity Life Personal Income Protection (Agreed Value and Indemnity Value) is the only product in the market which allows customers to keep working up to 10 hours per week, if they need to, without affecting their monthly benefit payment.
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Unique quarterly claim payments increases

Fidelity Life is the only provider to offer a Claims Escalation Option which increases claim payments on a quarterly (as opposed to annual) basis to protect your customers against rising inflation.
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Unique support beyond retirement

Fidelity Life is the only provider to offer an Extended Benefit Option (in return for an additional premium) which continues to pay a claim beyond retirement if your customer has a severe disability which lasts beyond retirement age.

Two other great features also help us stand out:

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Fixed premium certainty

A feature that is not widely available in the market, Fidelity Life offers a level term premium option, giving your customers certainty their premium won't increase as their age increases, even allowing for inflation protection¹.
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Support for unexpected complications during pregnancy

We understand that not every pregnancy is the same and some women are unable to work due to unexpected complications. If your customer is hospitalised with unexpected complications, such as Hyperemesis gravidarum, then we may consider a claim.

¹Subject to tax and regulatory changes that are out of our control.

How our features benefit your customers

Feature	Customer benefit
Unique income offset	<p>Some people – especially the self-employed – find it hard to fully step away from work, even if they are totally disabled. Fidelity Life allows customers to keep working up to 10 hours per week, if they need to, without affecting their monthly benefit payment.</p> <p>This means they continue to receive their monthly benefit (less any benefits received from ACC or other insurance company) as well as their income from working. If they are able to return to work for more than 10 hours per week and are earning less than 25% of their pre-disability income, Fidelity Life will consider there to be nil earned income when calculating a partial disability entitlement.</p>
Unique quarterly claim payments increases	<p>Fidelity Life's Claims Escalation Option ensures your customer's monthly benefit continues to keep up with inflation by linking it to the Consumer Price Index every quarter, rather than annually. This means that claims lasting less than a full year can still be protected against rising inflation costs (in return for an additional premium).</p>
Unique support beyond retirement	<p>Sometimes your customer's disability will last beyond retirement. While they no longer face the risk of not being able to work, this can result in additional unforeseen costs, such as nursing care or home help, which typically need to be funded out of retirement savings. While some support can be provided by the Government, this is not guaranteed.</p> <p>To protect them against this risk, we offer an Extended Benefit Option (in return for an additional premium). This ensures that, if they are on claim for at least three months prior to age 65 and their disability leaves them unable to undertake two or more activities of daily living without assistance (for example dressing, bathing or eating), Fidelity Life will continue to pay their claim until they recover or die.</p>
Comprehensive and flexible	<p>Fidelity Life's comprehensive Income Protection product provides a range of built-in and optional benefits which provide you with the flexibility to tailor the policy to your customers' individual needs.</p> <p>Whatever their needs and budget – whether they simply want to cover their income, or consider more comprehensive covers such as continuing their benefit beyond retirement – we've got your customers covered.</p>
Fixed premium certainty	<p>With Fidelity Life's level term premium option, customers can be certain their premium is actually level – their premium won't increase as their age increases, even when indexation has been selected, making it ideal for customers with fixed budgets¹.</p>
Business continuity for the self-employed	<p>Fidelity Life provides your customers with the flexibility to direct their monthly benefit towards employing someone to continue running their business, and minimise the impact of being away from work.</p>
Support for unexpected complications during pregnancy	<p>We understand that not every pregnancy is the same and some women are unable to work due to unexpected complications. If your customer is hospitalised with unexpected complications, such as Hyperemesis gravidarum, then we may consider a claim.</p>
Benefit certainty for indemnity cover claims	<p>For an indemnity cover claim, if your customer provided financial evidence at the start of their policy in support of their monthly benefit, then the first six months of their claim will be assessed as agreed value.</p> <p>This means that at the time of claim, your customer does not have to worry about providing us with financial evidence when they are dealing with a disability. This also benefits customers who have had a drop in income and not reduced their benefit to match, because Fidelity Life will pay the higher amount for the first six months of their claim.</p>

¹Subject to tax and regulatory changes that are out of our control.

Affordable pricing



Many customers are surprised to learn that income protection is affordable.

For the equivalent of a daily cup of coffee they can buy themselves the peace of mind that, should they be unable to work due to disability or extended illness, a Fidelity Life Income Protection policy will help them get back on their feet faster.

How much does it cost?



Indemnity cover monthly benefit of \$5,000

Non smoker

White collar occupation

Taking a benefit to age 65

13 week waiting period

Fidelity Life Income Protection with Extras and Booster Benefit

\$89.38 per month



Fidelity Life Income Protection with Extras and Booster Benefit

\$139.11 per month



Indemnity cover monthly benefit of \$2,500

Non smoker

White collar occupation

Taking a benefit to age 65

13 week waiting period

Fidelity Life Income Protection with Extras and Booster Benefit

\$23.75 per month



Fidelity Life Income Protection with Extras and Booster Benefit

\$34.10 per month

Smooth claims experience

“We’re in the business of paying claims. We want to pay them.” Reeta Anthony, Head of Claims

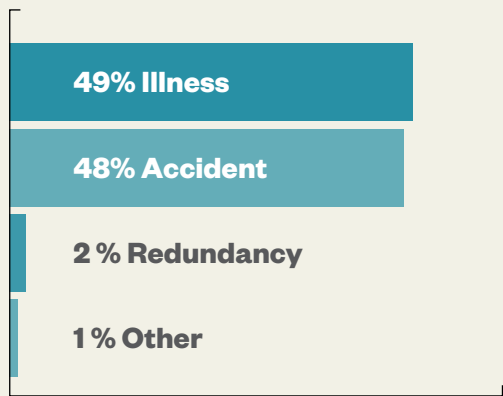
The most important feature of income protection cover is to provide a replacement income if your customers are unable to work due to a disability or extended illness.

Income protection claims can last for months or even years. We’re there to help your customers, and in 2017 we paid out more than \$23.2 million in income protection claims.*

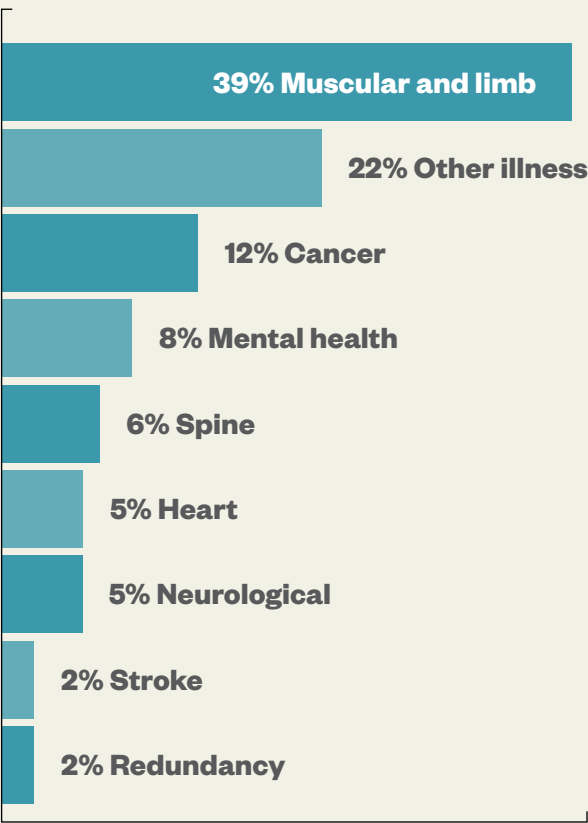
Based on the Lewers industry benchmarking study 2017, Fidelity Life’s claims experience was rated 85.1% vs the industry average 83.6%. Fidelity Life also rated above the industry average in 2016.

Our expert claims team provides you and your customers with the support they need when recovering from a disability or extended illness. We don’t believe that one size fits all, so we give you and your customer a dedicated person to ensure our support is tailored and focused on helping your customers get back to work faster.

Claims 2017*

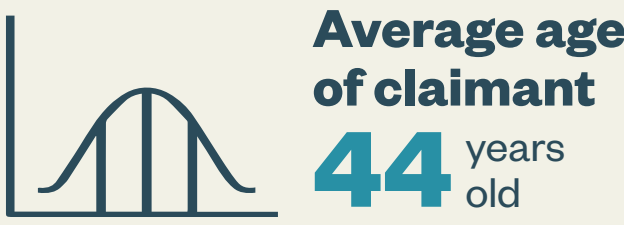


Claims Causes 2017*



* Based on Fidelity Life claims data for the 2017 financial year.

Quick Facts 2017*



* Based on Fidelity Life claims data for the 2017 financial year.

3

We've improved our waiting period conditions

We want to support customers to continue working if they can, so we've removed the requirement that the customer must be totally disabled for the first two weeks of their waiting period.

2

We'll pay the Total Disability Benefit fully in advance

We'll now pay the monthly benefit fully in advance for Total Disability Benefit, instead of paying only 50% in advance². This makes it easier for customers to understand how much they're getting paid, and when, so they can better plan their recovery.

1

We've updated the Agreed Value replacement ratio

You asked and we listened: we've changed the calculation of the Agreed Value replacement ratio to bring us in to line with the market. This means your customers will be insured for a higher benefit in line with their income.

GO!

**talk to your customers
about Income Protection.**

²Does not apply to Business Expenses Cover.

Why choose Fidelity Life

Founded by
kiwis
for kiwis

Cornerstone
stake held by
**NZ Super
Fund**

**Committed
to financial
advisers**
and face-to-face
advice

Rated
A-
(Excellent)
for financial
strength*

ANZLIF
**Life Insurance
Company of
the year
2017**

For more information go contact your BDM.

*Fidelity Life has an A- (Excellent) financial strength rating from A.M. Best. The rating scale is available for review at our offices. For more information please visit fidelitylife.co.nz/about-fidelity-life/our-financial-strength

Disclaimer – the information contained in this document is a convenient summary of the key points and is general in nature. Definitions, benefits, standard exclusions/limitations, terms and conditions are contained in the full policy documentation. Please refer to current policy wordings for specific details.

Protecting the NZ way of life

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NZ Insurance Industry Awards
**Life Insurance Company
of the Year 2017**