

Fidelity Life Underwriting Guide

FOR ADVISERS

This guide provides financial advisers with key information required to assist in the completion of an insurance application through Fidelity Life. The information in this guide should help ensure that individuals are properly classified in the appropriate risk class.

All insurance applications made to Fidelity Life are subject to underwriting practices and standards, and it is important to note that the circumstances of a particular case may result in changes or additional requirements to be requested. Underwriting standards and the requirements Fidelity Life uses to make rating and premium decisions are subject to change over time.

The sums assured shown in this guide are provided as thresholds and ranges only. They are not intended, in whole or part, as a recommendation for cover and should not be interpreted as personalised financial advice.

Maximum Sums Assured by Benefit

BENEFIT TYPE	Maximum Sum Assured (\$)	Notes
Life Assurance Cover	No maximum	
Terminal Illness Booster	500,000	
Trauma Cover	2,000,000	
Trauma Multi Cover	4,000,000	
Total and Permanent Disability Cover	5,000,000	(Own Occupation)
Income Protection Cover	30,000 (per month)	
Monthly Mortgage Repayment	30,000 (per month)	
Business Expenses Cover	30,000 (per month)	
Key Person Cover	30,000 (per month)	
Rural Key Person Cover	10,000 (per month)	
Defined Disability Income Protection	20,000 (per month)	
Survivor's Income Cover	50,000 (per month)	
Life Assurance Cover For Kids	200,000	Aged 10 and over
Trauma Cover Standalone for Kids	60,000	

Financial Requirements for Lump Sum Covers

Life Assurance, Survivor's Income, Terminal Illness Booster and Total and Permanent Disability

Up to \$2,000,000: Application form
>\$2,000,000: Confidential financial questionnaire (verified by accountant)

Trauma Cover

Up to \$1,000,000: Application form
>\$1,000,000: Confidential financial questionnaire (verified by accountant)

PLEASE NOTE:
Additional financial evidence may be requested at the discretion of Fidelity Life Underwriting.

Calculation for Lump Sum Benefits (by client's income)

The table below provides an indication of levels of cover available applicable to the client's income. Applicable Sums Assured will decrease as the client ages, and their financial liabilities/responsibilities decrease:

MULTIPLES OF ANNUAL INCOME FOR:

Age	Life*	TPD*	Trauma*
To 35	up to 30 x	up to 20 x	up to 15 x
36-45	up to 20 x	up to 20 x	up to 12 x
46-50	up to 18 x	up to 18 x	up to 10 x
51-55	up to 15 x	up to 15 x	up to 8 x
56-60	up to 10 x	up to 10 x	up to 5 x
61-65	up to 8 x	up to 5 x	2 – 3 x
65+	Individual Consideration		

* Multiples will vary based on the number of dependents in each case and other individual circumstances identified.



Tapering Scale for Income Protection

Income	Indemnity Value
Up to \$320,000 p.a.	75%
Next \$120,000 p.a.	50%
Any additional annual income	25%

Income	Agreed Value
Up to \$70,000	62.5%
Next \$30,000	60%
Next \$220,000	55%
Next \$120,000	35%
Any additional annual income	20%

Calculation of Income Protection Benefits (by benefit type)

Benefit Type	Financial Basis of Benefit	Financial Evidence Required (Other than Application Form)
Income Protection Cover – Indemnity	75% of Gross Income ¹	If less than \$10,000 then no financial evidence is required. If greater than \$10,000 then Proof of Income (as per Income Protection Cover – Agreed Value) is required.
Income Protection Cover - Agreed Value EMPLOYEE	20-62.5% of Gross Income Dependent on annual Income ²	Copy of payslip(s), letter of remuneration or IRD Tax Summaries.
Income Protection Cover - Agreed Value SELF-EMPLOYED	20-62.5% Dependent on annual Income ²	Three years of business financial accounts.
Monthly Mortgage Repayment Cover	40% of Gross Income OR 110% of Monthly Mortgage Repayment amount ³	Proof of Income (as per Income Protection Cover – Agreed Value) OR ⁴ Proof of Mortgage (showing repayment amount and frequency of repayment).
Rural Key Person Cover	35% of gross farm income	Three years farm accounts OR Copy of Sharemilking Agreement / Milk Solid Production figures.
Business Expenses Cover	100% of approved expenses ⁵	If more than \$10,000 per month then we require three years of business financial accounts.
Key Person Cover	Gross income less costs of goods sold, multiplied by the percentage of income that the client is responsible for generating (divided by 12 for monthly amount)	Financial accounts required only over the following levels: Class 1: \$10,000 per month Class 2: \$8,000 per month Class 3: \$6,000 per month

NOTES:

¹ Please refer to the tapering scale when a client's gross annual income exceeds \$320,000 per annum.

² Please refer to the tapering scale when a client's gross annual income exceeds \$70,000 per annum.

³ 110% of the required principal and interest repayments (as agreed with the lender at time of mortgage) i.e. not what the client is paying back in addition to the agreed minimum.

⁴ If Monthly Mortgage Repayment is based on 40% of Income and >\$5,000 per month, then Proof of Mortgage and Proof of Income are required. If Monthly Mortgage Repayment Cover sum assured is >\$5,000 per month and includes a mortgage on an investment property, we will also require proof of rental income.

⁵ As per listed expenses in the application form.

PLEASE REFER TO POLICY WORDINGS FOR OFFSET INFORMATION (per product).

What is income?

Insurable Income is generally gross income less all expenses but before tax.

Pre-disability income is the average monthly earned income for any 12 consecutive months in the last three years.

There are two types of Income Protection covers available, Indemnity Value and Agreed Value.

Indemnity Value

Indemnity Value provides cover to a maximum of the insured person's average monthly earned income for any 12 consecutive months in the three years immediately before the disability up to the maximum sum assured. Evidence of income is provided at claim time.

We understand that premiums are tax deductible and that benefits are assessable as income.

If an insured person has an increase in income and wishes to increase benefits accordingly, it is important to note that at claim time, the increased benefit must be justifiable as described above. In cases where income has increased, it is wise to delay increasing the benefit accordingly until a history of earnings is available at the higher level.

If a claim occurs within twelve months of an increase, the evidence of income (12 months prior) may not fully support the level of benefit being sought.

Agreed Value

With Agreed Value the cover relates to income at the time of taking out the policy.

Please see "Calculation of Income Protection Benefit" table (page 3) for replacement ratios.

We understand that premiums are not tax deductible and benefits are not assessable as income.

It is important to note that both Indemnity Value and Agreed Value covers will be subject to offsets.

Determining the Monthly Benefit Payable

When the insured person becomes totally disabled, the benefit payable at claim time is the monthly benefit less other income.

In the event of partial disability, the client will need to provide evidence of post-disability income (as with Indemnity Value covers) to determine the loss from the difference between pre-disability and post-disability income.



Fringe Benefits

For the purpose of calculating the insurable monthly benefit, fringe benefits can be included in the monthly sum assured. These include company vehicles, mobile phones, medical insurance premiums and superannuation payments.

It is important to note that this is available for employees only and not for the self-employed. The following limits apply:

Cars	\$20,000 per annum (or a lesser amount if stated in employment contract).
Cellphones	Monthly rental only. Calls or the value of the phone cannot be included.

Medical Insurance premiums and fixed superannuation premiums can only be included in the monthly benefit if they are part of the individual's employment contract.

Combinations of Disability Covers

Cover combinations	Underwriting Rules (in addition to application form)
IP + BEX	Nil.
IP + MMR	Combined sum assured cannot exceed relevant replacement ratio.
IP + MMR + BEX	IP & MMR combined sum assured cannot exceed relevant replacement ratio. Business Expenses as per eligible expenses (per application form).
IP + MMR + KP	KP & MMR (110% of mortgage basis only) assessed as per normal requirements. IP with ongoing income offset clause OR 52 week wait period.
IP + KP	KP assessed as per normal requirements. IP with ongoing income offset clause OR 52 week wait period. (Running concurrently on an Individual Consideration basis).
MMR + KP	KP & MMR (110% of mortgage basis only) assessed as per normal requirements.
RKP	Not available in combination with any other Disability Income Protection Covers.
KP + BEX	Cannot be taken in conjunction.

KEY:	
IP	Income Protection Cover
BEX	Business Expenses Cover
MMR	Monthly Mortgage Repayment Cover
KP	Key Person Cover
RKP	Rural Key Person Cover



Non-Medical Limits

Appropriate Fidelity Life application form is to be completed in the first instance. Please refer to the front of the application form to determine if you are completing the correct form for the benefits being applied for.

LIFE, TPD AND TRAUMA COVERS

Age	Application Form	Code A	Code B	Code C	Code D
Up to age 44	\$2,000,000	N/A	\$2,000,001 to \$2,500,000	\$2,500,001 to \$4,000,000	>\$4,000,000
45 – 49	\$1,000,000	N/A	\$1,000,001 to \$2,500,000	\$2,500,001 to \$4,000,000	>\$4,000,000
50-59	\$750,000	\$750,001 to \$1,000,000	\$1,000,001 to \$2,000,000	\$2,000,001 to \$4,000,000	>\$4,000,000
60 +	\$300,000	\$300,001 to \$500,000	\$500,001 to \$1,000,000	\$1,000,001 to \$2,500,000	>\$2,500,000

Trauma Cover requirements

If Trauma Cover (combination of standalone and/or accelerated Trauma and Trauma Multi Cover) exceeds \$1,000,000:

- All lives require Code D & PMAR Plus:
- Males 45 and over – current PSA Test
- Females 45 and over – breast examination (can be part of Code D) or current mammogram results (within the last six months).

Note: If Trauma Multi Cover is included, take only 50% of the Trauma Multi Cover sum assured.

Important

Medical requirements are based on the highest lump sum assured including all cover proposed and in force with Fidelity Life.

CODE A HIV
Hepatitis B & C
HbA1c
Serum Lipids
Liver Function tests

CODE B GP Medical or LifeTest/Paramedical

CODE C GP Medical
Full Blood Count
ESR & Renal Function tests
(Creatinine, uric acid & serum urea)
MSU
PMAR from normal GP
PSA Tests for all males age 45 and over

CODE D Code C plus: Exercise ECG
Breast Examination or current mammogram for all females age 45 and over

CODE E GP or LifeTest/Paramedical
Serum Lipids
HbA1c
Liver Function tests
Required when the Life Assured is outside the height/weight (BMI) limits and requested at the discretion of the underwriters.

Disability Income Covers

AGE	Application form	PMAR	Paramedical* Code A Bloods**	GP Medical Code A Bloods**
Up to 49	Up to \$8,000 per month	N/A	\$8,001 to \$12,500 per month	> \$12,500 per month
50-59	Up to \$6,000 per month	\$6,001 to \$8,000 per month	\$8,001 to \$12,500 per month	> \$12,500 per month
60+ (for DDI)	Up to \$4,000 per month	\$4,001 to \$8,000 per month	\$8,001 to \$12,500 per month	> \$12,500 per month

Occupation Guidelines

OCCUPATION CLASS OVERVIEW (EXCLUDING TPD DEFINITIONS):

Occupation Class	Description
1	Professional white collar workers who possess university qualifications, e.g. Doctors, Lawyers, Accountants etc. Also includes white collar workers who earn in excess of \$100k per annum.
2	Clerical or administrative white collar workers, who typically do not perform any manual work (though minimal, light manual work, taking up less than 10% of duties may be considered).
3	Skilled (and usually qualified) Tradesmen and Technicians in non-hazardous industries. Light manual work only.
4	Skilled or semi-skilled manual workers and heavy machinery operators (including Truck Drivers) who are not exposed to high risk accidents or health hazards.
5	Homemakers, Students, Unemployed.

PLEASE NOTE:
FULL LIST OF OCCUPATION CLASSES IS AVAILABLE ON THE APOLLO QUOTE SYSTEM.
SHOULD YOU HAVE A CLIENT WITH AN OCCUPATION NOT LISTED ON APOLLO, PLEASE CONTACT THE UNDERWRITING DEPARTMENT FOR ADVICE.

Validity Periods for all Underwriting Information

	Expires after
Application form	Six Months (Declaration of Continued Good Health required after three months)
Medical Examination	Six Months
Bloods	Six Months

Employed / Self-Employed Definitions

Employed	Salary or Wage Earners. Do not hold more than 20% shareholding in a company/business in which they work.
Self-Employed	Sole traders, company owners and shareholder employees (with 20% or more share-holding).
Full-time Workers	Working 26 hours or more per week.
Part-time Workers	Working a maximum of 25 hours per week.
Working from Home	If a client works from home, then a minimum 13 week wait period will apply to any Income Protection Cover. Shorter wait periods are given on an individual consideration basis.

* Paramedical (Life Test/ Healthscreen) may be replaced by a PMAR, or both obtained if there is a medical history of note.

** As per Lump Sum Covers

Farming Guidelines

Occupation	Income Protection Classification	Available Benefit Periods	TPD Occupation Class
Farm owner	3	2yr, 5yr and to age 65 benefit periods	2
Farming: Farm Worker/Farm Hand/Shepherd	4*	2yr, 5yr benefit periods	Individual Consideration
Farming: Horticulture/Market Gardener (Owner)	3	2yr, 5yr and to age 65 benefit periods	3
Farming: Manager/Herd Manager (Light manual)	3	2yr, 5yr and to age 65 benefit periods	2
Farming: Manager/Herd Manager other than above	4*	2yr, 5yr benefit periods	3
Farming: Market Gardener (not owner), Nursery/ Orchard Worker	4*	2yr, 5yr benefit periods	3
Farming: Orchardist (owner)	3	2yr, 5yr and to age 65 benefit periods	3
Farming: Sharemilkers (lower order) – three years or more as a sharemilker	3	2yr, 5yr and to age 65 benefit periods	2
Farming: Sharemilkers (lower order) – less than three years as a sharemilker	3*	2yr, 5yr benefit periods	3
Farming: Sharemilker (own herd or 50/50)	3	2yr, 5yr and to age 65 benefit periods	2
Farming: Sharemilker (other than the above)	3*	2yr, 5yr benefit periods	3
Farming Contractor: Three years or more in business (no fencing or shearing)	4	2yr, 5yr and to age 65 benefit periods	3
Farming Contractor: Three years or more in business	4*	2yr, 5yr benefit periods	Individual Consideration
Farming Contractor: Less than three years in business	Individual Consideration	2yr, 5yr benefit periods	Individual Consideration

* Two and five year benefits only



Truck Driving Guidelines

Short Haul (<2,000km per week)	Truck Drivers (Class 4)	Long Haul (>2,000 km per week)
Light Truck (<10 tonne)	4 week wait period to age 65 4 week wait period 5 year benefit period	Light Truck (<10 tonne)
Heavy Truck (>10 tonne, no trailer) Incl. Recycling Trucks	8 week wait period 5 year benefit period 8 week wait period 2 year benefit period	Heavy Truck (>10 tonne, no trailer)
Earthmovers Rubbish Bins/Skips Truck/Trailer Unit	8 week wait period 2 year benefit period	Truck/Trailer Unit

Insuring Homemakers

The value placed on the homemaker can be difficult to quantify, as the work is generally not paid.

However, if that person becomes disabled or dies, there may be a financial loss to the family, as paid help may be required for raising children and maintaining the house etc. Additionally, the homemaker may be a co-borrower or joint guarantor on loans.

For homemakers, the total Life Assurance cover from all sources should not exceed \$750,000. However, higher levels of cover may be considered if the following is provided:

- A full adviser report, clearly setting out the need for the cover, i.e. income of working partner, number of dependants and their ages, any debt detail, etc.
- Independent financial verification
- Confirmation that there is equal or greater cover on the income-producing partner.