

Income Protection Cover

Underwritten by Fidelity Life Assurance Company Limited

About Income Protection Cover

Your ability to earn an income is probably your most important asset, and the financial consequences of a disability or extended sickness that prevents you working could be devastating for you and your family. Income Protection Cover gives you up to 75% of your pre-disability earnings.

The cover includes some important benefits at no additional cost as well as optional benefits that you can choose, for which you will pay an additional premium.

Key facts

Ages

You can take out this cover from age 16 to 59 (inclusive), or age 55 for the 'to age 70' benefit. Cover ends at age 65, unless you choose the 'to age 70' benefit period.

Premiums

Age-rated premiums are fixed for one year at a time and will normally increase in line with age.

Cover amount

The maximum monthly benefit is \$30,000, subject to financial and medical assessment.

Wait period – This is the period in which you wait before the insurer starts paying a claim. You can choose 2, 4, 8, 13, 26, 52 or 104 weeks.

Benefit payment period – This is the maximum period for which the insurer will pay a claim. You can choose from the following benefit periods: 2 years, 5 years, to age 65 or to age 70.

Two types of cover

Indemnity Value – you can insure up to 75% of your gross annual income if you select this cover type.

- If you are disabled the insurer will pay you a monthly benefit until the earliest of: you are no longer disabled, the benefit period ends or you pass away. The insurer will not pay a monthly benefit during the wait period.
- For the first six months of a claim the amount paid will be based on the greater of the cover amount or 75% of your pre-disability earnings to a maximum of the cover amount. Other income will be deducted from that amount.
- After the first six months of a claim the amount paid will be based on 75% of your pre-disability earnings up to your cover amount. Other income will be deducted from that amount.
- The monthly benefit must be substantiated at either the time of application or claim time.

Agreed Value – Your monthly benefit at the time of application is calculated on your gross income. If you are self-employed your gross income is averaged over the last three years.

Gross annual income	Percentage of gross income which can be covered
\$70,000 or less	62.5%
Next \$30,000	60%
Next \$220,000	55%
Next \$120,000	35%
Any further gross income	20%

- The insurer will pay the monthly benefit less other income until the period of disablement ends, the benefit period expires, when you reach age 65 (unless the benefit period is to age 70), or you pass away.
- The insurer does not pay a monthly benefit during the wait period.
- Evidence of your income details will be required at application time.

Standard features

Total disability benefit – If during the wait period you have been continuously totally disabled or partially disabled and at the end of the wait period you are totally disabled, a total disability benefit may be payable. The total disability benefit is payable in advance from the end of the wait period.

Partial disability benefit – If during the wait period you have been continuously totally disabled or partially disabled, and after:

- the end of the wait period, or
- a period of total disability after the wait period,

you continue to be partially disabled, a partial benefit may be calculated effective from the end of the wait period. The partial disability benefit is payable in arrears.

If you are partially disabled, it means you can work part-time but there is a reduction in your earnings.

Family member support benefit – If you are confined to bed and require full-time care, this benefit provides financial support for an immediate family member who provides care and whose own income stops as a result.

Hospitalisation/nursing care benefit – This provides additional financial support for bedside care during the wait period for up to 90 days.

Rehabilitation and retraining benefit – This is payable in addition to the monthly benefit, if you undertake an approved rehabilitation programme for the purpose of retraining or re-education. The maximum benefit is 50% of the approved cost up to 50% of the monthly benefit or up to 12 months. The balance of the approved costs up to 50% of the monthly benefit will be paid when you return to paid work for 20 hours or more.

Recurring claim benefit – The wait period is waived on claims which result from a relapse or recurrence of the same or related illnesses within 12 months of returning to work.

Recovery support benefit – This is payable in addition to the monthly benefit, for purchasing specialist equipment such as a wheelchair, prosthetic devices, and house and car modifications.

Replacement benefit – If you are self-employed at claim time you may be able to choose to employ a replacement and claim the cost of that person rather than receive the total disability or partial disability benefit.

Benefit period reset – If you were paid a claim and suffer from the same or a related sickness or injury after returning to full time paid work for at least 12 continuous months and you become totally disabled or partially disabled, the benefit period and wait period will start again.

Relocation benefit – If you are totally disabled and have been living outside of New Zealand for more than three months, the insurer will reimburse you the actual cost of a single standard economy airfare to New Zealand, up to a maximum of \$5,000. This benefit is payable only once for each insured person.

Waiver of wait period – The wait period of a new unrelated claim is waived in certain circumstances.

Reduction in the wait period – You may be able to reduce the wait period on your cover without needing to provide any health, occupation or financial information in certain situations including if you change your job and as a result, your contractual sick leave entitlement reduces by more than four weeks. You can do this once while your cover is in place.

Future insurability – This may allow you to increase the monthly benefit by up to 10% without further medical evidence when your salary increases.

Leave without pay – This may allow you to cancel this cover with a right to reinstate without additional health information if you take a period of leave without pay or become involuntarily unemployed for reasons other than disability. Limits and conditions apply.

Unemployment – Benefits can still be paid even though you are unemployed, though the definition of total disability and partial disability changes.

Optional benefit

Extra benefits option – Includes the Death, Total & Permanent Disability, Specific Injury and Specified Medical Condition benefit. See below for further details:

- **Death benefit** – A lump sum of three times the monthly benefit is payable if you pass away while you have cover.
- **Total & Permanent Disability benefit** – Provides a benefit of 24 times the monthly benefit if you have been paid a monthly benefit for 12 consecutive months and are totally and permanently disabled.
- **Specific injury benefit** (see table) – A benefit for listed specific injuries, payable whether you are working or not, with no offsets.
- **Specified medical condition benefit** – If you suffer one of the specified medical conditions the insurer will pay you the monthly benefit for a minimum period of six months, whether you are working or not. Specified medical conditions – angioplasty-triple vessel*, aorta surgery*, heart valve surgery*, coronary artery bypass surgery*, heart attack*, cancer*, stroke*, chronic kidney failure, major organ transplant, multiple sclerosis, paralysis or severe burns. Cover for conditions marked* do not start until three months after the benefit has been applied for.

Claims escalation option – While on claim, your benefit will be linked to the Consumer Price Index (CPI) and adjusted when 12 months claim payments have been made and at each subsequent 12 months of claim payments.

Extended benefit option – This option allows your benefit to continue if you have been totally disabled for at least three months immediately before your 65th birthday and you are unable to perform two or more activities of daily living.

Booster benefit option – This option increases your total disability benefit by one third during the first three months of your claim. Where a partial disability benefit is paid after the wait period ends, an additional 25% of that amount will be paid for up to a maximum of 12 months.

All of the above require payment of an additional premium.

Indexation option – To help your cover keep pace with inflation, your cover will be increased each year by the greater of 2% or the Consumer Price Index, without you needing to provide additional health information. The insurer will advise you of the increased cover amount and new premium each year. You pay extra for the increased cover.

Mental and back disorder limitation – If you limit the benefit period for a mental disorder or back claim to two years, you will qualify for a premium reduction of up to 20%.

Cover that is only available with Income Protection Cover or Mortgage Protection Cover.

Retirement contribution cover – If you are on claim for illness or injury, the insurer will pay the lesser of the monthly benefit or the average monthly KiwiSaver contributions you made in the 12 months before you were totally disabled or partially disabled, up to a maximum of 8% of your monthly income. If you are partially disabled, the insurer will pay a proportion of the monthly benefit. This requires payment of an additional premium.

Specific injury

Specific Injury means	The payment period
Paralysis (diplegia, hemiplegia, paraplegia, quadriplegia, tetraplegia)	60 months
Loss of:	
Both feet or both hands or sight of both eyes	24 months
Any combination of two of: a hand; a foot; sight in one eye	24 months
One leg or arm	18 months
One foot or one hand or sight in one eye	12 months
Thumb and index finger of the same hand	6 months
Fracture of:**	
Leg above the knee (femur), pelvis	90 days
Leg below the knee (tibia or fibula)	60 days
Ankle, heel, kneecap	60 days
Vertebrae	60 days
Upper arm, shoulder bone, elbow	60 days
Wrist hand (excluding fingers)	45 days
Forearm, collarbone	30 days
Skull, jaw	30 days

** Fracture means the disruption in the continuity of bone, with or without displacement, as a result of an accident. The fracture must be shown by radiographic or scanning techniques and be diagnosed by a medical practitioner within 30 days of the incident giving rise to the fracture. For full requirements please refer to the policy wording.

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Financial strength rating

The NZHL Life Product is insured by Fidelity Life Assurance Company Limited (Fidelity Life) and is distributed and promoted by The New Zealand Home Loan Company Limited (NZHL).

A- (Excellent)

Fidelity Life has an A- (Excellent) financial strength rating given by A.M. Best.

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