

# Business Expenses Cover

## ABOUT BUSINESS EXPENSES COVER

With Business Expenses Cover, you can keep your business running if you suffer illness or injury. As a sole trader, small business owner or if you're in a partnership, you can claim the costs of running your business if you are unable to work due to illness or injury over a two-year period.

So while you recover, you can have peace of mind that it's business as usual.

### KEY FACTS

#### Ages

- Entry age is from age 16 to age 59.
- This cover ceases at age 65.

#### Premiums

- Payable fortnightly, monthly, quarterly, half-yearly or yearly.
- Premiums are fixed for one year and will normally increase annually in line with age.

#### Cover

- The maximum monthly benefit is \$25,000, subject to financial and medical assessment.
- Waiting periods of 2 weeks, 4 weeks, 8 weeks, 13 weeks, 26 weeks, 52 weeks or 104 weeks.
- Available to occupation classes 1-4.

#### Benefit

- This cover is suitable for sole traders, small business owners or partnerships.
- Business Expenses Cover provides cover for approved expenses incurred in running your business.
- The benefit is paid monthly after the waiting period.
- For the first year of claim approved expenses are covered up to 100% of the insured monthly benefit.
- If you are still disabled after the first 12 months you will be paid approved expenses for the next 12 months of up to 50% of the insured monthly benefit.

#### Advance payment

- We will pay 50% of the first month's monthly benefit after the end of the wait period if your claim is accepted during the waiting period. Any advance payment will be deducted from the first month's monthly benefit. Thereafter the monthly benefit will be paid in arrears. Conditions apply.

#### Benefit period reset

- If we have paid you a claim and you suffer from the same or a related injury or sickness after returning to full time paid work for 12 continuous months and you become disabled or partially disabled, the benefit period and waiting period will start again.

#### Recurring claim benefit

- The waiting 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.

#### Waiver of waiting period

- The waiting period of a new unrelated claim is waived in certain circumstances.

#### Partial disability benefit

- Where you have been totally disabled for at least 14 continuous days, and subsequently can work part-time but with a reduction in earnings, a partial benefit may be payable.

### OPTIONAL FEATURES

#### Waiver of Premium Cover

While a disability or partial disability benefit claim is being paid for an insured person with the waiver of premium cover, the premiums due on the policy after the waiting period ends will be waived and premiums due and paid during the wait period will be refunded.

This option requires payment of an additional premium.

#### Inflation protection

You can choose to have your cover increase by the greater of 2% or the Consumer Price Index – to a maximum of \$25,000 monthly benefit, regardless of health, to ensure your benefit keeps pace with inflation. We will advise you of the level of indexation each year and the new premium.

Protecting the NZ way of life

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## APPROVED EXPENSES

- Accounting and audit fees
- Advertising costs
- Bank charges
- Business-related insurance premiums excluding premiums for this policy
- Couriers
- Depreciation of equipment/plant
- Electricity, gas, heating, water, telephone, cleaning and laundry costs, postage and handling
- Employment of a locum
- Leasing costs of plant and equipment
- Motor vehicle costs
- Property rates and taxes
- Publications and subscriptions to professional associations
- Rent and the interest component of any mortgage or loan payments relating to the business
- Salaries and other related costs (e.g. payroll tax, superannuation contributions, FBT) for non-income generating employees of the insured person's business
- Such other fixed expenses incurred in the day to day running of the insured person's business

Shared expenses are apportioned based on your earned income as a proportion of the total earned income of all those people who are sharing expenses.

Prepaid or accrued business expenses will be apportioned over the period to which they relate.

## WHAT WE DO NOT COVER

- Salaries and other related costs (e.g. tax, superannuation, FBT) for the insured person or his or her replacement and income generating employees of the business other than a locum.
- Salaries and other related costs for any of the insured person's relatives unless that relative was employed for at least 60 consecutive days prior to the insured person's disability.
- Commissions or bonuses payable to the insured person.
- Costs of a capital nature including the cost of any books, equipment, fittings, fixtures, furniture, goods, implements, merchandise or stock.
- Depreciation on real estate.
- Expenses that are recoverable, reimbursable or indemnifiable from internal or external sources.
- Losses on investments.
- Repayments of principal of any loan or other finance agreement.
- Taxes levied by the Inland Revenue Department.

## FINANCIAL STRENGTH RATING

### A- (Excellent)

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

#### SECURE

- A++, A+** (Superior)
- A, A-** (Excellent)
- B++, B+** (Good)

#### VULNERABLE

- B, B-** (Fair)
- C++, C+** (Marginal)
- C, C-** (Weak)
- D** (Poor)
- E** (Under Regulatory Supervision)
- F** (In liquidation)
- S** (Suspended)

The A.M. Best financial strength rating relates to Fidelity Life's insurance and investment business. For the latest ratings, visit [www.ambest.com](http://www.ambest.com). The rating should not be read as a recommendation. The scale of which this rating forms part of is available from Fidelity Life.

#### IMPORTANT NOTE ABOUT THIS FACTSHEET

This factsheet is a convenient summary of the key points of this insurance policy. It is not, and is not intended to be, a policy document. Details of definitions, benefits, standard exclusions/limitations, terms and conditions are contained in the official policy document which is available from your financial adviser. You should read the policy document carefully to make sure you understand exactly what cover is provided under each benefit. This document does not provide a personalised financial advice service.

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