

Key Person Cover

ABOUT KEY PERSON COVER

Small or medium-sized businesses often have one or two key people that can put the company at risk if they're out of action. Key Person Cover pays for the cost of replacing a key member of staff for up to 12 months if they are unable to work due to illness or injury; so the business can put measures in place to keep everything running.

This benefit is suitable for small to medium size businesses and partnerships. In a small business, one or two people may be key revenue generators. The survival of that business may be at stake if they are unable to work and hence generate revenue.

Key Person Cover gives the business time to recover and/or put in place appropriate measures to keep it running. The business can use the benefit in any way it chooses.

KEY FACTS

Ages

- Entry age is from age 16 to age 59.

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.
- This is an 'agreed benefit' contract. No financial evidence is needed at claim time.
- Waiting periods available: 2 weeks, 4 weeks, 8 weeks, 13 weeks.
- 12 months benefit payment period.
- Available for Occupational Classes 1, 2 and 3.
- A business can insure a number of key people in the same business.
- Cover ends if the life assured ceases to be employed in the business.

STANDARD FEATURES

Total disability benefit – Once on claim and the waiting period has expired, the 'agreed monthly benefit' is payable monthly in advance for up to 12 months to the business.

Partial disability benefit – Following a period of total disability and a subsequent return to work in a reduced capacity, a partial benefit may be payable.

Recurring claim benefit – If the insured person suffers a relapse within 12 months of returning to work Fidelity Life will waive the waiting period.

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 at least 12 continuous months and you become disabled or partially disabled, the benefit period and waiting period will start again.

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

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 cover requires payment of an additional premium.

Inflation protection – The business can choose to have the cover increase – to a maximum of \$20,000 per month – by the greater of 2% or with the Consumer Price Index, regardless of health, to ensure the benefit keeps pace with inflation. We will advise the level of indexation and the new premium each year.

OTHER INFORMATION

Impact on a key person

If a key person is insured under both Key Person Cover and a personal Income Protection Cover, then:

- Key Person Cover is not affected by the personal Income Protection Cover.
- The personal Income Protection Cover may be reduced if a key person continues to receive income or profit share from the business.
- Key Person Cover is not reduced by any other benefit or monies received.

Who is a key person?

A key person is someone in the business responsible for generating a minimum of 20% of gross business income.

It may also apply to an individual whose loss has a significant operational impact as opposed to business income, e.g. CEO, Financial Controller.

Ownership

Key Person Cover must be owned by a company or a person who has an ownership interest in the business.

Underwriting requirements

- Completion of an application form – an application form is required for each key person.
- A copy of the latest financial statements.
- Percentage of business income generated.

Note:

1. We do not require financial underwriting proof if the proposed monthly benefit is not more than the following:
 - Class 1 – \$10,000 per month
 - Class 2 – \$8,000 per month
 - Class 3 – \$6,000 per month
2. Key Person cannot be taken in conjunction with Business Expenses or Rural Key Person Cover.

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. 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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