

OPTIONAL BENEFIT APPENDIX

Total Permanent Disablement

This *appendix* only applies if cover under the policy *schedule* includes the Total Permanent Disablement Benefit. This *appendix* forms part of and is incorporated into *your* TotalCareMax policy, the terms of which apply to this *appendix*.

This Total Permanent Disablement Benefit may be standalone or accelerated. Details of the benefit and the names of the people insured for the benefit (called the life or lives assured) are shown in *the schedule*.

1. What effect does payment of an accelerated Total Permanent Disablement Benefit have?

When Sovereign pays an accelerated Total Permanent Disablement Benefit, the Life Cover Benefit for the life assured will decrease by the same amount. Any accelerated benefits relating to that Life Cover will be reduced, if necessary, so that those accelerated benefits do not exceed the decreased Life Cover Benefit. If the Life Cover Benefit is reduced to nil, all accelerated benefits relating to that Life Cover Benefit will be removed.

The maximum combined amount payable for the Life Cover Benefit, Terminal Illness Benefit, Specified Terminal Conditions Benefit, Bereavement Support Benefit, Children's Funeral Benefit, Repatriation Benefit, accelerated Total Permanent Disablement Benefit and, if applicable, the accelerated Living Assurance Benefit and the accelerated Progressive Care Benefit is the amount of the Life Cover Benefit for that life assured.

2. If you have selected an 'any occupation Total Permanent Disablement Benefit'

Sovereign will pay *you* an 'any occupation Total Permanent Disablement Benefit' if at any time after the *risk commencement date*:

- > A life assured suffers in Sovereign's opinion an 'any occupation Total Permanent Disablement' as defined in Section 3 below before reaching the policy expiry age as shown in *the schedule*, and
- > The life assured survives for three months after becoming incapacitated.

Sovereign will pay only one 'any occupation Total Permanent Disablement Benefit' for each life assured.

The benefit is a lump-sum payment of the amount specified in *the schedule*.

If *you* have selected an expiry age of age 70 as shown in the *schedule*:

- > If a life assured suffers an 'any occupation Total Permanent Disablement' before reaching their 65th birthday, they will be assessed under Section 3 a), b) or

c) of this *appendix*.

- > If a life assured suffers an 'any occupation Total Permanent Disablement' after reaching their 65th birthday, they will be assessed under Section 3 c) of this *appendix*.
- > If Sovereign could not reasonably be expected to make an assessment of the life assured prior to their 65th birthday they will be assessed under Section 3 c) of this *appendix*.

3. What does 'any occupation Total Permanent Disablement' mean?

A life assured has suffered an 'any occupation Total Permanent Disablement' if he or she:

- a) **In Sovereign's opinion becomes totally incapacitated by illness or accident and, as a result of that incapacity:**
 - > Is completely unable to engage in the occupation, or carry on the business, he or she was involved in immediately before becoming incapacitated; and
 - > For three consecutive months after that incapacity began, has not *worked* in any occupation or carried on any business or engaged in any other *gainful employment*; and
 - > Following the three consecutive months is in the opinion of Sovereign, after consideration of the medical and any other evidence satisfactory to Sovereign, so incapacitated that it is unlikely he or she will ever be able to *work* in any occupation or engage in any other *gainful employment* for which he or she may be reasonably suited by education, training or experience, which would pay remuneration at a rate greater than 25% of the life assured's earnings during his or her last 12 consecutive months of *work*; or
- b) **Suffers the total and permanent loss of use of:**
 - > Both feet (entire feet); or both hands (entire hands) ; or
 - > The sight in both eyes (to the extent that visual acuity is reduced to 6/36 or less in the better eye and/or the field of vision is reduced to 10 degrees or

less of arc in the better eye); or

- > Any combination of two of: a hand, a foot or sight in an eye (to the extent that visual acuity is reduced to 6/36 or less and/or the field of vision is reduced to 10 degrees or less of arc); or

c) Is constantly and permanently unable to perform at least two of the following activities without the physical assistance of someone else (if the life assured can perform the activity on his or her own by using special equipment Sovereign will treat the life assured as being able to perform that activity):

- > Bathing and showering.
- > Dressing and undressing.
- > Eating and drinking.
- > Using a toilet.
- > Moving from place to place by walking, in a wheelchair, or with a walking aid.

Alternatively, the life assured has suffered an 'any occupation Total Permanent Disablement' if he or she is unable to perform one of the above activities and his or her intellectual capacity has reduced or deteriorated to such an extent that the life assured requires permanent and constant supervision.

Any condition that Sovereign has reasonable grounds to expect can be reversed or improved by surgery or other treatment will not be considered to be a disablement covered by the 'any occupation Total Permanent Disablement' definition.

4. If you have selected an 'own occupation Total Permanent Disablement Benefit'

Sovereign will pay you an 'own occupation Total Permanent Disablement Benefit' if at any time after the *risk commencement date*:

- > A life assured suffers in Sovereign's opinion an 'own occupation Total Permanent Disablement' as defined in Section 5 below before reaching the policy expiry age as shown in *the schedule*, and
- > The life assured survives for three months after becoming incapacitated.

Sovereign will pay only one 'own occupation Total Permanent Disablement Benefit' for each life assured.

The benefit is a lump-sum payment of the amount specified in *the schedule*.

If you have selected an expiry age of age 70 as shown in *the schedule*:

- > If a life assured suffers an 'own occupation Total Permanent Disablement' before reaching their 65th birthday, they will be assessed under Section 5 a), b) or c) of this *appendix*.
- > If a life assured suffers an 'own occupation Total Permanent Disablement' after reaching their 65th birthday, they will be assessed under Section 5 c) of this

appendix.

- > If Sovereign could not reasonably be expected to make an assessment of the life assured prior to their 65th birthday they will be assessed under Section 5 c) of this *appendix*.

5. What does 'own occupation Total Permanent Disablement' mean?

A life assured has suffered an 'own occupation Total Permanent Disablement' if he or she:

- a) In Sovereign's opinion becomes totally incapacitated by illness or accident and, as a result of that incapacity:**
- > Is completely unable to engage in the occupation, or carry on the business, he or she was involved in immediately before becoming incapacitated; and
 - > For the three consecutive months after that incapacity began, has not worked in that occupation or carried on that business; and
 - > Is, in the opinion of Sovereign, after consideration of the medical and any other evidence satisfactory to Sovereign, so incapacitated that it is unlikely he or she will ever be able to resume work in that occupation or carry on in that business; or
- b) Suffers the total and permanent loss of use of:**
- > Both feet (entire feet); or both hands (entire hands); or
 - > The sight in both eyes (to the extent that visual acuity is reduced to 6/36 or less in the better eye and/or the field of vision is reduced to 10 degrees or less of arc in the better eye); or
 - > Any combination of two of: a hand, a foot or sight in an eye (to the extent that visual acuity is reduced to 6/36 or less and/or the field of vision is reduced to 10 degrees or less of arc); or
- c) Is constantly and permanently unable to perform at least two of the following activities without the physical assistance of someone else (if the life assured can perform the activity on his or her own by using special equipment Sovereign will treat the life assured as being able to perform that activity):**
- > Bathing and showering.
 - > Dressing and undressing.
 - > Eating and drinking.
 - > Using a toilet.
 - > Moving from place to place by walking, in a wheelchair, or with a walking aid.
- Alternatively, the life assured has suffered an 'own occupation Total Permanent Disablement' if he or she is unable to perform one of the above activities and his or her intellectual capacity has reduced or deteriorated to such an extent that the life assured requires permanent and constant supervision.

Any condition that Sovereign has reasonable grounds to expect can be reversed or improved by surgery or other treatment will not be considered to be a disablement covered by the 'own occupation Total Permanent Disablement Benefit' definition.

6. When does an 'own occupation Total Permanent Disablement Benefit' cease?

Cover under the 'own occupation Total Permanent Disablement Benefit' will cease and cover under the 'any occupation Total Permanent Disablement Benefit' will apply should the life assured for the benefit commence full-time domestic duties.

7. When will Sovereign pay a Partial Permanent Disablement Benefit?

Where the life assured has suffered:

- > Permanent loss of the entire use of one limb (entire hand or entire foot) as a result of illness or *accident*, or
- > Irrecoverable loss of sight in one eye (whether aided or unaided) as a result of illness or *accident* to the extent that visual acuity is reduced to 6/60 or less in that eye and/or the field of vision is reduced to 20 degrees or less of arc.

Sovereign will pay 25% of the Total Permanent Disablement Benefit sum assured up to a maximum of \$25,000 across all *Sovereign policies*. Only one claim can be made for the Partial Permanent Disablement Benefit per life assured.

After *you* have made a claim under this Partial Permanent Disablement Benefit, the Total Permanent Disablement Benefit sum assured will be reduced by the claim amount, and *premiums* will be adjusted accordingly.

If *you* have chosen the accelerated Total Permanent Disablement Benefit then Section 1 of this *appendix* also applies.

8. Financial Advice Benefit

If Sovereign pays a claim under this Total Permanent Disablement Benefit, then Sovereign will reimburse *you* for fees up to \$2,500 including GST (in total) that *you* pay for financial planning advice *you* receive from an *accredited Adviser* approved by Sovereign, subject to the following conditions:

- > *You* must pay for the financial planning advice within the three months following Sovereign paying the Total Permanent Disablement Benefit claim.
- > *You* must submit a claim for the Financial Advice Benefit within the three months following Sovereign paying the Total Permanent Disablement Benefit claim.
- > *You* must provide Sovereign with a completed claim form and a receipt satisfactory to Sovereign for the fees *you* are claiming.
- > Sovereign will only pay one Financial Advice Benefit per life assured across all *Sovereign policies*.

9. Special Events Increase Facility

a) What is the Special Events Increase Facility?

On each occasion when one of the following circumstances occurs for a life assured on the Total Permanent Disablement Benefit:

- > Having a child (by birth or legal adoption);
- > Becoming married or entering into a civil union;
- > Becoming divorced or the dissolution of the life assured's civil union;
- > Financially supporting a dependent child through a first course of full-time tertiary education;
- > Taking out or increasing a home loan because the life assured has purchased a new home, a new residential investment property, a vacation home, or a bare block of land zoned as residential;
- > Becoming responsible for the full-time care or payment for long term care of a *close relative*;
- > Receiving an *annual salary* increase of at least the greater of \$20,000 per annum or 10% of the life assured's *annual salary* immediately prior to the increase. The figure of \$20,000 per annum will be increased from time to time in accordance with an official measure of inflation. This special event is not available to a life assured who is self-employed; or
- > Experiencing the death of a spouse or de facto partner,

you may write to Sovereign asking us to increase the Total Permanent Disablement Benefit for that life assured.

b) What is the maximum cover that can be added?

The maximum increase for each special event cannot exceed the lower of:

- > 50% of the original Total Permanent Disablement Benefit for the life assured; or
- > \$250,000.

The total of all increases made under this Facility cannot exceed the lower of:

- > 100% of the original Total Permanent Disablement Benefit for the life assured; or
- > \$750,000.

In the case of taking out or increasing a home loan, the individual increase cannot exceed the amount of the home loan or the increase in the home loan.

In the case of an *annual salary* increase, the individual increase cannot exceed five times the *annual salary* increase.

The maximum increases outlined above each apply in respect of all Total Permanent Disablement and similar benefits for that life assured across all *Sovereign policies*.

The following maximum sum assured limits also apply across all *Sovereign policies* for each life assured:

- > \$5,000,000 for Total Permanent Disablement and

similar benefits, including increases under this Facility;
and

- > \$5,000,000 for Comprehensive Living Assurance, Essential Living Assurance, Progressive Care, Total Permanent Disablement and similar benefits (combined), including increases under this Facility.

c) What are the other conditions applying to this Facility?

You do not need to produce any medical evidence regarding the life assured when you request this increase, but any Special Events Increase is subject to the following conditions:

- > You must make the request within 60 days either side of the relevant special event and provide Sovereign with suitable evidence of the occurrence of the event.
- > A life assured is only eligible for special events increases where the special event occurs before age 55.
- > If, at any time before you seek to exercise the Facility, a claim for the life assured had been accepted by us or notified to us, Sovereign will have discretion in determining whether the Facility can be exercised. In exercising discretion, we will consider whether the life assured represents an increased risk of claim for the benefit being added under this Facility.
- > If a TPD Future Insurability Benefit increase or another Special Events Increase has occurred in the previous 12 months or (if applicable) the Special Events PD/Trauma Facility under the Life Cover Benefit and/or similar benefits has been exercised in the previous 12 months to add an accelerated Total Permanent Disablement Benefit, then no increase is available under this Facility.

Sovereign will increase the Total Permanent Disablement Benefit for a life assured from the date we accept your request.

Each increase will require an increase in *premium*. This increase will be calculated on the rates applicable at the time the Special Events Increase Facility is exercised.

Any loadings, exclusions or special terms on the original Total Permanent Disablement Benefit sum assured will be applied to the increased amount.

d) When will Sovereign not pay a claim under this Facility?

Increases in sum assured added to this policy

After an increase under this Facility has been made, Sovereign will not pay the increased benefit amount if, before the increase, or within six months of the Facility being exercised, the life assured:

- > Suffers any *claim event* for anything other than an *accident* under the benefit; or
- > Has any symptoms or signs leading to a claim event (whether or not a *Registered Medical Practitioner* has been consulted) that may result in a claim for anything other than an accident under the benefit.

Increases in sum assured issued as an additional new policy

Where this policy or any part of the sum assured under it, has been issued as the result of an increase under the Special Events Increase Facility or as the result of a TPD Future Insurability Benefit increase, then:

- > The Special Events Increase Facility will not be available under this policy for the proportion of the sum assured that represents the increase.
- > Sovereign will not pay the increased benefit amount if, before the increase, or within six months of the increase, the life assured:
 - suffers any claim event for anything other than an *accident* under the benefit; or
 - has any symptoms or signs leading to a *claim event* (whether or not a *Registered Medical Practitioner* has been consulted) that may result in a claim for anything other than an *accident* under the benefit.

10. Total Permanent Disablement Future Insurability Benefit

At every third policy anniversary date you may write to Sovereign asking us to increase the Total Permanent Disablement Benefit for a life assured.

You do not need to produce any medical evidence regarding the life assured when you request this increase, but any TPD Future Insurability Benefit increase in sum assured is subject to the following conditions:

- > You must request the increase by providing written advice to Sovereign within 60 days either side of the applicable anniversary date.
- > Each individual increase cannot exceed 20% of the original Total Permanent Disablement Benefit sum assured or \$200,000, whichever is the lesser.
- > The total of all TPD Future Insurability Benefit increases for a life assured cannot exceed 100% of the original Total Permanent Disablement Benefit for that life assured or \$500,000, whichever is the lesser.
- > The maximum sum assured for the Total Permanent Disablement Benefit cannot exceed \$5,000,000 across all *Sovereign policies* including TPD Future Insurability Benefit increases.
- > Where this Total Permanent Disablement Benefit is accelerated against the Life Cover Benefit, the Total Permanent Disablement Benefit, including the total of all TPD Future Insurability Benefit increases, cannot exceed the sum assured of the Life Cover Benefit. See Section One "What effect does payment of an accelerated Total Permanent Disablement Benefit have" for details.
- > A life assured over the age of 55 is not eligible for TPD Future Insurability Benefit increases.
- > Sovereign will increase the Total Permanent

Disablement Benefit for a life assured from the date we accept *your* request.

- > You will not be eligible for a TPD Future Insurability Benefit increase if a claim has been accepted for the life assured or *you* have notified us of a claim for that life assured which is under assessment.
- > If a Special Events Increase has occurred in the previous 12 months, or (if applicable) the Special Events TPD/Trauma Facility under the Life Cover Benefit and/or similar benefits has been exercised in the previous 12 months to add an accelerated Total Permanent Disablement Benefit, then no TPD Future Insurability Benefit increase is available.

Each TPD Future Insurability Benefit increase in the sum assured will require an increase in *premium*. This increase will be calculated on the rates applicable at the time the TPD Future Insurability Benefit is exercised.

Any loadings, exclusions or special terms on the original Total Permanent Disablement Benefit sum assured will be applied to the increased amount.

Increases in sum assured added to this policy.

After a TPD Future Insurability Benefit increase has been made, Sovereign will not pay the increased benefit amount if, before the increase, or within six months of the increase, the life assured:

- > Suffers any *claim event* for anything other than an *accident* under the Total Permanent Disablement Benefit, or
- > Has any symptoms or signs leading to a *claim event* (whether or not a *Registered Medical Practitioner* has been consulted) that may result in a claim for anything other than an *accident* under the Total Permanent Disablement Benefit.

Increases in sum assured issued as an additional new policy

Where this policy or any part of the sum assured under it, has been issued as the result of an increase under the TPD Future Insurability Benefit or as the result of an increase under the Special Events Increase Facility, then:

- > The TPD Future Insurability Benefit under this policy will not be available for the proportion of the sum assured that represents the increase.
- > Sovereign will not pay the increased amount if, before the increase, or within six months of the increase, the life assured:
 - Suffers any claim event for anything other than an *accident* under the Total Permanent Disablement Benefit; or
 - Has any symptoms or signs leading to a claim event (whether or not a *Registered Medical Practitioner* has been consulted) that may result in a claim for anything other than an accident under the Total Permanent Disablement Benefit.

11. Waiver of Total Permanent Disablement Waiting Period

Sovereign will at its discretion waive the three month waiting period when assessing a Total Permanent Disablement Benefit claim if:

- > In Sovereign's opinion, the life assured has met all other requirements for payment of a Total Permanent Disablement Benefit; and
- > Sovereign expects the life assured to survive beyond three months after the incapacity began.

In exercising this discretion, Sovereign will consider whether the medical condition of the life assured enables an assessment to be made immediately in respect of whether the life assured has met all other requirements for payment of a Total Permanent Disablement Benefit.

Sovereign will not waive the three month waiting period if, in our opinion, after considering suitable medical evidence, we believe that the life assured may die within three months after the incapacity began. A decision not to waive the three month waiting period will not affect our consideration of a Total Permanent Disablement Benefit claim for the life assured if the life assured survives for three months after the incapacity began.

12. How to make a claim

To make a claim, the relevant procedures in the section of *your* TotalCareMax policy entitled 'How to make a claim' must be followed.

In addition, for a Total Permanent Disablement Benefit claim, Sovereign will require:

- > The life assured to be examined by a *Registered Medical Practitioner* acceptable to Sovereign, before accepting liability for a claim.
- > A Sovereign claims form completed by the life assured and a *Registered Medical Practitioner* (at *your* expense).
- > Other information which Sovereign may reasonably request to help assess the claim, which may include evidence of earnings, taxable income, business accounts, Accident Compensation Corporation details or similar.
- > The life assured to undergo medical and/or surgical treatment (including any operation or vocational, medical and/or social rehabilitation programme) at *your* expense which the life assured's *Registered Medical Practitioner* or a *Registered Medical Practitioner* approved by Sovereign considers necessary.
- > Any other information that Sovereign may deem relevant to the assessment of the claim.

13. Exclusions – when Sovereign won't pay a benefit

Sovereign will not pay any Total Permanent Disablement Benefit where any of the following (and in each case either directly or indirectly) causes or contributes to the disablement:

- > The life assured deliberately injures himself or herself or attempts to do so; or
- > The life assured engages in or is part of any conduct that is criminal.

These exclusions apply to any subsequent benefit increase *you* make.

14. When will this appendix terminate for a life assured?

This *appendix* will terminate and eligibility for the Total Permanent Disablement Benefit will cease for a life assured:

- > When the life assured dies; or
- > When the benefit is cancelled by the policy owner; or
- > When the full sum assured has been paid.

15. Key terms

accident	Injury caused by violent, accidental, external and visible means.
accredited Adviser	Either an Adviser with a current financial adviser agreement with Sovereign Services Limited or a member of a financial services industry body approved by Sovereign.
annual salary	Regular remuneration that is subject to PAYE, excluding allowances in lieu of non-monetary remuneration and extra income such as, but not limited to, bonuses and overtime payments.
close relative	A relative who is the life assured's spouse, mother, father, brother, sister, son, daughter, grandfather or grandmother.

gainful employment

Working to generate income through personal efforts by using the life assured's time and skills. He or she can be self-employed, employed, earning fees, under contract, receiving commissions, working on contract or otherwise remunerated for his or her efforts.

Sovereign policies

Any policies where Sovereign is the insurer.

work

Personal effort using the life assured's time and skills, whether or not income is generated for the life assured. *Worked* and *working* shall have similar meanings.

you/your

The 'Policy Owner' named in *the schedule*.