



INCOME PROTECTION

Are you protecting your biggest asset - your income?

When it comes to protecting your house, car, and contents, it's likely that you have a plan in place. What about your income?

When you add up what you could earn over 20, 30 or even 40 years, it's easy to see that you are your most valuable asset – and that's something worth protecting. It's about looking after what you have now, regardless of what happens in the future.

If you were to have an illness or injury, income protection cover can provide you with regular monthly payments so you don't need to worry about your finances when you should be focussed on regaining your independence.



WHY CHOOSE US?



New Zealand's largest life insurer

During our many years in business, Sovereign has worked alongside thousands of customers as they deal with difficult moments in their lives.

We currently protect more than 646,000 New Zealanders and their families.



Guaranteed enhancements

We regularly review our TotalCareMax products to ensure that they continue to meet your changing needs.

Our Guaranteed Enhancement Benefit ensures that you automatically benefit from all changes without having to re-apply for cover.



Financial stability for peace of mind

Sovereign has an A+ (Superior) financial strength rating from A.M. Best. The financial strength is an assessment of an insurer's ability to meet obligations to policyholders.

A.M. Best is an approved insurance rating agency in terms of the Insurance (Prudential Supervision) Act 2010.

Copy of the ratings scale of which the rating forms part, is available on our website.



Best possible treatments

With access to independent specialists, we can also help find the best possible treatments for you, which could include occupational therapy sessions, psychiatric consultations, and other medical assessments, even if they aren't near where you live.



You'll be supported by the largest claim team in New Zealand

Paying your income protection claim is just one part of the story: We have proactive focus on rehabilitation, getting you back to health and living your life.

Our claims team is dedicated to understanding and delivering the support you need to get your life back on track.



We look for ways to say 'yes' to claims

Our large and experienced claims team works to get you paid as quickly as possible.



Fill out only one claim form

If you have more than one insurance policy with Sovereign and have an illness or are injured, you only need to fill out one claim form and we take care of the rest. This lets you focus on your recovery.

When can Income Protection help you out?

Income Protection cover is powerful – if you're unable to work because of illness or injury, it can replace a portion of your income. This means you'll still be able to meet your financial commitments and make choices that are important to you.

TOTAL DISABILITY BENEFIT

You will get a full benefit if you are totally disabled. **Total disability** means that you're so seriously incapacitated by illness or injury that you are unable to follow your work or carry on the business you were involved in immediately before the disablement date for more than ten hours per week.

The definition of totally disabled that applies depends on the type of occupation you have (occupation class). Your occupation class will be in your policy schedule.

PARTIAL DISABILITY BENEFIT

You will get a **partial disability benefit** if you have been totally disabled for at least 14 days and then immediately engage in paid work, or carry on business at a reduced income compared to your income prior to becoming totally disabled. Certain conditions must be satisfied.

Total and partial disability benefits are subject to wait periods, (the length of time you will have to wait between claiming and receiving a benefit), offsets (other income you may receive while disabled, such as ACC payments) and post-disability earnings (income you earn once you return to work).

The total disability benefit is paid at the start of the month and the partial disability benefit is paid at the end of the following month.

BRIDGING BENEFIT

For customers who transition from a total to partial disability benefit, there is a **bridging benefit**. This pays a lump sum equal to 1/3 of the last monthly total disability benefit.

See David's journey on next page for example of how this works.

For further information about these core benefits, please talk to your adviser or refer to your policy document.



DAVID'S JOURNEY

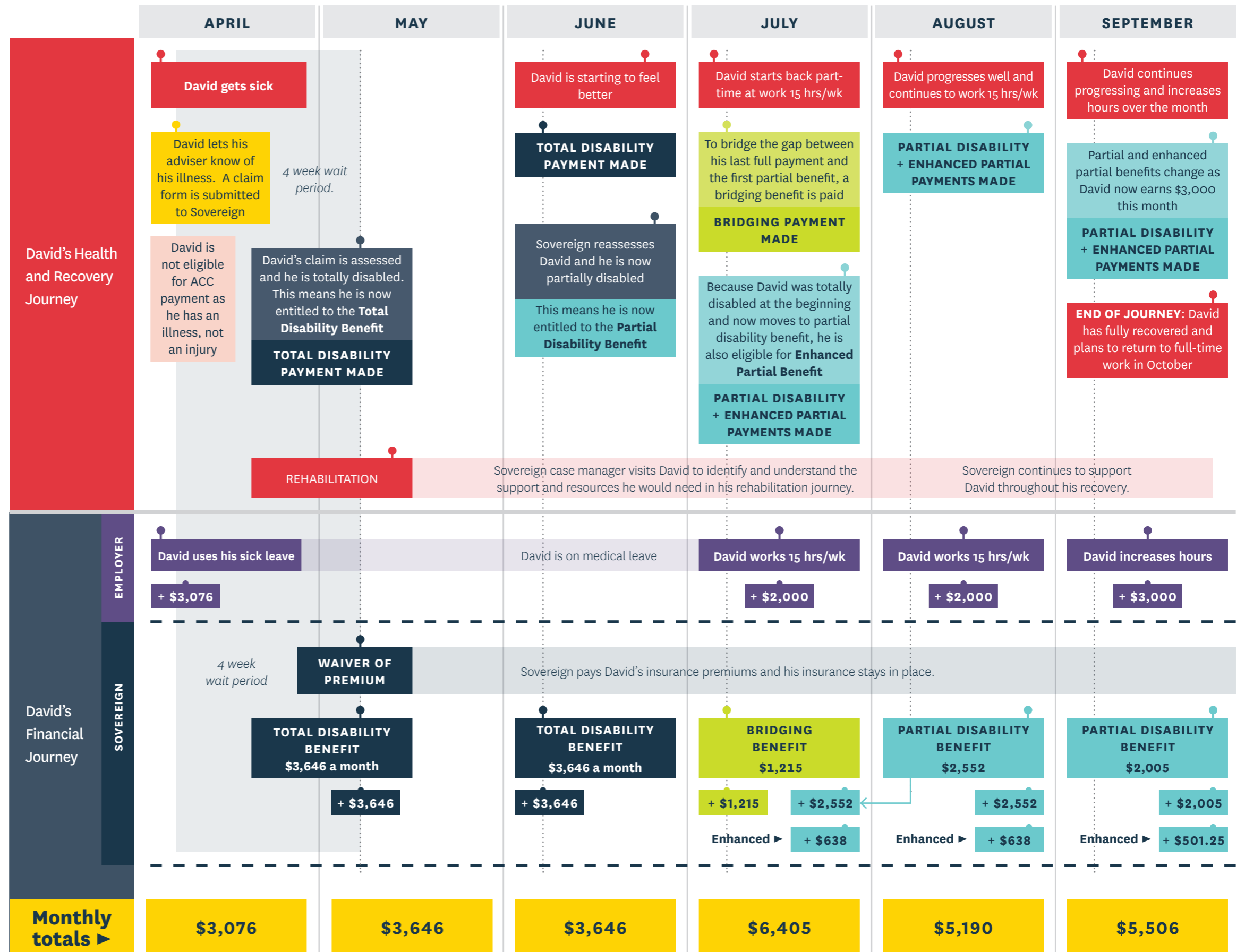
with Income Protection

David, 34 years of age, is diagnosed with an illness.

When David took out income protection cover with Sovereign his annual income was \$70,000 a year, before tax.

David's cover is \$43,750 a year or \$3,646 a month before tax. This amount was the maximum cover he could have at the time he applied for his cover. (David chose Agreed Value cover option).

David's annual income when he gets sick is \$80,000 a year or \$6,666 a month before tax.



FEATURES

of Income Protection insurance cover

If you're unable to work because of illness or injury, here are some features you may be eligible for dependant on your situation:

Recurrent Disability Benefit	If you're affected by the same disability or injury within 12 months of your recovery, we may waive the waiting period.
Vocational Retraining Benefit	To help you return to work, you may be eligible for a vocational retraining programme – we'll cover the fee charged by the institution providing the programme.
Back to Work	If you can return to work between 12 and 24 months after claiming, we will pay you a lump-sum payment equivalent to 3 times your monthly benefit.
Home Modification or Equipment Support	If you become totally disabled, you may have access to a lump sum payment to help cover the cost of specialised equipment or completing home alterations.
Bed Confinement	If you are confined to bed under full-time care during your wait period, either at home or hospital, you may be eligible for a bed-confinement benefit.
Suspension of Cover	If you go on parental leave or leave without pay, you can suspend your cover for up to 12 months. You won't have to go through the complexity of reapplying for cover when you decide to resume cover again. While your cover is suspended, no claim will be payable.
Future Insurability	You can apply to increase your sum assured every third year at your policy anniversary. You don't need to provide further medical information, however limits and conditions may apply, and your premium payments may increase. Future Insurability is included only if Claim Indexation is not taken out.
Waiver of Premiums	If you are unable to work due to total disability, we will waive your premium payments while your insurance remains in place. This benefit is compulsory with Income Protection cover, but you can choose the wait period.
Enhanced Partial Disability Benefit	When you move from being totally to partially disabled, you can receive a monthly top-up payment paid for up to 12 months while on claim. This is on top of any income from work and the partial disability benefit.
World-wide Cover	You're covered anywhere in the world, 24 hours a day.

Optional features to consider when you're taking out cover:

Retirement Protection	You can keep contributing to your KiwiSaver while you are on a total disability claim. We pay an agreed contribution directly to Inland Revenue and this enables you to continue receiving the member tax credits.
Redundancy Cover	If you're made redundant, you'll be covered with monthly payments for up to 6 months.
Claim Indexation	Your sum assured will increase every year by the same amount as the CPI, (New Zealand Consumer Price Index). This helps your sum assured stay in line with inflation.
Mental Health Limitation	Choosing this option will reduce your premiums but means if you make a claim for mental health, you'll receive payments for only two years throughout the life of your policy. This option is only available if you choose a benefit period to age 65 or 70.

SOME CHOICES YOU HAVE

Cover options

AGREED VALUE COVER

- > Benefits are based on an agreed value. The agreed amount is set as a proportion of your before tax income at the time of application. This means you don't need to provide proof of pre-disability income at claim time in order to receive a benefit.
- > In general the maximum proportion of your annual income you can cover is 62.5%.

SUITED IF...

You want certainty about how much your benefit payments will be at claim time.

INDEMNITY COVER

- > Benefits are based on a proportion of your pre-disability income before tax at claim time. These payments are paid up to a specified maximum selected at the time of applying for cover. This means that you need to provide proof of pre-disability income at claim time.
- > In general the maximum proportion of your annual income you can cover is 75%.

SUITED IF...

You want your payment to be based on your income at claim time.

LOSS OF EARNINGS COVER

- > You can choose an Agreed Value or Indemnity Cover style benefit at claim time, whichever is higher. This is subject to a maximum amount based on a proportion of your before tax income disclosed at time of application.

SUITED IF...

Your income fluctuates for example if you are a contractor, self-employed, or buying a new business.

These base cover options can be extended with **Premier Cover** which has extra benefits to give you added peace of mind.

Also, you have the choice of different benefit periods, wait periods and premium options

Benefit period

The length of time you could receive a benefit for.

Either:

- > 1, 2 or 5 years, or;
- > To age 65 or 70

Wait period

The length of time between you becoming disabled and the time when you are eligible to receive a claim payment.

Either:

- 2, 4, 8, 13, 26, 52 or 104 weeks

Premium Options

- > Rate for Age (increase each year based on your age)
- > Level to 10 years (you can lock your premium to 10 years)
- > Fixed to age 65 (you can lock your premium to age 65)

Premiums may still change if Sovereign changes its underlying premium rates or if you choose to have your benefits linked to the Consumer Price Index.

Eligibility when applying

- > 16 – 60 years (occupation classes 1 & 2)
- > 16 – 54 years (all other occupation classes 3, 4, 5)

For customers outside of the above mentioned age ranges, individual consideration applies and your adviser should contact Sovereign for more information.

Please talk to your adviser if you are not sure what your occupation class is.

Please talk to your adviser or see policy document for further information.

LIFE. TAKE CHARGE.



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SOVEREIGN

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Other things you should know: The availability of insurance cover is subject to your application being approved. All applications are subject to individual consideration. Special conditions, exclusions and premium loadings may apply. This insurance is underwritten by Sovereign Assurance Company Limited ('Sovereign'). For full details of the products and benefits offered by Sovereign, please refer to the policy document(s) which are available from Sovereign. The information contained in this publication is general in nature and is not intended as advice. It may not be relevant to individual circumstances and before making any insurance decision, you should consult a professional Adviser. Copies of our disclosure statements are available on request, free of charge.