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PROGRESSIVE CARE

TotalCare**Max**

Customer Guide

PROGRESSIVE CARE FROM SOVEREIGN

PROGRESSIVE CARE OFFERS YOU A DIFFERENT WAY OF LOOKING AT INSURANCE

Ongoing medical advances have led to improved treatment options for serious medical conditions. While these medical developments are great news for New Zealanders, treatment and recovery can come at significant cost, even if an early diagnosis has been made. At Sovereign, we recognise that these advances call for a new approach. That's why we've developed Progressive Care.

With Progressive Care, claim payments are related to the severity of the medical condition: the more serious the condition, the greater the claim payment. And unlike other insurance products, which generally pay out just once, Progressive Care enables you to receive additional claim payments if your condition worsens or if you suffer from an unrelated medical condition.

BENEFITS TO SUIT YOUR NEEDS

Financial support for illness or injury

If you suffer a serious illness or injury, money should be the least of your concerns. We recognise that taking time off for treatment and recovery can take a toll on your financial situation – this is where Sovereign Progressive Care comes in. Progressive Care covers a wide range of defined medical conditions and provides you with financial support when you need it most. You can spend the money however you like and focus on your recovery.

Opportunity for multiple severity-related payments

Progressive Care covers over 60 defined medical conditions across five Categories of Conditions:

1. Heart and Arteries;
2. Cancer;
3. Brain and Nerves;
4. Loss of Function; and
5. Other Health Events.

Progressive Care claim payments are also related to the severity of a medical condition, meaning that you don't have to wait until the condition is life-threatening before you receive a claim payment. Progressive Care enables you to receive a claim payment at an early stage of an illness, providing you with financial breathing space as you receive treatment or recover.

With Progressive Care, you can claim for any of the specified medical conditions throughout the life of your policy. Depending on the circumstances of your condition, you could claim 10%, 25%, 50%, 75% or 100% of the cover within each of the five Categories.

And, subject to any previous claims under your policy, you may also receive additional claims payments if:

- > Your condition becomes worse;
- > You suffer from a more severe, related condition; or
- > You suffer from an unrelated condition.

Details on what you are covered for, how to claim, and subsequent claims can be found in the Progressive Care policy document, available from your Adviser or contact us on 0800 500 108.

YOUR COVER CONTINUES EVEN AFTER YOU CLAIM

When your policy begins, the amount of cover in each of the five Categories of Conditions is the same. Stand down periods and other conditions apply. Please refer to the policy document for details.

First claim

If a claim is paid under a specific Category, the amount of cover remaining within that particular Category for future claims decreases by the claim payment amount. If you receive a 100% claim payment, the cover for that particular Category is exhausted. However, the amount of cover for all other Categories remains unaffected.

For example, if you hold a policy with \$250,000 of cover and you suffer a heart attack of severity level 3 (i.e. a 50% claim payment), then the cover available within each of the five Categories of Conditions following the claim payment is as follows:

- > Cancer: \$250,000
- > Heart and Arteries: \$125,000, i.e. \$250,000 less a claim payment of \$125,000 ($\$250,000 \times 50\%$)
- > Brain and Nerves: \$250,000
- > Loss of Function: \$250,000
- > Other Health Events: \$250,000

Related claims

If your medical condition worsens or if you suffer from a related medical condition, Progressive Care enables you to receive an additional claim payment (subject to cover being available within the Category). In order to receive a payment, the severity level of the claim must be higher than the severity level of the preceding related claim. In these cases, the claim payment is based on the increase in the severity level percentage (subject to cover being available within the Category).

Expanding on the example above, if you were to suffer another heart attack of severity level 3 (i.e. a 50% claim payment), then no claim would be payable since there was no increase in the severity level. However, if you were to suffer a heart attack of severity level 2 (i.e. a 75% claim payment), then you would receive a benefit of \$62,500, i.e. $(75\% - 50\%) \times \$250,000 = \$62,500$.

Following the claim payment, the cover available within each of the five Categories of Conditions is as follows:

- > Cancer: \$250,000
- > Heart and Arteries: \$62,500, i.e. \$250,000 less a claim payment of \$125,000 and a further claim payment of \$62,500
- > Brain and Nerves: \$250,000
- > Loss of Function: \$250,000
- > Other Health Events: \$250,000

Unrelated claim

If you suffer a medical condition unrelated to any previous claims, you may be eligible to receive an additional claim payment. The amount of the claim payment will depend on the severity of the condition, whether the claim event occurred within 12 months of the previously unrelated claim, and the cover available within the Category. Please refer to the policy document for further details.

PROTECTION FOR YOU, YOUR FAMILY, OR YOUR BUSINESS

Progressive Care pays a lump sum benefit, which you are free to spend however you like. You could:

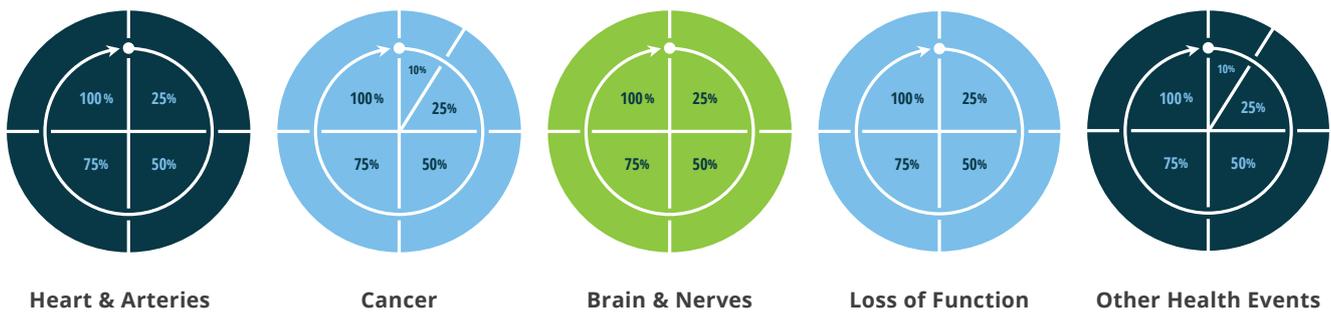
- > Pay for required treatment to keep the condition from worsening;
- > Pay for recovery or rehabilitation costs;
- > Eliminate or reduce your debts;
- > Offset any reductions in income related to the medical condition, treatment or recovery;
- > Save cash for an emergency fund; or
- > Boost your retirement savings.

With a Business Protection policy, you could also help protect your business from the impact of a key person suffering a defined medical condition. The claim payment could be used to:

- > Eliminate or reduce debt;
- > Replace revenue put at risk;
- > Protect against contractual penalties for non-completion / non-performance;
- > Pay recruitment costs for replacement staff; or
- > Provide financial assistance to prepare for sale, trade or even business wind up.

HOW IT WORKS

HERE IS A QUICK SNAPSHOT OF THE CATEGORIES IN PROGRESSIVE CARE AND THE SEVERITY LEVELS WITHIN EACH.*



* Severity levels start at 10% (least severe) through to 100% (most severe).

This is an illustrative guide only. Claims are subject to the terms and conditions of the policy document.

Benefit payments

Lump sum payments in line with severity of medical condition

Severity levels

Benefit payments are 10%, 25%, 50%, 75% and 100% of the cover available in each Category

Minimum sum assured

\$50,000

Maximum sum assured

\$1,000,000

Eligible ages

From 16 years onwards with individual consideration from age 70

Term of cover

No maximum expiry age

Accessibility of cover

You could receive multiple payments if your condition gets worse, you suffer from a more severe, related condition, or you suffer from an unrelated condition.

Choice of cover

Progressive Care is available as either Personal Cover (retail cover) or as Business Protection (key-person cover for employers). Progressive Care can also be taken as a standalone benefit or as an accelerated benefit linked to a TotalCareMax Life Cover policy.

Learn more about Progressive Care at sovereign.co.nz/progressivecare

WHAT'S COVERED?

PROGRESSIVE CARE COVERS OVER 60 MEDICAL CONDITIONS ACROSS 5 CATEGORIES:

Heart & Arteries

3 Month stand down

Any heart attack	✓
Out of hospital cardiac arrest	
Coronary artery bypass graft	✓
Angioplasty	✓
Aortic surgery	✓
Heart valve surgery	✓
Defibrillator insertion	✓
Pacemaker insertion	✓
Minor heart valve surgery	✓
Cardiomyopathy	
Severe Congestive cardiac failure	
Severe peripheral vascular disease	

Brain & Nerves

3 Month stand down

Any stroke	✓
Any Dementia and Alzheimer's disease	
Any Parkinson's disease	✓
Major head trauma	✓
Motor neurone disease	✓
Any multiple sclerosis	✓
Any muscular dystrophy	✓
Encephalitis	✓
Meningitis	✓
Peripheral neuropathy	

Cancer

3 Month stand down

Any malignant tumour	✓
Any prostate cancer	✓
Any malignant melanoma	✓
Any carcinoma in situ	✓
Urinary bladder cancer	✓
Non-Hodgkin's Lymphoma	✓
Hodgkin's Lymphoma	✓
Any leukaemia	✓
Any malignant brain tumour	
Any benign brain tumour	
Any myeloma	✓
Aplastic anaemia	
Any bone marrow or stem cell transplant	✓
Transplant waiting list for bone marrow transplant	
Myelodysplastic syndrome	✓

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Loss of Function	3 Month stand down
Coma	
Paralysis - Diplegia and Hemiplegia	
Loss of independent existence	
Severe burns/Major burns	
Any Loss of sight	✓
Loss of sight in one eye and one limb	
Any Loss of hearing	
Loss of speech	
Loss of limbs	
Intensive Care Benefit	
Paraplegia/Quadriplegia/Tetraplegia	

Other Health Conditions	3 Month stand down
Chronic liver failure	✓
Chronic lung failure	✓
Chronic kidney failure	✓
Primary pulmonary hypertension	
Major organ transplant (or Transplant waiting list)	
Acute renal dialysis	
Chronic Obstructive Pulmonary Disease	✓
Removal of large bowel	✓
Severe osteoporosis	✓
Severe rheumatoid arthritis	✓
Severe ulcerative colitis	✓
Severe Crohn's disease	✓
Advanced Type 1 diabetes mellitus	
Type 1 diabetes mellitus	✓
HIV and advanced AIDS	

The conditions above containing a tick have stand down periods that apply.

For details of the stand-down periods and other conditions please refer to the policy document for details.

WHAT OTHER BENEFITS ARE AVAILABLE?

DID YOU KNOW?

Source

¹ The Stroke Foundation of New Zealand, 2014

² Ministry of Health 2012: new registrations and deaths 2010 (latest available)

³ ISI Underinsurance Survey 2011

Every day about 24 New Zealanders have a stroke. A quarter occur in people under 65. There are an estimated

60,000

stroke survivors in New Zealand¹

Of those aged

25 to 44

Melanoma was the most common cancer registration among males and breast cancer among females²

57%

Over 2,900

New Zealand men are diagnosed with prostate cancer every year²

of New Zealanders would experience some financial hardship if the first income earner suffers a long-term illness³

CHILDREN'S TRAUMA BENEFIT

If a child of the life assured suffers a covered condition of Severity Level 1 or 2, the Children's Trauma Benefit will pay a benefit of 50% of the sum assured (up to \$20,000). Importantly, the payment of the Children's Trauma Benefit will not reduce the amount of any Progressive Care Benefit remaining for the life assured.

The Children's Trauma Benefit is payable once per child across all Sovereign policies and no underwriting applies. A three month stand down period and a 14 day survival period applies. Exclusions apply for any pre-existing or congenital conditions.

NEWBORN CHILDREN'S BENEFIT

If a biological child of the life assured is born with one of five specified congenital conditions and survives for thirty days after birth, the Newborn Children's Benefit will pay a benefit of 50% of the sum assured (up to \$20,000). The payment of the Newborn Children's Benefit will not reduce the amount of any Progressive Care Benefit remaining for the life assured. This benefit enables you to take time off work to care for your child.

Please note that Sovereign will pay one claim per child under either the Newborn Children's Benefit or the Children's Trauma Benefit across all Sovereign policies. A 12 month stand down period and 30 day minimum survival period applies.

FINANCIAL ADVICE BENEFIT

With the Financial Advice Benefit, you are able to obtain financial advice from a Sovereign-approved Financial Adviser at the time of receiving a full claim payment under your Progressive Care Benefit. Sovereign will reimburse you for fees of up to \$2,500 (incl. GST). This is a one-off payment across all Sovereign policies.

FLEXIBLE WAYS TO INCREASE YOUR COVER

Life changing events can increase your financial responsibilities. The Special Events Increase Facility and the Progressive Care Future Insurability Benefit offer you the opportunity to increase your Progressive Care Benefit up to once per year without having to provide further medical information.

Please note that these increases are not available if the life assured has already suffered a condition under the Progressive Care Benefit. Where a claim of another type has been notified or accepted for the life assured, Sovereign will exercise its discretion in determining if the increase can be applied based on the nature of the claim.

Special Events Increase Facility

The Special Events Increase Facility enables you to increase your Progressive Care Benefit following major changes throughout your life. The specified list of events includes significant milestones in your life known to result in increasing financial responsibilities. These special events include: having a child, becoming married, taking out or increasing a residential home loan, achieving a significant salary increase and other major events.

Progressive Care Future Insurability Benefit

The Progressive Care Future Insurability Benefit allows you to increase your Progressive Care Benefit at every third policy anniversary. The Future Insurability Benefit does not require any specific event to occur.

GUARANTEED ENHANCEMENT BENEFIT

All future enhancements to TotalCareMax will automatically be applied to your policy and the provision (or wording) that is most favourable to you will be applied at claim time.

Please note that enhancements apply in respect of those claims where the claim event date occurs after the date of enhancement.

OPTIONAL ADD-ON SPECIALIST AND DIAGNOSTIC TESTING BENEFIT WITH BEST DOCTORS®

Sovereign is the only insurer in New Zealand to offer its Specialist and Diagnostic Testing Benefit with Best Doctors* as an optional benefit with Progressive Care. This benefit can make a real difference to the timeliness and quality of your specialist medical advice. The Specialist and Diagnostic Testing Benefit provides coverage of up to \$5,000 per year, to access specialist consultations and diagnostic imaging and tests. In addition, Best Doctors offers you the opportunity to seek a second opinion from an international network of leading medical specialist.

* Best Doctors is a trademark of Best Doctors, Inc., in the United States and other countries, and is used under licence.

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