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MAKE THE MOST OF LIFE

TotalCare**Max**

Customer Guide

WHY INSURE YOUR LIFE?

AS A LIFE INSURER, WE UNDERSTAND THAT DESPITE BEST EFFORTS, LIFE DOESN'T ALWAYS GO TO PLAN.

If something happened to you, your loss could affect those you love both emotionally and financially. Would your family cope with paying the monthly bills or making mortgage repayments without your salary? Would your business survive without your expertise?

If you have a family, business, or other financial commitments, the impact of an unexpected death can be large. Having certainty of cover can help your loved ones to survive financially should the worst happen, making all the difference at a time when support can be at its most needed.

WHAT IS LIFE COVER?

Life Cover is designed to pay a lump sum if you die; protecting the lifestyle and future of those you care about.

WHAT DOES IT OFFER ME?

You have the choice of Personal or Business Life Cover to suit your needs.

- › **Terminal illness:** Provides an early payment of your Life Cover benefit if you are diagnosed as being terminally ill and likely to die within 12 months. This means you can spend your remaining time with your family and loved ones without worrying about your finances.
- › **Bereavement Support:** Pays a lump sum of up to \$15,000* to help with funeral expenses (or a monthly benefit if you have the Family Protection Benefit) upon Sovereign receiving notification of death.
- › **Advanced partial payment for specified terminal conditions:** If you suffer one of the specified terminal conditions, you can choose to have 30% of your sum insured up to \$250,000 paid in advance. Some terminal conditions, such as motor neuron disease, offer longer survival rates but can have a significant impact on your lifestyle. This benefit enables you to make any immediate changes to your lifestyle as required.
- › **Financial Advice Benefit:** With the Financial Advice Benefit, the policy owner is able to get financial advice from a Sovereign-approved financial adviser at the time of making a claim, and Sovereign will reimburse the policy owner for fees up to \$2,500 (incl. GST). This is a oneoff payment across all Sovereign policies.
- › **Cover increases:** In certain situations, for example, when you get married, have a baby, purchase a house or if your financial interests in a business increase, you can apply to increase your sum assured without having to provide further medical information.
- › **Children's Funeral Benefit:** Can pay a benefit of up to \$2,000* when a child of the life assured dies as a result of an accidental injury, between the ages of three and ten years.
- › **Worldwide Cover:** Provides cover anywhere in the world, 24 hours a day.
- › **Optional Family Protection Benefit:** Provides for a monthly amount, rather than a lump sum, to be paid to your family after your death.
- › **Eligible entry ages:** 10 years upwards (individual consideration beyond age 70).
- › **Term of cover:** Renewable each year with no expiry age.

**This payment will be deducted from the life assured's Life Cover Benefit. The premium will reduce accordingly.*

DID YOU KNOW?

BOWEL CANCER

is the second highest cause of cancer death in New Zealand.¹

On average there is one death in New Zealand every

16 minutes²

Stroke is the third largest killer in New Zealand

About **2,500**
people every year³

Cancer was the leading cause of death for both males and females in New Zealand in 2010, accounting for nearly a

THIRD OF ALL DEATHS⁴

Source

¹ Ministry of Health, 2013

² Statistics New Zealand, Population clock, September 2014

³ Ministry of Health 2014, Cancer: New registrations and deaths 2010 (latest available)

⁴ The Stroke Foundation of New Zealand, 2013

ABOUT TOTALCAREMAX LIFE COVER

LIFE COVER IS AVAILABLE IN THE FOLLOWING OPTIONS:

PERSONAL OR BUSINESS COVER: Depending on your needs.

FAMILY PROTECTION BENEFIT: Designed to minimise the impact on lifestyle after your death through a monthly payment to your family, rather than a lump sum.

ACCIDENTAL DEATH BENEFIT: Provides a lump sum should you die as a result of an accident.

WHAT ARE THE BENEFITS?

Protecting you and your family

Life Cover Benefit (lump sum payment) can help your loved ones:	<ul style="list-style-type: none">> pay off the home loan> cover living expenses> continue raising children> protect retirement savings> pay for funeral expenses
Family Protection Benefit (monthly payment), can help by:	<ul style="list-style-type: none">> providing regular payments instead of a lump sum> giving you the choice for how long you wish the monthly payment to be made, customised to suit your family situation
Accidental Death Benefit (lump sum payment) aims to help by:	<ul style="list-style-type: none">> providing a cost-effective option for cover as it relates to death by specified circumstances

Protecting you and your business if you die

Life Cover Benefit (lump sum payment) can help support your business with funds to:	<ul style="list-style-type: none">> continue operating> recruit qualified replacements or undertake training> follow through with succession plans
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PRODUCT DETAILS

Feature	How it works	Why it's important	Personal	Family Protection Benefit	Accidental Death	Business
Terminal Illness Benefit	If you are diagnosed with a terminal illness and will die within 12 months of the diagnosis, you can elect to have some or all of your Life Cover paid in advance. The Life Cover Benefit is reduced by the amount of any Terminal Illness Benefit paid.	To provide financial support towards what could be a lowered household income, or to make the most of the time you have left with your family and loved ones.	✓			✓
Advanced partial payment for specified terminal conditions	A part payment can be made upfront to enable you to make any immediate changes to your lifestyle as required. Part payments are to the amount of 30% of the sum insured up to \$250,000 for specified terminal conditions.		✓			✓
Financial Advice Benefit	With the Financial Advice Benefit, the policy owner is able to get financial advice from a Sovereign-approved financial adviser at the time of making a claim, and Sovereign will reimburse the policy owner for fees up to \$2,500 (incl. GST). This is a one-off payment.	Where expert advice is needed, this benefit can provide a small sum to help fund the costs of obtaining professional advice.	✓	✓		✓
Bereavement Support Benefit	This pays an immediate lump sum of up to \$15,000 upon Sovereign receiving notification of death. The Life Cover Benefit payable is reduced by the amount paid for the Bereavement Support Benefit. If you have chosen the Family Protection Benefit, then the Bereavement Support Benefit pays the lesser of a lump sum of \$15,000 or the monthly benefit.	With quick access to a lump sum at what can be a very stressful time, these funds could help cover things like funeral, travel, accommodation and/or counselling costs.	✓	✓		

PRODUCT DETAILS CONTINUED

Feature	How it works	Why it's important	Personal	Family Protection Benefit	Accidental Death	Business Benefit
Special Events Total Permanent Disablement/Trauma Facility	At the time of a special event, you can apply to add a limited amount of 'accelerated' Living Assurance cover, 'accelerated' Progressive Care or 'accelerated' Total Permanent Disablement cover to your Life Cover without needing to provide further medical information.	We want to make it easy for you to add additional benefits to your Life Cover without needing further underwriting.	✓			
Special Events Increase Facility	<p>In certain situations, you can apply to increase your sum assured without having to provide further medical information.</p> <p>After a special events increase has been made, Sovereign will not pay the increased benefit amount if:</p> <ul style="list-style-type: none"> > before the increase, the life assured qualified for payment of the Terminal Illness Benefit or the advanced partial payment for specified terminal conditions > or within six months following the increase, the life assured: <ul style="list-style-type: none"> • dies except where accidental death under this benefit occurs, or • qualifies for payment of the Terminal Illness Benefit 	<p>Life-changing events can often result in greater financial responsibilities. We want to make it easy for you to increase your life cover when you:</p> <ul style="list-style-type: none"> > Have a salary increase of at least the greater of \$20,000 per annum or 10% of your salary > Experience the death of a spouse or partner > Have a child (by birth or legal adoption) > Get married or enter into a civil union > Become divorced/have a civil union dissolved > Become responsible for or pay for the full-time care of a close relative > Financially support a dependent child through a first course of full-time tertiary education > Take out or increase a home loan because you have purchased: <ul style="list-style-type: none"> • a new home, • a new residential investment property, • a vacation home, • a bare block of land zoned as residential. 	✓	✓		

PRODUCT DETAILS CONTINUED

Feature	How it works	Why it's important	Personal	Family Protection Benefit	Accidental Death	Business
Children's Funeral Benefit	If your child dies as a result of an accidental injury within 90 days of the injury occurring, we will pay a Children's Funeral Benefit of up to \$2,000. The child must be between the ages of three and ten years at the time of first suffering the injury.	On the death of a child, this money is immediately available to assist with the cost of a funeral – one less expense to have to worry about at a stressful time.	✓			
Repatriation Benefit	Sovereign will reimburse you for the costs of returning the life assured's body to New Zealand if they die while overseas.	If a loved one dies overseas, the costs of bringing them home can be considerable. Sovereign will reimburse costs (5% of the Life Cover sum assured up to \$20,000) as they occur so that your family can concentrate on the bereavement process rather than on finances.	✓			
Flexible Benefit Term	The Flexible Benefit Term can be for a set number of years (from five to 30 years) or until the insured person reaches a nominated age (between 31 and 70).	Having a wide range of terms to choose from enables you to arrange the cover to suit your situation.		✓		

OPTIONAL ADD-ON BENEFITS

Feature	How it works	Why it's important	Personal	Family Protection Benefit	Accidental Death	Business
Future Insurability Benefit	You can apply to increase your Life Cover by up to \$1 million, or twice the original Life Cover insured (whichever is less), during the term of your policy, without answering any further health questions. Every increase in cover will require an increase in premium.	This allows you to increase your cover as your personal circumstances change. The choice is yours.	✓			
Business Safeguard Facility	You can write to Sovereign within three months of each occasion on which the insured's financial interest in, or value to, the business, or loan guarantee increases, asking us to increase the Life Cover Benefit for that person without answering any further health questions.	Your cover can keep pace with changes in your business responsibilities.				✓
Specialist and Diagnostic Testing Benefit	Specialist and Diagnostic Testing is designed to pay for your specialist consultations, such as oncologist and cardiologist consultations, as well as diagnostic procedures such as MRI and CT scans. It covers up to \$5,000 per life assured, per policy year.	You get the freedom to choose the best specialist available, and this helps you avoid what can be long waiting periods for essential treatment. It also provides access to Best Doctors.	✓	✓	✓	
Waiver of Premium Benefit	Waiver of Premium can remove the burden of paying premiums when you are unable to work due to total disability, saving you money when you need it most. Depending on your financial situation, you can choose from a range of waiting periods before your premiums are waived.	With Waiver of Premium cover, you'll have one less expense to think about come claim time.	✓	✓	✓	✓

WHAT ARE YOUR PREMIUM OPTIONS?

YOU CAN CHOOSE BETWEEN A NUMBER OF PREMIUM OPTIONS, TO SUIT YOUR LIFE STAGE AND CIRCUMSTANCES.

PREMIUM OPTIONS

- > **Rate for age:** When your premium increases each year in line with your age.
- > **Level for 10 years:** When your premium remains constant for 10 years and then reverts to Rate for Age.*
- > **Level to age 65:** When your premium remains constant until you are 65 years old and then reverts to Rate for Age.*
- > **Level to age 80:** When your premium remains constant until you are 80 years old and then reverts to Rate for Age.*

INFLATION-PROOFING: If you choose to have your policy linked to the Consumer Price Index (CPI), every year your sum assured will increase in line with inflation; as your sum assured increases, your premiums will increase too.

If your cover doesn't change, your Level Premiums will remain the same for the period you have selected. Even if there is a change in the underlying rates, your premium will remain the same until the end of the selected period.*

Where you have chosen to increase the sum assured in line with the CPI, the underlying premium rates will remain the same. Any premium increase will relate only to the increase in the sum assured.

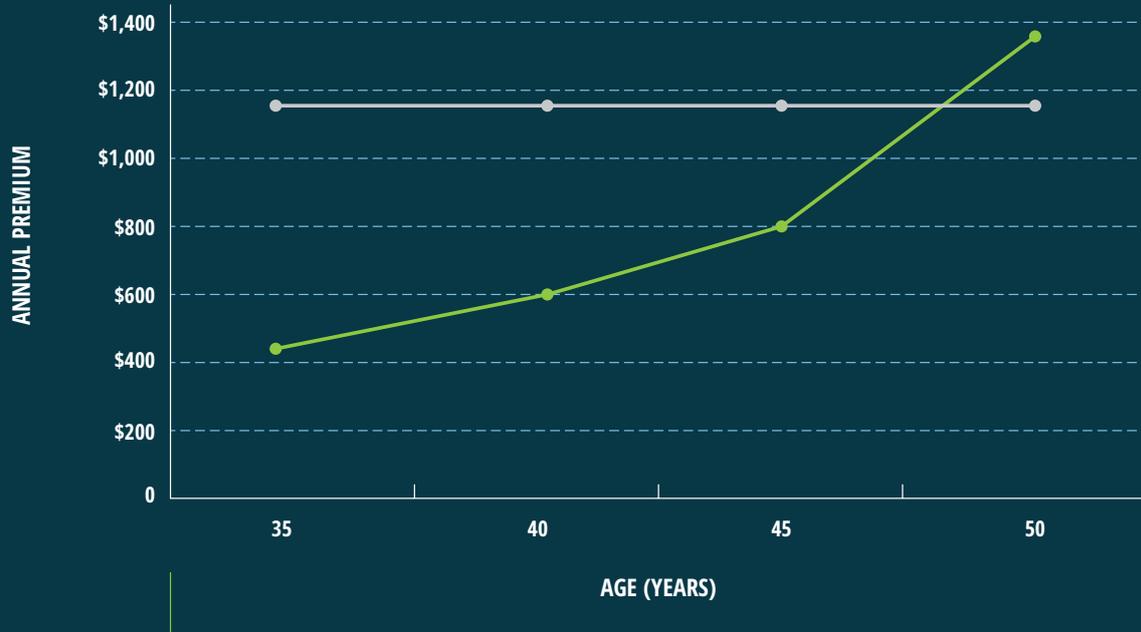
Depending on your age, Rate for Age premiums are lower cost than level premiums when you first take out cover. This can help by freeing up more of your money to put towards things like debt or other insurance needs.

You may want to reassess your insurance and premium structure needs later on, to make sure you have the most appropriate solution for your needs at the time.

** This means that Sovereign cannot review these applicable premium rates during the guarantee period, unless you voluntarily make alterations to your policy or benefits, or a change in the law or taxation occurs.*

LIFE COVER FIGURES are based on a 35-year-old male, non-smoker, insured for \$500,000.

RATE FOR AGE VS. LEVEL PREMIUMS – HOW DO THEY COMPARE?



When is your greatest need for cover, to protect debt, such as a mortgage?

- Level to age 80
- Rate for Age

The figures on the left are for comparative purposes only. At the end of the selected Level period, the premium type will revert to Rate for Age.

HOW MUCH COVER DO YOU NEED?

Speak to your Adviser or visit sovereign.co.nz for a calculator that will help you estimate the level of life insurance you require.

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