

HOW MORTGAGE AND INCOME PROTECTION WORKS



MEET ALEISHA

Aleisha is a 34-year old accountant and owns her first home.

Financial and insurance overview

ANNUAL SALARY

\$75,000

at application

MORTGAGE REPAYMENTS

\$2,125 per month

at application

INSURANCE COVER WITH SOVEREIGN

MORTGAGE AND INCOME PROTECTION

\$2,812 per month

This equals 45% of her monthly income

INCOME PROTECTION - AGREED VALUE

\$1,083 per month

Wait period: 8 weeks

Benefit Period: 2 years

WAIVER OF PREMIUM

Wait period: 4 weeks

Aleisha has total income protection cover of

\$3,895 per month

This is the maximum amount she can insure, based on her income and mortgage at application.

Aleisha gets sick – How can her Income Protection cover help?

Seven months after taking out the insurance, Aleisha is diagnosed with an illness that requires extensive treatment and means she isn't able to work. What happens next?

Aleisha lets her adviser know about her illness. A claim form is submitted to Sovereign. Her 8 week wait period starts on the first day that she's unable to work.

Sovereign assesses her claim and she meets the definition of Total Disablement.

Benefit payments Aleisha receives based on her illness:

MORTGAGE AND INCOME PROTECTION

\$2,812 per month

after 8 week wait period

INCOME PROTECTION - AGREED VALUE

\$1,083 per month

after 8 week wait period

WAIVER OF PREMIUM

after 4 week wait period

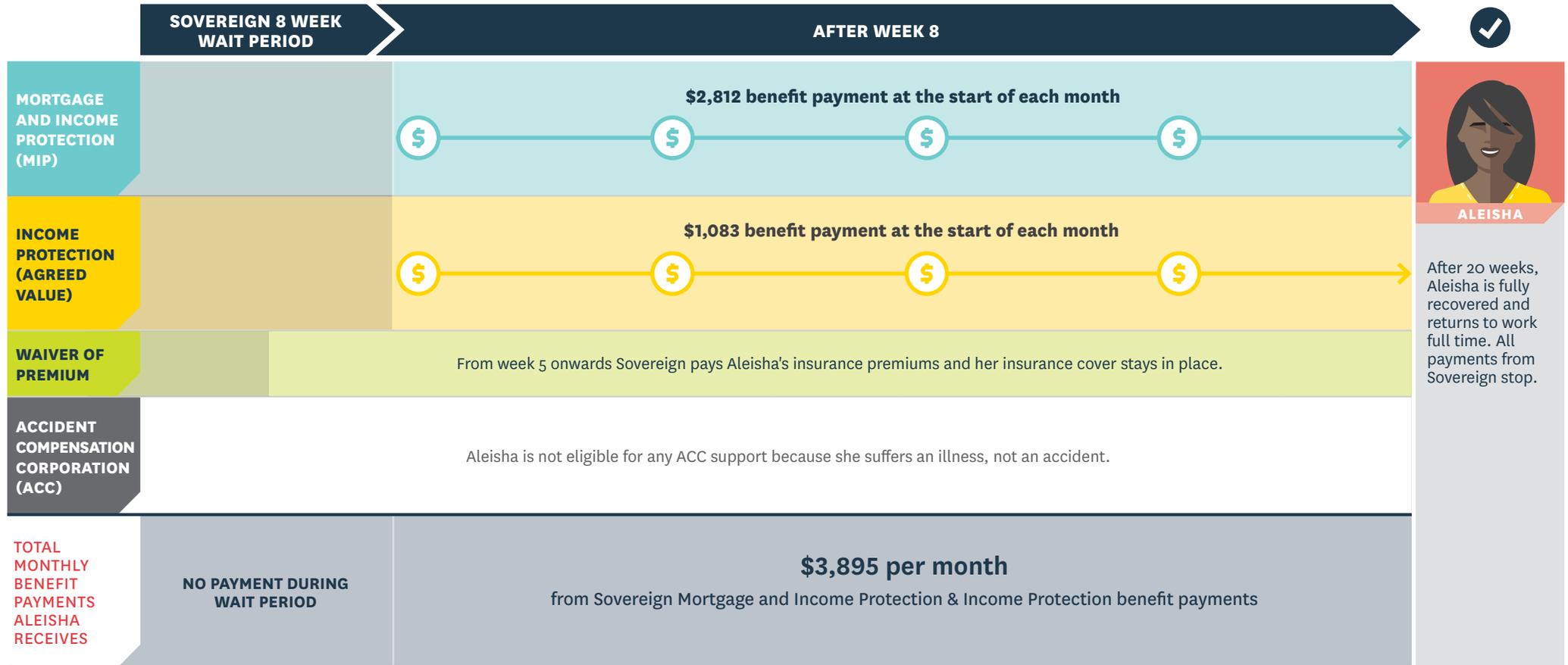
TOTAL:

\$3,895 PER MONTH

after 8 week wait period

Benefit Payment Timeline

The diagram below shows benefit payments Aleisha receives to support her recovery journey. Aleisha gets recovery support throughout her illness. She receives a visit from a Sovereign case manager to discuss rehabilitation services regularly.



These examples are illustrative only, and while realistic are not based on actual claims. All figures are net of tax, and assume no change in the life assured's income or benefits since policy issue. ACC figures have been calculated using the online calculator at www.paye.net.nz, and are subject to change. The availability of 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 product details, please refer to the policy documents which are available from Sovereign.

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MEET CHRIS

Chris is a 28-year old early childhood teacher. He currently rents and is saving up for a deposit for his first home.

Financial and insurance overview

ANNUAL SALARY

\$50,000
at application

INSURANCE COVER WITH SOVEREIGN

MORTGAGE AND INCOME PROTECTION

\$1,875 per month

This equals 45% of his monthly income

Wait period: 13 weeks

Benefit period: to age 70

WAIVER OF PREMIUM

Wait period: 8 weeks

Chris has Mortgage and Income Protection of

\$1,875 per month

This is the maximum amount he can insure, based on his income at application.

Chris has an accident – How can his Income Protection cover help?

Two years after taking out the insurance cover, Chris has a car accident and suffers injuries that require extensive recovery time and mean he isn't able to work. What happens next?

Chris lets his adviser know about his accident. A claim form is submitted to Sovereign. His 13 week wait period starts on the date of his accident.

Sovereign assesses his claim and he meets the definition of Total Disablement.

Because he suffered an accident Chris is also eligible for ACC support and his doctor submits a claim to ACC.

Benefit payments Chris receives based on **his accident:**

MORTGAGE AND INCOME PROTECTION

\$1,875 per month

after 13 week wait period

WAIVER OF PREMIUM

after 8 week wait period

ACC

\$2,828 per month

this equals 80% of his taxable income, after tax, after 1 week wait

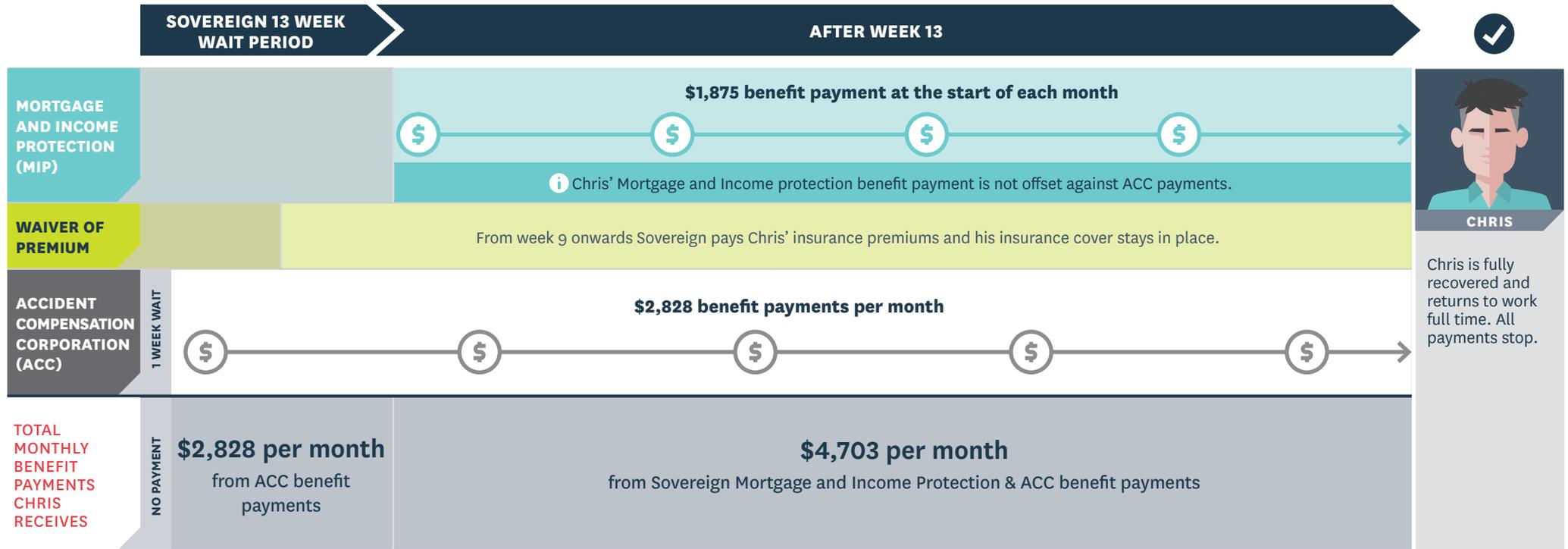
TOTAL:

\$4,703 PER MONTH

after 13 week wait period

Benefit Payment Timeline

The diagram below shows benefit payments Chris receives to support his recovery journey. Chris gets recovery support throughout his illness. He receives a visit from a Sovereign case manager to discuss rehabilitation services regularly.



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HOW MORTGAGE AND INCOME PROTECTION WORKS



MEET MICHAEL

Michael is a 45-year old Construction Site Manager and owns a home.

Financial and insurance overview

ANNUAL SALARY

\$100,000

at application

MORTGAGE REPAYMENTS

\$3,650 per month

at application

INSURANCE COVER WITH SOVEREIGN

MORTGAGE AND INCOME PROTECTION

\$4,198 per month

This equals 115% of his monthly mortgage payments

INCOME PROTECTION - AGREED VALUE

\$948 per month

Wait period: 8 weeks

Benefit Period: 2 years

WAIVER OF PREMIUM

Wait period: 4 weeks

Michael has income protection cover of

\$5,146 per month

This is the maximum amount he can insure, based on his income and mortgage at application.

Michael has an accident which leads to an illness. How can his Income Protection cover help?

Three years after taking out the insurance, Michael suffers a work accident that requires extensive treatment and recovery time and means he can't work.

What happens next?

Michael lets his adviser know about his accident. A claim form is submitted to Sovereign. His 8 week wait period starts on the date of his accident. Sovereign assesses his claim and he meets the definition of Total Disablement. Because he suffered an accident Michael is also eligible for ACC support and his doctor submits a claim to ACC. After 26 weeks, Michael has physically recovered from the accident and ACC benefit payments stop.

However, because of the long and difficult treatment related to his injury, he has developed a mental illness and can't return to work. Michael lets his Sovereign Case Manager know about the illness. It gets assessed and Sovereign continues to pay benefit payments on the existing claim because the mental illness can be attributed to the accident and Michael continues to meet the definition of Total Disablement.

Benefit payments Michael receives based on

the accident:

MORTGAGE AND INCOME PROTECTION

\$4,198 per month

after 8 week wait period

WAIVER OF PREMIUM

after 4 week wait period

ACC

\$5,130 per month

this equals 80% of his taxable income, after tax, after 1 week wait period

Because the ACC payment is higher than Michael's **Income Protection** benefit of \$948, this benefit is not payable.

TOTAL: \$9,328 PER MONTH
after 8 week wait period

the illness:

MORTGAGE AND INCOME PROTECTION

\$4,198 per month

no additional wait period

WAIVER OF PREMIUM

no additional wait period

INCOME PROTECTION - AGREED VALUE

\$948 per month

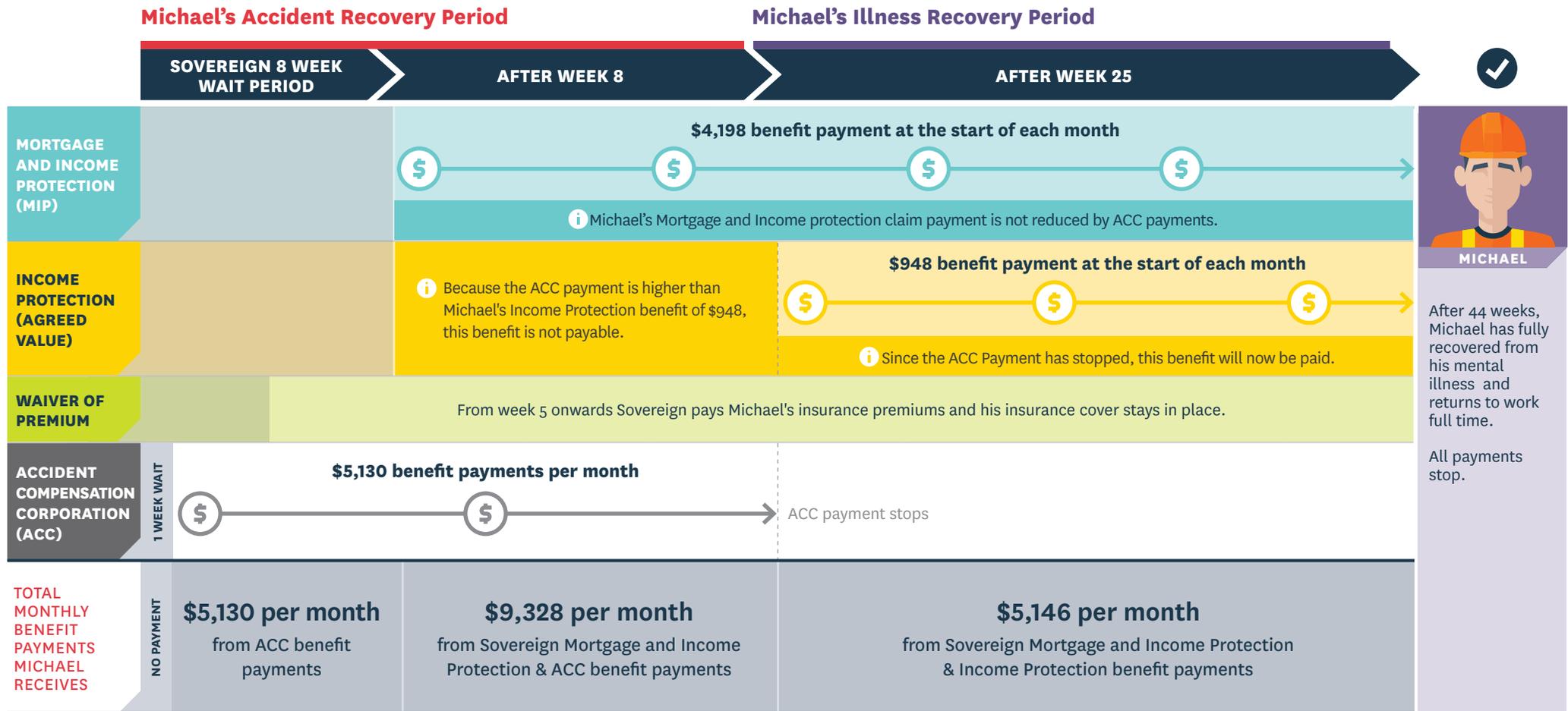
Since the ACC Payment has stopped, this benefit is now payable

TOTAL: \$5,146 PER MONTH
no additional wait period

Check out how Sovereign supports Michael's recovery journey →

Benefit Payment Timeline

The diagram below shows benefit payments Michael receives to support his recovery journey. Michael gets recovery support throughout his illness. He receives a visit from a Sovereign case manager to discuss rehabilitation services regularly.



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