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* WA Taylor Report

ZURICH®

Zurich Wealth Protection

Supplementary Product Disclosure Statement No. 2

This document is a Supplementary Product Disclosure Statement (SPDS) for the following Wealth Protection products:

- Zurich Income Replacement Insurance Plus; and
- Zurich Special Risk Income Replacement Insurance Plus.

This SPDS supplements the Product Disclosure Statement (PDS) for Zurich Wealth Protection (which includes Zurich Income Replacement Insurance Plus and Zurich Special Risk Income Replacement Insurance Plus), dated 1 April 2007 and must be read together with Parts 1 and 2 of that PDS and the SPDS prepared on 22 May 2007.

This SPDS has been issued as a result of improvements to some terms & conditions which are effective on 1 October 2007.

The improvements

The following improvements to the terms and conditions have been made:

1. Increasing Claims option

The maximum annual increase cap of 7% will no longer apply to this option, which allows the Income Benefit to increase in line with the increase in CPI.

2. Post-Disability Income

The definition of Post-Disability Income sets out the 'other benefits' which Zurich will consider when determining the benefits payable. These are essentially amounts which offset the benefit.

'Other Disability Income policies you did not disclose to us' will now specifically refer to policies not disclosed at the time of underwriting.

Also, sick leave will no longer be offset.

New PDS wording for the Increasing Claims option

Note that italics refer to defined terms in the PDS.

The following wording replaces the existing wording which appears in two places in Part 1 of the PDS, as follows:

- Income Replacement Insurance Plus (page 27 of 64)
- Special Risk Income Replacement Insurance Plus (page 39 of 64).

Increasing Claims option

While you are on claim, the *Income Benefit* will be increased after each three continuous months of *Income Benefit* payments by the percentage increase in the CPI for the previous quarter.

For example, if your *Income Benefit* is $3,000 per month, and the increase for the quarter in the CPI is 1%, then your *Income Benefit* will increase to $3,030.

The following wording replaces the existing wording which appears in two places in Part 2 of the PDS, as follows:

- Income Replacement Insurance Plus (page 21 of 44)
- Special Risk Income Replacement Insurance Plus (page 26 of 44).

Increasing Claims option

After each three continuous months of *Income Benefit* payments, the *Income Benefit* will be increased by the percentage increase in the *Consumer Price Index* for the previous quarter.

Preparation date:
1 October 2007

The issuer of Zurich Income Replacement Insurance Plus and Zurich Special Risk Income Replacement Insurance Plus is Zurich Australia Limited
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New PDS wording for Post-Disability Income

Note that italics refer to defined terms in the PDS.

The following wording replaces the existing wording which appears in two places in Part 1 of the PDS, as follows:

- Income Replacement Insurance Plus (page 19 of 64)
- Special Risk Income Replacement Insurance Plus (page 33 of 64).

Offsets

In the event of a claim, we will offset:

- other disability income policies not disclosed to us at the time of underwriting
- workers compensation or other legislated benefits.

The following wording replaces the existing wording which appears in Part 2 of the PDS (page 35 of 44).

Post-Disability Income means the total of the amounts determined in accordance with paragraphs (a) and (b):

(a) the Life Insured's *Pre-Tax Income* from personal exertion during the relevant month

(b) other benefits received during the relevant month by way of the following sources as a result of your *Sickness* or *Injury*:

- other Disability Income policies you did not disclose to us at the time of underwriting
- workers compensation or other legislated benefits.

For the purposes of this definition:

- *Pre-Tax Income* from personal exertion is income earned from any occupation, and is not restricted to income from your pre-disability occupation; and
- a Disability Income policy is any individual or group disability insurance policy, including cover under a mortgage repayment policy or credit insurance policy, which pays a regular benefit due to your *Sickness* or *Injury*; and
- where these amounts are paid or payable in a lump sum and cannot be allocated to specific months, then 1/60th of the lump sum shall be taken into account each month for a maximum period of five years.

A reduction will not be made if the other payment received is:

- A lump sum or part of a lump sum paid as compensation for pain and suffering or as compensation for loss of use of a limb
- A lump sum Total & Permanent Disablement or Trauma benefit.

A reduction will not be made if during the first three months that you are receiving an *Income Benefit* your *Post-Disability Income* is 10% or less of your *Pre-Disability Income*.

We will only pay benefits where the loss of income is a result of *Sickness* or *Injury*. Where *Pre-Tax Income* from personal exertion has been reduced as a result of causes other than *Sickness* or *Injury*, we will adjust your *Post-Disability Income* so that it only reflects the proportion of the income lost as a result of *Sickness* or *Injury*. In doing so, we will take into account available medical evidence (including the opinion of your registered doctor) and any other relevant considerations directly related to your medical condition (including information provided by you).

Existing Policy Owners

The Wealth Protection products contain a guaranteed upgrade of benefits. In accordance with our promise, the improved terms & conditions will apply automatically to existing policy owners, as follows:

Guaranteed upgrade of benefits

Zurich may improve the terms of the benefits described in the PDS in relation to a particular product. If we do so, without any change in the standard premium rates, we will provide the improvement to you. Any condition for which a claim is made, existing at the time the improvement is offered will be excluded from being eligible for payment under the improved terms. You have the option of rejecting our offer to improve your benefits.

* WA Taylor 2006 Intermediaries Study – a Study into the Life Insurance and Wealth Management Industry in Australia.

Details of Zurich Income Replacement Insurance Plus and Special Risk Income Replacement Insurance Plus can be found in Part 1 and Part 2 of the Zurich Wealth Protection PDS dated 1 April 2007 and this SPDS. The Zurich Wealth Protection PDS covers the following products issued by Zurich Australia Limited: Zurich Protection Plus, Zurich Income Replacement Insurance Plus, Zurich Special Risk Income Replacement Insurance Plus, Zurich Business Expenses Insurance Plus; and Zurich Superannuation Term Life Insurance Plus issued by Zurich Australian Superannuation Pty Limited AFSLN 232500, RSE Licence number L0003216, who is the Trustee of the Zurich Master Superannuation Fund (SFN 2540/969/42), RSE Registration number R1067651.

Zurich Australia Limited and Zurich Australian Superannuation Pty Limited are related bodies corporate and will remain related for as long as the products are issued under the Zurich Wealth Protection PDS and this SPDS. Both issuers take full responsibility for the whole of the PDS and this SPDS.

The information contained in this SPDS is general information only. It does not take into account your personal investment objectives, financial situation or particular needs. You should consider the appropriateness of this product having regard to your objectives, financial situation and needs. We recommend you seek professional financial advice before making any decision affecting your investment in these products.

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Zurich is proud to support football as an Official Partner of the Hyundai A-League

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