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Zurich Superannuation Plan

Optional Protection Benefits Information Booklet

Issue date: 1 March 2012

Important notes

Preparation date: 20 February 2012

This document is the "**Zurich Superannuation Plan Optional Protection Benefits Information Booklet**" referred to in the Zurich Superannuation Plan ('ZSP') and Zurich Account-Based Pension ('ZABP') Product Disclosure Statement ('PDS') dated 11 March 2011.

The PDS is an important document and is available online at www.zurich.com.au or by calling the Client Service Centre on 131 551. You should read the PDS and all incorporated documents referred to in the PDS (available online at www.zurich.com.au/ZSPandZABP) in full before making a decision in relation to the ZSP or ZABP.

ZSP Optional protection benefits are not available with the ZABP.

The information contained in this document 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 this product.

The information in this document, including taxation matters, is based on our understanding of the law as at the date of preparation of this document and may be updated from time to time.

As this document may be updated, it is important that you check the issue date and visit the website for the latest versions before applying. A printed copy of this document and any updated information will be available free of charge upon request by calling our Client Service Centre on 131 551.

'The Trustee' means Zurich Australian Superannuation Pty Limited ABN 78 000 880 553, AFSL 232500, who is the trustee of the Zurich Master Superannuation Fund ABN 33 632 838 393 (the 'Fund') and the issuer of ZSP.

'Zurich', 'us', 'our' and 'we' normally means Zurich Australia Limited ABN 92 000 010 195, AFSL 232510. Zurich is the administrator of ZSP, and the issuer of insurance policies to the Trustee.

Any organisations referred to in this document have consented to the references to their organisations in this document.

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Introducing ZSP Optional protection benefits

Whilst we all dream of retirement and look forward to the time when we can reap the rewards of a lifetime of hard work, we need to be realistic and consider the possibility of an untimely death or disablement prior to retirement. Failure to consider the insurance components of your retirement plan may mean that you and/or your family suffer undue hardships. Therefore we strongly recommend that you discuss your protection needs with your financial adviser.

What are ZSP Optional protection benefits?

The Zurich Superannuation Plan ('ZSP') does not automatically include insurance cover. ZSP Optional protection benefits are a range of life insurance cover options you can elect to add to your ZSP.

ZSP Optional protection benefits are not available with the Zurich Account-Based Pension.

The range of ZSP Optional protection benefits that can be structured to meet your individual circumstances include:

- Death cover
- Total and Permanent Disablement (TPD) cover
- Income replacement.

These ZSP Optional protection benefits broadly offer the types of cover summarised in the table below:

Types of cover available	What is the purpose of the cover?
Death cover	Death cover pays a lump sum on your death or diagnosis of terminal illness. It's one of the easiest products to understand and it's usually the first one people think of. It may: • allow your family to repay debts including mortgage, personal loans, guarantees, credit cards and store cards • provide an adequate income for your dependants to pay for living expenses, school fees, child care and regular bills • provide a cash deposit to the estate, which may prevent other assets being sold
Total and permanent disablement (TPD) cover	TPD cover pays a lump sum if you become totally and permanently disabled and therefore are unlikely to ever work again. TPD is about ensuring that you retain as much quality of life as possible. It can: • provide funds to allow a family member to give up work to care for you or, alternatively, to fund other home care • allow you to repay debts including mortgage, personal loans, guarantees, credit cards and store cards • pay for any major renovations required to your home (e.g. to permit wheelchair access)
Income replacement	Income replacement insurance provides a monthly payment generally up to 75 per cent of your pre-tax income if you are unable to work due to sickness or injury. It can allow you to: • provide for yourself and your family • continue to pay your mortgage, bills, credit cards and other debts • keep your investment strategies in place

Policy conditions

Part 2 of this document contains the policy conditions which will apply to your cover once your application has been accepted. It is important that you read them carefully, print them out (if you are accessing the document on line) and keep them in a safe place. A printed copy of this document is available free of charge on request by calling our Client Service Centre on 131 551.

Defined terms

In this document about the ZSP Optional protection benefits, all terms appearing in *italics* (other than in headings) are defined terms with special meanings. Detailed definitions are included in the Definitions section of the Policy conditions (Part 2 of this document).

In Part 1 of this document, 'you' normally means the life insured (the Fund member applying for cover).

Significant risk

The significant risk associated with holding ZSP Optional protection benefits is that if you do not comply with your duty of disclosure, we may not pay your claim, pay only a portion of your claim or cancel your cover. The duty of disclosure is explained on page 1 of the Life Insured's Statement accompanying the PDS.

Applications for the ZSP Optional protection benefits described in this document are not automatically accepted and are subject to Zurich's assessment and acceptance of your application for cover.

Applying for cover

The only way to apply for a ZSP Optional protection benefit is to complete and submit the Application form accompanying the PDS.

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Death and Total and permanent disablement cover

Death and Total and Permanent Disablement (TPD) cover can be provided by electing to be covered by Zurich's Superannuation Term Life Plus policy ('ZSTL') as a ZSP Optional protection benefit.

Death and TPD cover is provided by Zurich to the Trustee by way of the issue of the ZSTL. The ZSTL pays a lump sum on your death or TPD (depending on the covers selected). If you select Death cover, it also covers you if you are diagnosed with a terminal illness.

If you are accepted for cover you will be insured under the ZSTL. In the event of a claim all benefits under the ZSTL are payable to the Trustee. The Trustee will pay you a benefit if you are entitled to it under superannuation law and the trust deed of the Fund (refer to page 24 for further information).

Premiums for Death and/or TPD cover are paid by the Trustee from your ZSP account.

Policy owner and life insured

The policy owner will be the Trustee of the Fund, Zurich Australian Superannuation Pty Limited and the life insured will be you, the member applying for cover.

Cover at a glance

A summary of Death and TPD covers is set out on the next page. An outline of the cover begins on page 7.

The main covers are:

- Death cover – a lump sum payment on death
- TPD cover – a lump sum payment on your *total and permanent disablement*

You can select any of the following combinations: Death cover only; TPD cover only; or Death and TPD cover.

Refer to page 8 for more information

The following benefits are built-in:

- Terminal illness benefit (with Death cover only) – an advance payment of the Death benefit on terminal illness
- Advancement for funeral expenses (with Death cover only) – up to $15,000
- Inflation protection – cover can increase every year
- Future insurability benefit – increases cover without health evidence at certain times
- Buy back death benefit (TPD) (with Death and TPD cover) – Death cover reinstatement following TPD claim
- Financial planning advice benefit – reimburses the cost of advice

Refer to pages 9 and 10 for more information

The following optional benefits are available for an additional *premium*:

- Accidental death option – additional cover for death due to accident
- Business future cover option – increases cover without health evidence each year

Refer to page 10 for more information

Product parameters

The following table sets out some important eligibility and product limit information:

Product name	**Zurich Superannuation Term Life Plus**
Eligible entry ages	• Death cover: 15 – 69 • Total and permanent disablement (TPD) cover: 19 – 59 • Accidental death option: 19 – 64
Expiry age (all covers expire on the *cover anniversary* following the ages shown)	• Death cover: 99 or earlier cessation of membership of the Fund • TPD cover: 99 or earlier cessation of membership of the Fund (limited conditions apply after age 65) • Accidental death option: 75 • Business future cover option: 75 Refer to page 7
Minimum premium	$160 per year excluding fees and charges. Refer to page 22 for fees and charges
Cover levels available	$50,000 minimum. Maximum cover levels apply depending on the combination of benefits you choose. Refer to page 7
***Premium* options**	You can choose stepped or level *premiums*. Refer to page 23
How *premiums* are calculated	*Premiums* are based on amount of cover, options chosen, current age, gender, and smoking status. Your circumstances including state of health, occupation and pastimes will also be taken into consideration. Refer to page 22
Built-in benefits*	• Death cover (if selected) – a lump sum payment on Death. Refer to page 8 • TPD cover (if selected) – a lump sum payment if you are never expected to return to work (within our definitions). Refer to page 8 • Terminal illness cover (if Death cover selected) – an advance payment of the Death benefit on terminal illness. Refer to page 9 • Advancement for funeral expenses (if Death cover selected) – up to $15,000. Refer to page 9 • Inflation protection – cover can increase each year. Refer to page 9 • Future insurability benefit (personal events) – increase cover without health evidence at certain times. Refer to page 10 • Buy back death benefit (TPD) (if Death and TPD cover selected) – Death cover can be reinstated following a TPD claim. Refer to page 10 • Financial planning advice benefit – reimburses the cost of advice. Refer to page 10 • Interim cover – cover for up to 90 days against *accidental death* and/or *accidental injury*, depending on the cover you apply for. Refer to page 22
Optional benefits (for an additional *premium)**	• Accidental death option – additional cover for death due to accident. Refer to page 10 • Business future cover option – increases cover without health evidence each year. Refer to page 10
Exclusions	There are limitations and restrictions on when some benefits may be payable. Any such limitations or restrictions will be summarised in the relevant benefit description on pages 7 to 10 and detailed in the Policy conditions which are set out in Part 2 of this document (pages 6 to 11)
Other important information	• fees and charges – stamp duty and other taxes may apply. • complaints resolution – we have a complaints handling procedure in place. • your privacy – we have privacy provisions in place. • information about your cover – once your application has been accepted, you will receive a Policy schedule that sets out the particular details of your cover (including: benefit amounts, options selected, details of the life insured). • the Policy conditions that will apply are provided to you in Part 2 of this document. • claims requirements – there are notification and information requirements in order to make a claim under your policy.
Taxation	There are important tax implications of taking this cover which you should be familiar with. Refer to the "**Zurich Superannuation Plan – Additional Information Booklet**" available at www.zurich.com.au/ZSPandZABP

* there may be restrictions on benefits being paid under superannuation law. Please refer to page 24 for details.

Overview

Depending on the covers you select, the Zurich Superannuation Term Life Plus policy pays a benefit on death, terminal illness or *total and permanent disablement*.

What are the available cover combinations?

You can select from the following:

- Death cover only
- TPD cover only
- Death & TPD cover

Accidental death cover may be included as an option with any of the above combinations. You can also apply for the Business future cover option on Death cover and/or TPD cover.

Who can apply?

People between the ages of 15 and 69 who are members of the Fund and invest in the ZSP can apply for Death cover as a ZSP Optional protection benefit.

To include TPD cover, the Accidental death option or the Business future cover option you must be between the ages of 19 and 59.

How much cover can I apply for?

For Death cover, TPD cover and the Accidental death option, the minimum amount of cover you can apply for is $50,000 per benefit, subject to a minimum annual *premium* of $160 (excluding any government charges).

The maximum amount of cover you can apply for is subject to the following guidelines in respect of each cover:

Cover	Maximum amount of cover available
Death cover	The maximum depends on your needs. Your adviser can help you determine this.
TPD cover	$5,000,000 (Generally the maximum amount of TPD cover available to people employed in domestic duties is $1,000,000)
Accidental death cover	$1,000,000

After your cover is in force, it can increase above the maximum due to Inflation protection (refer to page 9).

Further restrictions also apply to the total amount of cover for all policies from all sources (including policies issued by other life insurers). Generally your total TPD cover with Zurich and other life insurers cannot exceed $5,000,000.

Can I increase my cover?

Subject to Zurich's reassessment of your personal circumstances, you may apply to increase your Death cover any time before your 65th birthday. You may apply to increase your TPD cover or Accidental death option any time prior to your 59th birthday. The minimum amount you can increase your cover by each time is $50,000.

When will my cover expire?

Once your application has been accepted, while you remain a member of the Fund we guarantee that we will renew your cover every year up until the *policy anniversary* following your 99th birthday regardless of any changes to your health or other circumstances but subject to the conditions on which ZSP Optional protection benefits cease as specified on page 23.

However, if your individual account balance is not sufficient to pay for your *premium*, the ZSP Optional protection benefits you have will lapse after 30 days and you will not be covered. You may be able to reinstate your cover after it lapses, subject to Zurich's reassessment of your personal circumstances.

Conversion of cover to a non-superannuation policy

Subject to Zurich's approval, your cover may be converted to a non-superannuation policy.

You may apply to effect this conversion:

- at any time while you are a member of the Fund; or
- within 30 days of ceasing to be a member of the Fund.

Death and TPD benefit amounts

When adding Death and TPD cover to your ZSP, you have two options available for defining your insurance benefit amount. These are:

Option A – nominated sum insured

The Death and TPD benefit amount (as applicable) equals the sum insured you nominate. This nominated sum insured amount may be increased each year in line with the *consumer price index* under the Inflation protection benefit. You do not have to accept the indexation offer in any year (refer to page 9).

Option B (integrated) – nominated benefit

The Death and TPD sum insured (as applicable) is calculated at your commencement in the ZSP and recalculated at each anniversary of your entry to the ZSP (*plan anniversary*) to equal the nominated benefit amount less the individual account balance as at the *plan anniversary*, i.e. at commencement and each anniversary:

sum insured (cover amount) = nominated benefit – ZSP account balance

The sum insured is further reduced when withdrawals during the previous 12 months exceed total contributions in the last 12 months, by the excess of these withdrawals over the contributions. The sum insured is then fixed until the next *plan anniversary*, regardless of changes in the individual account balance, if no claim is made.

For example, if you have a nominated benefit for Death of $250,000, and you rolled over $50,000 into your individual account at the commencement of your ZSP, your sum insured would be $200,000 and you would pay a *premium* in line with that cover.

At the next *plan anniversary,* assuming your individual account balance was then $70,000, your sum insured would reduce to $180,000 and you would pay a *premium* in line with this cover.

If you died at that date or before the next *plan anniversary,* the Death benefit payable would be $180,000. You would also receive your individual account balance.

As the sum insured under Option B (integrated) decreases when your individual account balance grows, Inflation protection (refer to page 9), Double TPD (page 9) and Buy back death benefit (page 10) are not available if you select Option B.

Death cover and TPD cover (as applicable) under Option B (integrated) ceases when your individual ZSP account balance exceeds the nominated benefit amount.

Choice of premium structures

Under Option A, you can choose between 'stepped' and 'level' *premiums*. Option B only offers 'stepped' *premiums*. Refer to page 23 for more information about stepped and level *premiums*.

Benefits and options

Death benefit

If you select Death cover and you die during the term of cover, the Death amount you are covered for will be paid.

Pages 6 and 7 (Part 2) explain the terms and conditions of this benefit, including any limits and exclusions.

Total and Permanent Disablement (TPD) benefit

If you select TPD cover, Zurich will pay the Trustee the TPD amount you are covered for if you become *totally and permanently disabled* during the term of the cover.

To be eligible for a TPD benefit, you must satisfy a specific three month disablement qualification period (except if the claim is for *specific loss*) within the definition of *total and permanent disablement* on page 20 of Part 2).

You will meet Zurich's definition of *total and permanent disablement* if you:

- are unlikely to ever work (for reward or otherwise) in your profession, business or similar occupation or engage in any other occupation to which you are fitted by education, training and experience for the rest of your life as a result of the *sickness* or *injury*
- suffer a *specific loss*
- are unable to perform normal domestic duties
- are unable to perform at least two *activities of daily living*
- suffer cognitive impairment.

From the *policy anniversary* immediately following your 64th birthday, TPD cover will continue, but will only cover the inability to perform at least two *activities of daily living*, cognitive impairment, and *specific loss*. The maximum benefit payable will become $3,000,000.

Pages 9 and 10 (Part 2) explain the terms and conditions of this benefit, including any limits and exclusions.

In order for the Trustee to pay you a TPD benefit, such payment must be permitted under the relevant superannuation legislation including:

- you must have ceased to be gainfully employed and
- the Trustee must be reasonably satisfied that because of ill health you are unlikely ever again to engage in gainful employment for which you are reasonably qualified by education training and experience.

TPD cover exclusions

No benefit is payable if you become *totally and permanently disabled* due to an intentional self-inflicted act, or attempted suicide, or any other event or medical condition specified on the Policy schedule. Full details of these exclusions are set out on page 10 (Part 2).

What happens to my Death cover if I receive a TPD benefit?

Under Option A, your Death cover is reduced by the amount of any TPD benefit paid.

- If you have selected Double TPD, Death cover will be restored to the same level 14 days after the TPD benefit is paid. *Premiums* for the restored Death cover equivalent to the amount of the TPD benefit paid will be waived until the policy expiry date. *Premiums* will continue to be payable in respect of the difference between the total Death cover and the TPD benefit paid. (On the *policy anniversary* following your 64th birthday your Double TPD will automatically convert to standard TPD).
- If you have selected standard TPD, Death cover will be restored to the same level 12 months after the TPD benefit is paid under the Buy back death benefit. *Premiums* will be payable for the total amount of Death cover.

Under Option B (integrated), your Death cover is reduced by the nominated TPD benefit amount.

- Death cover will be restored to the same level 12 months after the TPD benefit is paid under the Buy back death benefit. *Premiums* will be payable for the total amount of Death cover.

Terminal illness benefit (only if Death cover is selected)

If you select Death cover and are diagnosed as *terminally ill* during the term of the cover, Zurich will pay the Trustee 100 per cent of your Death cover.

Page 7 (Part 2) explains the terms and conditions of this benefit, including any limits and exclusions.

In order for the Trustee to pay you this benefit under the relevant superannuation legislation:

- two registered medical practitioners must have certified that you suffer from an illness, or have incurred an injury, that is likely to result in your death within a period ('certification period') not exceeding 12 months after the date of the certification;
- at least one of the registered medical practitioners must be a specialist practising in an area related to the illness or injury; and
- for each of the certificates, the certification period cannot have ended.

The amount of Death and TPD cover (as applicable) will be reduced by any payments made under this benefit. Your *premium* will be based on the reduced cover after payment of the Terminal illness benefit.

Advancement for funeral expenses (only if Death cover is selected)

While a claim is being settled, part of the Death benefit (up to $15,000) will be advanced towards payment of funeral expenses, subject to superannuation law. An application for payment of funeral expenses must include reasonable evidence of death and the funeral invoice.

Inflation protection (Option A only)

Each year, until the expiry of your cover, you will be provided with the opportunity to increase the level of Death and TPD cover (as applicable) by the greater of 5 per cent and the *consumer price index*, to keep up with inflation. This is known as an 'Indexation offer'. Unless you reject the Indexation offer, your *premiums* will increase each year by an extra amount to reflect that change. If you take up this offer you do not have to provide any further health evidence.

Future insurability benefit

This benefit entitles you to increase your Death and TPD cover (as applicable) prior to your 55th birthday, without reassessment of your health, within 30 days of the events described below.

If you:

- get married or divorced
- become a parent (through birth or adoption of a child)
- become a full-time carer
- become a widow or widower (through the death of a spouse)
- take out for the first time or increase your mortgage on your principal place of residence
- take out for the first time an investment property loan
- have a dependent child start secondary school
- experience a significant increase in salary.

For the first six months after an increase under this benefit any increased benefit amount is only payable in the event of your *accidental death* or *accidental injury*.

Page 8 (Part 2) explains the terms and conditions of this benefit, including any limits and exclusions.

Buy back death benefit (after TPD claim) (Option A only)

This benefit only applies if you select Death cover and the TPD option.

After a TPD benefit payment, Death cover is reduced by the amount paid. However, you can reinstate (buy back) the Death cover without providing any health evidence, 12 months after payment of the TPD benefit provided the *policy anniversary* following your 74th birthday has not passed.

We will write and offer you the reinstatement 12 months after payment of the TPD benefit and you will have 30 days to accept our offer.

Page 9 (Part 2) explains the terms and conditions of this benefit, including any limits and exclusions.

Financial planning advice benefit

Zurich will reimburse up to $3,000 towards the cost of financial planning advice required as a result of a payment being made under the policy. You may be asked to provide sufficient proof of the expense.

Accidental death option

The Accidental death benefit is paid as a lump sum in the event of your *accidental death* while the option is in force and before the option ends on the *policy anniversary* following your 75th birthday.

The minimum Accidental death amount you can apply for is $50,000 and the maximum is $1,000,000.

Page 10 (Part 2) explains the terms and conditions of this benefit, including any limits and exclusions.

Business future cover option

This benefit entitles you to increase your cover each year without reassessment of health. Death cover can be increased prior to your 65th birthday and TPD cover can be increased prior to your 60th birthday.

When you increase cover under this option the *premium* will increase to reflect the increased benefit.

If the purpose of the policy appearing on the Policy schedule is:

- loan/guarantor protection or
- buy-sell/shareholder or partnership protection

and the value of your interest in the business or loan guarantee increases, this option allows you 30 days to apply to increase your cover without providing further health evidence.

You can choose this option:

- on your Death cover only or
- on Death and TPD cover (as applicable). In this case, when you wish to exercise an increase you can either increase only the Death cover, or you can increase Death and TPD cover. Any covers increased at the same time must be increased proportionally.

Pages 10 and 11 (Part 2) explain the terms and conditions of this benefit, including any limits and exclusions.

Income replacement cover

Income replacement cover can be provided by electing to be covered by the Zurich Income Replacement (superannuation version) policy issued by Zurich to the Trustee, as a ZSP Optional protection benefit.

Zurich Income Replacement is a life insurance product which provides an *income benefit* if you suffer a loss of income due to *sickness* or *injury*. Two levels of cover are available, with each including a range of built-in and optional benefits.

The levels of cover are:

- standard and
- comprehensive.

If you are accepted for cover you will be insured under the Zurich Income Replacement policy. In the event of a claim all benefits under the Zurich Income Replacement policy are payable to the Trustee. The Trustee will pay you a benefit if you are entitled to it under superannuation law and the trust deed of the Fund (refer to page 24 for further information). *Premiums* for income replacement cover are paid by the Trustee from your ZSP account.

Policy ownership and life insured

The policy owner will be the Trustee of the Fund, Zurich Australian Superannuation Pty Limited and the life insured will be you, the member applying for cover.

The purpose of income replacement cover under superannuation is limited to continuing the gain or reward you were receiving before the *sickness* or *injury*. Therefore, under superannuation law, you may not receive the full benefit described where it would increase your income from all sources (including the cover) after disablement above your income before your *sickness* or *injury*.

Cover at a glance

A summary of Zurich Income Replacement is set out on the next pages. An outline of the cover begins on page 15.

Built-in benefits	standard	comprehensive
Income benefit – provides an income if you are disabled and suffer a loss of income as a direct result.	✓	✓
Inflation protection – cover can increase each year.	✓	✓
Recurrent disability – no *waiting period* applies if you return to work too soon.	✓	✓
Concurrent disability – if you have *sickness* and *injury*, the one which pays the most benefit will apply.	✓	✓
Rehabilitation benefit – extra benefits to help you get back to work sooner.	✓	✓
Funeral benefit – a lump sum to help with immediate expenses is payable on death.	✓	✓
Interim cover – puts some cover in place as soon as you apply.	✓	✓
No requirement to stop work for 14 full days during the *waiting period* – you only have to stop work for one full day		✓
Confined to bed benefit – benefits are payable right away if you are disabled and *confined to bed*.		✓

✓ = included

Extra-cost options	standard	comprehensive
Increasing claims option – benefits can increase quarterly while on claim.	✓	✓
Super contributions option – cover for regular super contributions.*	✓	✓
Family care option – benefits can continue after your death.	✓	✓
Severe disability option – additional income if you are severely disabled.*	✓	✓
Day 4 accident option – benefits during the *waiting period* if you are disabled due to accident.*	✓	✓
Booster option – extra benefits paid in first 30 days of claim.*	✓	✓
Future insurability option – increase cover without *underwriting* every year.*		✓

✓ = option available * These options are not available for occupations categorised as Special Risk (SR).

Cost-reducing option	standard	comprehensive
Mental disorder discount option – excludes cover for any *mental disorder*.	✓	✓

✓ = option available

Zurich Income Replacement (superannuation version) – parameters

The following table sets out some important eligibility and product limit information. When you apply for cover, we will assign you an occupation category (A1, A1M, A2, A3, B1, B2, B3 or SR). Your adviser can help you determine your occupation category.

Parameters which differ by *level of cover*	**standard**	**comprehensive**
Occupation eligibility	Available to all occupation categories (Restrictions apply to the cover available to SR occupations)	Available to all occupation categories, except SR
Eligible ages	19 – 48 for benefits to age 55 19 – 53 for benefits to age 60 19 – 59 for all other *benefit periods* The maximum entry age for SR occupations is 53	19 – 48 for benefits to age 55 19 – 53 for benefits to age 60 19 – 59 for all other *benefit periods*
Available *waiting periods*	All occupations can select from 30, 60 or 90 days All occupations except SR may also select: • 14 or 180 days, • 1 or 2 years	• 14, 30, 60, 90 or 180 days, • 1 or 2 years
Available *benefit periods*	All occupations can select 1, 2 or 5 years All occupations except SR may also select benefits payable to age 55, 60 or 65	All occupations can select: • 1, 2 or 5 years, or • benefits payable to age 55, 60 or 65 A1, A1M, A2 and A3 occupations can also select benefits payable to age 70. Restrictions apply to this benefit period, refer to page 15 (Part 2).
Offsets Refer to the definition of *post-disability income* on page 19 (Part 2).	In the event of a claim, we will offset: • other disability income policies not disclosed to us at the time of *underwriting* and • workers' compensation or other legislated benefits (does not apply to A1, A1M or A2 occupations). You can earn up to 10 per cent of *pre-disability income* in the first three months without any offset.	

Common parameters for standard & comprehensive	
Employment status	You must be working in *full-time paid employment*
Expiry ages	• *policy anniversary* following 55th birthday for benefits payable to age 55 • *policy anniversary* following 60th birthday for benefits payable to age 60 • *policy anniversary* following 65th birthday for benefits payable for 1, 2 and 5 years and for benefits payable to age 65 • *policy anniversary* following 70th birthday for benefits payable to age 70, or • the earlier cessation of membership of the Fund The expiry age for SR occupations is *policy anniversary* following 60th birthday
Minimum *premium*	$200 per year excluding fees and charges
Cover available	Minimum $1,500 per month (subject to your income) SR occupations can apply for a maximum of $10,000 per month.

(continued next page)

Zurich Income Replacement (superannuation version) – parameters

(continued)

***Premium* options**	Stepped *premiums* increase each year based on the rates applicable for your age at that time. Level *premiums* are based on your age when your cover starts. You can either select one premium structure, or you can split your *premium* to allow both structures, in the proportion that you choose. Refer to page 23.
How *premiums* are calculated	*Premiums* are based on your cover amount, *level of cover*, options chosen (including whether you select stepped or level), frequency of payments, current age, gender and smoking status. Your circumstances including state of health, occupation and pastimes will also be included as will any state or federal taxes. Stamp duty will be added to your *premium*. Refer to page 22.
Exclusions	There are certain circumstances under which benefits will not be paid. There are limitations and restrictions on when some benefits may be payable. Any such limitation or restriction will be detailed in the Policy conditions. Refer to pages 12 to 16 (Part 2).
Unemployment and employment breaks	Generally, cover can continue during short periods of unemployment, however, after 12 months of unemployment, cover will either be limited or, for SR occupations, cover will end. Refer to page 24.
Taxation	The benefits you receive from your cover (except the benefits paid into your ZSP under the Super contributions option) must be included in your tax return as assessable income and will be taxed at your marginal income tax rate. There are other important tax implications of taking this cover which you should be familiar with. Refer to the "**Zurich Superannuation Plan – Additional Information Booklet**" available at www.zurich.com.au/ZSPandZABP
Other important information	• fees and charges – stamp duty and other taxes may apply. • complaints resolution – we have a complaints handling procedure in place. • your privacy – we have privacy provisions in place. • information about your cover – once your application has been accepted, you will receive a Policy schedule that sets out the particular details of your cover (including: amount of cover, options selected, details of the life insured). • the Policy conditions that will apply are provided to you in Part 2 of this document. • claims requirements – there are notification and information requirements in order to make a claim under your policy.

Overview

The cover provided by Zurich Income Replacement (superannuation version) pays, after the expiry of the *waiting period*, an income while you are disabled and suffer a loss of income because of that disability. The *waiting period* is the number of days that you must qualify for the *income benefit*, before being eligible for payment. The maximum period we will pay benefits for is the *benefit period*. We pay a proportion of the *income benefit* twice monthly with the first payment due 15 days after the expiry of the *waiting period*.

Who can apply?

People who are members of the Fund and invest in the ZSP can apply for income replacement cover as a ZSP Optional protection benefit.

This policy is generally available to people between the ages of 19 and 59 who are working full-time. However, certain age restrictions apply to certain *benefit periods*: for benefits payable to age 55 the maximum entry age is 48, for benefits payable to age 60 the maximum entry age is 53. For occupations categorised as SR, the maximum entry age is 53.

The availability of cover also depends on the life insured's occupation and state of health. Some optional benefits are restricted to certain occupations. Your adviser can help you to determine your eligibility.

How much cover can I apply for?

The minimum *insured monthly benefit* you can apply for is $1,500 per month subject to a minimum annual *premium* of $200 (excluding any government charges). The maximum benefit you can apply for will depend on your income. Generally, you can insure up to 75 per cent of your average monthly *pre-tax income*. A maximum benefit of $10,000 per month applies to SR occupations.

> For example, if your income (according to our definition) is $4,000 per month, you can insure up to $3,000 per month.

In determining your total income replacement cover we will add together your *insured monthly benefit* and the super contributions monthly benefit amount (if applicable).

Your adviser can help you to determine the appropriate cover amount.

Can I increase my cover?

Subject to our reassessment of your personal circumstances, you may apply to increase your cover until the expiry of your cover.

When will my cover expire?

Once your application has been accepted and provided you remain a member of the Fund, we guarantee that we will renew your policy every year up until the *policy anniversary* following:

- your 55th birthday where you have selected benefits payable to age 55
- your 60th birthday where you have selected benefits payable to age 60 (and for all policies insuring SR occupations)
- your 70th birthday where you have selected benefits payable to age 70 and
- your 65th birthday for all other *benefit periods*

regardless of any changes in your health or other circumstances, subject to the conditions on which ZSP Optional protection benefits cease as specified on page 17. If your individual account balance is not sufficient to pay for your *premium*, the ZSP Optional protection benefits you have will lapse after 30 days and you will not be covered. You may be able to reinstate your cover after it lapses, subject to Zurich's reassessment of your personal circumstances.

Unless otherwise stated, optional benefits will expire at the same time as the policy to which they are attached (refer to the relevant optional benefit descriptions on pages 20 to 21).

Refer to page 24 for details of what will happen if you become unemployed.

If you select benefits payable to age 70, benefits will reduce after the *policy anniversary* following your 65th birthday. Refer to page 15 (Part 2).

Extended cover

If you have selected benefits payable to age 65, on the *policy anniversary* following your 65th birthday, you can extend your cover on a limited basis, up to the *policy anniversary* following your 70th birthday, if you are still working in paid employment for more than 30 hours per week. You must apply to us at least 60 days before your cover would otherwise end (shown on your Policy schedule). You should consult your adviser for information regarding this extension of cover.

Limitations on extended cover

- The *benefit period* on extended cover is one year.
- An *income benefit* will only be payable where there is no *post-disability income* (i.e. no partial benefits are payable).
- The extended cover does not apply if you are entitled to receive a benefit, or if you are receiving or have received a benefit under your cover at any time in the last 12 months.
- You must be eligible to contribute to a superannuation fund.

What are the waiting periods from which I can choose?

You can select from the following *waiting periods**:

- 14 days
- 30, 60, 90 days
- 180 days
- 1 or 2 years

You may choose to split your *waiting period* which means you can have different *waiting periods* for two portions of your *income benefit*.

* For SR occupations you can select 30, 60 or 90 days only.

Is there any waiting period flexibility I should know about?

If you choose a 2 year *waiting period* because you have employment related salary continuance, we may allow a reduction in your *waiting period* if you change employer and salary continuance cover is not provided by your new employer. To be eligible to make this change to your *waiting period*, you must:

- be in *full-time paid employment* (more than 26 hours per week) in the same occupation/industry
- apply to us within 30 days of ceasing employment with previous employer
- attach a letter of appointment from your new employer or a payslip outlining salary and breakdown of any fringe benefits to support the existing monthly benefit.

You cannot apply to make this change if you:

- have any ownership or financial interest in your employer's business
- have already reached the *policy anniversary* prior to the benefit expiry date
- are currently claiming disability benefits or have claimed disability benefits any time in the last 12 months
- have salary continuance cover with your new employer.

What are the benefit periods from which I can choose?

You can select from the following *benefit periods**:

- 1 year
- 2 years
- 5 years
- to the *policy anniversary* following your: 55th, 60th, 65th birthday
- to the *policy anniversary* following your 70th birthday (comprehensive *level of cover* only).

If you select benefits payable to age 70, benefits will reduce after the *policy anniversary* following your 65th birthday. See page 15 of Part 2.

* For SR occupations you can select 1, 2 or 5 years only.

What exclusions apply?

We will not pay for *sickness* or *injury* occurring as a direct or indirect result of:

- an intentional self-inflicted act or
- attempted suicide or
- *uncomplicated pregnancy or childbirth* or
- elective surgery or donor transplant surgery (unless the surgery occurs after the specified times – refer to page 14 of Part 2) or
- an act of war (whether declared or not).

If you select the Mental disorder discount option (refer to page 21) we will not pay a claim resulting from any *mental disorder*.

Built-in benefits

Income benefit

We will pay an *income benefit* if you suffer a loss of income as a result of a *sickness* or *injury* and are under the care of a doctor. Your monthly income benefit will be capped at 75 per cent of your income immediately before any claim. Refer to the example calculations on page 18 for an explanation of how this works.

Qualifying for an Income benefit

To be eligible for an *income benefit*, you must be under the regular care of, and following the advice of, a *medical practitioner*.

You must cease work for at least one full working day.

We will pay an *income benefit* after the expiry of the *waiting period* if, solely as a result of a *sickness* or *injury*, until the expiry of the *waiting period*:

- your pre-*disability income* from your *usual occupation* reduces by 20 per cent or more or
- you are unable to perform one or more *income producing duties* of your *usual occupation* or
- you are unable to perform the *income producing duties* of your *usual occupation* for more than 10 hours per week.

When will payments commence?

- if you have comprehensive cover, payments will commence as soon as you meet the qualifying criteria above
- if you have standard cover, in addition to the qualifying criteria above, you must stop working for a period of at least 14 days during the *waiting period*.

If you are not earning any income

(this is commonly known as being totally disabled)
If, at the expiry of the *waiting period*, you have no *post-disability income* (including received sick leave) then we will pay the lesser of the *insured monthly benefit* and 75 per cent of your *pre-disability income*.

If you are still earning income

(this is commonly known as being partially disabled)
If, at the expiry of the *waiting period*, you do have *post-disability income* then the *income benefit* we will pay will be proportionate to your loss and calculated on a monthly basis using the following formula:

$$\frac{\textit{pre-disability income} - \textit{post-disability income}}{\textit{pre-disability income}} \times \textit{insured monthly benefit}$$

Your *income benefit* will be capped so that the amount we pay does not exceed 75 per cent of your *pre-disability income*. Refer to the example calculations on the next page for an explanation of how this works.

There may be special provisions that will be applied when calculating your *pre-disability income* and *post-disability income*. Please refer to the definitions of these terms on pages 19 and 20 (Part 2).

The *insured monthly benefit* at commencement is shown on your Policy schedule.

How long will the income benefit be paid?

We will continue to pay the *income benefit* until any one of the following events occurs:

- the *sickness* or *injury* giving rise to the claim does not prevent you from earning your *pre-disability income* from personal exertion from your *usual occupation*
- the *benefit period* ends
- your cover ends
- your death, unless you select the Family care option
- you are no longer under the regular care of a *medical practitioner* with regard to treatment for the *sickness* or *injury*
- you are not following the treatment recommended by a *medical practitioner* at such intervals and frequency as will lead to a cure, alleviation or minimisation of the condition causing your disability.

Example calculations

These examples show how the *income benefit* is calculated.

No *post-disability income*

You have an *insured monthly benefit* of $4,000.

Due to *sickness* you cannot earn any income and are eligible to make a claim. You have no *post-disability income* and are not receiving any sick leave. Prior to your *sickness* you were earning $4,000 per month (*pre-disability income*).

Using the formula your *income benefit* would be the *insured monthly benefit.* However under the policy where you have no *post-disability income* we pay the lesser of the *insured monthly benefit* ($4,000) and 75 per cent of your *pre-disability income* ($3,000).

Your *income benefit* would be $3,000.

Where you have some *post-disability income*

You have an *insured monthly benefit* of $3,000.

Due to *sickness* you are only generating 25 per cent of your usual income and you are eligible to make a claim. Prior to your *sickness* you were earning $4,000.

Your *income benefit* would be:

$$\frac{\$4,000 - \$1,000}{\$4,000} \times \$3,000 = \$2,250$$

(75 per cent of the *insured monthly benefit*).

Limit on total benefits

The payment of benefits is conditional upon the Trustee's ability to pay such benefits in accordance with superannuation legislation. This means that the total benefit paid under the cover for any given month (including the *income benefit* and any other applicable built-in and *optional benefits*) will be capped. The total benefit plus any *post-disability income* cannot exceed 100 per cent of your *pre-disability income*.

Example calculation

Where the limit on total benefits may apply

You have an *insured monthly benefit* of $3,000.

Due to *sickness* you are only generating 25 per cent of your usual income and you are eligible to make a claim.

Due to *sickness* you are also undergoing an approved rehabilitation program which entitles you to receive an additional 50 per cent of your *income benefit* each month. (See details of the Rehabilitation benefit on page 19).

Prior to your *sickness* you were earning $4,000 per month (*pre-disability income*).

Your *income benefit* would be:

$$\frac{\$4,000 - \$1,000}{\$4,000} \times \$3,000 = \$2,250$$

(75 per cent of the *insured monthly benefit*).

Your total monthly benefit would be capped at $3,000 even though you would otherwise be eligible for an *income benefit* of $2,250 and a Rehabilitation program benefit of $1,125.

This is because your *post-disability income* ($1,000) plus your total monthly benefit (in this example $3,000) cannot exceed your *pre-disability income* ($4,000).

Additional built-in benefits

The benefits explained in this section are automatically built-in but only for the level/s of cover indicated beneath each heading.

Inflation protection
(standard/comprehensive)

Each year, until the expiry of your cover, we will provide you the opportunity to increase your cover by the increase in the *consumer price index* to ensure your benefits keep up with inflation. This is known as an 'Indexation offer'. Unless you reject the Indexation offer, your *premiums* will increase each year by an extra amount to reflect that change. If you take up the Indexation offer you do not have to provide any further health evidence.

Indexation increases will apply automatically while you are entitled to make a claim. As benefits will be limited to 75 per cent of your *pre-disability income*, you should reject any increase to your *insured monthly benefit* that would take you beyond 75 per cent of your average monthly *pre-tax income* over the previous 12 months to avoid paying unnecessary *premiums*.

Recurrent disability
(standard/comprehensive)

If your disability recurs from the same or related cause within 12 months of you returning to work (6 months for SR occupations), the claim will be considered to be a continuation of the same claim and a further *waiting period* will not apply. We will start paying again immediately for the balance, if any, of the *benefit period*.

If your disability recurs from the same or related cause later than 12 months after you return to work (6 months for SR occupations), the claim will be considered to be a continuation of the same claim, but further *income benefits* will only be payable after expiry of a further *waiting period* and for no longer than the balance, if any, of the *benefit period*.

Employment related salary continuance

If you take out cover with a 2 year *waiting period*, and you are also covered by employment related salary continuance which has a 2 year *benefit period*, we will use the original start date of the salary continuance claim when we assess your *waiting period*, excluding any periods where you have returned to work under recurrent disability provisions in that cover.

Concurrent disability
(standard/comprehensive)

If more than one separate and distinct *sickness* or *injury* resulted in your disability, you will not be paid the *income benefit* twice. Instead, payments will be based on the cover condition that provides the highest benefit. This ensures that you receive the maximum you are eligible for.

Rehabilitation benefit
(standard/comprehensive)

This benefit is designed to help with the cost of returning to gainful employment by reimbursing certain rehabilitation expenses. It also pays an additional amount while you are on an approved *rehabilitation* program.

This benefit is payable when you have qualified for an *income benefit* after the expiry of the *waiting period* or within the *waiting period* if you would otherwise qualify for an *income benefit* (provided you obtain our written approval before incurring the expenses):

- if your workplace needs modification for you to return to gainful employment, we will reimburse up to three times your *income benefit* for modification expenses
- if you take part in a *Rehabilitation program*, we will pay up to an additional 50 per cent of your *income benefit* each month, while you are on the program, for up to 12 months
- we will reimburse up to twelve times your *income benefit* to cover the expenses of rehabilitating yourself. This benefit does not cover health costs which are typically covered by Medicare or private health insurance.

Limitations

The limit on total benefits described on page 18 applies to the Rehabilitation benefit.

Funeral benefit
(standard/comprehensive)

If you die while your cover is in force we will pay a lump sum of three times your *insured monthly benefit*. We will only pay this benefit once regardless of how many insurance products you have with Zurich which have a funeral benefit.

Confined to bed benefit (comprehensive)

If you are *confined to bed* for more than two consecutive days during the *waiting period*, and unable to earn any personal exertion income because of the *sickness* or *injury*, we will pay this benefit.

The amount we will pay is the lesser of the *insured monthly benefit* and 75 per cent of your *pre-disability income*.

We will pay 1/30th of the Confined to bed benefit for each day that you are eligible during the *waiting period*, to a maximum of 180 days.

> For example, if your *income benefit* is $3,000 per month, we will pay $100 per day for each day that you qualify for this benefit during the *waiting period*.

Optional benefits

You can select from the following **optional** benefits to design a policy that best meets your needs. You will be charged a *premium* for each optional benefit you select from this section (except for the Mental disorder discount option).

Level of cover only restricts access to options as set out on page 12.

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 *consumer price index* for the previous quarter.

> For example, if your *income benefit* is $3,000 per month, and the increase for the quarter in the *consumer price index* is 1 per cent, then your *income benefit* will increase to $3,030.

Super contributions option

This option allows you to also insure your regular superannuation contributions so that your superannuation will continue to accumulate while you are unable to work due to *sickness* or *injury*. If you take this option, the superannuation contributions will be made into your ZSP account.

You can insure 100 per cent of the average monthly superannuation contributions made by you or your employer in the 12 months preceding your application. This amount is called the super contributions monthly benefit. If you select this option then your superannuation contributions cannot be included in your average monthly *pre-tax income* when determining your *insured monthly benefit*.

> For example, if you are earning an annual salary package of $50,000 which includes $4,500 in superannuation, you can apply for either:
>
> - an *insured monthly benefit* of up to $3,125 [($50,000 ÷ 12) x 75 per cent] without the Super contributions option, or
> - an *insured monthly benefit* of up to $2,844 [($45,500 ÷ 12) x 75 per cent] and a super contributions monthly benefit of up to $375 per month [$4,500 ÷ 12]. This provides a combined benefit of $3,219 [$2,844 + $375].

The super contributions monthly benefit, or a proportion thereof, is payable when you are receiving an *income benefit*, Confined to bed benefit, or Day 4 accident benefit. Inflation protection, the Increasing claims option and the Future insurability option apply to the Super contributions option.

Benefit payable

The benefit payable is the super contributions monthly benefit multiplied by the proportion of the *insured monthly benefit* you are receiving as an *income benefit*, Confined to bed benefit, or Day 4 accident benefit, subject to a maximum of the actual average monthly superannuation contributions you or your employer made in the 12 months preceding your claim.

> For example, if you are receiving an *income benefit* equal to 100 per cent of your *insured monthly benefit*, we will pay the lesser of 100 per cent of the super contributions monthly benefit and the actual average monthly superannuation contributions you or your employer made in the 12 months preceding your claim, while you continue to receive an *income benefit*.

Page 16 (Part 2) explains the terms and conditions of this benefit, including any limits and exclusions.

Limitations

The limit on total benefits described on page 18 applies to the Super contributions option.

Family care option

If you die while you are receiving an *income benefit* we will continue to pay your *spouse* the *income benefit* for up to five years after your death. We will not pay after the benefit expiry date, or for longer than the balance of the *benefit period*, and if your *spouse* dies during the time, we will stop paying the benefit. Your *spouse* will receive the same *income benefit* that you would have otherwise received if still living for a further five years.

Severe disability option

If, while we are paying an *income benefit*, you have been unable to perform continuously at least two of the *activities of daily living* for more than three months of your disability, we will then increase your benefit by one third while this condition continues. This benefit is payable until the end of your *benefit period*.

> For example, if your *income benefit* is $3,000 per month, and you meet the requirements of this option, we will increase your monthly benefit to $4,000 per month while you continue to meet the requirements.

We will not pay the Severe disability option and the Booster option for the same period.

Day 4 accident option

This option is only available for cover with *waiting periods* of 90 days or less.

If you are disabled for more than three consecutive days during the *waiting period*, as an immediate consequence of an *accidental injury*, your *pre-disability income* reduces by 20 per cent or more, and you are not working in any occupation due to that *accidental injury*, we will pay 1/30th of the *income benefit* for each day of the *waiting period* while you continue to meet those criteria due to your *accidental injury*. This benefit is not payable if you are eligible for the Confined to bed benefit.

> For example, if your *income benefit* is $3,000 per month, we will pay $100 per day for each day that you qualify for this benefit during the *waiting period*.

Booster option

Under this option, if you are disabled and we are paying the maximum benefit available under your cover, we will increase your *income benefit* by 1/3rd for the first 30 days.

> For example, if your *income benefit* is $3,000 per month, and you meet the requirements of this option, we will increase your monthly benefit to $4,000 per month for up to 30 days while you continue to meet the requirements.

We will not pay the Booster option and the Severe disability option for the same period.

Future insurability option

You can increase your *insured monthly benefit* (and any super contributions monthly benefit) by up to 15 per cent on every *policy anniversary*, without us reassessing your personal circumstances. You must tell us in writing that you want to make the increase no more than 30 days after the relevant *policy anniversary*. The increase cannot be made if:

- you are over age 55
- you are currently claiming disability benefits or have ever claimed disability benefits under your policy
- after the increase, your *insured monthly benefit* will be more than 75 per cent of your average monthly *pre-tax income* at that date or
- after the increase, your super contributions monthly benefit will be more than the actual average monthly super contributions you or your employer made in the preceding 12 months.

> For example, if your *insured monthly benefit* is $4,000, after 12 months you can use this option to increase your *insured monthly benefit* to $4,800.

Mental disorder discount option

The Mental disorder discount option allows you to reduce your *premiums* by electing not to receive any benefits if you were to suffer a *mental disorder*.

You are not eligible to apply for this option if you have a history of *mental disorders*.

Once you have selected this option it cannot be removed for the life of your cover.

Additional information about the ZSP Optional protection benefits

Interim cover

You will be provided with interim cover against *accidental death* (if you apply for Death cover) and *accidental injury* (if you apply for TPD cover or income replacement cover), for up to 90 days while Zurich assesses your initial application (refer to the Interim cover certificate in the Application form for full details).

Assessment of health

When you apply for any ZSP Optional protection benefits, you must complete the appropriate section of the ZSP Application Form and the separate Life Insured's Statement accompanying the PDS, which asks detailed questions about your state of health. We then assess your application in order to make an offer of cover to you. Any health condition you tell us about will be covered under the policies, unless we are unable to offer cover, or we specifically exclude the condition. Prior to the commencement of your cover you will be advised of any other exclusions that result from the personal assessment of your application. Any health condition you do not tell us about may cause you to fail your duty of disclosure. If your non-disclosure is fraudulent we may avoid the contract at any time. If we would not have entered into the contract on any terms we may avoid the contract within 3 years of entering into it. If we choose not to avoid the contract we may reduce the sum that you have insured for in accordance with a statutory formula.

Premium payments

Premiums for all ZSP Optional protection benefits will be calculated and deducted on a monthly basis from your ZSP account. You will need to take this into consideration when deciding what level of contribution you will make to your ZSP.

IMPORTANT: If your individual account balance is not sufficient to pay for your *premium*, your cover will lapse after 30 days and you will not be covered. You may be able to reinstate your cover after it lapses, subject to Zurich's reassessment of your personal circumstances.

Please note the Trustee is not responsible for the payment of *premiums* or for monitoring your payment of *premiums*.

How your premium is calculated

Your *premium* will depend on:

- the amount of cover you require (the higher the sum insured, the higher the *premium*)
- (for income replacement) the *benefit period* you select (the longer the *benefit period*, the higher the *premium*)
- (for income replacement) the *waiting period* you select (the shorter the *waiting period*, the higher the *premium*)
- (for income replacement) the *level of cover* you select (the *premium* is higher for comprehensive)
- any options you choose (the more extra-cost options you select, the higher the *premium*)
- whether you select stepped or level *premiums* (stepped *premiums* are generally lower than level *premiums* at the start of the cover, but stepped *premiums* increase each year as you get older whereas level *premiums* do not)
- your current age (generally *premiums* increase each year in line with your age)
- your gender (for example, income replacement *premiums* are generally higher for females than for males, whereas Death cover *premiums* are generally higher for males than for females)
- whether or not you are a smoker (*premiums* are higher for smokers than for non-smokers; a non-smoker is defined as a person who has not smoked tobacco or any other substance for the past 12 months)
- (for income replacement and TPD cover) your occupation (generally occupations with hazardous duties or higher occupational risk have higher *premiums*)
- your health and
- any pastimes you participate in (generally *premiums* are higher for those who engage in hazardous activities).

Your *premium* will also include any stamp duty charged by your state government as well as any other taxes that may be levied by state or federal governments.

Your adviser will provide you with a premium illustration for the particular cover you are applying for taking into account all of these factors. This illustration will show the cost of each coverage and option you select as well as the details of any fees and/or stamp duties or tax that may apply. If you request, your adviser can also provide you with a table of premium rates giving all rates and factors for all ZSP Optional protection benefits described in the

PDS and this document. Further information on how *premiums* are calculated can be obtained by calling our Client Service Centre on 131 551.

Premium rates are not guaranteed and can change from time to time. Any change, however, will affect all clients in the same category, not just an individual. We will notify you in writing of any change in the premium rates.

Choice of premium structures

You can choose between 'stepped' and 'level' *premiums*:

- stepped premium – your *premiums* will increase each year based on the rates applicable for your age at that time.
- level premium – your *premium* will be based on the rate at the age that you commence the cover. If you increase your cover in the future, we will base the *premiums* for the increased amount on your age at that time.

Guaranteed upgrade of benefits

Terms of the insurance benefits described in the PDS and this document may be improved. If terms are changed without any increase in the standard premium rates, we will provide the improvement to you. Any medical condition existing at the time the improvement is offered or any injuries sustained prior will be excluded from being eligible for payment under the improved terms.

Guaranteed renewable

Provided you have paid your *premiums* as required, your cover is guaranteed to be renewable up until the expiry age of the benefit(s) you have chosen regardless of any changes in your health or pastimes. Your cover will only cease in accordance with the terms of the policies.

World-wide cover

You will be covered 24 hours a day world-wide.

When do the ZSP Optional protection benefits cease?

Cover under the ZSP Optional protection benefits will cease on the first to occur of:

- your ceasing to be a member of the Fund
- the benefit expiry date shown in the Policy schedule
- 30 days after your account balance is insufficient to pay a *premium* when it is due and payable
- Zurich's receipt of written notification to terminate these benefits.

Some additional terminations apply depending on the cover you select:

Death cover:

- your death
- the payment of 100 per cent of the Death benefit
- the individual account balance exceeding the nominated benefit amount when you have selected Option B (integrated) – nominated benefit (refer to page 8).

TPD cover:

- your death
- the payment of 100 per cent of the TPD benefit
- the individual account balance exceeding the nominated benefit amount when you have selected Option B (integrated) – nominated benefit (refer to page 8).

Income replacement:

- your death, unless a benefit continues to be payable under the Family care option (refer to page 21)
- if your occupation is Special Risk (SR), the end of any 12 month period during which you have not been engaged in *full-time paid employment* other than where this is a direct result of a claimable event or where Zurich has given written permission for cover to continue.

Payment of benefits

In some situations a benefit under your ZSP may be paid to the Trustee where the Trustee is not permitted, either by superannuation law or the terms of the governing rules of the Fund, to pay the benefit to you.

Also, situations can occur where there is no entitlement to a benefit under your ZSP (e.g. because there is no TPD cover under the policy or, if there is, because the incapacity suffered by you does not meet the definition of *total and permanent disablement* required under the policy) but the incapacity suffered is such that you would be entitled, under superannuation law and the governing rules of the Fund to receive your superannuation account balance. It should be noted that in such cases where you are covered for TPD but do not satisfy the TPD definitions, no insurance benefit will be payable under the Zurich policy and accordingly the Fund.

Where a benefit under your ZSP is paid to the Trustee of the Fund, but the Trustee is required to preserve the benefit in the Fund, the Trustee will contact you for your investment instructions.

Unemployment /employment breaks and income replacement

Zurich Income Replacement (superannuation version) is designed for people who are working in paid employment. However, cover can continue during periods of unemployment.

For all occupation categories except SR

The definition of *usual occupation* will change if you have been unemployed, or on long service, maternity leave, paternity leave or sabbatical leave for more than 12 consecutive months immediately prior to the *sickness* or *injury* causing disability – rather than your *usual occupation* being the occupation you predominantly performed in the 12 months prior to the *sickness* or *injury* it will be any occupation you are capable of performing.

If you are involuntarily unemployed other than as a direct result of a *sickness* or *injury*, your cover has been in force for the previous 12 months and you are registered with an employment agency approved by us, we will waive your *premium* for up to three months at a time (12 months over the life of your policy). Each request to waive *premium* must occur at least 12 months apart.

For SR occupations

Zurich Income Replacement (superannuation version) terminates at the end of any 12 month period during which you have not been engaged in *full-time paid employment* other than as a direct result of disability or where we have given prior written approval. While you are on unpaid leave (e.g. maternity leave, paternity leave or sabbatical leave) you can, with our prior written approval, continue your policy beyond these periods.

Claims

You must advise Zurich of an insured event occurring as soon as reasonably possible after the event. You can do this by contacting the Zurich Client Service Centre and a claim form will be forwarded to you to complete and sign.

Before a claim is payable under any ZSP Optional protection benefit described in this document, we must receive proof to our satisfaction of the insured event.

Proof of the occurrence of any insured event may need to be supported by:

- one or more appropriate specialist *medical practitioners* registered in Australia or New Zealand (or in another country approved by us), and
- confirmatory investigations including, but not limited to, clinical, radiological, histological and laboratory evidence.

Our medical advisers must support the occurrence of the insured events. We reserve the right to require you to undergo an examination or other reasonable tests to confirm the occurrence of the insured event.

In assessing your claim we will also rely on any information you have disclosed to us as part of your application. Where information (e.g. your income) has not been verified at the time of application we reserve the right to verify it at the time of claim.

You must, on our request, provide us (or our agent) with information (or access to information) that we require to verify your income and other relevant matters in respect of your claim and any benefits to which you may be entitled. For example: tax returns for all entities including assessment notices issued by the Australian Taxation Office (ATO), profit and loss and financial statements.

Further details about the claims process are set out on page 5 (Part 2). You should read this information carefully.

Statutory fund

The *premiums* paid for the Optional protection benefits described in this document form part of the Zurich No. 2 Statutory Fund. Any benefits you receive in relation to this cover will be paid from that fund.

Information about your cover

When you take out ZSP Optional protection benefits, you will receive a Policy schedule which outlines the specific details of your particular cover – such as which options you have selected. Part 2 of this document contains the Policy conditions. These are important documents and should be read carefully. Please keep them in a safe place because you will need them to make a claim. Should there be any changes to the benefits included in the Policy conditions, you will be notified by mail.

You may request further information about your cover, including a copy of the trust deed for the Fund, by contacting us at the address shown on the back cover of the PDS or by telephoning us on 131 551. If so requested, we will give you further information which has previously been generally made available to the public. The provision of further information may be subject to a charge.

We are committed to providing our customers with high levels of service. If you have any enquiries or complaints about your cover, you should contact your adviser or our Client Service Centre on 131 551. If we cannot resolve the issue to your satisfaction you have access to an independent complaints resolution body. Refer to the PDS for further information.

The information in this document may be updated. It is therefore important that you check the issue date and visit the website for the latest versions before applying. A printed copy of this document and any updated information will be available free of charge upon request by calling our Client Service Centre on 131 551.

As this insurance cover is provided through your superannuation, there is other important information you should know. Please refer to the "**Zurich Superannuation Plan Additional Information Booklet**" available online at www.zurich.com.au/ZSPandZABP for details of the following:

- contributing to superannuation funds
- accessing your superannuation
- nominating a dependant to receive death benefits
- tax in super.

If you would like a printed copy of the latest version of the booklet, free of charge, please contact our Client Service Centre on 131 551.

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ZURICH®

Zurich Superannuation Plan

Optional Protection Benefits Policy conditions

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Important notes

This section of the ZSP Optional Protection Benefits Information Booklet (Part 2) contains the Policy conditions which will apply to the following products added to the ZSP:

- Zurich Superannuation Term Life Plus
- Zurich Income Replacement (superannuation version)

These Policy conditions are a legal document. It is important that you read them carefully and keep them in a safe place. This document is your record of the terms and conditions of the policy once cover is accepted.

Defined terms

In this document, all terms appearing in *italics* (other than in headings) are defined terms with special meanings. Detailed definitions begin on page 17. Product features are capitalised for ease of identification.

General policy conditions

These Policy conditions set out the details of the life insurance cover that can be added to the Zurich Superannuation Plan, as ZSP Optional protection benefits, and explains how the insurance cover operates. The insurance cover is provided by the following policies (each 'the policy'):

- Zurich Superannuation Term Life Plus
- Zurich Income Replacement (superannuation version)

The policy includes these Policy conditions (Part 2 of the **ZSP Optional Protection Benefits Information Booklet**) and the Policy schedule, which we will send to you when the policy is issued. The Policy schedule shows the type of policy, the policy owner, the life insured, the amounts and types of cover, any optional benefits chosen and any special terms and conditions particular to the policy.

Please check both this document and the Policy schedule carefully to ensure that the policy provides the insurance cover required.

In this document, 'you' refers to the policy owner, 'the life insured' refers to the life insured shown on the Policy schedule and 'Zurich', 'we', 'our' or 'us' refers to Zurich Australia Limited.

If there are any questions about the policy now, or at any time, contact your financial adviser or our Client Service Centre on 131 551.

Contract

The policy only provides the insurance benefits outlined and does not have a cash value.

The contract is between Zurich Australia Limited and the policy owner and is referable to our No. 2 Statutory Fund. Benefits are paid to the policy owner. There is no contract between a member of the Zurich Master Superannuation Fund (the 'Fund') and Zurich Australia Limited.

Residency and compliance with laws

We and other companies within the worldwide Zurich group of companies have obligations under Australian and foreign laws. This policy has been designed to meet legal and tax requirements for Australian resident customers only.

Notwithstanding any other term of the policy:

- we may refrain from taking any action which we consider could place us or another company within the worldwide Zurich group at risk of breaching any law in force in Australia or in any other country
- we may take any action which we consider could be necessary to enable us or another company within the worldwide Zurich group to comply with any law in force in Australia or in any other country
- prior notice of any change to life insured's residency must be given
- the life insured acknowledges that any change in residency status may alter the tax circumstances of the life insured, for which independent financial or tax advice should be sought, and agrees to hold us harmless for any adverse tax consequence suffered as a result of a change in country of residence.

Cooling off period

The policy provides valuable insurance protection. However, if the policy has been issued as a result of a new application and it is not completely satisfactory, within 21 days, the Policy schedule can be returned to us with a letter asking us to cancel the policy. We will cancel the policy and promptly refund all *premiums* paid provided that no rights under the policy have been exercised.

Upon cancellation of the policy, your *premiums* may be required to be preserved under superannuation law and any repayments made under this cooling off period will be subject to those rules.

The '21 day' period commences from the date of receipt of the Policy schedule. Unless it can be proven otherwise, we will assume it was received within 5 business days of us issuing the document.

Guarantee to renew

As long as there are adequate funds in the *fund account* to pay each monthly *premium* in accordance with the Premium and reinstatement section on page 4, and the life insured remains a member of the Fund, the policy can be continued up to the latest benefit expiry date (see the Policy schedule) regardless of changes in the life insured's personal circumstances.

Guaranteed upgrade of benefits

We may improve the terms of the benefits. If we do so without any change in the standard premium rates applying to that benefit under this class of policy, we will incorporate the improvement in this policy. Any medical condition existing at the time the improvement is offered or any injuries sustained prior will be excluded from being eligible for payment under the improved terms.

Changes to the policy

A written request is required to change the policy. In order to consider the request, we may ask for further information. If we agree, we will confirm any changes in writing. Only an authorised member of our staff can agree to change or waive any condition. A financial adviser does not have authority to change or waive any conditions.

If there are any material changes to the terms and conditions described in these Policy conditions, we will advise you of those changes. If those changes are to do with the fees and charges that apply to the policy, we will notify you of the changes at least 30 days prior to the changes taking effect. All other changes will normally be notified in the annual notice.

Termination of the policy

All cover under the policy will terminate on the first to occur of:

- the death of the life insured, unless a benefit continues to be payable under the Family care option
- the life insured ceasing to be a member of the Fund
- the latest benefit expiry date shown in the Policy schedule
- the *fund account* not being adequate to satisfy the payment of any monthly *premium*, and all arrears then owing, not being paid within 30 days of its due date
- our receipt of written notification to terminate these benefits

Additional terminations that apply to Zurich Superannuation Term Life Plus:

- the payment of 100 per cent of the Death benefit, or
- the *fund account* exceeding the nominated benefit for Death and TPD (as applicable) when Option B (integrated) has been selected.

An additional termination applies to Zurich Income Replacement (superannuation version) if the life insured's occupation is classified as Special Risk (SR):

- the end of any 12 month period during which the life insured has not been engaged in *full-time paid employment* other than where this is a direct result of a claimable event or where Zurich has given written permission for cover to continue.

World wide cover

The policy provides insurance cover 24 hours a day, seven days a week, world wide.

Premium and reinstatement

Payment of premium

The *premium* is payable on the due dates shown on the Policy schedule. *Premiums* must be paid to keep the policy in force. All *premiums* must be paid by monthly deduction from the *fund account*.

Unpaid premium

If any *premium* is not paid within 30 days of its due date (for instance, if the *fund account* balance is not sufficient to pay for the *premium*), the policy will lapse and no benefits are payable.

Reinstatement

If the policy terminates because of the *fund account* not being adequate to satisfy the payment of any monthly *premium*, the cover can be considered for reinstatement if we receive all outstanding *premiums* together with a signed reinstatement application. We will consider an application for reinstatement within 12 months of the due date of the first unpaid *premium* but we may decline to reinstate or impose conditions.

If the policy is reinstated, no benefit will be paid if consequent upon an event which occurred or a condition which became apparent while the policy was lapsed.

Amount of premium

The *premium* payable from the start of the policy to the first *policy anniversary* is shown in the Policy schedule. The Policy schedule will also show whether stepped premium or level premium has been selected

Stepped premium

Where the stepped premium structure is selected (shown on the Policy schedule) the *premium* payable changes on each *policy anniversary*. At that time, the *premium* is calculated for the life insured from our current premium rates on the basis of:

- the gender, age next birthday and smoking status of the life insured
- the *waiting period*, *benefit period* and *level of cover* (where relevant)
- the *optional benefits* (if any) applying
- the amount of cover for each benefit provided
- any extra premium or loading applying.

Level premium

Where the level premium structure is selected (shown on the Policy schedule) the *premium* payable does not change

on each *policy anniversary* until the *policy anniversary* following the life insured's 64th birthday (*policy anniversary* following the life insured's 65th birthday for Income Replacement) from which time the *premiums* will be calculated each year as per the stepped premium structure. However, if the amount of cover under the policy increases at the *policy anniversary* under the Inflation protection benefit, the *premium* for the increase in cover is calculated at that time from our current premium rates on the basis of:

- the gender, age next birthday and smoking status of the life insured
- the *waiting period*, *benefit period* and *level of cover* (where relevant)
- the *optional benefits* (if any) applying
- the amount of the increase in cover for each benefit provided, and
- any extra premium or loading applying.

Even when the level premium structure has been selected, the *premium* may change if we change the premium rates applying to a benefit provided by the policy.

Premium review

We cannot change the premium rates applying to a benefit provided by the policy unless we change the premium rates applicable to that benefit under this class of policy generally. We will notify you of any changes in premium rates applying to the policy at least 30 days prior to the change taking effect.

Management fee

No additional management fee is payable while the insurance cover provided by this policy is added to a Zurich Superannuation Plan.

Taxes

The *premium* will include any taxes imposed by state or federal governments. Should any changes in the law result in additional taxes or impost in relation to the policy, these amounts may be added to the *premium*.

Making a claim

How to claim

A claim must be notified to us as soon as is reasonably possible after the occurrence of the event giving rise to the claim.

Claim requirements

We need the following items in a form satisfactory to us before we can assess any claim:

- the Policy schedule setting out the details of the policy
- proof of claimable event or condition and when it occurred
- supporting evidence from appropriate specialist *medical practitioners* registered in Australia or New Zealand (or other country approved by us)
- proof of the life insured's age
- proof of incurred costs where the benefit payment is based on reimbursement
- if requested, a signed discharge from the person entitled to receive payment.

The life insured is responsible for providing all evidence to support the claim to us at the life insured's expense. All claims are paid in Australian dollars.

Assessing a claim

In assessing a claim we will also rely on any information the life insured disclosed to us as part of the application. Where information was not verified at the time of application we reserve the right to verify it at the time of claim.

Where we consider it relevant for the insured event, a claimable condition must also be supported by confirmatory investigations including, as appropriate (but not limited to) any clinical, radiological, histological and laboratory evidence that we reasonably require to substantiate the claim.

Where we consider it relevant for the insured event, the life insured may be asked to provide copies of personal and business tax returns, assessment notices and/or other financial evidence to substantiate the life insured's income. When it is necessary to enable us to calculate the amount of the benefit payable, we must be permitted to examine the life insured's business and personal financial circumstances.

Medical examination

We may require the life insured to undergo an examination and reasonable tests, necessary to enable the diagnosis to be confirmed by a specialist *medical practitioner* appointed by us. If we request a medical examination by a *medical practitioner* we select, we will pay for it.

Payment of benefits

All benefits described in these Policy conditions are payable to the policy owner subject to any superannuation restrictions and limitations explained elsewhere in these Policy conditions.

Zurich Superannuation Term Life Plus

These Policy conditions apply to Zurich Superannuation Term Life Plus.

The Policy schedule for Zurich Superannuation Term Life Plus shows the particular details of the insurance cover, including:

- the policy owner
- the policy commencement date
- the name of the life insured
- the type of cover and benefit amount
- the premium structure (i.e. stepped or level)
- the option selected for defining the benefit amount (i.e. Option A or Option B)
- the benefit expiry dates
- any additional *optional benefits* applying, and
- any special terms and conditions particular to the policy.

The life insured is only covered for the benefits (including *optional benefits*) and for the amounts applying if shown on the Policy schedule and only until the applicable benefit expiry dates.

Overview

Details of the Death benefit and other benefits are explained in the Benefits section.

Any additional *optional benefits* chosen (if applicable) are explained in the Optional benefits section. *Optional benefits*, or increases in the benefit amounts may be applied for, but our acceptance is subject to our consideration of the life insured's personal circumstances including health, occupation and pastimes.

If Option A has been selected, any Death benefit and any TPD benefit amounts are automatically increased in line with inflation each year under the Inflation indexation benefit unless we are requested not to make these increases.

If Option B (integrated) has been selected, any Death benefit and any TPD benefit amounts are automatically changed each year in line with changes in the *fund account*.

Benefits

The life insured is only covered for the Death benefit if specified in the Policy schedule. If there is no Death benefit on the Policy schedule, then the 'Death benefit', 'Terminal illness benefit', 'Advancement for funeral expenses' and 'Buy back death benefit (TPD)' sections of these Policy conditions do not apply. TPD cover is explained in the Optional benefits section.

Death benefit

The Death benefit amount is payable if the life insured dies while the benefit is in force and prior to the Death benefit expiry date for the life insured. There are two options available for defining the benefit amount.

If the Death benefit is selected, the Policy schedule specifies whether Option A or Option B (integrated) has been selected, and shows either the nominated sum insured (in the case of Option A), or the nominated benefit for Death (in the case of Option B (integrated)).

- **Option A – nominated sum insured**
  If Option A has been selected, the Death benefit amount payable equals the nominated sum insured (as set out in the Policy schedule). This nominated sum insured amount may be increased each year in line with the *consumer price index* under the Inflation protection benefit (explained on page 7).
- **Option B (integrated) – nominated benefit**
  If Option B (integrated) has been selected, the Death benefit amount is calculated at policy commencement and recalculated at each *plan anniversary* to equal the nominated benefit for Death (as set out in the Policy schedule) less the *fund account* balance. This amount is further reduced, when withdrawals from the *fund account* during the previous 12 months exceed total contributions in the last 12 months, by the excess of these withdrawals over the contributions. The Death benefit amount is then fixed until the next *plan anniversary*, regardless of changes in the *fund account* balance, unless a benefit is exercised.

  For example, if the nominated benefit for Death is $250,000, and the *fund account* balance was $50,000 at the commencement of the policy, the Death benefit amount would be $200,000 and the *premium* would be in line with that cover. At the next *plan anniversary*, assuming the *fund account* balance was then $70,000, the Death benefit amount would reduce to $180,000 and the *premium* would be in line with this amount of cover. If the life insured died at that date or before the next *plan anniversary*, the Death benefit amount payable in respect of the life insured would be $180,000.

If the *fund account* at *plan anniversary* has decreased over the year until the next *plan anniversary* due to a negative investment return, the Death benefit amount will increase.

The Inflation protection benefit does not apply to Option B (integrated).

The Death benefit ceases when the *fund account* exceeds the nominated benefit for Death on a *plan anniversary*.

Death benefit adjustments

Option A

If Option A has been selected, the Death benefit otherwise payable is reduced by the amount paid in respect of the life insured under the:

- Terminal illness benefit
- Advancement for funeral expenses
- Total and permanent disablement option

The *premium* will be based on the reduced levels of cover from the next *premium* due date after payment of the relevant benefit.

Option B

If Option B (integrated) has been selected, the nominated benefit for Death is reduced by:

- the amount paid under the Terminal illness benefit
- the amount paid under the Advancement for funeral expenses
- the nominated benefit for TPD when an amount is paid under the TPD option.

The adjusted reduced nominated benefit for Death will apply immediately after the payment of the claim and will be used to calculate the Death benefit amount at that time and at the next *plan anniversary*.

Exclusions – Death benefit

No claim is paid at any time if the life insured's death is caused directly or indirectly by an event or condition specified in the Policy schedule in relation to the life insured, or for suicide within 13 months of:

- the commencement date of the policy
- the commencement date of any increase in the policy applied for (but only in respect of the increase), or
- the latest reinstatement of the policy.

Terminal illness benefit

An advance payment of the Death benefit is payable if the life insured is diagnosed as *terminally ill* while the policy is in force and prior to the Death benefit expiry date for the life insured.

Advancement for funeral expenses

While a claim for the Death benefit is being settled, we may advance up to $15,000 of the benefit towards payment of the life insured's funeral expenses. An application for payment of funeral expenses must include satisfactory evidence of death and the funeral invoice.

Inflation protection benefit

If Option A has been selected for the Death benefit or TPD benefit, the value of the insurance cover provided under the policy is protected against the impact of inflation by automatically increasing the benefit amounts each year on the *policy anniversary*. This benefit also applies to cover which is bought back under the Buy back death benefit. The *premium* is increased in accordance with the new levels of cover.

The benefit amount is automatically increased (unless we are advised not to apply the increase) on each *policy anniversary* by the greater of:

- 5 per cent, and
- the percentage increase in the *consumer price index* published for the quarter ending immediately prior to three months before the *policy anniversary* over that published for the quarter ending immediately prior to 15 months before that *policy anniversary*.

This option to increase the benefit amounts may be rejected.

Future insurability benefit

The policy includes an option to increase the Death benefit (if applicable) or TPD benefit (if applicable) applying for the life insured, before his/her 55th birthday, without our reassessment of his/her personal circumstances, as long as:

- no claim has been made, nor is there any entitlement to claim a benefit, under this policy, and
- we or any other company are not waiving or have not waived any premium in relation to the life insured.

If Option A has been selected, this benefit increases the nominated sum insured. If Option B (integrated) has been selected, this benefit increases the nominated benefit.

The option can be exercised within 30 days of any of the following events, on the terms specified:

(a) If the life insured:

- marries
- divorces
- becomes a parent (whether through the birth or adoption of a child)
- becomes a full-time carer
- becomes a widow or widower (through the death of a *spouse*)

the benefit amount can be increased by a minimum of $10,000 and a maximum of the lesser of:

- 25 per cent of the starting cover, and
- $200,000.

(b) If the life insured takes out for the first time, or increases, his/her mortgage on his/her principal place of residence, or the life insured takes out a new investment property loan, the benefit amount can be increased by the lesser of:

- the amount of the new mortgage or investment property loan or the increase in the mortgage
- 25 per cent of the starting cover, and
- $200,000.

(c) If a dependent child of the life insured starts secondary school, the benefit amount can be increased by a minimum of $10,000 and a maximum of the lesser of:

- 25 per cent of the starting cover, and
- $200,000.

(d) If the life insured experiences a significant increase in salary (minimum 15 per cent), the benefit amount can be increased by a minimum of $10,000 and a maximum of the lesser of:

- 25 per cent of the starting cover, and
- $200,000.

Restrictions

The total of the increases in the Death benefit applying under this option in respect of a life insured is limited to the lesser of the starting cover and $1,000,000, while increases over any 12 month period are limited to 50 per cent of the starting cover.

The TPD cover cannot be increased if the increase would cause our *maximum underwriting limit* at the date of the increase to be exceeded.

Zurich retains the right to confirm the life insured's occupation and eligibility in relation to any increase in the TPD benefit and *premiums* in relation to the increased amount will be based on the life insured's occupation at the time of increase.

For the first six months after an increase under this benefit:

- any increased Death benefit amount in relation to the life insured is only payable in the event of the life insured's *accidental death*
- any increased TPD benefit amount in relation to the life insured is only payable in the event his/her *total and permanent disablement* is caused by *accidental injury*.

If Option A has been selected, the starting cover is equal to the nominated sum insured amount applying to the life insured when the applicable benefit commenced.

If Option B (integrated) has been selected, the starting cover is equal to the nominated benefit for Death or TPD applying to the life insured when the applicable benefit commenced.

Financial planning advice benefit

We will reimburse up to $3,000 towards the cost of financial planning advice required as a result of a benefit paid under this policy. We may ask to see sufficient proof of the expense.

Buy back death benefit (TPD)

If the life insured is covered for Death and TPD and Option A has been selected (as shown on your Policy schedule) the amount by which the Death benefit for the life insured is reduced as a result of the payment of the TPD benefit is reinstated without providing any evidence of the life insured's personal circumstances, on the date 12 months after payment of the TPD benefit.

A Buy back death benefit opportunity can only be exercised before the *policy anniversary* following the life insured's 74th birthday and within 30 days of the applicable opportunity date. The Future insurability benefit does not apply to any repurchased Death benefit.

The *premium* applying to the Death cover repurchased will be based on our then current rates and the life insured's age, gender, smoking status and any premium loadings which applied to the Death cover which was reduced. Any exclusions which applied to the cover reduced will also apply to the cover repurchased.

The Buy back death benefit can be exercised by accepting our offer in writing.

Conversion option

The life insured may apply to us, in writing, to issue a new non-superannuation policy:

- within 30 days of the policy terminating because the life insured ceases to be a member of the Fund, or
- at any time, the life insured wishes to convert the cover provided under the policy to a non-superannuation policy.

We agree to issue the new policy subject to our standard policy issue requirements and subject to the terms of our standard non-superannuation policy which most closely resembles this policy at that time, but we will not reassess the life insured's health, occupation and pastimes.

Optional benefits

The Policy schedule shows the details of any *optional benefits* added. **The life insured is only covered for these *optional benefits* if specified in the Policy schedule.**

The Policy schedule also shows the benefit expiry date applying to each *optional benefit* added. If no expiry date is shown, then the *optional benefit* terminates in accordance with the conditions specified below for each *optional benefit* or when the policy terminates, if earlier.

Total and permanent disablement (TPD) option

When the TPD benefit is payable

The TPD benefit amount is payable if the life insured is covered for this benefit and meets paragraphs (a), (b), (c) or (d) of the definition of *total and permanent disablement*. The life insured must suffer *total and permanent disablement* when this policy is in force and before the applicable benefit expiry date.

However, from the *policy anniversary* following the life insured's 64th birthday:

- no benefit will be paid if the life insured meets paragraphs (b) or (c) of the definition of *total and permanent disablement* (on page 20), and
- the benefit amount is limited to a maximum of $3,000,000.

If the life insured has been engaged in full-time domestic duties in his/her own residence for more than six consecutive months prior to the onset of the *sickness* or *injury* leading to *total and permanent disablement* then only paragraphs (a) (c) and (d) of the definition of *total and permanent disablement* (on page 20) apply.

If the TPD benefit is selected, the Policy schedule specifies whether Option A or Option B (integrated) has been selected, and shows either the nominated sum insured (in the case of Option A), or the nominated benefit for TPD (in the case of Option B (integrated)).

- **Option A – nominated sum insured**
  If Option A has been selected, the TPD benefit amount equals the nominated TPD sum insured (as set out in the Policy schedule). This nominated TPD sum insured amount may be increased each year in line with the *consumer price index* under the Inflation protection benefit.
- **Option B (integrated) – nominated benefit**
  If Option B (integrated) has been selected, the TPD benefit amount is calculated at policy commencement and recalculated at each *policy anniversary* to equal the nominated benefit for TPD (as set out in the Policy schedule), less the *fund account* balance. This amount is further reduced, when withdrawals from the *fund account* during the previous 12 months exceed total contributions in the last 12 months, by the excess of these withdrawals over the contributions. The TPD benefit amount is then fixed until the next *policy anniversary*, regardless of changes in the *fund account* balance unless a benefit is exercised.

  The Inflation protection benefit does not apply to Option B.

The Policy schedule details whether the standard 'any' occupation TPD option or the Double 'any' occupation TPD option are provided for the life insured and, if so, either the nominated sum insured or nominated benefit.

Exclusions – TPD benefit

No claim is paid if the life insured's *total and permanent disablement* is caused directly or indirectly by:

- an intentional self-inflicted act or attempted suicide
- any event or medical condition specified in the Policy schedule in relation to the life insured.

Double TPD benefit

If Option A has been selected and the life insured is covered for the Double 'any' occupation TPD option (as shown in the Policy schedule) the amount by which the Death benefit for the life insured is reduced as a result of the payment of the Double TPD benefit is reinstated if:

- the life insured survives for 14 days after the date the Double TPD benefit is paid, and
- this occurs before the *policy anniversary* following the life insured's 64th birthday.

The *premium* in respect of the Death benefit amount restored is waived until the policy expiry date.

Benefit adjustments

The TPD benefits applying to the life insured are reduced by any amount paid under the Terminal illness benefit. The *premium* will be based on the reduced levels of cover from the premium due date after payment of the relevant benefit. Where more than one TPD option has been selected, the reduction in cover will be proportional across all TPD benefits.

Termination of TPD option

The TPD option terminates on the first to occur of:

- the payment of the total TPD benefit amount
- the death of the life insured
- on our receipt of written notification to terminate this option
- the TPD benefit expiry date shown in the Policy schedule
- the termination of the policy (see General policy conditions – Termination of the policy), or
- the *fund account* exceeding the nominated benefit for TPD when Option B (integrated) has been selected.

Accidental death option

The Accidental death benefit amount and expiry date is shown on the Policy schedule, if the life insured is covered for this benefit.

When the Accidental death benefit is payable

The Accidental death benefit amount is payable if the life insured is covered for this benefit and suffers *accidental death* as the result of an *injury* which was sustained while both the Accidental death benefit, and the policy, were in force.

Exclusions – Accidental death benefit

No claim is paid where the *injury* causing the life insured's *accidental death*:

- is the result of the life insured's suicide or
- is the result of any event specified in the Policy schedule in relation to that life insured.

Termination of Accidental death benefit

The Accidental death benefit terminates on the first to occur of:

- the payment of the Accidental death benefit amount
- the death of the life insured
- on our receipt of written notification to terminate this option
- the Accidental death benefit expiry date shown in the Policy schedule, or
- the termination of the policy (see General policy conditions – Termination of the policy).

Business future cover option

This option allows increases in the Death benefit (if applicable) or TPD benefit (if applicable) amount without further health evidence on the occurrence of a trigger event. The trigger event is based on the purpose of the policy (our basis of acceptance of the policy) which is also shown on the Policy schedule.

If Option A has been selected, this option increases the nominated sum insured. If Option B (integrated) has been selected, this option increases the nominated benefit.

Trigger event for an increase in cover

- if the policy is for loan/guarantor protection and if the *loan guarantee* increases.
- if the policy is for buy-sell and if the value of the life insured's interest in the *business* increases.

When the Business future cover option can be used

This option can only be used if:

- no claim has been made, nor is there any entitlement to claim a benefit under this policy, and
- we or any other company are not waiving or have not waived any premium in relation to the life insured.

Any increase to the Death benefit must occur prior to the life insured's 65th birthday and any increase to the TPD benefit must occur prior to the life insured's 60th birthday

The option can only be exercised once in any policy year within 30 days of the event which triggers the increase.

Restrictions and limitations

The maximum amount up to which the Death cover can be increased under this option is the lower of:

- three times the nominated sum insured or nominated benefit at commencement of the policy or
- $15,000,000.

The maximum amount up to which the TPD cover can be increased under this option is the lower of:

- three times the nominated sum insured or nominated benefit at commencement of the policy or
- $5,000,000.

We will not increase the Death benefit or TPD benefit amount under this option if the total amount of cover applying to the life insured for all policies from all sources (including any policies issued by other insurance companies) would exceed our *maximum underwriting limit* at the date of the increase or would exceed (depending on the purpose of the policy):

- the *loan guarantee* or
- the value of the life insured's interest in the *business*.

If the Death benefit or TPD benefit amount was less than 100 per cent of the *value of the business* or the *loan guarantee* or the value of the life insured's interest in the *business* then the relevant cover amount applying to the life insured can only be increased under this option to an equivalent percentage of the *value of the business*, *loan guarantee* or the value of the life insured's interest in the *business* at the time of any application to increase cover.

Applying for an increase

The increase must be applied for within 30 days of the event which triggers the increase, and proof of the event which is satisfactory to us must be provided.

To apply for an increase, an application must be made to us in writing, with appropriate evidence of the trigger event. Depending on the purpose of the policy, that will be:

- evidence of the *loan guarantee*, and any other contractual or financial evidence we may request, to satisfy us that the value of the life insured's financial interest is at least equal to the requested increased amount of cover
- a *valuation of the business* (as provided by an independent qualified accountant or business valuer), and any other contractual or financial evidence we may request, to satisfy us that the value of the life insured's interest in the *business* is at least equal to the requested increased amount of cover.

The valuation method used must be the same method of valuation used when this option is applied for and the application is accepted.

The independent qualified accountant or business valuer cannot be the life insured's family member, business partner, employee or employer.

If the Death benefit is increased, the TPD benefit does not have to be increased at the same time. However, if the TPD benefit is increased, then the Death benefit amount must be increased by at least the same amount at the same time. Any increase in the benefit must be approved by us.

Exclusions – Business future cover option

If the Business future cover option is not used in three consecutive policy years, then further increases cannot be made under this option unless it is demonstrated to our satisfaction that financial evidence relating to the *business* and the purpose set out on the Policy schedule, in respect of that period, did not support an increase in the cover applying to the life insured.

Termination of the Business future cover option

The Business future cover option terminates on the first to occur of:

- the death of the life insured
- on our receipt of written notification to terminate this option
- the termination of the policy (see General policy conditions – Termination of the policy).

Zurich Income Replacement

(superannuation version)

These Policy conditions apply to Zurich Income Replacement (superannuation version).

The Policy schedule for Zurich Income Replacement (superannuation version) shows the particular details of the insurance cover, including:

- the policy owner
- the policy commencement date
- the name of the life insured
- the *level of cover*
- the *insured monthly benefit*
- the *benefit period*
- the *waiting period*
- the premium structure (i.e. stepped or level)
- the benefit expiry dates
- any additional *optional benefits* applying, and
- any special terms and conditions particular to the policy.

The life insured is only covered for the benefits (including *optional benefits*) and for the amounts applying if shown on the Policy schedule and only until the applicable benefit expiry dates.

Overview

Details of the Income benefit and other benefits are explained in the Benefits section.

The benefits that apply to the policy will depend on the *level of cover* selected. Each benefit description in this section indicates whether it applies to the standard and/or comprehensive *level of cover* and (if applicable) sets out provisions that apply to each *level of cover*. If the *level of cover* shown on the Policy schedule is not listed under a benefit description, then that benefit does not apply to the policy.

Any additional *optional benefits* chosen (if applicable) are explained in the Optional benefits section. *Optional benefits*, or increases in levels of cover may be applied for, but our acceptance is subject to our consideration of the life insured's personal circumstances including health, occupation and pastimes.

We will offer to increase the amount of cover each year in line with inflation under the Inflation protection benefit unless we are requested not to make these increases.

Benefits

The Policy schedule shows the *insured monthly benefit*.

Income benefit

Level of cover: comprehensive

To be eligible for an *income benefit*, the life insured must be under the regular care of, and following the advice of, a *medical practitioner*. He/she must be unable to earn his/her *pre-disability income* from his/her *usual occupation* until the end of the *waiting period*.

The *income benefit* is payable after the expiry of the *waiting period* if, solely as a result of a *sickness* or *injury*, while the policy is in force and before the *insured monthly benefit* expiry date:

- the life insured's *pre-disability income* from his/her *usual occupation* has reduced by 20 per cent or more or
- the life insured is unable to perform one or more *income producing duties* of his/her *usual occupation* or
- the life insured is unable to perform the *income producing duties* of his/her *usual occupation* for more than 10 hours per week.

Level of cover: standard

To be eligible for an *income benefit*, the life insured must be under the regular care of, and following the advice of, a *medical practitioner*. He/she must not work in any occupation for a period of at least 14 days and he/she must be unable to earn his/her *pre-disability income* from his/her *usual occupation* until the end of the *waiting period*.

The *income benefit* is payable after the expiry of the *waiting period* if, solely as a result of a *sickness* or *injury*, while the policy is in force and before the *insured monthly benefit* expiry date:

- the life insured's *pre-disability income* from his/her *usual occupation* has reduced by 20 per cent or more, or
- the life insured is unable to perform one or more *income producing duties* of his/her *usual occupation* or
- the life insured is unable to perform the *income producing duties* of his/her *usual occupation* for more than 10 hours per week.

Income benefit payable (standard/comprehensive)

If at the expiry of the *waiting period* the life insured has no *post-disability income* then we will pay the lesser of the *insured monthly benefit* and 75 per cent of the life insured's *pre-disability income*. Otherwise, the *income benefit* we will pay after the expiry of the *waiting period*

will be proportionate to the income loss and calculated on a monthly basis using the following formula:

$$\frac{\textit{pre-disability income} - \textit{post-disability income}}{\textit{pre-disability income}} \times \textit{insured monthly benefit}$$

The benefit will be capped so that the amount paid does not exceed 75 per cent of the life insured's *pre-disability income*.

We will continue to pay the *income benefit* until any one of the following events occurs:

- the *sickness* or *injury* giving rise to the claim does not prevent the life insured earning his/her *pre-disability income* from personal exertion in his/her *usual occupation*
- the *benefit period* ends
- the policy is terminated
- the death of the life insured
- the life insured is no longer under the regular care of a *medical practitioner* with regard to treatment for the *sickness* or *injury*
- the life insured is no longer following the treatment recommended by a *medical practitioner* at such intervals and frequency as will lead to a cure, alleviation or minimisation of the condition causing the disability.

If a claim is made while the life insured is outside Australia, we will only continue to pay the *income benefit* if the life insured has a medical examination in Australia or in another country by a doctor nominated or approved by us, every 12 months. We will pay for this medical examination, but not for transport to Australia or any other country.

We pay a proportion of the *income benefit* twice monthly when the claim requirements have been provided, with the first payment due 15 days after the *waiting period* ends. When the claim ends before the next payment due date, we will pay 1/30th of the *income benefit* for each day less than 15 days.

If the life insured's disability is the result of more than one separate and distinct *sickness* or *injury*, payments will be based on the policy condition which provides the greatest benefit.

Restrictions and limitations

The *income benefit* is subject to the superannuation restrictions and limitations described on page 14.

Rehabilitation benefit

Level of cover: standard/comprehensive

The Rehabilitation benefit is payable when the life insured has qualified for the *income benefit* after expiry of the *waiting period* or within the *waiting period* if the life insured would otherwise qualify for an *income benefit*. The Rehabilitation benefit is payable as follows:

Workplace modification

This benefit provides assistance if the life insured's workplace needs modification to allow the life insured to return to gainful employment. We will pay up to three times the *income benefit* for expenses incurred in modifying the life insured's workplace.

Rehabilitation program

While the life insured takes part in a *rehabilitation program*, we will pay an additional 50 per cent of the *income benefit* each month for a maximum period of 12 months.

Rehabilitation costs

We will pay up to 12 times the *income benefit* for the expenses of rehabilitating the life insured. These expenses include the costs of special equipment designed to assist the life insured to re-enter the workforce. We will not cover health costs which are typically covered by Medicare or private health insurance.

To receive the Rehabilitation benefit, our written approval to meet the expenses must be obtained before they are incurred.

Restrictions and limitations

The Rehabilitation benefit is subject to the superannuation restrictions and limitations described on page 14.

Funeral benefit

Level of cover: standard/comprehensive

The Funeral benefit is payable if the life insured dies while this policy is in force. We will pay a lump sum of three times the *insured monthly benefit*. If the life insured is also insured under another Zurich policy, we will only pay this benefit once.

Confined to bed benefit

Level of cover: comprehensive

The Confined to bed benefit is payable if, while the policy is in force and before the *insured monthly benefit* expiry date, the life insured is *confined to bed* because of *sickness* or *injury* for more than two days in a row and during that period, is totally dependant on the full-time care of a *nurse* or a *personal care attendant* and unable to earn any income from personal exertion.

We will pay the Confined to bed benefit for each complete month or 1/30th of the Confined to bed benefit for each day that this benefit is payable. This benefit is only payable during the *waiting period* to a maximum of 180 days.

The Confined to bed benefit will be the lesser of the *insured monthly benefit* and 75 per cent of the life insured's *pre-disability income*.

Inflation protection

Level of cover: standard/comprehensive
The Inflation protection benefit protects the value of the insurance cover against the impact of inflation by offering the opportunity to adjust for this with indexation increases.

Each *policy anniversary* prior to the life insured's 65th birthday, the *insured monthly benefit* can be increased by the percentage increase in the *consumer price index* published for the quarter falling immediately prior to three months before the *policy anniversary* over that published for the quarter falling immediately prior to 15 months before that *policy anniversary*.

The option to increase the *insured monthly benefit* may be rejected.

Indexation increases will apply automatically when entitlement to make a claim has been established.

Other policy features, exclusions and conditions

The following features, conditions and exclusions apply to both *levels of cover*.

More than one benefit at a time

We will not pay the following combinations of benefits for the same period:

- the Confined to bed benefit and the Day 4 accident benefit
- the Severe disability benefit and the Booster benefit.

Exclusions

No amount will be payable for *sickness* or *injury* occurring as a direct or indirect result of any one or more of the following:

- an intentional self-inflicted act
- attempted suicide
- *uncomplicated pregnancy or child birth*
- an act of war (whether declared or not)
- any event or medical condition expressly excluded on the Policy schedule.

We will not pay a benefit for a disability due to elective or donor transplant surgery unless the elective or transplant surgery occurred at least six months after:

- the start of the policy
- if the policy is ever reinstated, the date of reinstatement
- in respect of an increase in the *insured monthly benefit*, the date of the increase.

If the Mental disorder discount option applies to the life insured, no amount will be payable for *sickness* or *injury* occurring as a direct or indirect result of a *mental disorder*.

Superannuation restrictions and limitations

The payment of benefits is conditional upon the policy owner's ability to pay the benefit in accordance with relevant superannuation legislation, as amended from time to time.

This may mean that:

- to qualify for an *income benefit*, the life insured must have, during the *waiting period*, ceased work for a period of at least one full day
- any *income benefit* payable will be offset by any sick leave entitlements payable to the life insured
- **the total benefit paid under the policy for any month (including the *income benefit* and any other applicable built-in and *optional benefits*) will be capped. The total benefit payable plus any *post-disability income* cannot exceed 100 per cent of the life insured's *pre-disability income***, and
- we will apply any additional restrictions or limitations as directed by the policy owner in accordance with superannuation legislation and regulations.

Extending cover beyond age 65

This benefit only applies if the 'to age 65' *benefit period* is selected, as shown on the Policy schedule.

On the *policy anniversary* following the life insured's 65th birthday, cover can be extended on a limited basis up to the *policy anniversary* following the life insured's 70th birthday if the life insured is still working in paid employment for more than 30 hours per week. An application must be made to us at least 60 days before the benefit expiry date shown on the Policy schedule.

Limitations

- The benefit period on extended cover is one year.
- An *income benefit* will only be payable if the life insured has no *post-disability income* (i.e. no proportionate benefits are payable).

The extended cover is not available if we are paying a benefit, or if we have paid a benefit under the policy at any time in the last 12 months.

To age 70 benefit period

The following conditions and limitations apply if the 'to age 70' *benefit period* is selected, as shown on the Policy schedule.

After the *policy anniversary* following the life insured's 65th birthday:

- we will not pay a benefit under any extra-cost option selected (as shown on the Policy schedule) and
- the total amount we pay for any claim will be the applicable percentage (shown in the table below) of total benefits otherwise payable under the policy. The applicable percentage at the commencement of a claim will apply for the duration of the claim.

Age at *policy anniversary* prior to claim commencing	percentage of total benefit payable
65	100 per cent
66	80 per cent
67	60 per cent
68	40 per cent
69	20 per cent

Conversion option

The life insured may apply to us, in writing, to issue a new non-superannuation policy:

- within 30 days of the policy terminating because the life insured ceases to be a member of the Fund, or
- at any time, the life insured wishes to convert the cover provided under this policy to a non-superannuation policy.

We agree to issue the new policy subject to our standard policy issue requirements and subject to the terms of our standard non-superannuation policy which most closely resembles this policy at that time, but we will not reassess the life insured's health, occupation and pastimes.

Optional benefits

The Policy schedule shows the details of any *optional benefits* added. **The life insured is only covered for these *optional benefits* if specified in the Policy schedule.**

The Policy schedule also shows the expiry date applying to each *optional benefit* (or if an expiry date is not shown, the *optional benefit* expiry date is equal to that of the *insured monthly benefit*).

The benefits payable under these *optional benefits* are subject to the Superannuation restrictions and limitations described on page 14.

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.

Family care option

The Family care benefit is payable if the life insured dies, while receiving the *income benefit*, and leaves a surviving *spouse*, provided that the payment of superannuation benefits to such person is permitted under superannuation law and the governing rules of the Fund.

We will continue to pay an *income benefit* for up to five years after the life insured's death while his/her *spouse* remains alive, but not beyond the balance of the *benefit period* or the benefit expiry date shown on the Policy schedule, if earlier.

The amount payable will be adjusted in the same manner that would have occurred had the life insured continued living.

Severe disability option

The Severe disability benefit is payable if the life insured has been continuously unable due to *sickness* or *injury* to perform at least two of the *activities of daily living* for more than three months while the policy is in force and before the *insured monthly benefit* expiry date. We will increase the payment by one third while this condition continues and the *income benefit* is payable. We will pay this benefit until the end of the *benefit period* or to the expiry date shown on the Policy schedule, whichever occurs first.

We will not pay the Severe disability benefit for any period for which the Booster benefit is payable.

Day 4 accident option

The Day 4 accident benefit is payable if the life insured is disabled due to an *injury* for more than three consecutive days during the *waiting period* as an immediate consequence of an *accidental injury* prior to the expiry date shown on the Policy schedule. If the life insured's *pre-disability income* reduces by 20 per cent or more, and he/she is not working in any occupation, solely due to that *accidental injury*, we will pay 1/30th of the *income benefit* for each day of the *waiting period* for so long as the life insured continues to meet these criteria solely due to his/her *accidental injury*.

We will not pay this benefit for any period for which the Confined to bed benefit is payable.

Booster option

The Booster benefit is payable if we are paying the maximum *income benefit* under the policy for the first 30 days after the *waiting period* prior to the expiry date shown on the Policy schedule. We will increase the *income benefit* by 1/3rd for that 30 day period.

We will not pay the Booster option and the Severe disability option for the same period.

Future insurability option

The Future insurability benefit allows an increase to the *insured monthly benefit* by up to 15 per cent on every *policy anniversary* after this option starts, without us reassessing the life insured's personal circumstances. To make the increase, we must be informed in writing within 30 days of the relevant *policy anniversary*. The increase cannot be made if:

- the life insured is over age 55
- disability benefits are currently being claimed or have ever been claimed under the policy
- after the increase, the *insured monthly benefit* will be more than 75 per cent of the life insured's average monthly *pre-tax income* at that date
- after the increase, the super contributions monthly benefit will be more than the actual average monthly superannuation contributions the life insured or the life insured's employer made in the proceeding 12 months.

Restriction

The sum of all increases under this benefit cannot exceed the *insured monthly benefit* amount applying to the life insured on the benefit start date.

Super contributions option

Under this option, the super contributions monthly benefit (or a proportion thereof) is payable to the *fund account* at any time an *income benefit*, Confined to bed benefit or Day 4 accident benefit is being paid.

The amount payable will be the super contributions monthly benefit, shown on the Policy schedule multiplied by the proportion of the *insured monthly benefit* we are paying as an *income benefit* or Confined to bed benefit or Day 4 accident benefit.

This is subject to a maximum of the actual average monthly superannuation contributions the life insured or his/her employer made in the 12 months preceding a claim.

Inflation protection, the Increasing claims benefit and the Future insurability option apply to the Super contributions option.

Restrictions and limitations

The benefit payable under the Super contributions option is subject to:

- the superannuation restrictions and limitations described on page 14, and
- the benefit being preserved until the life insured meets a condition of release as defined under superannuation law other than temporary incapacity.

Mental disorder discount option

This option allows a reduction in the *premiums* by electing not to receive any benefits if the life insured were to suffer a *mental disorder*. Once this option has been selected it cannot be removed for the life of the policy.

Definitions

accidental death means the life insured dies as a result of sustaining bodily *injury* caused by accidental, violent, external and visible means where death occurs within three calendar months of the *injury* being sustained

accidental injury means a bodily injury caused by accidental, violent, external and visible means while this policy is current.

activities of daily living means:

(1) bathing and showering

(2) dressing and undressing

(3) eating and drinking

(4) using a toilet

(5) moving from place to place by walking, wheelchair or with the assistance of a walking aid.

benefit period means the maximum length of time that we will pay the *income benefit* for when the life insured suffers from the same or related *sickness* or *injury* during the life of the policy. The benefit period is shown on the Policy schedule. All benefits cease, if not earlier, at the *policy anniversary* following the life insured's 70th birthday.

business means the entity on which we based our *underwriting* at the time the policy was applied for.

business earnings means income earned by a business or professional practice as the result of the life insured's personal services.

confined to bed means that a *medical practitioner* states (in writing) that the life insured is confined to bed and he/she needs the full-time care of a *nurse* or *personal care attendant* for more than two days in a row.

consumer price index means the 'Weighted Average of Eight Capital Cities Index' as published by the Australian Bureau of Statistics or, if that index ceases to be published, or is substantially amended, such other index we will select.

eligible business expenses means the life insured's share of the expenses and outgoings incurred in running his/her business or professional practice. These may include:

- **premises**
  - insurance of premises
  - interest & fees on loan to finance premises
  - property rates/taxes
  - rent
  - repairs and maintenance
- **services**
  - electricity
  - fixed telephone and fax lines
  - gas
  - internet service provider
  - mobile telephone
  - postage and couriers
  - water and sewerage
- **equipment**
  - leasing of office equipment or machinery
  - loan repayments (principal and interest) for equipment and machinery
  - motor vehicle leasing (excluding taxi)
  - insurance of vehicles and equipment
  - registration of vehicles
  - repairs and maintenance
- **salaries and related costs**
  - salaries of employees who do not generate any business income, but not including any employees who are family members or who were not employees in the 90 days prior to the claim
  - payroll tax on the above salaries
  - superannuation (SGC) contributions for the above salaries
- **fixed contract costs**
  - contracted maintenance costs for upkeep of premises e.g. cleaning, security, but not including any services provided by family members

- **other eligible expenses**
  - accounting and auditing fees
  - bank fees and charges
  - business insurances
  - regular advertising costs
  - interest and fees on business loan/s (not related to premises)
  - professional association and membership fees
  - subscriptions

eligible business expenses do not include:

- any expenses that are not regularly paid or payable
- cost of goods, merchandise or stock used in your profession, business or occupation
- depreciation of any kind
- items of a capital nature such as books, fixtures, fittings and furniture
- *premiums* payable on this policy
- salaries and related costs paid to you, members of your family or employees who generate income.

full-time paid employment means being employed or self-employed, working 26 hours or more per week and receiving appropriate remuneration.

fund account means the Zurich Superannuation Plan account established in the Zurich Master Superannuation Fund by the policy owner for the life insured and to which the policy owner has applied to add the insurance benefits provided by this policy.

income benefit means the percentage of the *insured monthly benefit* you are eligible to receive under the Policy conditions.

income producing duties means duties which substantially contribute to *pre-disability income*.

injury means accidental bodily injury inflicted after the policy commencement date and while the policy is current.

insured monthly benefit means the amount of benefit initially applied for and accepted, plus indexation increases (if any).

level of cover means either standard or comprehensive, as shown on the Policy schedule.

loan guarantee means the amount of a business loan which the life insured is personally responsible for in relation to the *business*.

loss of limbs or sight means the entire and irrevocable loss of use of two or more of the sight in one eye, and a hand or a foot.

maximum underwriting limit means the maximum cover amount in relation to a benefit or coverage type acceptable by us as determined from time to time. The *maximum underwriting* limit current at the start of this policy will be detailed in Part 1 of this document. Updated limits can be obtained by ringing our Client Service Centre on 131 551.

medical practitioner means a medical practitioner legally registered to practice in Australia or New Zealand or a medical practitioner legally registered to practice in another country. Medical practitioner does not include the life insured or a relative of the life insured. The business partners or employees of the life insured are also excluded. Medical practitioners do not include other para-medical professions such as chiropractors, physiotherapists or naturopaths.

mental disorder means any disorder classified in the Diagnostic and Statistical Manual of Mental Disorders published by the American Psychiatric Association which is current at the start of the period of disability (or such replacement or successor publication or if none then such comparable publication as selected by us).

Such mental disorders include, but are not limited to, stress (including post traumatic stress), physical symptoms of a psychiatric illness, anxiety, depression, psychoneurotic, psychotic, personality, emotional or behavioural disorders or disorders related to substance abuse and dependency which includes alcohol, drug and chemical abuse dependency.

For the purposes of this policy, mental disorder does not include dementia (except where the dementia is related to any substance abuse or dependency), Alzheimer's Disease or mental disorder caused by head injuries.

nurse means a nurse legally registered to practice in Australia or, if we approve, a nurse legally registered to practice in another country. Nurse does not include the life insured or a relative of the life insured. The business partners or employees of the life insured are also excluded.

optional benefits means the optional benefits described in the Optional benefits sections, which can be selected and added to the policy.

For the avoidance of doubt, an optional benefit will only apply if specified in the Policy schedule.

own occupation means the occupation predominantly performed in the 12 months prior to the *sickness* or *injury*. If the life insured has been unemployed in the 12 months immediately prior to the *sickness* or *injury*, then own occupation means the occupation most recently performed in the last 12 months of paid employment.

personal care attendant means a person upon whose care the life insured is totally dependent and cannot be:

- a member of the life insured's immediate family
- an employee of the life insured or the life insured's immediate family
- the life insured's employer

unless they have ceased full-time work or taken leave specifically to care for the life insured.

plan anniversary means the anniversary of the commencement of the *fund account*.

policy anniversary means the anniversary of the insurance commencement date shown in the Policy schedule.

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 the life insured's *sickness* or *injury*:

- other disability income policies not disclosed to us at the time of *underwriting*
- workers' compensation or other legislated benefits (unless the life insured's occupation category is A1, A1M or A2, as shown on the Policy schedule*).

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 the life insured's pre-disability occupation
- 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 the life insured's *sickness* or *injury*
- 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
- post-disability income includes any revenue generated by someone employed to replace the life insured e.g. a locum, which is in excess of their employment cost.

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 and permanent disablement or trauma benefit

the payment received will not be included as post-disability income.

Special provisions:

- During the first three months that an *income benefit* is being paid, if the life insured's post-disability income is 10 per cent or less of his/her *pre-disability income*, such amounts will not be included as post-disability income in the calculation of benefits*.
- If the life insured is working for 10 hours or less per week the payment received for that work will not be included as post-disability income in the calculation of benefits*.
- If the life insured is working in an occupation which we categorise as A1, A1M or A2 (as shown on the Policy schedule), other payments received will not be included as post-disability income, unless the total amount of the benefit payable plus the other payments received exceeds 100 per cent of the life insured's *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 the 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 a registered doctor) and any other relevant considerations directly related to the life insured's medical condition (including information provided by the life insured).

* While these amounts will not be included as post-disability income in the calculation of benefits, they will be included as post-disability income in the calculation of the Superannuation restrictions and limitations (explained on page 14).

pre-disability income means the life insured's highest average monthly *pre-tax income* over any consecutive 12 months within the 24 month period immediately prior to the onset of his/her *sickness* or *injury*. Periods of unemployment or unpaid leave, long service leave, maternity leave, paternity leave or sabbatical leave, up to a maximum of 12 months, will be added to the 24 month period.

For example, if the life insured has been on maternity leave for six months during the 24 month period prior to *sickness* or *injury*, then the 24 month period will become the 30 month period immediately prior to *sickness* or *injury*.

We will index this amount each year on the anniversary of the date we accepted the claim, by the percentage increase in the *consumer price index* published for the quarter falling immediately prior to claim anniversary over that published for the same quarter in the previous year.

premium includes the premium for the sum insured or *insured monthly benefit* and each *optional benefit* included, the premium for any increase in benefit, stamp duty and any other government charges that may be levied from time to time.

pre-tax income means:

- if the life insured does not directly or indirectly own all or part of the business or professional practice from which he/she earns his/her regular income: the salary, wages, fees, commissions, bonuses and other personal exertion income earned by the life insured, plus the value of any company benefits received by the life insured (for example superannuation contributions or a company car), less any deductions for expenses directly incurred in earning this income or
- if the life insured does directly or indirectly own all or part of the business or professional practice from which he/she earns his/her regular income: the gross revenue generated by the life insured's business as a result of the life insured's personal exertion, plus income earned by the life insured from any other source as a result of personal exertion, less *eligible business expenses*.

rehabilitation program means a program or plan that:

- is designed to assist the life insured in returning to work either in his/her own occupation or in any other occupation for which he/she is suited by training, education or experience and
- has been approved by an appropriately tertiary qualified vocational or rehabilitation specialist.

sickness means sickness or disease which first manifests itself after the policy begins, or a pre-existing sickness or disease disclosed to us in your application that we have not expressly excluded.

spouse means the legal or de facto husband or wife who may be of the same gender as the life insured.

terminally ill means:

- the life insured has a medical condition which causes death and
- death is likely to occur within 12 months.

total and permanent disablement or TPD means (a) (b) (c) or (d):

(a) The life insured suffers a 'specific loss' being the entire and irrevocable loss of use of:

- a hand and sight in one eye
- a foot and sight in one eye
- sight in both eyes
- one hand and one foot
- both hands
- both feet

(b) The life insured is *unable to work* through *sickness* or *injury*.

(c) The life insured has been unable to engage in any normal domestic duties because of *sickness* or *injury* for a continuous period of at least three months and we believe after consideration of medical and any other evidence that the life insured is incapacitated to such an extent that he/she is unlikely ever to be able to perform normal domestic duties or engage (for reward or otherwise) in any other occupation to which he/she is fitted by way of education, training and experience for the rest of his/her life.

(d) The life insured as a result of a *sickness* or *injury*:

- is permanently and totally unable to perform without physical help from someone else, at least two of the *activities of daily living*, or
- suffers cognitive impairment requiring permanent and constant supervision

and has been so disabled for the immediately preceding three calendar months and will continue to be so disabled into the future.

unable to work means the life insured has been absent from active employment solely as a result of *sickness* or *injury* for an uninterrupted period of three consecutive months and solely as a result of this *sickness* or *injury* is unlikely to ever work (for reward or otherwise) in his/her profession, business or similar occupation or engage in any other occupation to which he/she is fitted by education, training and experience for the rest of his/her life

uncomplicated pregnancy or childbirth means pregnancy, childbirth or termination which does not result in any serious medical complication. It includes participation in an IVF or similar program, normal discomforts such as morning sickness, backache, varicose veins, ankle swelling or bladder problems, giving birth, miscarrying or having an abortion.

underwriting means our assessment of the life insured's health and other factors, which could include occupation and pastimes, depending on the cover applied for. We will use the information provided to us and may also request a report from doctors or ask the life insured to undergo tests. Underwriting allows us to decide what the cost of cover will be for the life insured as an individual. The process starts when we receive the completed Life Insured Statement and ends when we issue the policy, offer cover on modified terms or decline to offer cover.

usual occupation means, unless the life insured has been unemployed or on long service, maternity or paternity leave for more than 12 consecutive months immediately prior to the *sickness* or *injury* causing disability, the occupation predominantly performed in the 12 months prior to the *sickness* or *injury*. If the life insured has been unemployed or on long service, maternity or paternity leave for more than 12 consecutive months immediately prior to the *sickness* or *injury* then the life insured's usual occupation is any occupation he/she is capable of performing.

value of the business or **valuation of the business** means a valuation of the life insured's financial interest in the *business* based on the same method of valuation used when cover was applied for and accepted, as provided by an independent qualified accountant or business valuer.

waiting period means the number of days that the life insured must qualify for the *income benefit* before being eligible for payment. The waiting period is shown on the Policy schedule.

If the life insured returns to full earning capacity for no more than five consecutive days during the waiting period and the disability recurs, the waiting period will not start again. We will simply extend the waiting period by the number of days that the life insured was able to work.

We should be notified in writing within 30 days of the *sickness* or *injury*. If we are only notified after 30 days, the waiting period will commence from the date that we are notified.

If the life insured's disability recurs from the same or related cause within 12 months of his/her returning to work (6 months for SR occupations), the claim will be considered to be a continuation of the same claim and a further waiting period will not apply.

If the life insured's disability recurs from the same or related cause later than 12 months after he/she returns to work (6 months for SR occupations), the claim will be considered to be a continuation of the same claim, but further *income benefits* will only be payable after expiry of a further waiting period.

Employment related salary continuance:
If this policy is taken out with a two year waiting period, and the life insured is also covered by employment related salary continuance which has a two year *benefit period*, we will use the original start date of the claim when we assess the waiting period, excluding any periods where the life insured has returned to work under recurrent disability provisions in that policy.

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Zurich Australia Limited
ABN 92 000 010 195, AFSLN 232510

Zurich Australian Superannuation Pty Limited
ABN 78 000 880 553, AFSLN 232500

5 Blue Street North Sydney NSW 2060
Client Enquiries
Telephone: 131 551 Facsimile: 02 9995 3797
www.zurich.com.au

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