



ZURICH®

Zurich Wealth Protection

Extended activities of daily living

A fresh approach to TPD



Our *extended activities of daily living (extended ADLs)* in Total and Permanent Disability (TPD) offer your clients greater certainty and a quicker and more efficient process at claims time.

Extended ADLs provide an objective, medically-based alternative for assessing TPD. *Extended ADLs* can be used to assess TPD in place of the traditional TPD definition, meaning that in some cases occupational assessment regarding cessation of work and whether the client will ever be likely to work again will not be required.

The inclusion of *extended ADLs* supports flexibility at claim time, providing an additional assessment option that may facilitate payment of TPD benefits in full or making partial payments at earlier stages of conditions for disabilities that are less severe.

Extended ADLs

In clinical practice, doctors use ADLs as a set of measures to assess an individual's functional status across the following six categories:

1. self-care
2. communication
3. physical activity
4. sensory function
5. hand functions
6. advanced functions.

Zurich's Wealth Protection TPD cover includes *extended ADLs* as an alternative assessment criteria. Each *extended ADL* category is made up of a list of specific tasks. If the stated number of the specific tasks within a category cannot be performed, the whole category is scored as an inability to perform that *extended ADL category*.

The inability to perform the *extended ADL* must be due to the presence of a medically recognised disease or disorder, be present for a minimum of six months, and be permanent and irreversible.

Extended ADLs

The table below details the specific tasks in each of the *extended ADL* categories and the scores required in order to be considered unable to perform the *extended ADL* category.

ADL category	Specific tasks	Scores required in order to be considered unable to perform the ADL category
1. Self-care	<ul style="list-style-type: none"> bathing grooming dressing eating and feeding bowel and bladder function mobility 	<ul style="list-style-type: none"> 'cannot' in at least one specific task, or 'with help' in at least two specific tasks
2. Communication	<ul style="list-style-type: none"> speaking reading writing keyboard use 	<ul style="list-style-type: none"> 'cannot' in at least one specific task, or 'minimal' in at least two specific tasks
3. Physical activity	<ul style="list-style-type: none"> standing sitting reclining walking stooping squatting kneeling reaching bending twisting carrying lifting pushing pulling climbing exercising 	<ul style="list-style-type: none"> 'cannot' in at least three specific tasks, or 'with help' in at least six specific tasks
4. Sensory function	<ul style="list-style-type: none"> hearing seeing tactile sensation tasting smelling 	<ul style="list-style-type: none"> 'cannot' in at least one specific task, or 'minimal' in at least two specific tasks
5. Hand functions	<ul style="list-style-type: none"> grasping holding pinching percussive movements sensory discrimination 	<ul style="list-style-type: none"> 'cannot' in at least one specific task, or 'minimal' in at least two specific tasks
6. Advanced functions	<ul style="list-style-type: none"> travel (riding, driving) sexual function social interaction understand concepts memory problem solving stress adaptation sleep pattern recreational/ social activities 	<ul style="list-style-type: none"> 'cannot' or 'poor' in at least four specific tasks

Please refer to the PDS for full details of the measurement and scoring of *extended ADLs*.

Broader coverage than ADLs under traditional TPD definitions

Most traditional insurance products include a form of ADL assessment as part of the TPD definition, typically under 'loss of independent existence', which looks at a person's ability to perform the functions of washing, dressing, eating, using the toilet and mobility, which broadly equate to the 'self-care' category of *extended ADLs*.

However, traditional self-care ADLs under loss of independent existence differ from the self-care category of *extended ADLs* in a key way.

Unlike *extended ADLs*, the traditional self-care ADLs do not allow for assessment of impairment with assistive devices. For example, a person who is able to wash themselves only with the use of a shower chair would satisfy the bathing task 'with help' but would not meet bathing under traditional ADLs. Similarly, a person who required modified cutlery in order to feed themselves would satisfy the eating and feeding task 'with help' but would not meet eating and drinking under traditional ADLs.

The traditional self-care ADLs also require that a person be unable to perform at least two of the self-care tasks, whereas under the *extended ADL* assessment, if the self-care category is affected at all, only one self-care task is required or two 'with help' in order to meet the self-care category.

In order to differentiate the two, we have named the full six categories '*extended activities of daily living*' or '*extended ADLs*'.

Payment levels

Under Zurich Wealth Protection TPD cover, the following payment levels apply:

Impairment level	% of the sum insured payable	Availability
Functional impairment of at least 4 <i>extended ADLs</i>	100%	Built-in benefit
Functional impairment of at least 3 <i>extended ADLs</i>	65%	TPD Platinum only
Functional impairment of at least 2 <i>extended ADLs</i>	40%	

An inability to perform four *extended ADLs* categories is included in all TPD policies with a TPD definition of *own occupation, any occupation or domestic duties*, subject to the superannuation rules explained over the page.

The Partial impairment benefit is available by selecting Platinum TPD and provides a partial benefit for *functional impairment* of two or three *extended ADLs*. This allows claims to be paid at earlier stages of a disease or disability, meaning clients have access to funds for treatment earlier and, for clients whose disease or disability is less severe and therefore would never have progressed to a full TPD claim, access to funds that they otherwise would not have received at all.

The benefits of *extended ADLs*

1. Greater certainty

An inherent difficulty in assessing TPD claims is the disconnect between insurance policy definitions and the medical assessment of patients. While doctors assess a patient's condition based on objective impairment and diagnostic criteria, TPD definitions require the doctor to make a subjective assessment on a person's ability to perform occupational duties and categorically state whether someone is likely to ever return to work.

Extended ADLs provide a more objective and transparent method of assessing the level of a claimant's disability. The removal of the subjectivity involved in the traditional TPD definition provides both advisers and clients with greater certainty in the claims assessment process.

2. Claim payment at earlier stages of a condition or for less severe disabilities

The Partial impairment benefit allows claims to be paid at earlier stages of the disease process. This means that clients can have access to a portion of their benefit in order to fund treatment earlier rather than having to wait until they are unable to work before being eligible for claims under their TPD policy. For a client whose disease or disability is less severe and would never have progressed to a full TPD claim, they now have access to funds that they would otherwise have not received at all.

Overall it means that more benefits will be paid under TPD and clients will be able to access critical financial support at earlier stages of their condition.

3. Quicker and more efficient assessment of claims

Because of the objective nature of *extended ADLs* as an assessment tool, claims can be assessed and paid more quickly when compared to traditional TPD definitions.

When assessing claims under the traditional TPD definition, clients may be required to see additional specialists so that their ability to perform their occupation, which can be a subjective judgment, can be assessed. Under the *extended ADLs*, often a single medical report measuring functional impairment will provide the information required for a claim to be paid.

Case study

Example 1: Darren, 45 year-old male with Life, TPD (own occupation), Trauma and Income protection, who runs his own financial planning business.

Darren is a motorcycle enthusiast who had an accident and suffered nerve damage to his left hand, which was his dominant hand.

As he runs his own business, Darren returned to work quickly and although he had severe and permanent nerve damage in his left hand, he was able to perform the primary functions of his business. He had minimal function for writing and using the keyboard and also had minimal dexterity for basic hand functions, such as grasping and pinching with his left hand.

Darren had what would be considered a comprehensive insurance plan; however, he was not eligible to claim under any of the traditional benefits. He did not meet his income protection waiting period, as he was keen to return to his business to ensure it continued to run smoothly. A nerve injury of this type is not covered under a traditional Trauma policy and he was not totally and permanently disabled.

- Under the traditional TPD definition, his claim was declined because he was back in his business and working
- Under *extended ADLs*, he is unable to perform two of the *extended ADL* categories and would have qualified for a 40% payment if he held Platinum TPD, which includes the Partial impairment benefit.

The table below shows the tasks that he could not perform in **light blue**.

Extended ADL category	Specific tasks	Scores required in order to be considered unable to perform the ADL category	
1. Self care	<ul style="list-style-type: none"> • bathing • grooming • dressing • eating and feeding 	<ul style="list-style-type: none"> • bowel and bladder function • mobility 	<ul style="list-style-type: none"> • 'cannot' in at least one specific task, or • 'with help' in at least two specific tasks
2. Communication	<ul style="list-style-type: none"> • speaking • reading 	<ul style="list-style-type: none"> • writing (minimal) • keyboard use (minimal) 	<ul style="list-style-type: none"> • 'cannot' in at least one specific task, or • 'minimal' in at least two specific tasks
3. Physical activity	<ul style="list-style-type: none"> • standing (assisted) • sitting • reclining • walking • stooping • squatting • kneeling • reaching • bending • twisting 	<ul style="list-style-type: none"> • carrying • lifting • pushing • pulling • climbing • exercising 	<ul style="list-style-type: none"> • 'cannot' in at least three specific tasks, or • 'with help' in at least six specific tasks
4. Sensory function	<ul style="list-style-type: none"> • hearing • seeing • tactile sensation 	<ul style="list-style-type: none"> • tasting • smelling 	<ul style="list-style-type: none"> • 'cannot' in at least one specific task, or • 'minimal' in at least two specific tasks
5. Hand functions	<ul style="list-style-type: none"> • grasping (minimal) • holding • pinching (minimal) 	<ul style="list-style-type: none"> • percussive movements • sensory discrimination 	<ul style="list-style-type: none"> • 'cannot' in at least one specific task, or • 'minimal' in at least two specific tasks
6. Advanced functions	<ul style="list-style-type: none"> • travel (riding/driving) • sexual function • social interaction 	<ul style="list-style-type: none"> • understand concepts • memory 	<ul style="list-style-type: none"> • 'cannot' or 'poor' in at least four specific tasks

Case study

Example 2: Philip, 60 year-old male with TPD (own occupation), is the owner of a building business.

Philip runs his own building business in which, as well as performing some manual work, he has labourers to help take on larger jobs.

Philip was diagnosed with early stages of rheumatoid arthritis. His symptoms included pain in the joints of the knees, fingers and elbows, and heart dysfunction resulting in difficulty walking uphill and climbing stairs.

Philip's symptoms were deteriorating and ongoing over an eight month period. He was able to continue doing some building work as well as supervising his employees.

Upon assessment of his ability to perform extended ADLs, Philip was found to be unable to perform two of the extended ADL categories - physical activity and hand functions. Although he demonstrated poor performance of some of the tasks of advanced functions, he did not satisfy enough tasks to be considered unable to perform the whole category.

- Under traditional TPD, his claim was declined, as he could perform his occupation.
- He did not meet the traditional self-care ADLs as he was able to perform all of the self-care tasks.
- Under extended ADLs, he was unable to perform two extended ADL categories and would have qualified for a 40% payment if he held Platinum TPD, which includes the Partial impairment benefit.

Over a period of 18 months, Philip's symptoms continued to deteriorate due to the rheumatoid arthritis, which is a degenerative condition. While he could no longer do any manual work in the business, he continued to supervise labourers to perform the manual work and managed the business. Another assessment against the extended ADL categories was performed. Philip's impairment had spread across a number of the other extended ADL categories and he satisfied four of the six categories.

Extended ADL category	Specific tasks	Scores required in order to be considered unable to perform the ADL category	
1. Self care	<ul style="list-style-type: none"> • bathing • grooming • dressing • eating and feeding (with help) 	<ul style="list-style-type: none"> • bowel and bladder function • mobility (with help) 	<ul style="list-style-type: none"> • 'cannot' in at least one specific task, or • 'with help' in at least two specific tasks
2. Communication	<ul style="list-style-type: none"> • speaking • reading 	<ul style="list-style-type: none"> • writing (minimal) • keyboard use (minimal) 	<ul style="list-style-type: none"> • 'cannot' in at least one specific task, or • 'minimal' in at least two specific tasks
3. Physical activity	<ul style="list-style-type: none"> • standing • sitting • reclining • walking • stooping • squatting • kneeling • reaching • bending • twisting 	<ul style="list-style-type: none"> • carrying (with help) • lifting (with help) • pushing (with help) • pulling (with help) • climbing • exercising 	<ul style="list-style-type: none"> • 'cannot' in at least three specific tasks, or • 'with help' in at least six specific tasks
4. Sensory function	<ul style="list-style-type: none"> • hearing • seeing • tactile sensation 	<ul style="list-style-type: none"> • tasting • smelling 	<ul style="list-style-type: none"> • 'cannot' in at least one specific task, or • 'minimal' in at least two specific tasks
5. Hand functions	<ul style="list-style-type: none"> • grasping (minimal) • holding (minimal) • pinching (minimal) 	<ul style="list-style-type: none"> • percussive movements (minimal) • sensory discrimination 	<ul style="list-style-type: none"> • 'cannot' in at least one specific task, or • 'minimal' in at least two specific tasks

Extended ADL category	Specific tasks	Scores required in order to be considered unable to perform the ADL category
6. Advanced functions	<ul style="list-style-type: none"> travel (riding/driving) sexual function social interaction understand concepts memory 	<ul style="list-style-type: none"> problem solving stress adaptation sleep pattern (poor) recreational/social activities (poor)

- Under traditional TPD, whether Philip met the own occupation TPD definition could be open to debate, as he was still managing the business in which he was working prior to the disability, albeit in a limited and changed capacity.
- Under traditional ADLs, Philip would not have satisfied the definition. Although he had impairment across two tasks, these were only partially affected and he did not satisfy a complete inability to perform those tasks.
- Under *extended ADLs*, Philip was unable to perform four of the *extended ADL* categories and he was eligible for 100% payment of the TPD sum insured or any remaining TPD cover after the payment of partial benefits under the Partial impairment benefit (if Platinum TPD applied).

Ownership through superannuation

When cover is held through superannuation, your client must satisfy a superannuation condition of release in order to access any insurance benefits that have been paid to the trustee. For TPD claims, this will typically be assessed under the definition of *permanent incapacity*.

For *functional impairment* of four *extended ADLs* which pays 100% of the TPD sum insured, while there may be significant overlap, there may be circumstances in which your client's condition meets the *extended ADL* criteria but does not satisfy the definition of *permanent incapacity*. For this reason, the 100% benefit for *extended ADLs* is only included in a non-superannuation policy or one where superannuation optimiser applies. Where superannuation optimiser applies, the 100% benefit for *extended ADLs* is included in the TPD definition and therefore may be payable under either the superannuation or non-superannuation policy depending on whether your client also meets the definition of *permanent incapacity*.

For the Partial impairment benefit under Platinum TPD where cover is held through superannuation, a superannuation optimiser structure will automatically be applied, whether the definition of TPD that has been selected is *own occupation*, *any occupation* or *domestic duties*.

Where superannuation optimiser applies, two policies are applied for. One of the policies will be issued to the trustee of a superannuation fund (referred to as the superannuation policy), and the TPD benefit provided under this policy is called the superannuation component, while the remainder of the benefit will be issued under a policy outside superannuation (referred to as the non-superannuation policy), and the TPD benefit provided under this policy is called the 'non-superannuation component'.

Superannuation component	Non-superannuation component
<ul style="list-style-type: none"> • TPD definition, and • meets SIS definition of permanent incapacity 	<ul style="list-style-type: none"> • TPD definition, and • does not meet the definition of permanent incapacity
	<ul style="list-style-type: none"> • Partial Impairment benefit (Platinum TPD only)

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