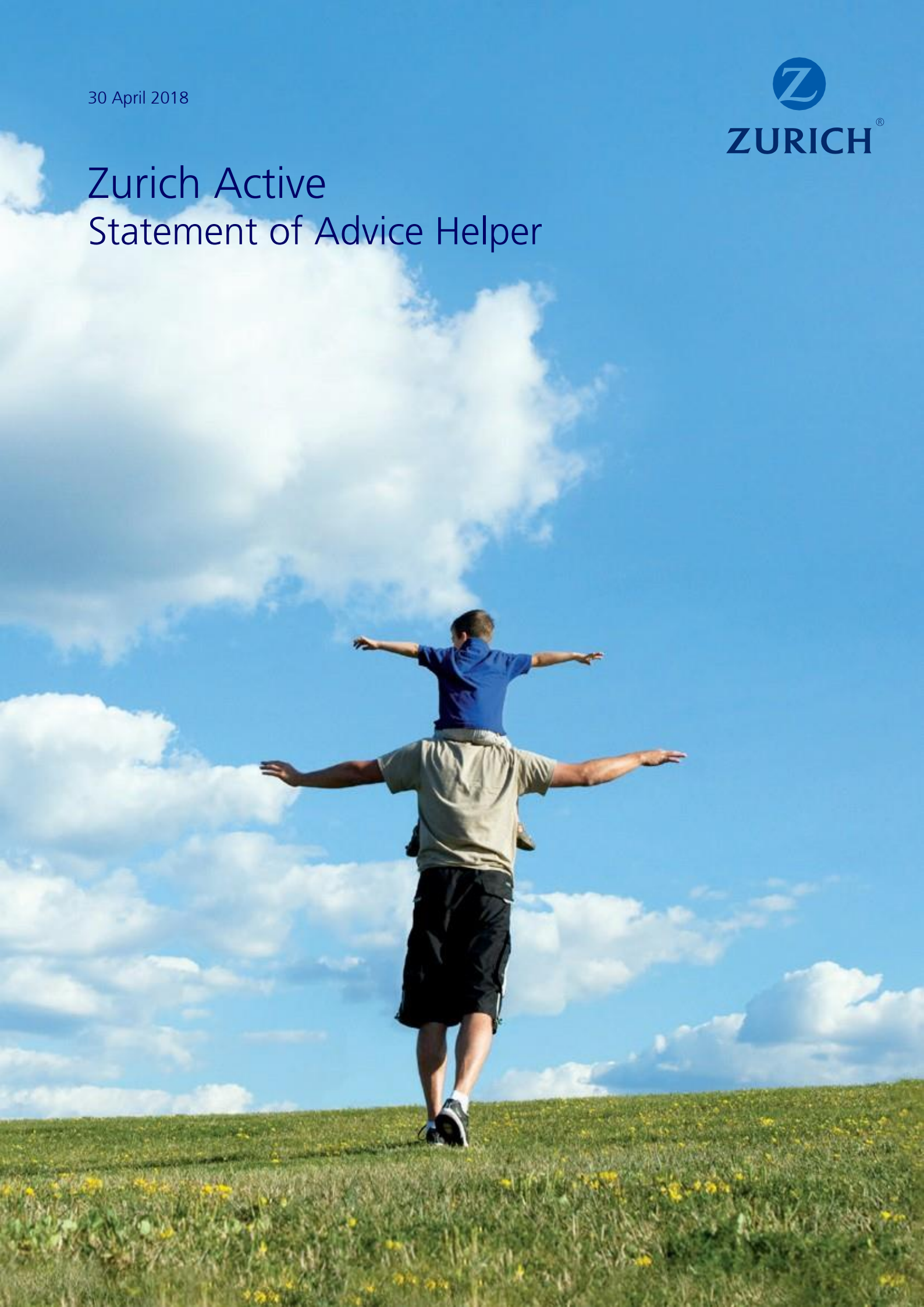


30 April 2018



ZURICH®

# Zurich Active Statement of Advice Helper



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# About this helper

## Warning

The product description and sample wording below have been prepared **as a guide only** to assist you in developing your own Statement of Advice (SOA) when recommending Zurich Active to your clients, it is not a template of a complete and compliant SOA.

This information may not be considered complete as it does not consider your clients' personal situation, needs or objectives – it is your responsibility to consider these aspects when formulating the SOA for your clients.

Zurich Australia Limited and its related bodies corporate are not responsible for any personal advice you provide, even if it is based on this document. We do not **give any warranty of reliability or accuracy nor accept any responsibility arising in any way including by reason of negligence for errors and omissions**.

It is important to note that some product features may not be fully explained, some words or phrases have a specific meaning and rules may apply to the availability of certain features and options. For these reasons, this helper should be used in conjunction with the terms and conditions set out in the Zurich Active Product Disclosure Statement (PDS) dated 30 April 2018.

Should you choose to use all or part of this document to fit with your particular SOA, this is at your discretion. The law applying to SOAs is subject to amendment and reinterpretation at any time and this document should not be relied upon for compliance purposes. This document is based on information from the Zurich Active Product Disclosure Statement (PDS) dated 30 April 2018 and is believed to be accurate as at this date. The information may be subject to change.

## Instructions

The following section provides an example of wording that can be inserted into an SOA to explain the benefits of the product and why the cover has been recommended. You should consider which wordings are relevant for inclusion as not all wording may be relevant for the particular client. Fees are not included in this template and should be included in the fee disclosure section of the SOA.

The wording is provided as a guideline and advisers should seek guidance from their own compliance area to ensure all licensee and ASIC requirements have been met.

In some sections, there are several options for wording to allow advisers to tailor the advice to the client's circumstances. Advisers should insert their own details or delete any sections that do not apply to the advice given, as well as delete the instructions. In some cases, advisers may need to modify or provide additional wording to suit the client's unique circumstances.

## The Zurich Active product suite

The Zurich Active policies are:

- Zurich Active Cover
- Zurich Income Protector
- Zurich Child Cover.

# Advice Introduction

## Executive summary / reasons for seeking advice / subject matter / scope / goals

- You have sought our advice primarily to review your personal insurance needs as you do not have sufficient assets or insurance cover to meet the financial impact of death, illness, accident or permanent disablement.
- You would like to explore alternative options that may reduce the cost of your traditional Life, Total & Permanent Disability (TPD) and Trauma policies whilst still providing the protection you need.
- Your occupation classification is impeding your ability to obtain cost effective, comprehensive insurance cover and you would like to explore insurance options that focus more on the individual rather than the occupation.
- You wish to implement an appropriate level of personal insurance cover to ensure that you and your family are adequately protected against the risk of death, disablement or injury.
- You wish to protect your family's needs by putting in place personal insurance cover that will replace your income should you become seriously ill, disabled, or suffer a traumatic event that prevents you from working.
- You wish to implement an appropriate level of child cover as part of your overall portfolio of insurance.
- You would like to be covered for more health events than traditional trauma (/TPD) products typically offer.
- You would rather have more conditions covered and receive either a full or partial payout as opposed to having fewer conditions covered with all or most paying the full benefit amount.
- You have a preference for an insurance policy that enables multiple claims if you suffer one or more significant medical conditions as well as providing a lump sum payment in the alternate event of your death.
- Product design is important to you and you would prefer to have a product that is designed to support you living with health events (designed to pay out multiple times if you suffer another health event or certain progressive conditions), rather than a product designed to provide a single payment.
- You wish to hold your cover through a single provider, if appropriate, to simplify the management of your personal insurance portfolio.
- You wish to ensure your personal insurance is structured tax effectively and prefer to fund premiums via superannuation to limit the impact on your cash flow.
- You intend on holding the cover for the long term (more than 15 years) and would like to maximise premium savings where possible. [level premiums]
- Shorter term premium savings (less than 15 years) are more important to you as reducing the immediate impact on your cash flow (and/or) superannuation capital is your priority. [stepped premiums]

## Zurich Active or Traditional Cover

Throughout the course of our communication it became apparent that Zurich Active cover may be more appropriate for you than Traditional policies.

Zurich Active is the only life insurance product of its kind in Australia today. This innovative policy covers more conditions than traditional trauma insurance policies and pays claims based on the severity category assigned to each defined Health events. This not only means Zurich Active pays claims when other policies do not, but can also make it better value for money in many cases.

Moreover, Zurich Active allows multiple claims over the lifetime of the policy.

To help us qualify if Zurich Active is more suitable for you than traditional policies, we considered your existing circumstances, insurance needs, goals and objectives. We also asked you a few specific key questions from which your responses are summarised below:

Whilst you have indicated that you: **<select appropriate responses below>**

- Prefer to be covered for the main serious illnesses only.
- Would rather only be paid the total sum insured if you suffer an injury that the Doctor confirms will see you unlikely to work again in the future (all of the insurance benefit or none of the insurance benefit).
- Would be happy for the policy to end after making a successful claim.
- Would prefer that if your claim is successful that you receive the full lump sum benefit.

You stated that the following is important to you: **<select appropriate responses below>**

- Being covered for as many illnesses as possible.
- Receiving benefit for sickness or injuries based on the relative severity of the disablement, making it more likely to receive some benefit when compared to traditional Total & Permanent Disability (TPD) policies, though maybe not the total sum insured.
- Multiple claims. You prefer that if you make a successful claim that your policy will remain in force and subsequent claims for new conditions or deterioration of an existing illness are both allowed.
- That successful claims will be paid based on the relative severity of the illness; so, it might be the full sum insured or a smaller proportion thereof.

Having considered the above, your goals, circumstances and any benefits that will be lost and gained; we consider that on balance, Zurich Active cover to be appropriate for you. We have also considered your need for different types of insurance, the financial resources you have available to meet that need, and the initial and ongoing costs of the insurance.

## **Executive summary / strategy text / benefits / rationale / outcomes**

- Our recommendations will assist you in achieving your goal of implementing personal insurance to protect you and your family's needs in the event of premature death, total and permanent disability, suffering a major medical trauma and becoming unable to earn an income through disability or illness.
- The proposed Zurich Active policy provides you with an alternative solution to the traditional death, trauma and disability benefits, including those traditionally classified as TPD benefits.
- Zurich Active provides you with access to benefits which might not be available under traditional policies due to your occupation. Zurich Active includes a more objective claims assessment that does not rely on the link between occupation and disability.
- Zurich Active integrates lump sum benefits so that you choose an overall amount of cover that may be paid in full or in part on the occurrence of one or more Health events, a terminal illness or death.
- Limit the impact on your cash flow by funding the majority of this insurance through tax effective superannuation.
- This will help you achieve your goal of implementing personal insurance to protect your and your family's needs should an insurable event occur. The recommended policy is a consolidated policy which is a cost effective alternative solution to traditional Life, TPD and Trauma insurance policies.



# Advice Strategy

## SOA Strategy / Strategy text / Strategy risk / Benefits / Rationale / Outcomes

### Personal Insurance

The amounts of personal insurance cover we recommend to meet your stated protection objectives are below:

**Life Insured:** Client Name

Zurich Active	Policy Owner	Premium Structure	Amount
Health Events, Death & Terminal Illness Cover	Client Name	Stepped / Level	\$
Additional Death Cover	Client Name	Stepped / Level	\$
Income Protector	Super Trustee	Stepped / Level	\$
Child Cover	Client Name		\$
<b>Total Monthly Premium</b>			<b>\$</b>

### Strategy Benefits:

Implementing the above cover should enable you to:

- Reduce the financial impact of events such as death, disability and illness.
- Reduce debt in the event of your death or serious illness.
- Provide funding for your children's education in the event of your death or serious illness.
- Invest for income to maintain your family's lifestyle in the event of your death or serious illness.
- Pay funeral costs.
- Replace a portion of your Income in the event that you are unable to work due to illness or injury.
- Provides funds for medical and rehabilitation costs.
- Provides funds to modify your house and car to cater for a physical disability.
- Make multiple claims for both related and unrelated events.
- Limit the impact on your cash flow by funding **<the majority>** of this insurance through tax effective superannuation.
- Reduce your net insurance costs by making concessional super contributions to fund the premiums (and claiming a tax deduction for those contributions).
- Benefit from the long-term savings associated with level premiums.
- Reduce the short-term cost of premium during the earlier years of the policy with stepped premiums.
- Claim a tax deduction for your Income Protector insurance.

## Strategy Outcomes:

Implementing the above cover should put you in a better position by:

- Helping you achieve your goal of implementing personal insurance to protect you and your family's needs should an insurable event occur. The recommended policy is comprehensive and a cost-effective alternative solution to traditional Life, TPD and Trauma policies.
- Ensuring the continuity of your financial plan by putting personal protection in place to mitigate the financial impact of events such as death, disability and illness.
- Structuring your insurance for tax effective premium payment and long term premium savings.

## Strategy Things to Consider:

As part of determining whether my advice is appropriate, you should also consider the following:

### <INCOME PROTECTOR>

- Income Protector payments will not start until you have been unable to work for a period of time. This is called the waiting period. You can choose a waiting period between 30 days and 2 years. The longer the waiting period, the lower your premium. Based on your circumstances and other financial resources I recommend a waiting period of XX days.
- Income Protector monthly payments will continue while you are disabled for the selected benefit period. Based on your circumstances and other financial resources I recommend a benefit period of XX.

### <SUPER/SMSF>

- Not all parts of Active cover can be held inside superannuation due to superannuation law, which restricts access to benefits. It is recommended that you own part of the insurance cover through your existing/new Super/SMSF account. The cover for Health events, death & terminal illness will be issued under two policies with the cover for Death & terminal illness and part of the Health events cover issued under a superannuation policy and the remainder of the Health events cover issued under a non-superannuation policy.
- The amount of super available to you at retirement may be less than if the premiums were paid from another source if you do not make additional super contributions to fund the cost of the cover.
- In the event of a claim, tax may be payable if you receive insurance proceeds as a lump sum or as an income stream. In the event of your death, the beneficiary of your super and any insurance policies may also be subject to tax.
- In some circumstances, even if an insurer pays a benefit to your super fund, you may not be able to access the proceeds until a 'condition of release' is met
- Your cover generally stops at death when you cease to be a member of the fund and at other times as defined by the insurance policy.
- <SMSF> You should check that your self-managed super fund (SMSF) is able to hold an insurance policy. If the fund cannot hold this policy you may need to amend your trust deed and/or investment strategy to enable the SMSF to hold this policy. Please seek legal advice in relation to Trust Deed amendments and the general running of the fund to ensure it is properly executed. All decisions made regarding the deed, investment or insurance strategy should be documented in the fund's minutes.

### <ALL>

- Zurich Active benefits are paid in the event of specific medical definitions being met. This may be less flexible than traditional TPD products which are structured to pay a single benefit amount if you are unlikely to ever again be able to perform your own occupation or any occupation as confirmed by a medical specialist.
- It is important to understand that for some benefits, the severity payments under Zurich Active may pay a lower percentage benefit than some traditional products.
- Both stepped and level premiums will increase where the sum insured has been increased in line with inflation.



- Generally, level premiums are not guaranteed to remain the same and may increase if the insurer increases premiums for all policies of the same type. The overall amount you pay will increase over time if you accept inflationary increases. They will not however increase as a directly result of your age.
- Stepped premiums are initially lower than level premiums. Stepped premiums may be higher than level premiums over longer periods of time. Stepped premiums are calculated annually in line with your revised age and sum insured. Changing from stepped to level will initially increase your insurance premiums.
- Underwriting by the insurer will assess the risk of you making a claim. This may alter the estimated premium or place exclusions on, or exemptions to the cover, or the insurer may reject the application for cover.
- Your insurances and financial situation should be reviewed annually or if your circumstances change.
- For information about specific exclusions, costs and conditions that apply to the recommended insurances, please refer to the Product Disclosure Statement.

## Child Cover

### Reasons for selecting Child Cover in Zurich Active

Why we have recommended this additional cover

- The recommended child cover provides a lump sum payment if your child suffers one of the insured trauma conditions.
- Child cover provides a lump sum payment if your child suffers one of the insured trauma conditions. The payment could be used to cover additional unexpected expenses as a result of the sickness or injury or provide funds to allow you or your partner to take time off work to care for your child while they are unwell.
- Child cover provides a lump sum payment if your child suffers one of the insured trauma conditions covered by the policy. The payment could be used to cover additional unexpected expenses as a result of the sickness or injury or provide funds to allow you or your partner to take time off work to care for your child while they are unwell.

# Advice Product

## Reasons for changing to Zurich Active (replacement advice) why Zurich Active

### Why we have recommended these product changes

- Your current insurance covers do not provide the same broad range of benefits found within the recommended Zurich Active insurance cover policy.
- Zurich Active allows you to hold several types of cover in one comprehensive policy providing cover for a wide range of Health events with payments based on the severity of the medical condition.
- Zurich Active provides you with access to benefits which may not be available under traditional policies due to your occupation. Zurich Active includes an objective claims assessment that does not rely on the link between occupation and disability.
- Zurich Active provides you with an alternative solution to the traditional death, trauma and disability benefits, including those traditionally classified as TPD benefits. Zurich Active integrates lump sum benefits so that you choose an overall amount of cover that may be paid in full or in part on the occurrence of one or more Health events, diagnosis of a terminal illness or death.
- The recommended insurance is unlike traditional trauma and TPD products as they typically pay benefits on an all or-nothing basis depending on whether you meet the policy definition or not. Zurich Active includes lower thresholds for certain conditions, which means you may be able to access funds earlier than would otherwise be available under a traditional policy.
- Cover may start to apply for health conditions at earlier stages with Zurich Active. This may increase your chance of receiving a payment and potentially access to funds earlier than other insurance products.
- You can make multiple claims under Zurich Active for both related and unrelated events. Whilst previous claims reduce the total amount available for subsequent Health event claims, the Claim Protector feature maintains 25% of your original cover held up to age 65, subject to maximum product caps and terms as set out in the Product Disclosure Statement.
- Active premiums can be better value than the premium for the similar levels of death, TPD and trauma cover taken under a traditional product structure.
- By having a structure where benefits vary depending on the relative severity of each Health event, Active can allow you to more accurately align the benefit paid with the likely financial impact of the Health event suffered, and is often able to provide more competitive and sustainable premiums compared with traditional policies.

For further information about the exclusions, features and benefits of recommended insurances, please refer to the attached Product Disclosure Statement(s) (PDS).

## Option 1 - Product rationale (snapshot) why Zurich Active

### Why recommend Zurich Active?

Zurich Active Cover is a simple yet comprehensive insurance solution that introduces a common-sense approach to coverage and benefits. It provides an alternative to traditional lump sum insurance products, offering broader coverage and the ability to make multiple claims based on the severity of Health events over time. It is life insurance made for living.

### In-built benefits

A benefit is payable if, while the cover for Health events, death & terminal illness is in force, the life insured:

- dies
- is diagnosed with a terminal illness or
- suffers a Health event covered under the policy,

If the life insured is eligible to claim for a Health event under the policy, the severity category assigned to the defined Health event will determine how much is paid at claim time. Generally, the more serious the Health event, the larger the benefit, and if health deteriorates further following a claim another benefit may be paid.

The policy will not cease after a Health event claim and will remain in place at a reduced level, allowing multiple claims over the life of the policy, subject to specified policy limits set out in the Product Disclosure Statement. Premiums are based on the Initial amount of cover.

For subsequent claims the policy will pay:

- the difference in benefit severity for a deterioration of a condition for which a claim has been paid (limits apply to Health events which are a progression of a prior Health event)
- the difference in benefit severity for unrelated Health events that occur within the 12-month limited claim period or
- the full amount of the applicable benefit for unrelated conditions that occur outside the limited claim period.

All subsequent claims are limited to the amount of cover remaining, which is the Initial amount of cover, reduced by any previous claims.

Active Cover also includes the Safety net feature allowing an assessment to be made on any permanent loss of functional capacity as a result of a serious condition which does not meet the definition of any other Health event.

**Claim protector** – ensures 25% of the Initial amount of cover is retained on the policy so that funds will be available in the event that the life insured suffers more than one Health event before age 65. The Claim protector applies 14 days after a Health event. It does not apply to Death & terminal illness cover and is subject to the policy limits as set out in the Product Disclosure Statement.

**Advancement for funeral expenses** – while a claim is being settled Zurich may advance up to \$15,000 of the Death benefit towards the payment of funeral expenses. Applications must be made by the policy owner or estate and include a death certificate and invoice for funeral costs.

### Included features

**Inflation protection** – Zurich will offer to index the Initial amount of cover each year by the greater of the CPI and 5%.

**Future insurability** – on specified occasions related to personal circumstances such as marriage or birth of a child, the policy owner may increase the sum insured within guidelines, without further assessment of health until the life insured's 55<sup>th</sup> birthday.

**Financial planning advice** – Zurich will reimburse up to \$1,000 toward the cost of financial planning advice after a benefit has been paid.

**Interim cover** – while Zurich is assessing the application, we will provide interim accidental injury or death cover for up to 90 days.

**Premium holiday** – the policy owner may request a break in cover (maximum 12 months over the life of the policy).

## Optional benefits (additional premium)

**Additional death cover option** – pays an additional lump sum if the life insured is diagnosed with a *Terminal illness* or in the event of the life insured's death.

**Extended care option** – pays an additional benefit amount if the life insured is severely disabled, suffering a category A Health event that meets at least either 4 of the 6 *activities of daily living* or 60% *whole person impairment*.

This is a summary only of the in-built benefits and optional extras available in Zurich Active Cover. Please read the Zurich Active Product Disclosure Statement (PDS) for all terms and conditions, including relevant exclusions. Italics above identify specific terms that are defined in the PDS.

## Option 2 - Product rationale (expanded) Option why Zurich Active

### Why we recommend Zurich Active

Zurich Financial Services Australia Limited is the only financial services company operating in Australia under a single brand in their core lines of business – general insurance, life risk, investment and superannuation products. It is a member of the global Zurich Insurance group which was founded in 1872 in Switzerland and is currently serving more than 170 markets around the world. Locally in Australia, Zurich has been around since 1961 and further strengthened the commitment to Australia when they acquired the Macquarie Life Risk Business.

**Zurich Active** is a severity-based policy and is unlike any other in the market today. With more Health events covered, there are more ways to qualify for a benefit – and more claims flexibility in the type of benefit paid. With one policy covering major Health events, terminal illness and death, this could also provide better value for money.

Zurich's guarantee of upgrade means that as benefits are improved within the type of insurance you have chosen, they will add those improvements to your policy irrespective of when your existing policy commenced at an effective date to be advised by Zurich.

This benefit ensures that you have the most up to date policy at all times, ensuring peace of mind for you and/or your family.

We have chosen the products above to assist you towards achieving your goal of ensuring you and your family are protected in the event of death or disablement.

- ✓ *Convenient* - Whatever type of life insurance you choose, with Zurich your chosen cover is serviced by the one insurance company.
  - ✓ *Flexible* - Each insurance can be structured with either level or variable benefits and premiums. You can also easily upgrade and rearrange your cover as your circumstances change.
  - ✓ *Simple* – Zurich Active policies are written in plain English, making them easy to understand
  - ✓ *Fair* - All policies carry a 21-day cooling-off period. You can obtain a full refund of the premiums paid as long as you notify Zurich in writing within 21 days.
- **Good Value** - The policy rates highly in terms of qualitative definitions and is competitively priced offering you good value for money.
  - **Future Insurability** – Future insurability benefits allow the benefit to be increased without medical evidence for a number of personal events where cover is offered at standard rates without any loadings or exclusions within a specified time.
  - **Indexation** – To ensure your lump sum insurance keeps up with the cost of living, Zurich will automatically increase the Active Cover amount insured each policy anniversary by the greater of 5% or the percentage increase in CPI.
  - **Death & Terminal Illness** – Zurich will pay your Life Cover lump sum benefit if you are diagnosed with a terminal illness. You will not have to return this benefit if you survive the terminal illness.
  - **Funeral Assistance Benefit** - this benefit advances 10 per cent of the Death Cover up to a maximum of \$15,000 to pay for immediate funeral expenses.
  - **Financial Planning Benefit** - this benefit reimburses up to \$1,000 towards the cost of engaging a financial planner to prepare a financial plan following the payment of a category A or B Health event.
  - **Claim Protector (Health events)** – provides a minimum level of cover for specified Health events regardless of any previous claims prior to age 65. This feature does not apply to death cover and is subject to aggregate claim limits set out in the PDS.

### <EXTRA COST HEALTH EVENTS ONLY>

- **Extended Care Option** – provides an extra payment of 50 per cent of the Initial amount of cover if you have been paid a benefit category A Health event claim and permanently suffer either the inability to perform four out of six activities of daily living or whole person impairment of at least 60 per cent.

- **Additional Death Cover Option** – provides an additional amount death and terminal illness cover which is unaffected by claims made on your policy due to Health events.

#### <ALL CHILD TRAUMA ONLY>

- **Continuation of Cover** – this allows the insured child to convert their cover to an adult policy on any cover anniversary following their 15th birthday up until they turn 21, without medical underwriting.

#### <INCOME PROTECTION DEFINITION>

- **Indemnity** – meaning that the benefits are capped at the life insured's income immediately prior to claim which is generally the income the life insured is earning at the time of the claim (the best consecutive 12 months in the previous two years can be used). Indemnity policies offer lower premiums than agreed value policies.
- **Agreed Value** – meaning that the benefits are not restricted by the life insured's income immediately prior to claim. The benefit amount is agreed and based on your financials at the time of application which may be verified at the time of claim.
- **Endorsed Agreed Value** – meaning that the benefit amount is agreed and based on your financials at the time of application.

#### <ALL INCOME PROTECTION ONLY>

- **Premium Wavier** – this feature waives your premium and policy fee while you are receiving a benefit from your policy.
- **Involuntary Unemployment Premium Waiver** – this feature waives the premium and policy fee for up to three months while you are involuntarily unemployed.

#### <ALL INCOME PROTECTION ONLY – DELETE IF HELD WHOLLY WITHIN SUPER>

- **Rehabilitation Expenses Benefit** – provides up to 12 times the monthly benefit to cover all or part of your rehabilitation expenses or the costs of a rehabilitation programme.
- **Specific Injury Benefit** – pays a predetermined multiple of the monthly benefit if you suffer one of a list of specific injuries. This benefit is payable even if your injury causes you to have no time off work.

#### <ALL INCOME PROTECTION – OCCUPATION CLASS 1M ONLY>

- **Medical Professionals Feature** – provides special terms so that if you contract HIV, hepatitis B, or hepatitis C and this has an effect on your ability to perform the duties of your occupation (e.g. due to professional guidelines), a benefit may be available even if you are still physically able to perform your duties.

#### <EXTRA COST INCOME PROTECTION – OCCUPATION CLASS 1, 1E, 1L, 1M AND 1P ONLY>

- **Income Protector Plus** – provides more favourable terms to qualify for the Total Disability benefit as well as an additional period to which the Premium Waiver applies.

#### <EXTRA COST INCOME PROTECTION ONLY>

- **Increasing Claims Option** – each policy anniversary while you are on claim, this feature will increase your monthly benefit by the consumer price index figure to ensure that your benefits retain their value against inflation. You can choose not to take up the increase in any year.
- **Superannuation Cover Option** – allows you to insure a higher proportion of your superannuation contributions than is typically available so that if you become disabled they will continue to be paid into your superannuation account.
- **Accident Option** – pays 1/30th of the monthly benefit for each day you are totally disabled if you are disabled due to an accident for four days or more during the waiting period.
- **Trauma Benefit** - pays six times the *monthly benefit* if you suffer a *Health Event* in Benefit Category A or B. This benefit is payable even if you to have no time off work.

#### <ALL COVERS WHERE APPLICABLE>

- **Stepped Premium** - Allows you to limit the impact on your cash flow during the earlier years of the policy.
- **Level Premium** - Provides a greater degree of certainty in your insurance premiums (not always guaranteed) and cost savings over time.

For further information about the exclusions, features and benefits of recommended insurances, please refer to the attached Product Disclosure Statement(s) (PDS).

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ADVISER USE ONLY



## Comparison to traditional policies (non replacement)

### Comparison to traditional policies

Zurich Active cover is an alternative to traditional life insurance product structures that generally offer separate benefits for death, total and permanent disablement and trauma conditions.

Zurich Active integrates lump sum benefits so that you choose an overall amount of cover that may be paid in full or in part on the occurrence of one or more Health events, diagnosis of a terminal illness or death.

Before proceeding, it's important you understand the relative advantages of the two types of product structures:

Advantages of Zurich Active	
<b>Broader coverage and severity-based payments</b>	<p>Active provides cover for a broader range of medical conditions than typical traditional lump sum policies. This reduces the risk that a health condition that leads to a level of impairment will not be covered by the policy.</p> <p>Definitions are based on the relative severity of the Health event - aiming to provide benefits that are more closely aligned with the likely financial impact of the event.</p>
<b>Objective claims assessment</b>	<p>The claims assessment process is built on more objective medical definitions rather than an assessment of ability to ever again engage in an occupation. This can mean that, when compared to traditional TPD cover, it is clearer when benefits will be paid and many conditions would trigger a benefit payment as health deteriorates but before the life insured is forced to stop working completely.</p>
<b>Multiple claims and claim protector</b>	<p>Active allows for multiple claims for related and unrelated Health events over the life of the policy.</p> <p>Progressive claims may pay an additional benefit, if a condition for which a prior benefit (original claim) has been paid, subsequently deteriorates.</p> <p>Unrelated claims will be paid at the relevant severity benefit level.</p> <p>Subsequent claim payments may be limited by the remaining cover or the Limited claim period restriction.</p> <p>The Claim protector feature means that, up to age 65, 25% of the Initial amount of cover is protected for other Health event claims irrespective of the number of prior claims as long as more than 14 days elapse between Health events and the total claim payments do not exceed to the product aggregate claim limits.</p>
<b>Premium efficiency</b>	<p>Active premiums can be better value than the premium for the similar levels of death, TPD and trauma cover taken under a traditional product structure.</p>

<b>Advantages of Traditional Products</b>	
<b>Higher benefits for some conditions</b>	Traditional trauma products generally have a single payment threshold for the conditions included in the policy. It is therefore possible that a medical condition that would receive a 100% payment under a traditional product would receive a lower payment under Zurich Active if the severity of the condition did not meet the highest category (given the same insured amount).
<b>Partial payments</b>	Some partial benefits are included in traditional trauma products; however, these do not always allow for progressive claims due to deterioration of the same event.
<b>Occupation based TPD</b>	TPD is typically assessed on an occupation basis and paid in full when the insured becomes unable to ever again engage in an occupation. Generally, no claim is payable prior to this point. Zurich Active may pay based on a defined Health event which is not dependent on inability to work but which may result in payment of only part of the insured amount if the Health event is not classified in the highest category.

# Product Replacement

## Replacing insurance / cost and risk of replacement / traditional vs non-traditional

### Cost Comparison - Current Product vs Recommended Product

We have recommended as part of your financial strategy that you cancel (either fully or partially) an existing insurance policy that you hold. A cost comparison of your current insurance policy with the recommended Zurich Active policy is detailed in the table below.

	Current Product	Recommended Product
Product Name		Active Cover Income Protector/Plus Child Cover
Insurance Company		Zurich Australia Limited
Insured		
Policy Owner		
Policy Type	Standard / Plus	Death & Health event Benefits
<b>Sum Insured (\$)</b>		
- Life Insurance	\$	–
- TPD Insurance	\$	–
- Trauma Insurance	\$	–
- Income Protection (per month)	\$	\$
- Health Events, Death & Terminal Illness	–	\$
- Additional Death Cover	–	\$
- Child Cover	–	\$
<b>Income Protection Features</b>		
- Benefit Period		
- Waiting Period		
- Non-cancellable	Yes / No	Yes / No
- Benefit Style	Endorsed / Agreed / Indemnity	Endorsed / Agreed / Indemnity
Cash Surrender Value	\$xx / Nil	Nil
Indexation of Benefit	Yes / No	Yes / No
Underwriting Required	Yes / No	Yes / No
Premium Structure	Stepped / Level	Stepped / Level
<b>Premium (\$pa)</b>		
- Life Insurance	\$	n/a
- TPD Insurance	\$	n/a
- Trauma Insurance	\$	n/a
- Income Protection (per month)	\$	\$
- Health Events, Death & Terminal Illness	n/a	\$
- Additional Death Cover	n/a	\$
- Child Cover	n/a	\$
- Policy Fee	\$	\$
<b>Total Annual Cost</b>	<b>\$</b>	<b>\$</b>

## Replacement of Traditional Personal Insurance

### Non-like for like replacement

Zurich Active cover is an alternative to traditional life insurance product structures that generally offer separate benefits for death, total and permanent disablement and trauma conditions.

Zurich Active integrates lump sum benefits so that you choose an overall amount of cover that may be paid in full or in part on the occurrence of one or more Health events, diagnosis of a terminal illness or death.

By having benefits vary depending on the relative severity of each Health event, Zurich Active can allow you to more accurately align the benefit paid with the likely financial impact of the Health event suffered.

Zurich Active can often provide more competitive and sustainable premiums compared with traditional policies.

Your existing traditional insurance is being replaced with an alternatively structured product which is not a like for like replacement so cannot reasonably be compared as such. It is however important to understand the relative advantages of the two types of product structure before replacing your existing cover. Some of the key differences are explained below:

### Death & Terminal Illness

- Death & Terminal Illness benefits are paid when you die or are diagnosed with a terminal illness. There is not really much difference here as both Zurich Active and most traditional life policies pay the benefit upon the insurable event.
- The difference is that with a Zurich Active policy, you may also receive partial payments under health events cover prior to claiming the life or terminal illness benefit. Whilst the immediate financial relief might be favourable, it is also important to remember that benefits received will subsequently reduce your Active cover level which is payable when you die or are diagnosed with a terminal illness. With Zurich Active you can safeguard Additional death cover to ensure a minimum payment in the event of death or terminal illness.

### Total & Permanent Disability (TPD)

- Traditional TPD products are structured to pay a single, benefit amount if you are unlikely to ever again be able to perform your own or any occupation as confirmed by a medical specialist. This can be a less flexible structure than that offered by Zurich Active where benefits are paid either in full or as a partial payment in the event of specific Health events. The amount payable is based on the severity classification of the Health event suffered.
- Should no benefit be payable and there is no assessment criteria relevant to the condition under the specific Health events, Zurich Active can assess the impact of your illness under the Safety net provision and if permanent impairment is evident this can be assessed based on the activities of daily living or occupational impairment definitions.
- Unlike traditional TPD policies, the severity basis for benefit payment under Zurich Active allows, in many cases, claims to be paid at early stages, as a condition worsens and even if you're still working or may be able to return to work in the future.

### Trauma replacement

- Traditional trauma products are structured to pay a single benefit amount, upon diagnosis of a specific health condition with limited partial claims ability. This can be a less flexible structure than that offered by Zurich Active where different levels of benefits are paid depending on the severity classification of the condition.
- Due to broader cover, Zurich Active may pay a benefit where a traditional policy may pay nothing.
- It is important to understand that for some benefits the severity payments under Zurich Active will pay less than some traditional products.
- As with traditional Trauma policies, when you claim under your Zurich Active policy the insured amount will be reduced by the claim amount. However, the Claim protector feature under Zurich Active ensures that until age 65, 25% of the Initial amount of cover is available for further Health events, effective from 14 days after the claimed Health event, subject to overall policy limits.
- As Zurich Active Cover may pay a partial benefit, it may not be suitable for extinguishing debt in full, funding a lifestyle change following a minor medical event or for use in certain business insurance arrangements.

## Our View

- Compared to traditional policies, Zurich Active provides the ability to claim on a broader range of conditions.
- The benefit paid under Zurich Active is designed to align with the severity of the medical condition. If the severity of the condition increases to a higher category Health event, an additional benefit may be paid.
- By structuring the Active policy to pay a benefit that is more closely aligned to the severity of the Health event it is possible to obtain coverage at a more economical price.
- Tiered benefit payment structures are likely to provide more sustainable pricing than traditional Trauma policies that may pay full benefits for relatively mild conditions.
- It is important to understand that for some benefits the severity payments under Zurich Active will pay a lower percentage of the benefit than some traditional products. This lower percentage benefit may be offset by the purchase of a higher level of cover for the same premium compared to traditional products.

On balance, taking into account the benefits that will be lost and gained, your goals, objectives and your needs, we believe that the advice to replace is appropriate.

For further information about the exclusions, features and benefits of recommended insurances, please refer to the attached Product Disclosure Statement(s) (PDS).

<Other Specific Differences Such as with Income Protector and other non-Active covers>

## Other Policy Differences

### Benefits you will lose temporarily

These are benefits that are covered by your existing insurance policy, but which are not covered by the recommended insurance policy until the end of the period stated.

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### Benefits you will lose permanently

These are benefits that are covered by your existing insurance policy that you will no longer have as a result of our advice.

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### Benefits that will be reduced

These are benefits that are covered by your existing insurance policy that will be reduced but not lost completely as a result of our advice.

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### Other consequences of changing your policy

These are benefits that are covered by your existing insurance policy that you will **no longer have** as a result of our advice.

- 
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# Advice Alternatives

## Alternative strategies and products

This strategy involves maintaining your current insurance or applying for increased cover with your current providers. It has not been recommended because:

- Your current insurance covers do not provide the same broad range of benefits found within the recommended Zurich Active insurance cover policy.
- The recommended insurance is unlike traditional trauma and TPD products as they typically pay benefits on an all or-nothing basis depending on whether you meet the policy definition or not. Zurich Active includes lower thresholds for certain conditions, which means you may be able to access funds earlier than would otherwise be available under a traditional policy.
- The recommended insurance is comprehensive in nature and unlike traditional insurances as it assesses claim events on the basis of specified medical outcomes. The recommended policy includes additional conditions not typically covered under traditional trauma policies, including psychiatric conditions such as depression, all neurological conditions, digestive conditions and musculoskeletal conditions.

This strategy involves taking up the required cover with another traditional life, TPD or trauma policy. It has not been recommended because:

- The recommended insurance is comprehensive in nature and unlike traditional insurances as it assesses claim events on the basis of specified medical outcomes. The recommended policy includes additional conditions not typically covered under traditional trauma policies, including mental health conditions such as depression, all neurological conditions, digestive conditions and musculoskeletal conditions.
- The claims assessment process is built on objective medical definitions rather than an assessment of ability to ever again engage in an occupation. This means that, when compared to traditional TPD cover, it is clearer when benefits will be paid and many conditions would trigger a benefit payment as health deteriorates but before the insured life is forced to stop working completely.
- Active allows for multiple claims for related and unrelated conditions over the life of the policy.
- Active premiums can be significantly cheaper than the premium for equivalent levels of death, TPD and trauma cover taken under a traditional product structure.
- By having a structure where benefit amounts are based on the relative severity of the Health event suffered, Zurich Active is often able to provide more competitive and sustainable premiums compared with traditional policies.



# Advice Outcomes

## **Achieving your goals / outcomes / better position statement**

- We have reviewed your existing insurance cover levels and types. Your existing insurance does not provide benefits which reflect your protection goals. We recommend this cover be replaced after the proposed insurance has been accepted.
- The recommended insurance provides you with an alternative solution to the traditional death, disability and trauma benefits, including some of those traditionally classified as TPD benefits. The recommended policy integrates lump sum benefits so that you choose an overall amount of cover that may be paid in full or in part on the occurrence of one or more Health events, diagnosis of a terminal illness or death.
- The proposed insurance solution will help ensure the continuity of your financial plan by putting personal protection in place to mitigate the financial impact of events such as death, disability and illness.
- Active premiums can be better value than the premium for the similar levels of death, TPD and trauma cover taken under a traditional product structure. .
- The recommended solution will ensure your insurance is tax effectively funded and you achieve long term premium savings. Furthermore, the recommended policy can be largely funded by superannuation.
- Having considered your goals, circumstances, the strategies we have recommended, and any benefits that will be lost and gained, we consider that on balance, the insurance we are recommending is appropriate for you. We have also considered your need for different types of insurance, the financial resources you have available to meet that need, and the initial and ongoing costs of the insurance.

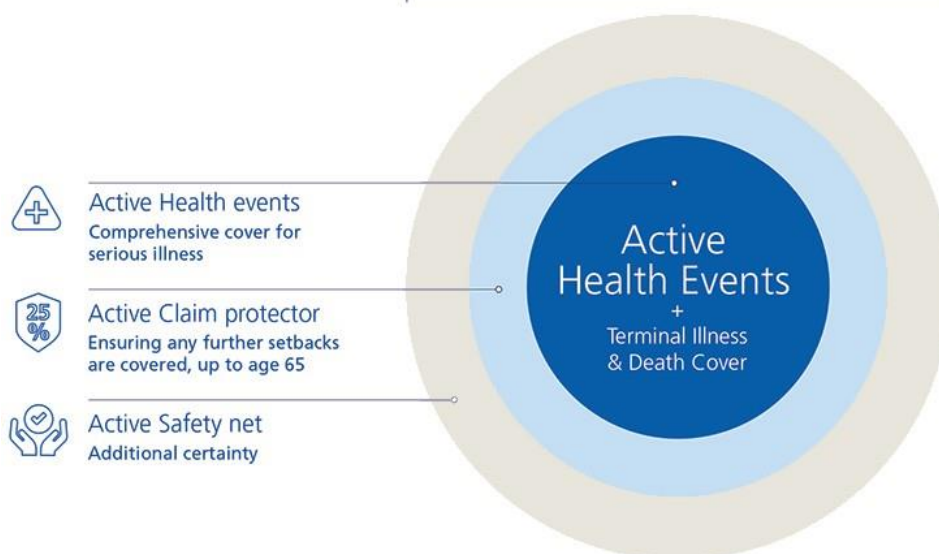
# Image Library

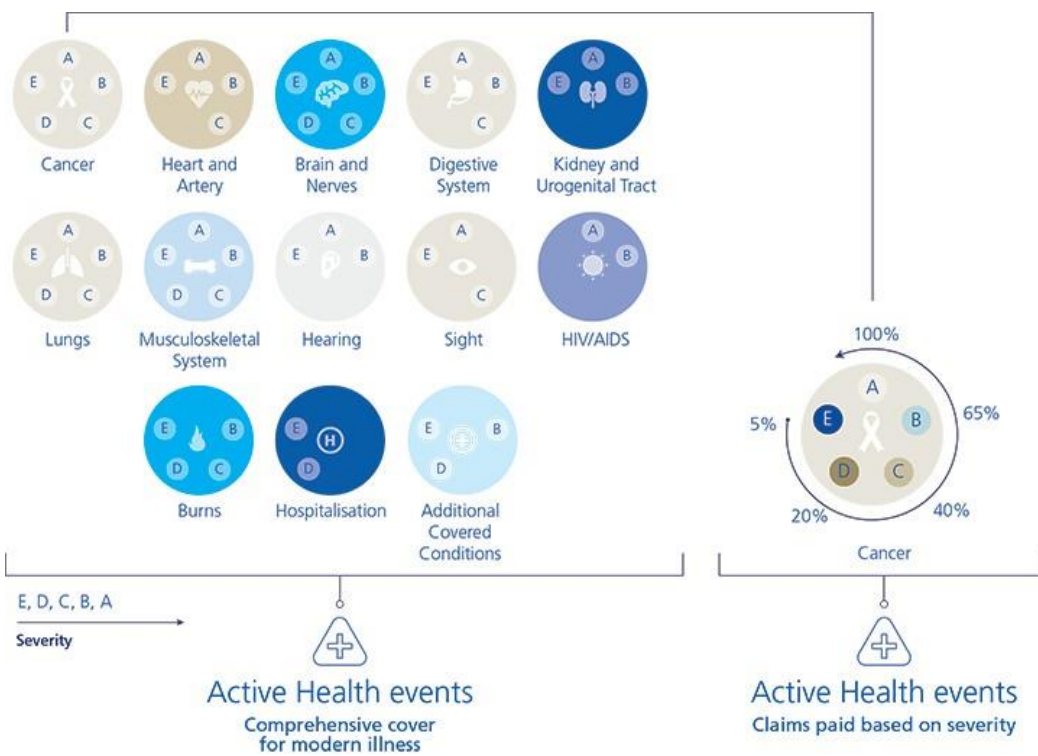
## Zurich Active Images



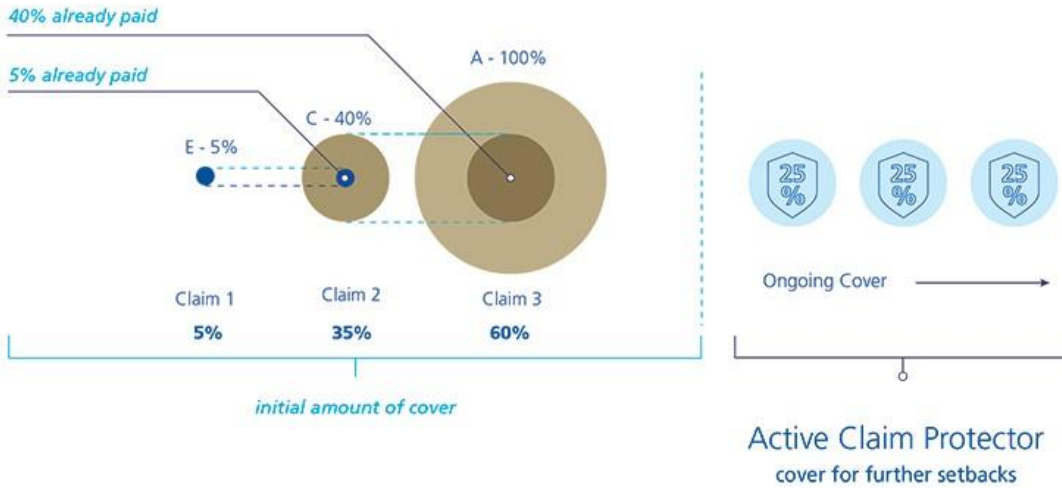
### Designed for living

Active has the broadest list of definitions in the market with coverage of over 168 health events and an important built-in catch-all feature.





## How A Progressive Claim Works



## How Multiple, Unrelated Claims Work



## Extra Protection With The Active Safety Net

For conditions not meeting a specific Health event

