

1 April 2020

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# Zurich Sumo

Statement of Advice – Product information helper

Adviser use only



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# Introduction

This document is designed to provide some product information which may be relevant in your Statement of Advice ('SOA') when one or more products are being recommended from the Zurich Sumo product range.

The content and form of the SOA is a matter for you to determine. This document includes information about the Zurich Sumo range that is set out in the Zurich Sumo PDS (1 April 2020) which may be useful to you when preparing a SOA. The text included is suggested text only, and you must make a determination about whether it is appropriate for inclusion in your SOAs.

## Important information

This document is only to be used by licensed financial advisers ('you') and does not take into account the personal financial situation, needs or objectives of any person.

This document is provided to assist with your preparation of a Statement of Advice ('SOA'). Zurich makes no recommendation about whether the products may be appropriate for your clients, or whether the information contained in this document is suitable or appropriate for inclusion in an SOA.

This document is dated 1 April 2020 and is derived from the Zurich Sumo Product Disclosure Statement ('PDS') dated 1 April 2020, which should be considered in full before preparing any SOA. This document should not be considered to be a comprehensive statement on any matter and should not be relied on as such. Neither Zurich Australia Limited ABN 92 000 010 195 AFSLN 232510 nor any of its related entities, employees or directors **gives any warranty of reliability or accuracy nor accept any responsibility arising in any way including by reason of negligence for errors and omissions**. You remain responsible for the content of the SOA.

You should refer to the PDS for further information or to apply for any of the products. The relevant PDS must be provided to your client. Zurich Australia Limited is the issuer of Zurich Sumo.

# About Zurich

Zurich Australia is the Australian arm of Zurich Insurance Group (Zurich) – a leading multi-line insurer that serves its customers in global and local markets.

Zurich was founded in the city of Zurich, Switzerland in 1872, where our headquarters remain today. Since then we have applied our expertise and experience to ensuring our customers have the very best protection for the things they value. This is our mission and is at the heart of everything we do.

Our Australian story dates back to 1920, when the Commonwealth General Assurance Corporation Ltd (CGA) was incorporated in New South Wales. In 1961, CGA became part of the Zurich Insurance Group. Since then our Australian business has grown significantly, employing more than 1,000 people across Australia and New Zealand who share our commitment to always placing our customers' needs at the heart of our business.

On 1 June 2019 ANZ's life and consumer credit insurance business (OnePath Life) was formally acquired by Zurich Australia. This created one of Australia's largest life insurers, with a combined Australian heritage of more than 200 years, serving more than two million customers and paying more than \$1 billion per annum in claims.

For more information, visit our website, [zurich.com](http://zurich.com)

## Zurich's wealth protection solutions

Zurich Australia's Life Risk business provides choice and flexibility through a suite of award-winning business and personal life risk solutions. Life Risk personal solutions include life, trauma and disability insurance. Zurich Australia is able to draw on its global strength to provide exceptional service and outstanding value, and provide innovative, customer-friendly products.

Zurich's most recent awards for excellence in service and products are listed on the Australian website, [zurich.com.au](http://zurich.com.au)

## Why Zurich Sumo?

- Zurich Sumo provides life insurance for high net worth clients, enabling access to high levels of cover not easily attainable elsewhere in the Australian market.
- Priority service: Zurich Sumo applications are treated with high priority by the underwriting and administration teams. Access to experts: In addition to our own in-house financial risk specialist, Zurich has established relationships with experts in the field of forensic and tax accounting. If required, they can help analyse complex financial structures and make the underwriting process clearer and more efficient.
- Easy application process: Zurich arranges all medical appointments to minimise the disruption to your busy schedule.

## Claims

Zurich has a strong focus on the claims experience and the services offered to policy holders. With Zurich Sumo this includes:

- information packs on a number of common medical conditions
- the ability to notify claims via phone, email or post
- a dedicated claims assessor and claim administrator
- a tele-claims service delivered by skilled and empathetic nurses and claims assessors, reducing the need to submit ongoing paper forms for income protection claims
- the ability to fast track certain income protection claims in less than five working days using disability duration guidelines, and
- a personalised Claim Management Plan incorporating rehabilitation, vocational and integrative medicine specialists.

# Generic product benefits

## Death cover

- Death cover provides a lump sum payment should you be diagnosed with a terminal illness or die.
- The funds can be used to help seek medical care while terminally ill, fund estate planning arrangements such as buy/sell agreements between business partners, extinguish debt or provide an income stream for your family.

## TPD cover

- TPD cover provides a lump sum payment should you suffer total and permanent disablement.
- The funds can be used to help extinguish debt, provide funding for buy/sell agreements between business partners, provide an income stream for you and your family, or pay for rehabilitation, home modifications or nursing care.

## Trauma cover

- Trauma cover provides a lump sum payment should you suffer one of the covered Trauma conditions.
- The funds can be used to help cover the costs of a home carer or nurse, additional out-of-pocket expenses or fund lifestyle changes prompted by a health event.

## Income protection cover

- Income Protection cover provides a benefit if you are unable to work due to sickness or injury and are disabled for longer than the specified waiting period.
- The benefits can be used to help cover your ongoing expenses such as rent/mortgage repayments, food and daily living costs as well as medical appointments and care.

# Death cover

## Standard benefits and features

In addition to payment of the sum insured on diagnosis of a terminal illness or death, Death cover includes:

- Funeral advancement benefit – advances up to a maximum of \$15,000 to cover immediate funeral expenses.
- Inflation protection – cover will increase every year, unless declined by you, without health assessment.
- Future increases – allows you to apply to increase your sum insured without further medical assessment when certain personal or business events occur (eg. marriage, birth of a child).
- Financial planning benefit – reimburses up to \$1,000 towards the cost of engaging a financial planner to prepare a financial plan following the payment of the sum insured.

## Payment of benefits – non-superannuation

- Benefits payable under a policy held outside superannuation will generally be paid to your nominated beneficiaries (if any) or your legal personal representative (estate) if no beneficiaries are nominated.
- You are able to nominate beneficiaries to receive any claim proceeds payable in the event of your death. Each beneficiary you nominate must be a person, a company, a trust or a legally recognised charity.

## Payment of benefits – within superannuation (SMSF)

- In the event of your death, benefits payable under a policy held by a self-managed superannuation fund will be paid to the trustee of the fund. The trustee must then distribute the benefits to either your legal personal representative or one or more of your dependants (as defined under superannuation law), subject to the governing rules of the superannuation fund.

## Limitations

- As with most Death cover, an exclusion applies in the first 13 months to intentional self-inflicted acts.
- For any amount above \$15 million, a Death cover claim will not be payable if death or terminal illness is due to an intentional self-inflicted act at any time under the policy.

# TPD cover

## Standard benefits and features

- In addition to payment due to total and permanent disablement, TPD cover includes:
- TPD advancement benefit – advances 25% of the TPD sum insured up to a maximum of \$500,000 if you suffer loss of a hand or foot or loss of sight in one eye.
- Inflation protection – cover will increase every year, unless declined by you, without health assessment.
- Future increases – allows you to apply to increase your sum insured without further medical assessment when certain personal or business events occur (eg. marriage, birth of a child).
- Financial planning benefit – reimburses up to \$1,000 towards the cost of engaging a financial planner to prepare a financial plan following the payment of the sum insured.
- Death cover buy back – allows you to reinstate any Death cover sum insured 12 months after being reduced by a standard tier TPD cover claim, up until the policy anniversary following the life insured's 65th birthday.

## Benefit structure

- The TPD sum insured has two tiers of cover, with each having a number of distinct definitions applying to it.
- The standard TPD tier is provided on the basis of the own occupation TPD definition (or superannuation optimiser version). Cover under the standard TPD tier is provided up to a maximum of \$5 million, including any existing TPD policies you hold and will be shown in your policy document.
- Cover exceeding the standard TPD tier is provided under the sumo TPD tier. The first \$5 million of cover under the sumo TPD tier is provided on the basis of the any occupation TPD definition (while the life insured is gainfully employed) and the next \$5 million of cover is provided on the basis of the activities of daily working (ADW) TPD definition. These amounts may be adjusted if the life insured has other TPD cover and will be shown in your policy schedule.
- On the policy anniversary following the life insured's 65th birthday, any TPD cover exceeding \$3 million (across all policies issued by Zurich) ceases and the definition of total and permanent disablement is limited to specific losses.

## Superannuation ownership (SMSF)

- If you have selected TPD and your cover is to be owned by a superannuation fund, the standard TPD tier will be split across two policies under a superannuation optimiser structure:
  - one of the policies will be issued to the trustee of your SMSF and will hold cover provided under the sumo tier and part of the cover provided under the standard TPD tier. The standard TPD tier held under this policy is restricted to ensure any payments will be consistent with superannuation law payment rules, and
  - the remainder of the cover provided under the standard TPD tier will be issued under a second policy outside superannuation.
- The superannuation optimiser structure means that you will be able to maximise the tax benefits of holding cover within superannuation while ensuring that you will be able to access any insurance benefits paid.

## Payment of benefits – within superannuation (SMSF)

- Benefits payable under a TPD policy held by your SMSF will be paid to the trustee of the fund. The claim proceeds will then generally form part of any benefits payable to you from the SMSF, providing a superannuation law condition of release is met
- In order for the trustee to release a superannuation benefit under the permanent incapacity condition of release, the trustee must be reasonably satisfied that you are unlikely, because of ill health, to engage in gainful employment in a capacity for which you are reasonably qualified because of education, training or experience.
- The trustee may also release benefits where certain other conditions prescribed under superannuation law are met.

## Payment of benefits – non-superannuation

- Benefits payable under a TPD policy held outside superannuation will generally be paid to the policy owner.

## Limitations

- As with most TPD cover policies, an exclusion applies to intentional self-inflicted acts.
- For cover provided under the sumo TPD tier, a TPD cover claim will also not be payable if TPD is due to a mental health condition, fatigue syndromes, alcohol abuse, alcohol dependence or drug use.

# Trauma cover

## Standard benefits and features

In addition to payment due to one of the listed trauma conditions, Trauma cover includes:

- Inflation protection – cover will increase every year, unless declined by you, without health assessment.
- Future increases – this feature allows you to apply to increase your sum insured without further medical assessment when certain personal or business events occur (eg. marriage, birth of a child).
- 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 the sum insured.
- Death cover buy back – allows you to reinstate any Death cover sum insured 12 months after being reduced by a standard tier Trauma cover claim, up until the policy anniversary following the life insured's 65th birthday.

## Benefit structure

- The Trauma sum insured has two tiers of cover, with each tier covering a specified list of trauma conditions.
- Cover under the standard Trauma tier is provided up to a maximum of \$2 million, including any existing Trauma or Trauma style policies you hold.
- Cover that exceeds the standard Trauma tier is provided under the sumo Trauma tier. The sumo Trauma tier covers a limited number of Trauma conditions.
- Trauma cover ceases on the policy anniversary following the life Insured's 70th birthday when taken with TPD cover.
- On the policy anniversary following the life insured's 70th birthday, any Trauma cover exceeding \$2 million (across all policies issued by Zurich) ceases and the remaining cover only covers a limited number of Trauma conditions.

## Limitations

- As with most Trauma cover policies, an exclusion applies to intentional self-inflicted acts; if the trauma condition first occurs prior to the cover start date or, for certain trauma conditions, if the trauma condition first occurs within 90 days of the application date.
- For cover provided under the sumo Trauma tier, a Trauma cover claim will also not be payable if the trauma condition is due to alcohol abuse, alcohol dependence or drug use.



# Income protection cover

## Monthly benefit

- The monthly benefit is used to calculate the amount payable under the different benefits of your policy. It is generally calculated as the lesser of your insured monthly benefit and the monthly equivalent of:
  - 75% of the first \$320,000 of annual income
  - 50% of the next \$240,000 of annual income and
  - 25% of any remaining income.

## Waiting period

- The waiting period is the amount of time you must wait from when you become disabled to when most benefits become payable.
- The waiting period begins the day you are disabled due to sickness or injury and have been examined by a doctor, although it may be backdated up to seven days if you were absent from work due to the injury or sickness prior to seeing a doctor.

## Benefit period

- The benefit period is the maximum length of time for which a benefit will be paid while you continue to be totally or partially disabled, although a benefit will not be paid beyond the expiry date of the cover.

## Income protection benefits

- There are two main types of benefits that may be paid under your cover:
  - Total disability – pays your full monthly benefit if you are unable to work in any capacity due to your sickness or injury.
  - Partial disability – pays part of your monthly benefit if you are still working, but in a reduced capacity, due to your sickness or injury.
- Income protection benefits are paid monthly in arrears and may be reduced if payments are made in respect of you by:
  - legislated compensation schemes or Workers' Compensation, and/or
  - any other insurance that provides income payments unless otherwise agreed by Zurich.

## Standard benefits and features

In addition to Income protection benefits, your Income protection cover provides a number of other benefits and features such as:

- Inflation protection – cover will increase every year, unless declined by you, without health assessment.
- Specified injury benefit – pays a predetermined multiple of the monthly benefit if you suffer one of a list of specified injuries. This benefit is payable even if your injury causes you to have no time off work.
- Trauma benefit – pays the monthly benefit for six months if you suffer one of a list of trauma conditions. This benefit is payable even if you to have no time off work.
- Bed confinement benefit – pays 1/30th of the monthly benefit for each day you are confined to bed and under the care of a registered nurse during the waiting period if this period is 72 hours or more.
- Home care benefit – provides an additional amount to cover the cost of a nurse, house keeper, or immediate family member to take care of you if you continue to be totally disabled and confined to bed for more than 30 days while a Total disability benefit is being paid.
- 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 program if a Total disability benefit is payable.

- Accommodation benefit – pays for accommodation costs of up to \$250 per day for an immediate family member to stay at a location 100km or more from their home to be by your side while you are totally disabled and confined to bed.
- Death benefit – provides a death benefit of four times the insured monthly benefit to a maximum of \$150,000 if you die while receiving the Total disability benefit or Partial disability benefit.
- Premium waiver – this feature waives your premium and management fee while you are receiving a benefit from your policy.
- Involuntary unemployment premium waiver – waives the premium and management fee for up to three months while you are involuntarily unemployed.
- Cover extension – allows you to continue your policy past its expiry when you turn 65 if you are still working.
- Claims escalation – after each 12 continuous months of Total or Partial disability benefits payments while you are on claim, this feature will increase your monthly benefit by the increase in the consumer price index to ensure that your benefits retain their value against inflation, to a maximum of \$60,000.

## Benefit structure

[if this bullet is included, do not copy reference to age 65 if 'to age 65' benefit period has not been selected]

- Income protection cover is provided at a higher level for the first <insert benefit period> years. A capped benefit is payable thereafter to age 65.

## Limitations

- As with most Income protection cover policies, an exclusion applies to intentional self-inflicted acts; normal or uncomplicated pregnancy or childbirth; war or an act of war; or elective surgery that occurs within six months of the cover start date or cover reinstatement. Benefits will not be payable while the life insured is in jail; benefits may be limited if the life insured is outside of Australia for more than six months while on claim; and benefits will cease if the life insured unreasonably refuses to undergo treatment recommended by their medical practitioner
- For higher levels of cover, the amount payable in any month will be reduced so that it does not exceed \$40,000 per month, after benefits have already been paid for 24 months for any claim due to a mental health condition, fatigue syndromes, alcohol abuse, alcohol dependence or drug use.

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