

Joint & Several

an alternative solution for debt protection

Zurich offers a unique alternative debt protection solution where you need to cover 100% of the debt on all co-borrowers who are joint & severally liable.

How to Quote

Go to zurich.com.au and complete death cover quotes for all lives and select Joint & Several Request in the pre-assessment/ loadings tab.

How to Apply

1. Go to www.zurich.com.au and complete quotes for ALL lives.
2. Complete the Joint & Several Request and ensure it is signed and dated by ALL life insureds (and policy holders)
3. Submit with each application:
 - a. A copy of the completed Joint & Several Request
 - b. Completed Financial Questionnaire or SOA clearly outlining the details of the debt to be covered (this should be completed separately for each life).

Cover will be subject to a maximum cap (lesser of sum insured and \$500,000 for business owners or \$1,500,000 for spouses) until connected policies have been issued to other co-borrowers.

For more information

Contact your Zurich BDM on 1800 252 650 or call Tony Baker, Financial Underwriting Manager on 02 9995 1941
adviser.service@zurich.com.au

Who is Joint & Several for?

The Joint & Several debt protection solution is only available for either spouses or business owners (co-borrowers) who are jointly and severally liable on a specific debt as follows:

- Spouses – an identifiable debt in relation to the family home (ie principal place of residence, NOT investment properties)
- Business owners – an identifiable business debt. Furthermore, the following must also apply:
 - All co-borrowers are seeking the same level of cover with the Joint & Several Special Condition
 - The number of business owners must be 5 or less
 - All business owners have similar or same shareholding and/or % ownership in the business

The maximum amount of cover available is limited to the outstanding amount of the identifiable debt and cover is only available as stand-alone death cover under Wealth Protection.

How does the clause work?

All co-borrowers should apply for cover with the Joint & Several Clause Request (as shown over the page). Each policy issued will be subject to a special condition, "The Joint & Several clause" The clause provides that in the event of any of the listed lives being first to die, a claim for the full amount of cover may be made. Proceeds can then be applied to extinguish the debt. Following the death of the first to die of the insured co-borrowers, the amount which is payable under the remaining policies will be subject to reduction under the terms of the clause. The potential claim scenarios are:

Scenario	LIFE INSURED/CUSTOMER		INTER-CONNECTED CO-INSURED/S	
	Customer (A)	Spouse (B)	Business Owner (C)	
1. Customer (A) is first to die	Benefit is Paid	The sum insured reduces to the lesser of the original sum insured or \$1.5m	The sum insured reduces to the lesser of the original sum insured or \$500k	
2. Customer (A) not first to die but also dies as a result of same accident/event	Policy ends and no benefit is payable	If (B) is first to die benefit is paid	If (C) is the only other co-insured and is first to die then the benefit is paid, otherwise sum insured reduces to the lesser of the original sum insured or \$500k	
3. Customer (A) not first to die and survives	The sum insured reduces to the lesser of the original sum insured or \$1.5m (spouses) or \$500k (business owners)	If (B) is first to die benefit is paid	If (C) is the only other business owner and is first to die the benefit is paid, otherwise sum insured reduces to the lesser of the original sum insured or \$500k	

Where cover reduces a policy holder who is a surviving co-insured may apply (within 90 days of the death of the insured co-borrower) to increase the sum insured by an amount up to and equal to the amount of the reduction subject to full financial underwriting (without any re-assessment of his/her health). If this option to increase is not exercised the cover will continue in-force at the reduced sum insured.

There will be other scenarios under the special condition where cover also reduces. The other potential scenarios are:

LIFE INSURED/CUSTOMER		INTER-CONNECTED CO-INSURED/S	
Scenario	Customer (A)	Spouse (B)	Business Owner (C)
Lapse or cancellation	30 days from termination to re-instate policy, otherwise policy ceases.	The sum insured reduces to the lesser of the original sum insured or \$1.5m and if (A) is reinstated (B) will be re-instated. Otherwise (if (A) is not re-instated) the sum insured stays at the reduced amount of the lesser of the original sum insured or \$1.5m.	The sum insured reduces to the lesser of the original sum insured or \$500k and if (A) is re-instated (C) will be re-instated. Otherwise (if (A) is not re-instated) the sum insured stays at the reduced amount of the lesser of the original sum insured or \$500k on all coinsured policies.
Request to remove Joint & Several Special Condition	Underwriting re underwrite financially on basis of no special condition and cover may be reduced accordingly.	The sum insured reduces to the lesser of the original sum insured or \$1.5m.	The sum insured reduces to the lesser of the original sum insured or \$500k on all co-insured policies.
Variation - new shareholder in business	Joint & Several Request submitted with new application	New (revised) Joint & New (revised) Joint & Several Request to be submitted	New (revised) Joint & Several Request to be submitted
Variation - material increase in outstanding debt (cover)	New (revised) Joint & Several Request submitted with new application	New (revised) Joint & Several Request to be submitted with new application	New (revised) Joint & Several Request to be submitted with new application
Application for cover is not proceeded with or declined	Application declined/ not proceeded with.	Joint & Several not available.	Maximum cap applies of the lesser of the original sum insured or \$500k on all co-insured policies where there is more than 2 business owners. Otherwise Joint & Several not available.

Reductions apply automatically

Where any of the listed scenarios occur resulting in a reduction in cover under the Joint & Several special condition this will be deemed to have occurred at the earlier date of either:

- Death of the first to die
- Termination (including decline or withdrawal of application)
- Removal of Joint & Several Special Condition

This will for all purposes be the date of the reduction event.

As at the date of the reduction event, based on whether the Joint & Several Condition was applied for as a spouse or business owner, the policy holder/s cover will be reduced to an amount being the lesser of the original sum insured or:

- \$1,500,000 for spouses
- \$500,000 for business owners

Upon the occurrence of cover being reduced (except where cover is reduced by underwriting upon request to remove the Joint & Several Special Condition from a policy) a policy holder who is a surviving co-insured may apply (within 90 days of the reduction event) to increase the sum insured by an amount up to and equal to the amount of the reduction subject to full financial underwriting (without any re-assessment of his/her health).

The process with regard to when a sum insured reduces and how the client can apply for an increase is the same in every scenario. Please note, where a client requests to remove the Joint & Several Special Condition any reduction amount will be determined by underwriting, the Joint & Several Condition once removed will cease to exist and any future increases will be subject to usual underwriting.

Applying for an increase

When applying for an increase policy holders have 2 options, these are:

1. Apply for increase with a new Joint & Several Request (not available for spouses)

or

2. Apply for increase without a new Joint & Several Request.

Under both options the request for an increase must be submitted within 90 days of the reduction event, any request received outside this 90 day window will be subject to full underwriting.

With a new Joint & Several Request

Complete a new Joint & Several Request identifying all co-borrowers and the relevant loan. Please arrange for the Request form to be signed and dated by each of the co-borrowers.

A copy of the completed form should then be provided to Zurich along with a completed Financial Questionnaire for each co-borrower (signed and dated). All co-borrowers should be applying for the increase under the new Joint and Several Request.

Without a new Joint & Several Request

To increase cover without a new Joint & Several Request the usual application and underwriting process for increases will apply.

For more information

Contact your Zurich BDM on 1800 252 650 or call Tony Baker, Financial Underwriting Manager on 02 9995 1941 or email adviser.service@zurich.com.au

Zurich Australia Limited

ABN 92 000 010 195 AFSLN 232510
5 Blue Street North Sydney NSW 2060

www.zurich.com.au

This information does not take into account any personal objectives, financial situations or needs. You should consider these factors, the appropriateness of the information and the Zurich Wealth Protection Product Disclosure Statement (PDS) (available on www.zurich.com.au) before making any decisions or recommendations. Zurich Australia Limited ABN 92 000 010 195 AFSL 232 510 of 5 Blue Street, North Sydney NSW 2060 is the issuer of Zurich Protection Plus.



ZURICH®