

OPTIONAL BENEFIT APPENDIX

TOTALCARE MAX PERSONAL

LIFE COVER BENEFIT

This *appendix* only applies if cover under the policy schedule includes the Life Cover Benefit. This *appendix* forms part of and is incorporated into the TotalCare Max policy, the terms of which apply to this *appendix*.

This is a Life Cover Benefit. Details of the benefit chosen and the names of the people insured for the benefit (called the life or lives assured) are shown in *the schedule*.

1 WHEN WILL SOVEREIGN PAY A LIFE COVER BENEFIT?

Sovereign will pay a Life Cover Benefit when the life assured for the benefit, as specified in *the schedule*, dies. Sovereign will pay the benefit as soon as we are satisfied with all the information which must be presented at the time of making a claim.

2 TERMINAL ILLNESS BENEFIT

You can apply to Sovereign for a Terminal Illness Benefit of up to 100% of the applicable Life Cover Benefit. Terminal illness means the life assured has been diagnosed as having an illness, which, Sovereign believes at its discretion, after considering medical evidence provided by the life assured's own *Registered Medical Practitioner* and any other evidence we may reasonably require, will result in the death of the life assured within 12 months, irrespective of any treatment the life assured may receive.

This Terminal Illness Benefit will be treated as an early payment of the Life Cover Benefit. The Life Cover Benefit will then be reduced by the amount paid for the Terminal Illness Benefit.

3 BEREAVEMENT SUPPORT BENEFIT

Upon receiving written notification that the life assured has died, Sovereign will immediately pay a lump sum of \$15,000 (or the Life Cover Benefit, whichever is the lesser) to the policy owner(s). This Bereavement Support Benefit will be treated as an early payment of the Life Cover Benefit. The Life Cover Benefit will then be reduced by the amount paid. Only one Bereavement Support Benefit payment per life assured will be made.

4 CHILDREN'S FUNERAL BENEFIT

Sovereign will make a Children's Funeral Benefit payment* if a child of the life assured dies as a result of injury caused by violent, accidental, external and visible means, within 90 days after the

date on which the injury happened. The sole cause of death must be accidental injury. The benefit is payable only if the child is aged between three years and 10 years at the time he or she first suffers from the injury. The amount of the benefit is limited to \$2,000 (or the Life Cover Benefit, whichever is the lesser). Sovereign will pay one Children's Funeral Benefit per child. This payment will be deducted from the life assured's Life Cover Benefit. The premium will reduce accordingly.

5 SPECIAL EVENTS INCREASE FACILITY

On each occasion when the financial responsibilities of a life assured for the Life Cover Benefit increase because of the life assured:

- Having a child (by birth or legal adoption);
- Becoming married or entering into a civil union;
- Becoming divorced or the dissolution of the life assured's civil union;
- Moving home and as a result taking out or increasing a home loan; or
- Becoming responsible for the full-time care of a *close relative*,

you may write to Sovereign asking us to increase the Life Cover Benefit for that life assured.

You do not need to produce any medical evidence regarding the life assured when you request this increase, but any special events increase is subject to the following conditions:

- You must make the request within 12 months of the relevant special event and provide Sovereign with suitable evidence of the occurrence of the event.
- You cannot make more than three increases under this facility per life assured.
- The total increases made under this facility cannot exceed 50% of the original Life Cover Benefit for that life assured.
- Each individual increase cannot exceed \$250,000. In addition, in the case of moving home, the individual increase cannot exceed the amount of the home loan or the increase in the home loan.
- A life assured over the age of 50 is not eligible for special events increases.

*Current legislation limits who can receive payment on the death of a child and how much can be paid.

- Sovereign will increase the Life Cover Benefit for a life assured from the date we actually receive your request, provided no event has occurred that would entitle you to make a claim under this policy in respect of that life assured.
- In any 12 month period you can make only one increase under this facility or (if selected) the Future Insurability Benefit, described in Section Seven.

Each special events increase will require an increase in premium. This increase will be calculated on the rates applicable at the time the Special Events Increase Facility is used.

6 FINANCIAL ADVICE BENEFIT

If Sovereign pays a claim under this Life Cover Benefit, then Sovereign will reimburse you for fees up to \$1,500 including GST (in total) that you pay for financial planning advice you receive from an *accredited adviser* approved by Sovereign, subject to the following conditions:

- You must pay for the financial planning advice within the three months following Sovereign paying the Life Cover Benefit claim.
- You must submit a claim for the Financial Advice Benefit within the three months following Sovereign paying the Life Cover Benefit claim.
- You must provide Sovereign with a completed claim form and a receipt satisfactory to Sovereign for the fees you are claiming.
- Sovereign will only pay one Financial Advice Benefit per life assured.

7 OPTIONAL FUTURE INSURABILITY BENEFIT

The Optional Future Insurability Benefit applies only if shown in *the schedule*.

Where a Future Insurability Benefit is selected, the original Life Cover Benefit may be increased without the need to provide further medical evidence, subject to the following conditions:

- The original Life Cover Benefit may be increased by up to 20% or \$100,000, whichever is the greater, every three years on the *anniversary date*.
- The total maximum future insurability amount that can be added is the lesser of twice the original Life Cover Benefit or \$1 million.
- Sovereign will notify you of your entitlement to exercise the future insurability benefit before each third *anniversary date*. You will have 30 days from the applicable *anniversary date* in which to give your written acceptance of the offer to Sovereign.
- The Future Insurability Benefit expires on the 60th birthday of the applicable life assured.
- If a special events increase has occurred in the last 12 months, no future insurability increase can occur.
- Any Future Insurability Benefit not exercised may not be carried forward to any future time.
- Any exercise of the Future Insurability Benefit will require an increase in premium. This increase will be calculated on the rates applicable at the time the Future Insurability Benefit is used.
- The Future Insurability Benefit applies only to the Life Cover Benefit, not to any other insured benefits.

8 HOW TO MAKE A CLAIM

To make a claim, you must follow the relevant procedures in the section of your Sovereign TotalCare Max policy entitled 'How to make a claim'.

In addition, for a Life Cover Benefit claim, Sovereign will require:

- A full death certificate (in the event of the death of a life assured), and a coroner's report if applicable.
- A grant of administration – probate, or certificate of administration, or letters of administration if the deceased was the sole owner of the policy.
- For a Terminal Illness Benefit claim, evidence from a *Registered Medical Practitioner* diagnosing an illness which will result in the death of the life assured within 12 months of the diagnosis and any other evidence we may reasonably require.

9 EXCLUSIONS – WHEN SOVEREIGN WON'T PAY A BENEFIT

Sovereign will not pay any benefit under this *appendix* where the life assured dies or becomes terminally ill as a direct or indirect result of an intentional self-inflicted act (whether sane or insane) within 13 months of the *risk commencement date* or, if cover under this *appendix* has been reinstated, the date of reinstatement. This exclusion applies to any subsequent benefit increase you make.

Sovereign will not pay a Children's Funeral Benefit if death directly or indirectly arises from an injury caused by you, or the child's parents or guardian.

10 KEY TERMS

ACCREDITED ADVISER

Either an adviser with a current financial adviser agreement with Sovereign Services Limited or a member of a financial services industry body approved by Sovereign.

CLOSE RELATIVE

A relative who is the life assured's spouse, mother, father, brother, sister, son, daughter, grandfather or grandmother.