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TotalCare Max

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1. Policy benefits

Your Sovereign TotalCare Max policy is a *term life insurance policy*. It can provide financial assistance in the event of death, disability or a critical condition. Details of the benefits you have chosen and the names of the people insured for the benefits (called the life or lives assured) are shown in *the schedule*. The terms of your benefits are contained in the relevant *appendix*. Sovereign Assurance Company Limited (Sovereign) will pay all benefits to the policy owner (you or your), or to your estate. If more than one person owns the policy then Sovereign will pay all benefits to the policy owners jointly or to the survivor(s).

Your policy contains options on the type of cover, and premium types and guarantees which are detailed below.

2. Cover options

Benefit indexation type

Level cover (specified in *the schedule* as Level)

The amount of cover under the relevant benefit will remain constant.

Inflation cover (specified in *the schedule* as CPI Linked)

The amount of cover under the relevant benefit will increase on each *anniversary date*, by the same percentage as the percentage increase in the *consumer price index* for the preceding year ending 30 September. However, if the increase in the *consumer price index* is more than 10% per annum and on the relevant *anniversary date* you have a current claim for or are eligible for a total or partial disability benefit under this policy, then on that *anniversary date* the increase in the disability income protection benefit for the life assured for whom you are claiming will be limited to 10%.

If the *consumer price index* falls in any year, the inflation-linked benefit amounts will not change.

You must write to Sovereign if you do not want the amount of cover under the relevant benefits to be increased for a particular year.

Voluntary alterations to cover

You may apply to Sovereign in writing to increase or reduce existing benefits, or add other benefits to the policy.

Sovereign does not have to accept an application for any increase in existing cover. Any acceptance will depend on a number of factors, including the state of health of the life assured.

You may add other benefits so long as the life assured meets Sovereign's usual requirements for those benefits.

Any increase or reduction in cover will start from the next *premium due date* after Sovereign accepts your application.

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3. Your payments

Premium

- To ensure your policy remains in force you must pay the premium on a regular basis as agreed with Sovereign.
- The initial premium is shown in *the schedule*, the first payment is due to Sovereign on the first *premium due date*.
- The premium comprises the cost of the benefits chosen plus the *policy fee* if any.
- The premium amount may change from time to time (as described below) and you will need to pay the new premium on the agreed regular basis. Sovereign will advise you of the new premium before the change.
- The enclosed *policy illustration* gives details of the likely changes.

Method of paying premiums

You must pay all premiums to Sovereign at its head office in New Zealand (see Section Six). If you pay the premium by cheque, the cheque must be drawn in favour of “Sovereign Assurance Company Limited” and crossed “not transferable” or “account payee only”. You will be treated as not having paid the premium at all if a cheque or other form of payment is later dishonoured.

What happens if you do not pay the premium on time?

You have 30 days’ grace in respect of any premium due. Sovereign will be entitled to cancel your policy by written notice to you at your last known address if a premium remains outstanding 31 days after a *premium due date*.

If you want to have the policy reinstated, you must write to Sovereign. Sovereign does not have to reinstate the policy but may do so on any conditions it considers appropriate.

If Sovereign has to pay a benefit under the policy when a premium is overdue, the overdue premium may be deducted from the benefit.

Change in premium amount

There are a number of circumstances that can change the premium you pay.

Premium type

Sovereign calculates the premium for each of your benefits based on the premium type chosen and whether the benefits are level or CPI linked. Premiums can be structured in the following ways:

- Rate for Age;
- Over 10 years;
- To age 65;
- To age 80.

The premium type(s) you have selected are shown in *the schedule*. How this affects the premium you pay is explained below:

- Where Rate for Age has been selected, your premium will be recalculated at each *anniversary date* based on:
 - the age of the life or lives assured;

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- the amount of cover for each benefit; and
 - Sovereign’s underlying premium rates at that time.
-
- Where premium type Over 10 years, To age 65 or To age 80 has been selected and all benefits are level, your premium remains the same over the selected period. Sovereign guarantees the premium for Life Cover, Family Protection and Accidental Death benefits. For all other benefits the premium may change at any *anniversary date* if Sovereign changes its underlying premium rates. In that case, Sovereign will recalculate the level premium to apply for the remainder of the selected period. At the end of the selected period, the premium type will convert to Rate for Age.
 - Where premium type Over 10 years, To age 65 or To age 80 has been selected and the benefits are CPI linked, your premium has been calculated over the selected period and will increase annually in line with the increase in the *consumer price index* and the age of the life or lives assured. Sovereign guarantees its underlying premium rates for Life Cover, Family Protection and Accidental Death benefits. For all other benefits the premium may also change at any *anniversary date* if Sovereign changes its underlying premium rate tables. In that case, Sovereign will recalculate the premium to apply for the remainder of the selected period. At the end of the selected period, the premium type will convert to Rate for Age.

Irrespective of the type of premium you have selected:

- All changes to your premium as described above will take effect from the *anniversary date*.
- Whenever the premium is recalculated, the premium will not be affected by any change in health of a life assured which has occurred since the benefits were first added to the policy.
- Premiums will always be based on premium rates adopted by Sovereign for each benefit so that no single client can have his or her premium recalculated in isolation.

Any *policy fee* will normally increase annually in line with the *consumer price index*. However, if all benefits for all lives assured are level and the premium type selected is Over 10 years, To age 65 or To age 80 then the *policy fee* will also remain unchanged until the end of the selected period.

How will you know what to pay?

Each year prior to the *anniversary date* Sovereign will write to you and tell you how much the premium will need to be to maintain the existing benefit amounts under the policy at that time.

If Sovereign tells you that your premiums need to increase to maintain your existing benefit amounts, you can choose to:

- increase the premium to maintain the existing benefit amounts; or
- reduce the benefits to the amount which your existing premium will cover.

Other circumstances that can change your premium

The other circumstances in which your premium will change are as follows:

- When you add other benefits to the policy or increase or reduce the amount of benefits under the policy.
- When you request, and we agree to, a change in premium type.

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- When a claim is paid and the benefit ceases as a result of the payment being made.
- When a benefit ceases due to the life assured covered for that benefit attaining the benefit expiry age as specified in *the schedule*.

4. How to claim a benefit

If you need a claim form or advice about submitting a claim, please phone the Sovereign claims team on 0800 500 195 or your adviser for assistance.

You must give Sovereign written notice of a claim for any of the policy benefits as soon as practicable but at least within 12 months of the event giving rise to the claim.

Sovereign will then advise you what further information is required to process the claim. That information depends on the type of benefit but will include the following:

- Proof of age of the life assured for the benefit. If the real age of that life assured is greater than the age shown in *the schedule*, Sovereign will only pay the benefit which would have been payable had the age been correctly stated when the application for the benefit was completed.
- This policy document.
- The completion of a standard claims form for the benefit.

Additional details regarding how to claim a benefit are contained in the appropriate benefit *appendix* attached to this policy.

Sovereign will tell you about any other details that may be required once notice of the claim has been received.

Sovereign is under no obligation to consider a claim unless all of the information requested is provided. Furthermore, Sovereign is under no obligation to assess or pay a claim prior to receiving notification.

Sovereign may also ask you to undergo further medical examinations throughout the life of the claim. Any requests made by Sovereign for further medical information will be at our expense.

5. Cancelling the policy

When can you cancel your policy?

If for any reason you are not happy with this policy, you may return it to us within 15 days from the date your policy document is received. You will be deemed to have received your policy document three days after postage from Sovereign. Sovereign will promptly refund any premiums paid under your policy. Alternatively changes to your policy may be made and a replacement policy document issued.

You can cancel your policy at any time by giving Sovereign notice in writing. If you have elected to pay premiums less frequently than monthly, we will refund any part of a premium already paid for this policy to cover any period of more than one month beyond the date of cancellation (being the date we receive the cancellation notice). Otherwise, we do not have to refund any premiums or part of premiums

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already paid. You will remain liable to pay any premium due on the policy before Sovereign received the cancellation notice.

From (and including) the date Sovereign receives notice of cancellation of the policy, you will not be entitled to any benefits under the policy.

When can Sovereign cancel the policy?

If you or a life assured has:

- failed to disclose all material information to us prior to inception, variation or re-instatement of the policy; or
- made a statement on the faith of which the policy was issued, renewed, varied or reinstated, that was, in terms of the Insurance Law Reform Act 1977:
 - *material*, and
 - *substantially incorrect*, and
 - for a life policy was made either
 - *fraudulently*; or
 - within the period of three years immediately preceding the date on which the policy is sought to be avoided or the date of death of the life assured, whichever is earlier.

Sovereign may, at its complete discretion, either:

- Avoid from inception your entire policy (this means the policy is deemed never to have existed); or
- Avoid from inception any individual benefits provided by your policy (this means the individual benefit(s) are deemed never to have existed); or
- Alter the terms upon which cover is provided under your policy. If we choose to alter the terms of your policy we may do so effective from the *risk commencement date*.

If the policy or any benefit provided by the policy is avoided from inception you will forfeit and we will be entitled to retain all premiums paid in relation to the benefit or policy.

Sovereign can cancel the policy and decline liability in respect of any claim made under the policy if you, a life assured or anyone acting on your behalf, makes a claim under the policy that is false or fraudulent in any respect. In the event that fraud is established after payment of the claim all amounts paid in relation to the false or fraudulent claim must be repaid.

Sovereign can cancel the policy if a premium has not been paid within 31 days after the *premium due date*.

6. Miscellaneous

What forms part of this policy contract?

All the terms of this policy are contained in and based on:

- This policy document including *the schedule* and any alterations made to this policy document as permitted under the policy.
- The relevant benefit *appendix*.

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- Any application forms and declarations made by you, at any time, concerning this policy.
- All statements which anybody who is insured under this policy has made to Sovereign.
- Any provisions which any legislation states must be included in this contract, unless those provisions can be contracted out of, in which case they are not included.
- The *policy illustration*.

Nothing else forms part of this contract.

Law changes affecting Sovereign or the policy

If changes in the law or its interpretation occur after the *risk commencement date* and Sovereign believes on reasonable grounds that those changes will affect:

- Sovereign’s liability to pay any tax; or
- The tax treatment of any premiums payable or claims receivable in respect of the policy; or
- The way in which the policy works or the amount which can be paid under benefits;

then Sovereign can change the provisions of the policy or the benefits in whatever way it deems appropriate.

Policy subject to laws of New Zealand

The laws of New Zealand govern this policy, which has been issued in New Zealand.

Notices

When you write to Sovereign about this policy, you must send the letter to Sovereign’s head office in New Zealand or a substitute address Sovereign gives you.

The postal address of Sovereign’s head office is:

Freepost Sovereign
Private Bag Sovereign
Auckland Mail Centre 1020
New Zealand

The street address of Sovereign’s head office is:

Sovereign Assurance Company Limited
Sovereign House
74 Taharoto Road
Takapuna
North Shore City
New Zealand

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If more than one person owns this policy, all the policy owners must sign any letter or notice to Sovereign. However, Sovereign will not be liable to any policy owner if we act on a letter or notice signed by one or more, but not all, of the policy owners.

Sovereign is not bound by anything contained in a letter or notice you send unless we actually receive the letter or notice at the relevant address.

When Sovereign writes to you about this policy, we will send the letter or notice to the address for the policy owner shown in *the schedule*, or a substitute address you give us.

Transfer of ownership

You may assign your policy at any time by completing the Memorandum of Transfer printed at the back of this policy document. More than one person can own or take an assignment of the policy. A trust or trustee cannot own the policy. To be valid the assignment must be registered with Sovereign. No charge is payable.

Information about your policy

Shortly before each *anniversary date*, Sovereign will send you a letter containing information about your policy.

You may at any time write to Sovereign or your Sovereign financial adviser for further information about your policy.

World wide cover

This policy and benefits cover the lives assured anywhere in the world. However, all payments Sovereign makes under this policy will be in New Zealand dollars.

No surrender value

This policy does not participate in the profits of Sovereign. The policy has no surrender value or cash value if it is cancelled.

7. **Key terms**

In this policy some words have special meanings:

<i>anniversary date</i>	The anniversary in each year of the first <i>premium due date</i> .
<i>appendix</i>	The <i>appendix</i> contains the terms of any benefit you have chosen.
<i>consumer price index</i>	The <i>consumer price index</i> (all groups) issued by the Government Statistician or any index which may replace that index.
<i>fraudulently</i>	A statement is made fraudulently if the person making the statement makes it; <ul style="list-style-type: none">• Knowing it is incorrect; or• Without belief in its correctness; or• Recklessly, without caring whether it is correct or not.

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<i>material</i>	A statement is <i>material</i> only if that statement would have influenced the judgment of a prudent insurer in fixing the premium or in determining whether he/she would have taken or continued the risk upon substantially the same terms.
<i>policy illustration</i>	The Sovereign TotalCare Max illustration enclosed with and forming part of this policy document.
<i>policy fee</i>	The administration fee charged by Sovereign as detailed in the <i>policy illustration</i> .
<i>premium due date</i>	The date on which the premium is payable under the policy, as agreed with Sovereign.
<i>Registered Medical Practitioner(s)</i>	A person, acceptable to Sovereign, who is registered and practising as a medical practitioner in New Zealand or Australia, other than: <ul style="list-style-type: none">• You;• The life assured;• A member of the life assured's family or your immediate family;• The life assured's or your business partner or associate.
<i>risk commencement date</i>	The commencement date of the policy, being the date on which the policy was issued.
<i>substantially incorrect</i>	A statement is substantially incorrect only if the difference between what was stated and what is actually correct would have been considered <i>material</i> by a prudent insurer.
<i>term life insurance policy</i>	A policy as defined in Section 2A of the Securities Regulations Act 1983 that is not a security or a life insurance policy for the purposes of the Securities Act 1978.
<i>the schedule</i>	The latest (in time) schedule of policy details including endorsements that forms part of this policy document.