

# CORPORATE SOLUTIONS LIFE INSURANCE POLICY

Compulsory membership



## Definitions

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### A. Amount Insured

In relation to an Insured Member means that amount certified by the Policy Owner under General Condition 1, and accepted as such by the Company, subject to the conditions relating to the amount payable in the Policy Schedule.

### B. Applicable Table of Rates

The table of premium rates set out in Schedule 1 or any revision thereof.

### C. Automatic Acceptance Limit or AAL

The amount stated in the Policy Schedule.

### D. At Work

To satisfy the definition of 'At Work' the Eligible Member is:

- i. engaged in his / her normal duties and working his / her normal hours on the day cover is to commence (or on the first working day immediately following the date of commencement should the date of commencement fall on a public holiday or a weekend) without restriction or limitation due to an injury or illness; or
- ii. on Employer approved leave and is capable of performing his / her normal duties and working his / her normal hours on the day cover is to commence (or on the first working day immediately following the date of commencement should the date of commencement fall on a public holiday or a weekend) without restriction or limitation due to an injury or illness.

### E. Cessation Age

The age on which benefits will cease to be payable and / or cover will cease under this Policy, as detailed in the Policy Schedule.

### F. Company

AIA New Zealand Limited. We or us or AIA New Zealand shall also mean the Company.

### G. Day

Includes a weekend or public holiday in New Zealand.

### H. Eligible Member

A member who:

- i. is in the service of the Employer; and
- ii. is under the maximum entry age as set out in the Policy Schedule; and
- iii. is Gainfully and Permanently Employed for at least fifteen (15) hours per week (each and every normal working week); and
- iv. is a New Zealand citizen, permanent resident or holds a current New Zealand work visa, issued for a period not less than twelve (12) months and resides in New Zealand; and
- v. meets the eligibility criteria specified in the Policy Schedule.

### I. Employer

The Employer, as set out in the Policy Schedule, for whom the Eligible Member is Gainfully and Permanently Employed.

### J. Evidence of Insurability

Such evidence of health and such other particulars of an Insured Member as the Company may require at the time he / she first becomes an Insured Member, and at any subsequent time when that Insured Member's Amount Insured is increased or reinstated, and which is supplied or caused to be supplied in respect of that Insured Member by the Policy Owner to enable the Company to determine whether an Insured Member is to be accepted for any insurance and the terms of such acceptance.

### K. Gainfully and Permanently Employed

Employed on a permanent basis (for monetary gain or reward in any business, trade, profession, vocation, calling, occupation or employment).

### L. Insured Member(s)

An Eligible Member who is currently insured under the Policy for whom the Company has accepted cover, the premium has been paid in respect of (or agreed to be paid) and whose cover has not been terminated.

## **M. Leave of Absence**

Employer approved maternity or paternity leave and other Employer approved leave of up to twenty-four (24) months, but does not include leave leading to engagement in other gainful employment or business activity.

## **N. Medical Practitioner**

A person approved by the Company registered with the Medical Council of New Zealand to render medical or surgical services, and who holds an Annual Practising Certificate. For diagnoses made outside New Zealand, the definition of Medical Practitioner shall mean any appropriately qualified Medical Practitioner approved by the Company. It does not include an Employer of the Insured Member, the Insured Member, or the Insured Member's spouse, de facto spouse, civil union partner (as defined in the Civil Union Act 2004) or immediate family member or business partner.

## **O. Plan Year**

Unless otherwise agreed between the Policy Owner and the Company means the successive period of twelve (12) months commencing on the Policy Commencement Date, during which the Policy is in force.

## **P. Policy**

This Policy, the Policy Schedule and any riders or endorsements thereto signed by the Company and notified to the Policy Owner.

## **Q. Policy Commencement Date**

The date shown as such in the Policy Schedule.

## **R. Policy Owner**

The entity stated as such in the Policy Schedule or its legal successors in title.

## **S. Policy Schedule**

The schedule issued with this Policy and updated from time to time.

## **T. Renewal Date**

The yearly date shown as such in the Policy Schedule.

## **U. Salary**

The Insured Member's annual remuneration paid by the Employer (excluding any bonuses, commissions, overtime and allowances), unless otherwise agreed to by the Company and set out as a variation in the Policy Schedule.

## **V. Total and Permanent Disablement**

Which of the following definitions applies to this Policy will be set out in the Policy Schedule:

### **1. Any Occupation**

Under this definition the Insured Member is deemed to be totally and permanently disabled if, in the opinion of the Company, he / she has:

- a. suffered the loss of two limbs or the sight of both eyes or the loss of one limb and the sight of one eye (where limb is defined as the whole hand or the whole foot, and loss is defined as loss by permanent severance or irrecoverable use); or
- b. suffered a disability solely through injury or illness which has prevented the Insured Member from engaging in his / her normal occupation for a continuous period of three (3) months and which in the opinion of the Company, after the Insured Member having undergone all reasonable treatment, and after consideration of all medical evidence has rendered him / her incapable of ever again attending to his / her normal occupation or to any occupation for which he / she is fitted by education, training or experience.

Or,

### **2. Own Occupation**

Under this definition the Insured Member is deemed to be totally and permanently disabled if, in the opinion of the Company, he / she has:

- a. suffered the loss of two limbs or the sight of both eyes or the loss of one limb and the sight of one eye (where limb is defined as the whole hand or the whole foot, and loss is defined as loss by permanent severance or irrecoverable use); or
- b. suffered a disability solely through injury or illness which has prevented the Insured Member from engaging in his / her normal occupation for a continuous period of three (3) months and which in the opinion of the Company, after the Insured Member having undergone all reasonable treatment, and after consideration of all medical evidence has rendered him / her incapable of ever again attending to his / her normal occupation.

Or,

### **3. Activities of Daily Living**

Under this definition the Insured Member is deemed to be totally and permanently disabled if, in the opinion of the Company, he / she has:

- a. suffered the loss of two limbs or the sight of both eyes or the loss of one limb and the sight of one eye (where limb is defined as the whole hand or the whole foot, and loss is defined as loss by permanent severance or irrecoverable use); or

- b. for a period of three (3) consecutive months after the occurrence of the injury or illness is continuously, totally and permanently unable to perform at least two (2) of the following Activities of Daily Living<sup>1</sup> without the physical assistance of someone else (if the Insured Member can perform the activity on their own by using special equipment the Company will not treat the Insured Member as unable to perform that activity) as certified by a Medical Practitioner.

- iii. Amount Insured for each Eligible Member is established using a consistent and acceptable basis; and
- iv. satisfactory evidence is provided to the Company that 'At Work' conditions are met by the Eligible Member when cover commences; and
- v. any other terms specified by the Company; and
- vi. the Company reserves the right to change the automatic acceptance conditions or limits at any time.

### <sup>1</sup>Activities of Daily Living

Activity	Description
Washing	The ability to wash in the bath or shower (including getting into or out of the bath or shower) or wash satisfactorily by other means.
Dressing	The ability to put on, take off, secure and unfasten all garments and, as appropriate, any braces, artificial limbs or other surgical appliances.
Feeding	The ability to feed oneself once food has been prepared and made available.
Toileting	The ability to use the lavatory or otherwise manage bowel and bladder function so as to maintain a satisfactory level of personal hygiene.
Mobility	The ability to move from place to place by walking, wheelchair or with assistance of a walking aid.

- d. Any proposed Amount Insured which either exceeds the Automatic Acceptance Limit or is in respect of a person who does not comply with the terms upon which automatic cover is offered, is subject to consideration by the Company of such Evidence of Insurability as may be requested. Any such cover will commence upon the Company's acceptance of the risk.
- e. The Company shall notify the Policy Owner of the terms (if any) on which it will grant cover to an Eligible Member.
- f. Not later than one month after the first day of each Plan Year, the Policy Owner shall supply the Company with a schedule stating the name and any additional information relating to each Eligible Member as the Company may require for the purposes of this Policy.

## 2. Premium – When Payable

Premiums are payable by the Policy Owner to the Company with the first premium due within thirty (30) days of the Policy Commencement Date and thereafter as set out in the Policy Schedule. If the premiums are not paid within thirty (30) days from the date they fall due (Days of Grace), the Company will give the Policy Owner notice of intention to lapse the policy and all cover will cease from the premium due date.

## 3. Premium – How Calculated

- a. At any time the premium due in respect of a particular Insured Member shall be that Insured Member's current Amount Insured, multiplied by the premium rates applicable to the Insured Member's age, gender and occupation, multiplied by any additional premium loadings (if any) that have been applied to the Insured Member, or as may otherwise be agreed.
- b. The premium due in respect of the Policy for any Plan Year shall be the sum of the premiums calculated in paragraph (a.) of this condition in respect of every Insured Member, subject to the minimum premium amount set out in the Policy Schedule.

## 4. Premium – Misstatement of Age

If the date of birth of an Insured Member has been incorrectly recorded, then the Company will adjust the cover and / or the premium for that Insured Member based on the correct age.

# General Conditions

## 1. Eligibility for Automatic Cover

- a. At the end of each month, or as otherwise agreed, the Policy Owner shall nominate to the Company in the form prescribed by us those employees of the Employer who are proposed for insurance under the Policy.
- b. An Eligible Member will become an Insured Member from the date of entry for an Amount Insured not exceeding the Automatic Acceptance Limit provided the person complies with the terms on which the Company offers automatic acceptance.
- c. Automatic Acceptance  
Unless otherwise stated, automatic acceptance is subject to the following conditions:
  - i. suitable eligibility conditions for membership of the group to be insured are clearly specified; and
  - ii. 100% of persons eligible to join the group to be insured are covered under this plan; and

## 5. Premium Adjustments

At each Renewal Date, premium adjustments will be calculated in respect of exiting members, new entrants and changes in Insured Member details such as Salary and age during any Plan Year, using one (1) of the two (2) methods below. The method applicable to this Policy will be set out in the Policy Schedule.

1. Individual Exits and Entrants Method:

Premium adjustments will be calculated in respect of any new entrants or exiting members based on the number of days he / she was accepted for cover within the applicable Plan Year.

Or,

2. Bulk Adjustment Formula:

$A = 0.5 \times P \times (S2 - S1) / S1$  where:

A is the premium adjustment payable to, or receivable from the Company in respect of the relevant Plan Year; and

P is the aggregate insurance premiums of all lives insured as at the commencement date, or as at the Renewal Date at the commencement of the relevant Plan Year, as the case may be; and

S1 is the aggregate sum insured of all lives insured as at the commencement date, or as at the Renewal Date at the commencement of the relevant Plan Year, as the case may be; and

S2 is the aggregate sum insured of all lives insured as at the Renewal Date at the end of the relevant Plan Year, or as at termination date, as the case may be.

## 6. Days of Grace

Thirty (30) Days of Grace shall be allowed for the payment of each premium and if a claim arises within that period, no Amount Insured shall become due hereunder in respect of such claim until the premium is paid.

## 7. Lapse and Reinstatement

This Policy shall cease to be in force if any premium is not paid within the Days of Grace. If the Policy ceases to be in force, it may be reinstated with the Company's consent upon the payment of the overdue premium for the period during which the premium is overdue, together with such Evidence of Insurability as the Company may require.

## 8. Annual Renewal

Within thirty (30) days (or as otherwise agreed by the Company) of the Renewal Date of each Plan Year, the Policy Owner must furnish the Company with details of all Insured Members of the plan, including persons who were Insured Members of the plan at the last Renewal Date, as well as all new Eligible Members who are required to be covered under this Policy. Such information shall include the name, occupation, gender, date of birth and location of each Insured Member and their Amount Insured. With respect to

new entrants or exiting Insured Members, information should include the date cover either commenced or ceased.

## 9. Leave of Absence

If an Insured Member commences Leave of Absence, he / she may continue to be covered under this Policy with the prior approval of the Company provided premiums in respect of the Insured Member are paid in advance (or in conjunction with the regular payments under the Policy, as agreed by us). The Company may provide cover for up to twenty-four (24) months.

## 10. Risk Commencement

Any proposed Amount Insured in respect of an Insured Member shall be subject to the maximum benefit amount, as set out in the Policy Schedule and to such Evidence of Insurability as the Company may require. Such cover will commence upon the Company's acceptance of the risk following receipt of the required Evidence of Insurability.

## 11. Termination of Policy

This Policy will terminate in the following circumstances:-

- a. If the number of Insured Members under this Policy falls below the minimum number of insured lives as specified in the Policy Schedule, the Policy may be terminated by the Company giving thirty (30) day's notice in writing; or
- b. Premiums for the Policy Owner are in arrears subject to General Condition 2; or
- c. At the expiration of any premium rate guarantee period provided in the Policy, the Company gives the Policy Owner thirty (30) days notice in writing that it intends to cease to participate in the Policy; or
- d. This Policy will terminate if the Policy Owner gives the Company ninety (90) days notice in writing that it intends to cease to participate in the Policy; or
- e. We may terminate this Policy with immediate effect in the circumstances described in General Condition 15.

## 12. Effects of Termination

With effect from the date of termination, no further premiums will be payable by the Policy Owner, except those that became due for the period up to and including the date of termination. All benefits of Insured Members will become nil, and no further payments will be paid except any payments which became due prior to the date of termination or which will become due in respect of claims admitted or admissible in terms of this Policy prior to the date of termination.

## 13. Refund of Overpaid Premiums

If this Policy is terminated, the Company will refund to the Policy Owner a proportion of any premiums paid for the Plan Year period after the date the Policy terminated. Any refund under this condition will be calculated based on the membership data as at the date of termination and may include a premium adjustment for any membership changes that occurred between the previous Renewal Date and the termination date.

## 14. Termination of Membership

- a. At the end of each month or as otherwise agreed, the Policy Owner shall give notice to the Company that a person has ceased to be an Insured Member and shall advise the date upon which that person ceased to be an Insured Member.
- b. The Life cover of an Insured Member shall terminate at 11:59pm New Zealand standard time on the earliest of:
  - i. the date the Insured Member is no longer Gainfully and Permanently Employed for at least fifteen (15) hours per week (for each and every normal working week), subject to any Extended Cover provision provided under General Condition 23; or
  - ii. the Insured Member attaining the Cessation Age; or
  - iii. the date the Insured Member leaves the service of the Employer, subject to any Extended Cover provision provided under General Condition 23; or
  - iv. the date the Insured Member commences active duty in the armed forces of any country or international organisation; or
  - v. the date the Company or the Policy Owner terminates the cover under the plan; or
  - vi. the date the Insured Member dies; or
  - vii. the date a Total and Permanent Disablement Benefit is paid (where applicable); or
  - viii. the date a Terminal Illness Benefit is paid; or
  - ix. the Insured Member is on Leave of Absence for longer than the period of time that we have agreed to provide cover under General Condition 9, except where the reason why the Insured Member has not returned to work is because he / she has made a claim under this Policy, or is eligible to do so; or
  - x. the date we terminate the Policy or the Insured Member's Life cover under General Condition 15.

## 15. Refusal of Cover due to Sanctions

- a. We shall not provide cover for any risk and/or or pay any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would be in respect of a person who is the subject of any sanction, prohibition or restriction under United Nations resolutions or trade or economic sanctions, laws or regulations of New Zealand, the European Union, United Kingdom or United States of America, or any of its states and/or any other applicable economic or trade sanction laws or regulations.
- b. This provision applies without limitation not only to the Policy Owner or holder, but to the Insured Member and any assignee, other third party, related party or beneficiary of the policy.
- c. Should we determine that the above is applicable, we

may at our sole discretion terminate the Policy or Life cover of an Insured Member as applicable with immediate effect.

## 16. Exclusions for Total and Permanent Disablement

A benefit will not be paid if the Total and Permanent Disablement was directly or indirectly caused wholly or partly by, or resulted from:

- a. any intentional, self-inflicted injury or illness, or any attempt at suicide or self destruction while either sane or insane; or
- b. alcoholism, drug or substance abuse; or
- c. violation or attempted violation of the law or resistance to lawful arrest.

A benefit will not be paid if Total and Permanent Disablement is noted as not applicable on the Policy Schedule.

## 17. War Exclusion

The Company shall not be liable to pay the Amount Insured if the Insured Member dies directly or indirectly as a result of any act of invasion or war, whether war is declared or not in which New Zealand armed forces are involved, or the Insured Member's country of residence (including temporary residence) is involved.

## 18. Claims

The Policy Owner shall give notice to the Company in the form prescribed by us, of the death, Total and Permanent Disablement or Dismemberment and Major Burns of any Insured Member which gives rise to a claim.

## 19. Claims Discharge

Every benefit payable hereunder shall be paid to the Policy Owner or to such person or persons as the Policy Owner may direct by notice in writing to the Company. The receipt by the Policy Owner or nominated party shall be an absolute discharge to the Company and shall be final and conclusive evidence for all purposes that the money therein expressed to have been received has been duly paid to and received by the person lawfully entitled thereto and all claims and demands whatsoever against the Company in respect of such money have been fully and truly satisfied and discharged.

## 20. Rates Guarantee

Where applicable, the Company shall guarantee the individual age premium rates until the rate guarantee period end date set out in the Policy Schedule (if any) provided that:

- a. the membership number of the plan does not fluctuate by more than 20% of insured lives and does not fall below the minimum number of insured lives as specified in the Policy Schedule; or
- b. the benefit formula for cover as specified in the Policy Schedule does not change.

## 21. Worldwide Cover

The cover provided is a 24-hour worldwide cover. If an Insured Member is temporarily residing overseas, once cover is in place and provided premiums continue to be paid, the Company may at its sole discretion, provide cover for up to five (5) years depending on the nature and location of overseas residency. The Company must be notified of any such overseas residency prior to departure. Temporary visits back to New Zealand of less than sixty (60) days will not constitute an Insured Member returning to New Zealand to reside in New Zealand.

## 22. Continuation Option

If an Insured Member, under the age of sixty-five (65) years, ceases to be an Insured Member, other than as a result of death or the Policy terminating and provided that the Insured Member is not in receipt of or entitled to receive benefits under this Policy, that Insured Member shall be entitled to apply for and have issued, a Life Policy that the Company from time to time considers appropriate, without being required to produce any Evidence of Insurability subject to the following conditions:

- a. the Amount Insured under the individual policy will not exceed the amount of benefits payable in respect of the Insured Member under this Policy; and
- b. the individual policy will be subject to the standard policy conditions and provisions for similar policies issued to the public, including but not limited to residency status, location, occupational and minimum premium requirements; and
- c. the premium payable will be calculated at the rate charged by the Company on similar individual policies, taking into account the Insured Member's age, occupation, income, sex, and smoking status; and
- d. the policy will be subject to any extra premium or exclusion clause(s) imposed in respect of the Insured Member under this Policy; and
- e. there are no outstanding or overdue premiums in respect of the Insured Member under this Policy.

The Company must receive written notice of application in the form prescribed by it within sixty (60) days of the date on which the Insured Member ceased to be employed by the Employer and subsequently insured under this Policy.

## 23. Extended Cover

Unless shown as not applicable in the Policy Schedule, the following will apply:

Under this Policy, cover for an Insured Member under the age of sixty-five (65) years, will continue for a maximum period of sixty (60) days after the Insured Member ceases to meet the Insured Member eligibility criteria under the Policy. Extended Cover will cease on the earlier of:

- a. the date the Insured Member meets any of the other provisions under termination of cover for an Insured Member; or

- b. sixty (60) days after the Insured Member ceases to meet the eligibility criteria; or
- c. the date the Company accepts or declines the Insured Member's application for a Continuation Option.

## 24. Policy Amendment

The Company reserves the right to amend from time to time the schedules, definitions and general conditions in this Policy upon giving three (3) months notice in writing to the Policy Owner of its intention to do so.

## 25. Taxes and Duties

Where the Company is, or believes that it will become, liable for any tax or other duties levied by the Inland Revenue Department of New Zealand or any Government authority or body in connection with the Policy, the Company may reduce, vary or otherwise adjust any amounts (including but not limited to premiums, charges and benefits) under the Policy in the manner and to the extent the Company determines to be appropriate to take account of the tax or impost.

## 26. Terminal Illness Benefit

Should an Insured Member be diagnosed by a Medical Practitioner, as having an illness which is likely to result in the death of the Insured Member within twelve (12) months of diagnosis, the Amount Insured may be paid, thereby terminating membership of that Insured Member.

The Company shall have the right to call for an examination at its expense, of either the Insured Member or the evidence used in arriving at such diagnosis, by an independent acknowledged expert in the field of medicine concerned, selected by the Company, and the opinion of such expert as to such diagnosis shall be binding on the Policy Owner, the Insured Member and the Company.

## 27. Dismemberment and Major Burns Benefit

When an accident results in any of the losses listed below within 100 days of the date of such accident, the Company will pay the lesser of the amount set out below or an amount equal to the Insured Member's death benefit. If more than one loss listed below results from the accident, the schedule is applicable to only that loss for which the greater amount is provided. "Major Burns" means third degree burns (full thickness skin destruction) to at least 20% of the body surface as measured by the rule of nine (9) of the Lund and Browder body surface chart. "Loss" when used in reference to hand or foot means complete severance through or above the wrist or ankle joint, when used with reference to eye, means the irrecoverable loss of the entire sight thereof, and when used with reference to thumb and index finger, means complete severance through or above the metacarpophalangeal joints and losses has a corresponding meaning.

1. Major Burns \$50,000
2. Loss of both hands \$50,000
3. Loss of both feet \$50,000
4. Loss of the entire sight of both eyes \$50,000
5. Loss of one hand and one foot \$50,000
6. Loss of one hand and the entire sight of one eye \$50,000
7. Loss of one foot and the entire sight of one eye \$50,000
8. Loss of one hand \$25,000
9. Loss of one foot \$25,000
10. Loss of the entire sight of one eye \$16,250
11. Loss of thumb and index finger of either hand \$12,500

A Dismemberment and Major Burns benefit shall not be payable if a death benefit or a Total and Permanent Disablement benefit or a Terminal Illness benefit is payable in respect of the Insured Member as a result of the same accident and shall not be payable in respect of a loss that is a result of:

- a. the Insured Member deliberately injuring himself / herself or attempting to do so; or
- b. the Insured Member participating in any criminal act; or
- c. any loss covered under this Policy that occurred before the Insured Member's insurance commenced under this Policy.

The payment of a Dismemberment and Major Burns benefit in respect of an Insured Member shall not in itself result in the termination of membership of the relevant Insured Member, or result in any reduction of other benefits under this Policy in respect of that Insured Member.

## 28. Jurisdiction and Currency

This Policy shall be deemed to be issued in New Zealand and governed by the laws of New Zealand and all monies payable in respect hereof whether by or to the Company shall be payable in New Zealand currency.

## 29. Statutory Fund

This Policy is part of the AIA New Zealand Statutory Fund Number 1.

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