

POLICY DOCUMENT

WORKPLACE LIFE INSURANCE

TABLE OF CONTENTS

1. This Policy	2	10. Exclusions	8
2. Interpretation	2	Physical Loss Benefit Exclusions	8
3. Membership	3	Spouse Member Exclusions	8
Minimum Policy Terms	3	11. Claims	8
Eligibility	3	When a Benefit Is Payable	8
Automatic Acceptance Limit	3	How to make a Claim	8
Limited Cover	3	Payment of Benefit	8
Underwriting Terms	4	Non-Payment of Benefit	9
Sovereign's Nomination Requirements	4	12. Termination	9
4. Takeover Terms	4	Termination of this Policy	9
5. Start Of Cover	5	Termination of Membership	9
6. Premiums	5	13. Continuation Option	10
Payment of Premiums	5	14. General	11
Premium Adjustments	5	Incorrect or Incomplete Information	11
Overdue Premiums	5	Term Insurance	11
Guarantee of Standard Premium Rates	5	Records	11
Variation of Members' Premiums	5	Notices	11
7. Interim Accidental Death Cover	6	Payments	11
8. Benefits	6	Privacy	11
General	6	Variation	11
Deduction of Tax	6	Non Assignment of Policy	11
What are the benefits?	6	Sovereign Statutory Fund	12
Death Benefit	6	Governing Law	12
Terminal Illness	6	Free Look	12
Bereavement Support	6		
Optional Benefits	7		
Total Permanent Disablement	7		
Physical Loss	7		
Spouse Benefit	7		
9. Other Cover	7		
Cover During Unpaid Leave	7		
Continued Cover for Death and Total Permanent Disablement	7		
Worldwide Cover	8		

CONDITIONS

1. This Policy

- 1.1. This policy document, its Schedules, the proposal documents and any declarations make up this *policy*, issued by *Sovereign*.
- 1.2. This *policy* is a workplace policy because *Sovereign* provides insurance cover for more than one person. Such persons are referred to as *members*.
- 1.3. Under this *policy*, *Sovereign* will pay a *benefit* for the reason(s) set out in *condition* 8.
- 1.4. This *policy* commences on the *policy commencement date*.

2. Interpretation

- 2.1. Italicised words and phrases in the *policy* have the meanings specified herein.
 - 2.1.1. *accident* means bodily injury to the *member* caused by visible, violent and external means in relation to the *member*.
 - 2.1.2. *actively employed* means the person is not prevented by *accident* or *sickness* from properly performing all his/her normal duties of paid permanent employment. For the sake of clarity, permanent employment means the person has an individual agreement of 12 months or longer with the *employer* requiring the person to perform identifiable duties for a regular number of hours each week.
 - 2.1.3. *annual salary* (if *benefits* are salary related) means the yearly rate of salary or wages applicable to the *member* as notified to *Sovereign* by the *Policy Owner* when membership commences and subsequently at each *policy anniversary date*.
 - 2.1.4. *automatic acceptance limit* has the meaning assigned to it in Schedule 1 or such other amount as *Sovereign* may advise the *Policy Owner* in writing from time to time on giving at least 90 days' written notice.
 - 2.1.5. *benefit* shall, subject to the provisions of this *policy*, mean a benefit in respect of a *member* that is payable prior to the *benefit expiry date* or the termination of a *member's* membership:
 - a. in the event of the death of a *member*; or
 - b. in the event of a *member* suffering a *terminal illness*; or
 - c. (if applicable) in the event of the *total permanent disablement* of a *member*; or
 - d. (if applicable) in the event of a *member* suffering a *physical loss*.
 - 2.1.6. *benefit expiry date* has the meaning assigned to it in Schedule 1.
 - 2.1.7. *business day* means a day, other than Saturday or Sunday or a public holiday observed in New Zealand (including any provincial anniversary day).
 - 2.1.8. *conditions* means these conditions contained in the *policy*, other than special conditions contained in Schedule 1.
 - 2.1.9. *date of disablement* means the later of the date of an *accident* or *sickness* giving rise to a *total permanent disablement* claim, and the *member's* last day of *active employment* with the *employer*.
 - 2.1.10. *death benefit* has the meaning assigned to it in Schedule 1.
 - 2.1.11. *eligibility criteria* has the meaning assigned to it in Schedule 1.
 - 2.1.12. *employer* has the meaning assigned to it in Schedule 1.
 - 2.1.13. *guarantee date* has the meaning assigned to it in Schedule 1.
 - 2.1.14. *interim accidental death cover* means the amount of *death benefit* requested up to a maximum of the *automatic acceptance limit* or \$500,000, whichever is the lower amount.
 - 2.1.15. *limited cover* means the *member* is only covered for death, *terminal illness*, *total permanent disablement* (if applicable) or *physical loss* (if applicable) arising from:
 - a. a *sickness* (including symptoms of a *sickness*) that first becomes apparent; or
 - b. an *accident* that first occurs, on or after the date cover commenced for the *member* under this *policy*. For the sake of clarity, *Sovereign* will not pay any claim under *limited cover* resulting from any *sickness* which existed prior to the date cover commenced for the *member*, unless *Sovereign* is satisfied that the *member* could not have known of the existence of the *sickness* at that date.
 - 2.1.16. *material information* means any occupational, claims, employee, health and safety or other information or data which is material to:
 - a. *Sovereign's* decision to offer this *policy* to the *Policy Owner* and eligible *members*; or
 - b. The terms on which this *policy* was offered to the *Policy Owner* and eligible *members*, including the premium rates set out in Schedule 2.
 - 2.1.17. *maximum benefit* has the meaning assigned to it in Schedule 1.
 - 2.1.18. *medical practitioner* means a legally qualified and registered medical practitioner acceptable to *Sovereign* other than the insured *member*, the partner, the child or other family member, business partner or associates of either the *member* or his/her *employer*.
 - 2.1.19. *member* means an employee of the *employer* who has fulfilled the *eligibility criteria*, and who continues to satisfy the conditions of membership as set out in this *policy*. *Member* shall include a *spouse member* unless otherwise stated.
 - 2.1.20. *minimum policy terms* means the minimum requirements for this *policy* as set out in *condition* 3.1.
 - 2.1.21. *physical 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.

- 2.1.22. *physical loss benefit* (if applicable) has the meaning assigned to it in Schedule 1.
- 2.1.23. *policy* means this Workplace Life Insurance Policy and the Schedules attached to it, as amended from time to time by *Sovereign*.
- 2.1.24. *policy anniversary date* has the meaning assigned to it in Schedule 1.
- 2.1.25. *policy commencement date* has the meaning assigned to it in Schedule 1.
- 2.1.26. *Policy Owner* has the meaning assigned to it in Schedule 1.
- 2.1.27. *policy year* means 12 months from the *policy anniversary date* and each 12 months thereafter.
- 2.1.28. *premium due dates* has the meaning assigned to it in Schedule 1.
- 2.1.29. *premium rebate* (if applicable and noted in Schedule 1) has the meaning assigned to it in Schedule 3.
- 2.1.30. *reinsurer* has the meaning assigned to it in Schedule 1.
- 2.1.31. *sickness* means any illness, disease or disorder contracted by the *member*.
- 2.1.32. *specified occupation* means the occupation of the *member* immediately prior to the *date of disablement*.
- 2.1.33. *Sovereign* means Sovereign Assurance Company Limited, a registered company at Auckland, New Zealand.
- 2.1.34. *spouse* means the person to whom the *member* is currently married and with whom the *member* is living, and also includes any person with whom, in the opinion of the *Policy Owner*, the *member* is living in a relationship in the nature of a marriage, irrespective of gender.
- 2.1.35. *spouse benefit* (if applicable) has the meaning assigned to it in Schedule 1.
- 2.1.36. *spouse member* (if applicable) means a *spouse* who has been accepted for membership under this *policy* and who continues to satisfy the conditions of membership as set out in this *policy*.
- 2.1.37. *terminal illness* means that the *member* has been diagnosed as having a *sickness*, which in *Sovereign's* opinion after consideration of unequivocal medical evidence as required by *Sovereign*, will result in the death of the *member* within 12 months regardless of any treatment that may be undertaken.
- 2.1.38. *terminal illness benefit* means an amount equal to the *member's death benefit*.
- 2.1.39. *total permanent disablement* (if applicable) has the meaning assigned to it in Schedule 1.
- 2.1.40. *total permanent disablement benefit* (if applicable) has the meaning assigned to it in Schedule 1.
- 2.1.41. *unpaid leave* means leave without pay to undertake travel, full time study, maternity leave, paternity leave,

parental leave, compassionate leave, sabbatical leave, sick leave or other such leave agreed to by *Sovereign*.

- 2.2. The headings are for convenience only and are not relevant to the interpretation of the *conditions*.
- 2.3. Expressions referred to in the Schedules have the same meanings within the policy document.
- 2.4. Singular includes plural.

3. Membership

Minimum Policy Terms

- 3.1. The following *minimum policy terms* apply in each case, unless otherwise agreed in writing by *Sovereign*:
 - a. There must be at least 10 persons covered under this *policy*; and
 - b. There must be one owner of the *policy* and one premium payment source to *Sovereign*; and
 - c. The *policy* is compulsory for all persons who meet the *eligibility criteria*; and
 - d. There must be a combined minimum annual premium of the amount stated in Schedule 1.
- 3.2. If any of the *minimum policy terms* are not complied with while the *policy* is in force, *Sovereign* may terminate the *policy* in the manner set out in *condition 12*.

Eligibility

- 3.3. Provided the *minimum policy terms* have been complied with, any person nominated by the *Policy Owner* for cover under this *policy* and who meets the *eligibility criteria*, will be eligible to be insured for the *benefits* specified in Schedule 1 from the date of meeting the *eligibility criteria* or at some other time *Sovereign* agrees in writing with the *Policy Owner*.
- 3.4. There may be different categories of person insured under this *policy*. If there is more than one category under this *policy*, the *eligibility criteria*, *automatic acceptance limits* and any additional terms of cover, may vary depending on the particular category and if so, will be noted in Schedule 1.

Automatic Acceptance Limit

- 3.5. For those persons who meet the *eligibility criteria*, or who qualify for *limited cover* under *condition 3.6*, the amount of the *benefit* will be the lesser of the *benefit* as calculated in accordance with Schedule 1 and the *automatic acceptance limit* as set out in Schedule 1.

Limited Cover

- 3.6. A person who does not meet the *eligibility criteria* due to not being *actively employed* on the date that cover commences for the person under this *policy*, will receive *limited cover* from that date until such time as he/she returns to *active employment* provided that such return occurs within 10 *business days* of the date *limited cover* commences and he/she remains *actively employed* for a minimum of 4

consecutive weeks.

If a person does not return to *active employment* within 10 *business days* from the date *limited cover* commences, or returns but is not *actively employed* for a minimum of 4 consecutive weeks, such person may elect to be underwritten in accordance with *condition* 3.8. If such a person does not elect to be underwritten, he/she will remain on *limited cover*.

Underwriting Terms

- 3.7. For those persons:
- Subject to *condition* 3.6, who do not meet the *eligibility criteria*; or
 - Where the amount of the *benefit* when cover commences, is in excess of the *automatic acceptance limit*; or
 - Where the amount of the *benefit*, as a result of an increase in the *benefit*, is in excess of the *automatic acceptance limit* or any previously agreed variation to the *automatic acceptance limit*; or
 - Where the *automatic acceptance limit* is nil; or
 - Who are *spouses* applying for a *spouse benefit*, cover (or where applicable, cover in excess of the *automatic acceptance limit*) will be subject to underwriting terms set out in *condition* 3.8.
- 3.8. Underwriting means that *Sovereign* will only agree to provide the *benefit* or an increase in the *benefit* for a nominated person if the following conditions are met:
- The *Policy Owner* and the nominated person provide any information *Sovereign* requires for assessment. *Sovereign* will notify the *Policy Owner* what information is required; and
 - Sovereign* approves the *benefit*, or increase in *benefit*, as the case may be.
- 3.9. *Sovereign* will notify the *Policy Owner* of its decision where a non-standard premium applies, or if the insurance is declined. *Sovereign* will also notify the *Policy Owner* of when the cover or the increase to the cover will commence. *Sovereign* will advise any special restrictions or exclusions applicable to the *member's* cover directly to the *member*.

Sovereign's Nomination Requirements

- 3.10. Within 30 days (or such extended period agreed by *Sovereign*) after each *policy anniversary date*, the *Policy Owner* will provide *Sovereign* with a certificate showing:
- The name, date of birth, gender, date employment commenced, *annual salary* (if *benefits* are salary related), hours of work per week, location of employment (if outside of New Zealand) and date of commencement of membership of those persons who became *members* during the preceding *policy year* or on the current *policy anniversary date*; and
 - The name, *annual salary* (if *benefits* are salary related), hours of work per week, location of employment (if outside of New Zealand) of all other *members* at the *policy anniversary date*; and
 - If applicable, the name of any *member* who has ceased to

be eligible for *total permanent disablement* cover during the previous *policy year*; and

- Such other information in respect of both new and existing *members* as *Sovereign*, by written notice, advises the *Policy Owner* it requires.
- 3.11. From time to time, the *Policy Owner* will provide *Sovereign* with any information *Sovereign* advises is necessary for the purposes of the *policy*, including but not limited to the payment of any claims.

4. Takeover Terms

- 4.1. If this *policy* is taken out to replace an existing group life policy ("Previous Policy") issued by another insurer but providing the same or substantially similar benefits, as indicated in Schedule 1 and *Sovereign* is satisfied with the underwriting standards of the previous insurer, *Sovereign* may offer takeover terms as indicated in Schedule 1. The *Policy Owner* will need to provide any relevant information requested by *Sovereign* in relation to the Previous Policy, including but not limited to its operation, terms and claims history.
- 4.2. *Sovereign* will advise the *Policy Owner* of its decision in writing, including any conditions or special terms relating to the takeover of the Previous Policy.
- 4.3. Takeover terms will be subject to the following requirements:
- All persons nominated under takeover terms meet the *eligibility criteria* on the last *business day* before the *policy commencement date*; and
 - Where the amount of the *benefit* under this *policy* is higher than any benefit under the Previous Policy, underwriting terms in accordance with *condition* 3.8 will apply to that part of the cover which is in excess of the *automatic acceptance limit*; and
 - Sovereign* may apply any equivalent restrictions, conditions or limitations which the previous insurer applied under the Previous Policy.
- 4.4. A person who does not meet the *eligibility criteria* due to not being *actively employed* on the last *business day* immediately before the *policy commencement date*, will, subject to *conditions* 4.1, 4.2 and 4.3 b. – c. (inclusive), receive cover for death and *terminal illness* from the *policy commencement date*.
- 4.5. A person who does not meet the *eligibility criteria* due to not being *actively employed* on the last *business day* immediately before the *policy commencement date*, will, subject to *conditions* 4.1, 4.2 and 4.3 b. – c. (inclusive), only receive cover for *total permanent disablement* (if applicable) or *physical loss* (if applicable) arising from:
- a *sickness* (including symptoms of a *sickness*) that first becomes apparent; or
 - an *accident* that first occurs, on or after the *policy commencement date*. For the sake of clarity, *Sovereign* will not pay any claim under this *condition* 4.5 resulting from any *sickness* or *accident* which existed prior to the *policy commencement date*, unless in the case

of sickness, *Sovereign* is satisfied that the *member* could not have known of the existence of the sickness at that date.

- 4.6. Cover under *condition* 4.5 will remain in place until such time as the *member* returns to *active employment* provided that such return occurs within 10 *business days* of the *policy commencement date*. If the *member* does not return to *active employment* within 10 *business days* from the *policy commencement date*, such *member* may elect to be underwritten in accordance with *condition* 3.8. If such *member* does not elect to be underwritten, he/she will remain on the cover specified under *condition* 4.5.
- 4.7. For the purpose of *condition* 4.3 only, a person nominated may be aged up to 70 years provided that person has not reached the *benefit expiry date*.

5. Start Of Cover

- 5.1. A person the *Policy Owner* nominates is accepted as a *member*:
 - a. When the person first meets the *eligibility criteria* and the *automatic acceptance limit* applies; or
 - b. When the person qualifies for *limited cover*; or
 - c. At some other time *Sovereign* notifies to the *Policy Owner*.
- 5.2. If a person was insured under the Previous Policy on the last *business day* prior to the *policy commencement date* then, subject to *condition* 4 and provided that *Sovereign* agrees to takeover terms, cover for a person will start under this *policy* from the *policy commencement date*.

6. Premiums

Payment of Premiums

- 6.1. While the *policy* is in force the premium (as set out in Schedule 2 or such other amount notified by *Sovereign* from time to time) is payable by the *Policy Owner* to *Sovereign* on or before the *premium due dates*.
- 6.2. If a *member's* cover is subject to underwriting terms under *condition* 3.8, the premium in respect of that part of the *benefit* accepted on underwriting terms will be that notified to the *Policy Owner* by *Sovereign*.

Premium Adjustments

- 6.3. If *Sovereign* has agreed in Schedule 1 that a continuous review facility applies then premium adjustments for new *members*, exited *members* and any adjustments to the *annual salary* of each *member* will be made in respect of the previous *policy year* at the current *policy anniversary date*, using the following formula:

$$\frac{1}{2} \times (S^2 - S^1) \times AP^1$$

S^1

Where S^1 means the total *death benefits* insured for all *members* at the preceding *policy anniversary date*; and

Where S^2 means the total *death benefits* insured for all *members* at the current *policy anniversary date*; and

Where AP^1 means the annual premium payable in respect of all *members* at the preceding *policy anniversary date*, excluding any adjustments made pursuant to this *condition* 6.3 and any *premium rebates* (if applicable) in respect of earlier *policy years*.

- 6.4. The premium adjustment will be made by applying a debit or credit (as appropriate) in the invoice for the premium in respect of the current *policy year*, or in such other manner as *Sovereign* and the *Policy Owner* agree.
- 6.5. Where a continuous review facility applies to the *policy* and *members' benefits* are salary related, the *annual salary* in respect of each *member* will be based on the *member's* current *annual salary* at any point in time.
- 6.6. Where a continuous review facility does not apply to the *policy* for a particular *policy year*, premium adjustments will be made in respect of each individual new *member* or exited *member* in that *policy year* based on the number of days he/she had insurance under the *policy* during that period.

Overdue Premiums

- 6.7. If *Sovereign* does not receive the full premium within 30 days after a *premium due date*, or any premium adjustment amount owing within 30 days of the due date, *Sovereign* may terminate the *policy* (with effect from the *premium due date*) by written notice to the *Policy Owner*.
- 6.8. If an insured event happens before the *policy* is terminated, *Sovereign* will pay any *benefits* a *member* is entitled to provided that the *Policy Owner* has paid *Sovereign* all premiums which are due and owing.

Guarantee of Standard Premium Rates

- 6.9. Subject to *conditions* 6.11 - 6.15 inclusive, the standard premium rates referred to in Schedule 2 are guaranteed by *Sovereign* until the *guarantee date* specified in Schedule 1.

Variation of Members' Premiums

- 6.10. Without limiting *conditions* 6.11 - 6.15 below, *Sovereign* reserves the right to vary the standard premium rates set out in Schedule 2 and the *premium rebate* set out in Schedule 3 (if applicable) after the *guarantee date* by giving at least 90 days' written notice to the *Policy Owner* in response to circumstances affecting this *policy*, which may include:
 - a. an unexpected and unsustainable increase in claims across all Workplace Life Insurance Policies;
 - b. a new or increased public health threat, e.g. a pandemic;
 - c. changes to the *reinsurer* or any reinsurance arrangements, or the withdrawal of the *reinsurer*; or
 - d. any circumstances which materially impact the profitability of this *policy* or other Workplace Life Insurance Policies for *Sovereign*.
- 6.11. If a *member's* age is incorrectly advised to *Sovereign*, the difference between the total premium paid in respect of that *member* and that which would have been payable if the *member's* age had been correctly stated, will be paid by the

Policy Owner to Sovereign or repaid by Sovereign to the Policy Owner, as appropriate, if considered material by Sovereign.

- 6.12. *Sovereign may vary the standard premium rates referred to in Schedule 2 at any time if there is a change either in the number of members covered by the policy or the total aggregate benefits for all members of 25% or more in any one policy year.*
- 6.13. *Sovereign may vary the standard premium rates referred to in Schedule 2 at any time in the event of war (whether declared or undeclared) in which New Zealand is involved, or the armed invasion of New Zealand.*
- 6.14. *This policy was prepared on the basis of the legislation and taxation regime applicable at the date of execution of this policy. Sovereign reserves the right to adjust the premium rates in Schedule 2, at any time, in response to changes to such legislative and taxation regime. 30 days' written notice will be given to the Policy Owner of any such changes.*
- 6.15. *If Sovereign becomes aware of any material information which has not been previously advised to it by or on behalf of the Policy Owner, or becomes aware of any material errors in any material information, Sovereign may without prejudice to any other rights or remedies it may have under the terms of this policy or otherwise at law:*
 - a. *immediately vary the standard premium rates referred to in Schedule 2 and/or adjust the benefit payable in respect of a member or members, as it considers appropriate; and*
 - b. *charge such additional amount as it determines necessary to restore it to the position in which it would have been in respect of the policy, had the material information been properly advised to Sovereign by the Policy Owner in accordance with this policy. Any such additional amount may include compensation for underpaid premiums (including as a result of applying premium rates calculated on the basis of incorrect material information), any overpaid benefits, or other losses attributable to the misstatement or non-disclosure and will be payable by the Policy Owner upon demand in writing being made by Sovereign.*

7. Interim Accidental Death Cover

- 7.1. *For those persons nominated for cover but subject to underwriting terms, Sovereign will offer interim accidental death cover during the underwriting process. Interim accidental death cover starts on the date Sovereign receives notification of the request for cover and terminates on the earliest of the following:*
 - a. *The date that the cover has been accepted by Sovereign; or*
 - b. *The date that the cover has been declined by Sovereign; or*
 - c. *The date that the request for cover has been withdrawn; or*
 - d. *The date that the person no longer meets the eligibility criteria; or*
 - e. *The date interim accidental death cover is cancelled by Sovereign; or*
 - f. *90 days has expired from the date that Sovereign received notification of the request for cover; or*

g. *The date this policy is terminated.*

- 7.2. *Interim accidental death cover will only be payable if the person's death occurs within 90 days of an accident and death is a direct and sole result of the accident.*
- 7.3. *In addition to the exclusions set out in condition 10, no interim accidental death cover will be payable if the person subject to underwriting terms is aged 64 years and over.*

8. Benefits

General

- 8.1. *In consideration of the premiums paid under condition 6, Sovereign will provide to members the benefits set out in Schedule 1.*
- 8.2. *A benefit is payable only once for a member (excluding any benefit paid under condition 8.13) and Sovereign will only pay a benefit for one of the insured events covered by this condition 8, namely a member's death, terminal illness or, if applicable, total permanent disablement.*
- 8.3. *On the date a benefit is paid in respect of a member, membership is considered to be terminated from that date and no other benefit will become payable in respect of the member under this policy.*

Deduction of Tax

- 8.4. *In the event that Sovereign is by law required to pay tax on any benefit, Sovereign will deduct such tax before any benefit is paid to any member and forward it to the relevant authority. For avoidance of doubt, Sovereign will not deduct any tax from a benefit it pays where the payment of such tax is the responsibility of the recipient of the benefit.*

What are the benefits?

Death Benefit

- 8.5. *Sovereign will pay the death benefit if the member dies.*

Terminal Illness

- 8.6. *Sovereign will pay a terminal illness benefit in the event of a member suffering a terminal illness.*
- 8.7. *The member will submit to such medical examinations as Sovereign may reasonably require for Sovereign to determine whether a member's condition constitutes a terminal illness.*

Bereavement Support

- 8.8. *At the request of the Policy Owner, on receiving written notification of the death of a member, Sovereign has discretion to pay an early payment of the death benefit of up to \$15,000 to the Policy Owner. Any amount paid will be treated as an early partial payment of the death benefit in respect of the member. No payment will be made if there is no entitlement to a death benefit under this policy.*

Optional Benefits

Total Permanent Disablement

- 8.9. If *Sovereign* has agreed in writing in Schedule 1 to provide *total permanent disablement* cover for a *member* (who is not a *spouse member*), *Sovereign* will pay a *total permanent disablement benefit* if the *member* suffers *total permanent disablement*.
- 8.10. The *member* will submit to such medical examinations as *Sovereign* reasonably requires for *Sovereign* to determine whether a *member's* incapacity constitutes *total permanent disablement* for the purposes of this *benefit*. Diagnosis must be made by a specialist *medical practitioner* acceptable to *Sovereign*.
- 8.11. For a *member* to be eligible for *total permanent disablement* insurance under this *policy*, the *member* must be employed by the *employer* for 15 hours or more each week, unless otherwise agreed in writing with *Sovereign*. At each *policy anniversary date*, the *employer* must advise *Sovereign* of any *member* who became ineligible for *total permanent disablement* cover during the previous *policy year* as a result of being employed for less than 15 hours each week. Such *members* will continue to be covered for a *death benefit* or a *terminal illness benefit* under this *policy*.
- 8.12. Where a *member* who was not eligible for *total permanent disablement* cover in accordance with *condition 8.11* subsequently becomes eligible, *total permanent disablement* cover for such person will be subject to underwriting terms set out in *condition 3.8*.

Physical Loss

- 8.13. If *Sovereign* has agreed in writing in Schedule 1 to provide *physical loss* cover for a *member* (who is not a *spouse member*), then when an *accident* results in any of the *physical losses* (as listed in Schedule 1) and *Sovereign* is notified within 100 days of the date of such *accident*, *Sovereign* will pay a *physical loss benefit*, subject to *condition 8.15*. Where more than one *physical loss* results from the *accident*, a *member* will receive only one *physical loss benefit*, being the greater amount of the *physical losses*. Only one *physical loss benefit* will be paid for a *member* under the *policy*.
- 8.14. Notwithstanding *condition 8.13*, in no event shall the *physical loss benefit* exceed the *death benefit*.
- 8.15. A *physical loss benefit* shall not be payable if a *death benefit* or where applicable, a *total permanent disablement benefit* is payable in respect of the *member* as a result of the same *accident*.
- 8.16. The payment of a *physical loss benefit* in respect of a *member* shall not in itself result in the termination of membership of the relevant *member*, or result in any reduction of other *benefits* under this *policy* in respect of that *member*.

Spouse Benefit

- 8.17. If *Sovereign* has agreed in writing in Schedule 1, *Sovereign* may offer a *spouse benefit*. *Sovereign* will pay a *spouse*

benefit if the *spouse member* dies or suffers a *terminal illness*.

- 8.18. Acceptance of a nominated person for a *spouse benefit* by *Sovereign* will be subject to underwriting terms as set out in *condition 3.8*.
- 8.19. A *spouse member's* membership will be considered terminated when the membership of his/her spouse is terminated for any reason. At such time, the ex-spouse member may apply for a continuation option subject to meeting the requirements of *condition 13*.
- 8.20. A *spouse member's* membership will also be considered to be terminated if his/her spouse's membership is terminated under *condition 12.7*. At such time, the terminated spouse member may apply for a continuation option subject to meeting the requirements of *condition 13*. The terminated spouse member may reapply for membership on terms advised by *Sovereign*, if his/her spouse resumes his/her membership in accordance with *condition 12.8* and the terminated spouse member has not exercised his/her continuation option.

9. Other Cover

Cover During Unpaid Leave

- 9.1. A *member* (who is not a *spouse member*) who takes *unpaid leave* can continue to be insured for a period of up to 12 months, or in the case of *unpaid leave* due to *sickness* or an *accident* for up to 24 months, after the date such *unpaid leave* commences provided the following requirements are met:
- The *member* is *actively employed* before he/she goes on *unpaid leave* (except where *unpaid leave* is due to *sickness* or *accident*); and
 - The *employer* approves the period of *unpaid leave* in writing before the *member* goes on *unpaid leave*; and
 - Premiums for the *member* continue to be paid in full while the *member* is on *unpaid leave*.
- 9.2. Subject to earlier termination under *condition 12*, cover will cease for a *member* on *unpaid leave* on the date 12 months, or in the case of *unpaid leave* due to *sickness* or an *accident*, 24 months, from the date such *unpaid leave* commences. At such time, the person may apply for a continuation option subject to meeting the requirements of *condition 13*.
- 9.3. Where a *member* on *unpaid leave* becomes entitled to a *benefit*, such *benefit*, if salary related and if a continuous review facility applies, will be based on the *member's annual salary* immediately prior to the commencement of the *unpaid leave*. Where a continuous review facility does not apply, the *annual salary* for such a *member* will be as advised at the last *policy anniversary date*.

Continued Cover for Death and Total Permanent Disablement

- 9.4. Where a *member* (who is not a *spouse member*) leaves his/her employment as a result of *sickness* or *accident*, the *benefits* under this *policy* may continue for up to 6 months, or for

such extended period as *Sovereign* in its sole discretion shall determine, from the *date of disablement* provided that:

- a. the *member* leaves the service of the *employer* solely on account of *sickness* or *accident*; and
- b. *Sovereign*, in its sole discretion, considers that the *sickness* or *accident* is such that it might cause the *member* to be incapacitated to the extent that he/she may become eligible for a *total permanent disablement benefit* under the provisions of this *policy*; and
- c. the *Policy Owner* has advised *Sovereign* of such leaving within 14 days of the *member* leaving employment with the *employer* and has delivered such evidence as *Sovereign* may require,

the *benefits* under this *policy* shall be payable only upon the death or *total permanent disablement* arising from such *sickness* or *accident*.

- 9.5. If *Sovereign* exercises its discretion under *condition* 9.4 and a *total permanent disablement* occurs within the extended period, no continuation option will be available to the relevant *member*. If no claim is paid (or subsequently made) during the extended period, then provided the extended period does not exceed six (6) months, a continuation option will be made available (in accordance with *condition* 13) at the expiry of the extended period for such person.

Worldwide Cover

- 9.6. Subject to *conditions* 9.7 and 9.8, *members* will have worldwide cover.
- 9.7. If *Sovereign* agrees in writing, it will cover a permanent resident of New Zealand under this *policy* while he/she is employed overseas. However, no continuation option will be available for a person living outside New Zealand who remains outside New Zealand after his/her membership is terminated, regardless of whether he/she is a permanent resident or not.
- 9.8. If a *member* is not a permanent resident of New Zealand but *Sovereign* has agreed to insure such *member*, cover for the *member* is not available outside New Zealand at any time, unless *Sovereign* agrees otherwise in writing.

10. Exclusions

Physical Loss Benefit Exclusions

- 10.1. *Sovereign* will not pay a *physical loss benefit* in the following circumstances:
 - a. The *member's physical loss* occurred, or was a result of an *accident* which occurred before the *member's* insurance commenced under this *policy*; or
 - b. The *member's physical loss* occurred while the *member* participated in a criminal act; or
 - c. (Either directly or indirectly) the *member's physical loss* was as a result of the *member* deliberately injuring himself or herself, or attempting to do so, whether the *member* is sane or insane; or
 - d. The *member's physical loss* was a result of the *member* deliberately taking or using non-prescribed drugs, other

than for proper therapeutic or medical purposes and in accordance with the manufacturer's directions for use, or the deliberate misuse by the *member* of prescribed drugs.

Spouse Member Exclusions

- 10.2. *Sovereign* will not pay a *spouse benefit* if, within the first 13 months of the relevant *spouse member* being insured under this *policy*, the *spouse member's* death was, in the sole opinion of *Sovereign*, caused by suicide or directly or indirectly caused by attempted suicide or self inflicted injury.

11. Claims

When a Benefit Is Payable

- 11.1. Subject to the terms of this *policy*, *Sovereign* will pay a *benefit* in the event of a *member's*:
 - a. Death; or
 - b. *Terminal illness*; or
 - c. *Total permanent disablement* (if applicable); or
 - d. *Physical loss* (if applicable); or
 - e. Accidental death of a nominated person (if applicable).

How to make a Claim

- 11.2. The *Policy Owner* must notify *Sovereign* of the occurrence of any event giving rise to a claim for the payment of a *benefit* as soon as is reasonably possible.
- 11.3. The *Policy Owner* will provide such evidence of entitlement to the *benefit* as *Sovereign* may reasonably require to properly assess the claim. Such information may include but is not limited to the following:
 - a. Certified copies of the birth certificate, marriage certificate (where applicable) and, for death claims, the death certificate; and
 - b. The medical history of the *member*; and
 - c. Any other relevant matter such as coroner's report, police report, job responsibilities, work history, qualifications.
- 11.4. In the event of a *terminal illness* or if applicable, a *total permanent disablement* claim, *Sovereign* has the right to have the *member* provide medical evidence at *Sovereign's* expense when and as *Sovereign* may reasonably require after the *member* has submitted a claim under this *policy*.
- 11.5. Where a claim is made in relation to a *member* who is overseas (whether residing or travelling), *Sovereign* may, at its discretion, require such *member* to either:
 - a. Return to New Zealand for assessment (medical or otherwise). Any costs relating to the *member's* return to New Zealand will be borne by the *member*; or
 - b. Provide a medical assessment (or other such relevant information) to be carried out by a *medical practitioner* in the country where the *member* is situated.

Payment of Benefit

- 11.6. A *benefit* payable under this *policy* will be paid by *Sovereign*

to the *Policy Owner*. The receipt of the *benefit* by the *Policy Owner* or such recipient as they direct will be an absolute discharge to *Sovereign*.

- 11.7. The maximum amount payable in respect of any claim arising from the insurance under this *policy* in respect of any one *member* shall not exceed the lesser of the *benefit* or the *maximum benefit*.

Non-Payment of Benefit

- 11.8. If a claim is made by a person who became a *member* during a *policy year*, and prior to the *Policy Owner* providing *Sovereign* with a certificate in accordance with *condition 3.10*, *Sovereign* will not be liable to pay any *benefit* claimed until it is satisfied that the person met the *eligibility criteria* at the time he/she became a *member*.
- 11.9. If a claim is made by a *member* whose membership is deemed to have terminated prior to:
- the death of the *member*; or
 - the *member* suffering a *terminal illness*; or
 - (if applicable) the *total permanent disablement* of the *member*; or
 - (if applicable) the *member* suffering a *physical loss*.
- Sovereign* will not be liable to pay any *benefit* whether premiums have been received or not.
- 11.10. To the extent permitted by law, if the *Policy Owner* delays notifying *Sovereign* of a claim and, as a result, *Sovereign's* interests are prejudiced, *Sovereign* may not pay the claim or may reduce the *benefit*.
- 11.11. The *Policy Owner* acknowledges that *Sovereign* relies on correct information being provided to it to assess whether to pay a *benefit*. Accordingly, if information provided is not correct or if a *member* or the *Policy Owner* has not complied with their duty of disclosure, *Sovereign* may be legally entitled not to pay a *benefit* in accordance with *condition 14.2*.

12. Termination

Termination of this Policy

- 12.1. This *policy* may be terminated by the *Policy Owner* by giving at least 90 days' notice in writing to *Sovereign*, or such lesser period as *Sovereign* may agree. All premiums due under this *policy* must be paid up to and including the date of termination.
- 12.2. At any time, *Sovereign* may terminate this *policy* by giving at least 90 days' prior notice in writing to the *Policy Owner* in response to either of the following circumstances affecting this *policy*, where they cannot otherwise be rectified through *conditions 6.10* and / or *14.11*:
- without prejudice to any other rights or remedies it may have under the terms of this *policy* or otherwise at law, *Sovereign* becoming aware of any significant inaccuracy in any *material information* provided by the *Policy Owner* where such inaccuracy has resulted in this *policy* being

issued on terms other than those that would have been offered if the *material information* had been correct;

- changes to any legislation applicable at the date of execution of this *policy* that prohibit *Sovereign* from continuing to offer Workplace Life Insurance (in which case all Workplace Life Insurance policies may be terminated).

After the *guarantee date*, *Sovereign* may terminate this *policy* from a *policy anniversary date* by giving at least 90 days' prior notice in writing to the *Policy Owner* in response to circumstances affecting this *policy*, including:

- changes to the *reinsurer* or any reinsurance arrangements, or the withdrawal of the *reinsurer*;
- Sovereign* deciding to stop offering Workplace Life Insurance (in which case all Workplace Life Insurance policies may be terminated).

- 12.3. If, at any time, the *Policy Owner* fails to meet the *minimum policy terms*, *Sovereign* may terminate this *policy* by giving at least 90 days' notice in writing to the *Policy Owner*.

- 12.4. No *benefits* will be payable under the *policy* on or after the date of termination except:

- In respect of the death of a *member* occurring before the date of termination; and
- In respect of a *member* who is *totally permanently disabled* (if applicable) if the *date of disablement* occurs before the date of termination.

- 12.5. If this *policy* is terminated and a refund of premium is due then *Sovereign* will refund to the *Policy Owner* the appropriate amount. The amount refunded may be reduced by any reasonable expenses incurred by *Sovereign* in terminating this *policy*.

Termination of Membership

- 12.6. At each *policy anniversary date*, the *Policy Owner* will advise *Sovereign* of the name of any person who ceased to be a *member* during the preceding *policy year* and the date he or she ceased membership. The *Policy Owner* may advise *Sovereign* earlier (in accordance with the continuation option under *condition 13*) if required.

- 12.7. Subject to *condition 12.10*, a *member's* membership will be considered to be terminated if, though genuinely retained in the service of the *employer*, he/she has ceased to be *actively employed* in any one or more of his/her employment duties because of:

- Sickness* or *accident* for a period exceeding 24 consecutive months; or
- Any other cause for a period exceeding 12 consecutive months.

- 12.8. A *member* whose membership is considered to be terminated under *condition 12.7* may, if he/she resumes *active employment* with the *employer*, resume membership on the terms advised by *Sovereign* at the time of the *member's* resumption.

- 12.9. Subject to *condition 12.10*, a *member's* insurance under this *policy* (and related *benefits*) will terminate immediately on the earliest occurrence of the following:

- a. The payment of premiums or any part of them is discontinued in respect of the *member* within 30 days of the *premium due date*; or
- b. The *member* ceasing to be employed by the *employer*; or
- c. The payment of a *terminal illness benefit*, *death benefit* or if applicable, a *spouse benefit* or *total permanent disablement benefit* in respect of a *member*; or
- d. The *member* no longer meeting the *eligibility criteria*; or
- e. The *member* reaching the *benefit expiry date*; or
- f. The date this *policy* is terminated in accordance with *conditions* 12.1 - 12.3 inclusive.

12.10. For the avoidance of doubt, a *member's* membership will not terminate under *condition* 12.7 or 12.9 in respect of any claim which is currently under consideration by *Sovereign*, and the membership will remain in effect in respect of such claim until *Sovereign* has approved or declined the *member's* claim.

13. Continuation Option

13.1. On the termination of a *member's* membership while this *policy* is current and prior to the attainment of the earlier of the *member's* 65th birthday or the *benefit expiry date* then, within 60 days of the date of termination:

- a. The *member* may request *Sovereign* to issue him/her an individual policy for the same or substantially similar cover for an amount not exceeding the *member's death benefit* under this *policy* as at the date membership terminated; and
- b. If specified in Schedule 1, the *member* may also request *Sovereign* to include an accelerated total permanent disablement benefit for an amount not exceeding the *member's total permanent disablement benefit* on the same or substantially similar terms as applied under this *policy* as at the date membership terminated; and
- c. *Sovereign* will issue an individual policy without further evidence of health at the rate of premium then in use by *Sovereign* for such policy having regard to any conditions of membership under this *policy*, the age, gender and smoking status of the *member*, the new occupation of the *member*, the type of insurance selected and any particular hazard attributable to circumstances other than health, provided that the conditions set out in *condition* 13.2 are met.

13.2. The following conditions must be met where a person wishes to take up a continuation option:

- a. The person ceases to be a *member* under the *policy* because he/she has terminated employment with the *employer*; and
- b. No *benefit* has been paid for the person under the *policy*; and
- c. The person's new occupation is an occupation *Sovereign* usually insures under an individual policy; and
- d. The minimum policy requirements of the replacement individual policy are met. Minimum policy requirements include but are not limited to residency status, location and minimum premium requirements; and

- e. The premium payable in respect of the person's cover under the *policy* is not overdue at the time his/her cover ceased under the *policy*; and

For the avoidance of doubt, a *member* will not be ineligible for a continuation option due to the *member* having a claim declined under this *policy* prior to the cessation of his/her membership.

13.3. Where the *reinsurer* for this policy (if any) provides support for any *automatic acceptance limit* which is higher than the *automatic acceptance limit* which *Sovereign* would otherwise apply for comparable cover if no reinsurance arrangements were in place (*'standard AAL'*), then the maximum amount of cover *Sovereign* will issue under an individual policy pursuant to the continuation option under *condition* 13.1 without further evidence of health will be:

- a. (the lesser) of the amount of cover actually provided to the *member* under this *policy* under the *automatic acceptance limit* under this *policy* without underwriting terms, or the amount of cover which would have been provided to the *member* without underwriting terms had the *standard AAL* applied in place of the *automatic acceptance limit*; plus
- b. the amount of any cover provided to the *member* under this *policy* which has been underwritten pursuant to *condition* 3.8.

If cover is restricted under this clause the person may request additional cover be added to the individual policy, such that the total amount of cover issued under that policy is the same as the amount of cover provided under this *policy*. If *Sovereign* agrees to any additional cover, such cover will be subject to underwriting terms as set out in *condition* 3.8.

13.4. If the person's *benefit* under this *policy* (at the time membership ceased) does not meet *Sovereign's* minimum premium requirement under the individual policy, the person may request additional cover to be added to the individual policy. If *Sovereign* agrees to any additional cover, such cover will be subject to underwriting terms as set out in *condition* 3.8.

13.5. If the person's insured death benefit or (if applicable) total permanent disablement benefit exceeds the amount of his/her *benefit* under this *policy* at the date membership terminated then such additional cover will be subject to underwriting terms as set out in *condition* 3.8.

13.6. If a person purchases an individual policy pursuant to *conditions* 13.1 and 13.2, he/she will not be eligible to resume their membership under this *policy* without the consent of *Sovereign*.

13.7. If a person who is eligible to exercise the continuation option dies within the first 45 days of the 60 day period provided in *condition* 13.1 above without having exercised such option then, provided *Sovereign* is notified within 30 days from the date of the ex-member's death, *Sovereign* will pay to the *Policy Owner* an amount equal to the *death benefit* at the date of termination of membership.

13.8. If a person who is eligible to exercise the continuation option suffers a *sickness* or *accident* giving rise to a *total permanent disablement* claim (if applicable) within the first 45 days of

the 60 day period provided in *condition* 13.1 without having exercised such option then, provided *Sovereign* is notified within 30 days from the date of the *sickness* or *accident* suffered by the person, *Sovereign* will pay to the person, an amount equal to the person's *total permanent disablement benefit* at the date of termination of the membership following a stand down period of 3 month's absence from employment. The relevant person must submit to such examinations as *Sovereign* reasonably requires for *Sovereign* to determine eligibility for a *total permanent disablement* claim.

- 13.9. No payment will be made under *condition* 13.7 and 13.8 if any *policy* or *member* specific exclusions would have applied if the person had died or suffered a *total permanent disablement* while a *member* under the *policy*.
- 13.10. A payment made pursuant to *condition* 13.7 or 13.8 will be regarded as a claim for the purposes of that *policy* year's *premium rebate* (if applicable).

14. General

Incorrect or Incomplete Information

- 14.1. At the request of *Sovereign*, the *Policy Owner* and any *member* must supply *Sovereign* with any information, which *Sovereign* may reasonably require for the purposes of the *policy*, including but not limited to claims. This includes, but is not limited to, having a *member* medically examined by one or more suitably qualified *medical practitioners* nominated by *Sovereign*.
- 14.2. Information supplied by *members* and the *Policy Owner* to *Sovereign* must be given in the utmost good faith as *Sovereign* can be expected to rely prima facie on this information. If the *Policy Owner* or any *member* gives *Sovereign* any incorrect information or does not provide complete and relevant information, *Sovereign* may:
- Retrospectively adjust the terms of this *policy* to accommodate any information that is inaccurate or misleading; and/or
 - Be entitled to not pay, or to delay payment of, a *benefit*.

Term Insurance

- 14.3. This *policy* is a term life insurance policy. Accordingly, this *policy* will not participate in the profits of *Sovereign*, nor will any surrender value be attributed or payable in respect of it, unless otherwise agreed in writing by *Sovereign*.

Records

- 14.4. The *Policy Owner* must keep accurate records necessary for the effective operation of the *policy* as *Sovereign* may require from time to time.
- 14.5. *Sovereign* may conduct an audit from time to time of any records the *Policy Owner* has in connection with the *policy*. *Sovereign* will provide reasonable notice to the *Policy Owner* if it proposes to conduct an audit and will only do so in normal business hours.

Notices

- 14.6. All notices under this *policy* will be in writing. Notices to the *Policy Owner* will be sent to the contact details in New Zealand last notified by the *Policy Owner* to *Sovereign*. A notice to *Sovereign* will be sent to the contact details shown in Schedule 1 or such other contact details as *Sovereign* may advise from time to time.

Payments

- 14.7. All payments made in connection with the *policy* will be made to or from *Sovereign's* contact details shown in Schedule 1 or such other address as *Sovereign* may advise from time to time.
- 14.8. All payments made in connection with the *policy*, whether to *Sovereign* or from *Sovereign*, must be made in New Zealand and in New Zealand currency.

Privacy

- 14.9. Where the *Policy Owner* collects personal information in respect of a person for the purpose of this *policy*, it must advise the relevant person:
- That the information will be disclosed to *Sovereign*; and
 - The purpose for which the information will be used; and
 - The entities that *Sovereign* may disclose the information to; and
 - That he/she is entitled to request reasonable access to information and request correction of any information *Sovereign* has about them.

Variation

- 14.10. The *Policy Owner* and *Sovereign* may agree in writing at any time to vary any of the provisions of this *policy* or the attached Schedules.
- 14.11. Notwithstanding *condition* 6.9, *Sovereign* may vary any of the provisions of the *policy* or the attached Schedules, upon giving at least 90 days' notice to the *Policy Owner* in response to circumstances affecting this *policy*, including:
- changes to the legislation and taxation regime applicable at the date of execution of this *policy*;
 - changes to the *reinsurer* or any reinsurance arrangements, or the withdrawal of the *reinsurer*; or
 - without prejudice to any other rights or remedies it may have under the terms of this *policy* or otherwise at law, *Sovereign* becoming aware of any significant inaccuracy in any *material information*.

Non Assignment of Policy

- 14.12. This *policy* may not be assigned without the written agreement of *Sovereign*.

Sovereign Statutory Fund

- 14.13. Your insurance *policy* is part of the 'Sovereign Statutory Fund Number 1', effective 1 July 2013. This is a requirement under the Insurance (Prudential Supervision) Act 2010, for policy holder protection.

Governing Law

- 14.14. This *policy* will be governed by the laws of New Zealand. In any action or proceedings concerning this *policy*, *Sovereign* will abide by a decision of the Courts of New Zealand.

Free Look

- 14.15. If for any reason the *Policy Owner* is dissatisfied with this *policy*, the *Policy Owner* may return the *policy* to *Sovereign* within 15 days from the date received. The *Policy Owner* is considered to have received this *policy* on the third *business day* after the date of its execution. If the *policy* is cancelled at this time and provided no *benefits* have been paid under this *policy*, any premiums the *Policy Owner* has paid will be refunded and the insurance will be cancelled from inception.