



fidelity life

Personal

For advisers only.

## Income protection cover overview.

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**Income protection cover** provides a monthly payment when an insured person is totally or partially disabled and unable to work.

### Key features.

- The cover can be taken out by individuals aged 16-59 (inclusive).
- Coverage ends at age 65, or age 70 if the benefit period to age 70 is selected before the insured person's 56th birthday.
- The benefit period can be 2 years, 5 years, to age 65 or 70, depending on the insured person's occupation.
- The benefit value can be an agreed amount, or an indemnity value based on pre-disability income.
- If the Income protection cover is on an agreed value basis, it is non-taxable based on current tax law understanding (please refer to page 4 - Limitations, for more information).
- The maximum cover is \$30,000 per month (plus an additional \$30,000 per month top-up limited to a 2-year benefit period for indemnity value in some circumstances).
- Payments start after a waiting period chosen by the policy owner(s). The wait periods available are 2, 4, 8, 13, 26, 52, and 104 weeks.
- Premiums can be set for a fixed period (level premium) or premiums that increase each year (age-rated).
- Premium payment options include fortnightly, monthly, quarterly, half-yearly, or yearly.

# 1. Built-in benefits.

## Total disability benefit.

If the insured person meets the Total disability benefit criteria at the end of the wait period, Fidelity Life will pay:

- **Agreed value:** The monthly benefit less other income. The benefit will be paid in advance until either the insured person is no longer totally disabled, the benefit period ends, or the cover ends.
- **Indemnity value:**
  1. The lesser of the monthly benefit, or 75% of the insured person's pre-disability income less other income.
  2. If financial evidence is provided during application, then for the first six months, Fidelity Life will pay the greater of either the value in the point (#1) above, or the monthly benefit minus other income.

Both options pay the monthly benefit in advance.

## Partial disability benefit.

If the insured person meets the Partial disability benefit criteria, Fidelity Life will pay monthly in arrears until the insured person is no longer partially disabled, the benefit period ends, or the cover ends. Refer to the cover wordings to see how the partial disability benefit is calculated.

- **Agreed value:** The benefit calculation method can be selected based on either the insured person's monthly benefit or pre-disability income.

## Family member support benefit.

If the insured person is totally disabled, confined to a bed, a medical practitioner certifies that they require full time care, and the income of an immediate family member stops to provide care, Fidelity Life will pay for three months the lesser of:

- one half of the monthly benefit, or
- \$3,000 per month, or
- the income of the immediate family member.

## Hospitalisation/nursing care benefit.

Fidelity Life will pay 1/30th of the monthly benefit (agreed value) or on a pro-rata basis (indemnity value) for each full day that an insured person is totally disabled and under the care of a registered nurse (on advice of a medical practitioner). The insured person needs to have received the care for at least 72 hours, be in bed (or near a bed)

for a substantial part of each day, with a daily visit by a nurse. The benefit is paid for the lesser of the waiting period or 90 days.

## Rehabilitation and retraining benefit.

If the insured person is totally disabled for longer than the waiting period, the policy owner(s) may be reimbursed for costs for rehabilitation, retraining, or re-education programmes to get the insured person back into paid work for a minimum of 20 hours per week. The maximum amount paid is 50% of the approved costs, up to 50% of the monthly benefit. Any remaining costs will be reimbursed once the insured person has returned to a minimum of 20 hours a week of paid work. The maximum amount Fidelity Life will pay for each sickness or injury is equal to 12 times the monthly benefit.

## Recovery support benefit.

Covers the costs for the purchasing of specialist equipment, such as wheelchairs, or home/ vehicle modifications to support the recovery and rehabilitation of the insured person, which are reasonably necessary based on an external specialist assessment. Maximum payment will be up to six times the monthly benefit. The Recovery support benefit will be reduced by any costs reimbursed from any other source.

## Relocation benefit.

Reimbursement of economy travel costs (the lesser of a standard economy airfare from an overseas location to New Zealand, or \$5,000) if the insured person is totally disabled while outside New Zealand and is likely to remain totally disabled for at least three months. The Relocation benefit will be reduced by any costs reimbursed from any other source.

## Recurring claim benefit.

Waives the waiting period on a recurrent claim if the insured person becomes disabled again due to a recurrence of the same or related injury or sickness within 12 months after the claim ended.

## Benefit period reset.

Applies a new waiting period and benefit period if the insured person returns to full-time paid work and becomes disabled again due to the same or related injury or sickness and is not eligible for the Recurring claim benefit.

## Waiver of waiting period.

Waives the waiting period on a new claim for an unrelated sickness or injury within 12 months of returning to work. The new claim must be for a continuous period of 30 days or more.

### Reduction in waiting period.

Reduces the waiting period on a new claim without the provision of any health, occupation or financial information if a Key person cover or Business expenses cover with Fidelity Life for the same insured person, is cancelled. The waiting period on the Income protection cover will be reduced to match the waiting period on the cancelled cover.

### Future insurability.

The insured person's monthly benefit can be increased by up to 10% without providing additional health information if their income increases before they turn 55. Confirmation is required that they are actively at work and their income is expected to stay the same or increase from the current level. When the monthly benefit is over \$12,000, additional health information will be required.

### Leave without pay.

The insured person's Income protection cover, and premiums can be suspended for up to 12 consecutive months. This option is only available for reasons such as compassionate leave, maternity leave, paternity leave, sabbatical leave, study leave, or involuntary unemployment. The maximum monthly benefit that can be suspended is \$8,000 per month.

### Replacement benefit.

If the insured person is self-employed and employs a replacement worker whilst they are totally or partially disabled, a replacement benefit can be applied for instead of a Total disability benefit or Partial disability benefit. The replacement cannot be a family member. The replacement cannot be a current worker who increases their workload. The payment amount is:

- For a period of total disability, it is the lesser of the amount paid for the replacement, or the monthly benefit less other income, or \$5,000 per month.
- For a period of partial disability, it is the lesser of the amount paid for the replacement, a percentage of the monthly benefit less other income based on degree of disability, or \$5,000 per month.

Some exclusions and limitations may apply to the benefits (refer to the cover wording for more information).

## 2. Additional options.

Additional options may incur an additional premium.

### CPI option (Mortgage Protector and Platinum Plus only).

The CPI option will be applied on each policy anniversary by the greater of 2%, or an amount determined by Fidelity Life based on the CPI. If a Total disability benefit or Partial disability benefit is being paid, the claims payments won't be increased by CPI unless the Claims escalation option is included in this cover. The last increase will be applied on the policy anniversary before the insured person's 65th birthday.

### Indexation option (Platinum Plus Level Term only).

Fidelity Life will automatically increase the monthly benefit by 2% at each policy anniversary. The level premium does not change as a result of the monthly benefit increasing. The last increase will be applied on the policy anniversary before the life insured's 65th birthday.

### Claims escalation option.

Increases the monthly benefit if the claim is paid continuously for more than three months. The rate will be applied quarterly as determined by Fidelity Life, based on the percentage increase in the CPI.

### Extra benefits option.

- **Death benefit:** If the insured person dies, Fidelity Life will pay an additional amount equal to three times the monthly benefit to the policy owner(s).
- **Specified medical condition benefit:** If the insured person suffers from one of the defined specified medical conditions, Fidelity Life will pay the monthly benefit for six months following the insured person being diagnosed for the first time, whether or not they are working. The payment is instead of any other benefit under this cover. Refer to section 9 of the cover wording for definitions.
- **Specific injury benefit:** If the insured person suffers from one of the listed specific injuries, Fidelity Life will pay the monthly benefit for the lesser of the payment period for the specific injury or the benefit period, whether or not they are working.
- **Total and permanent disability:** If the insured person suffers from a total and permanent disability, Fidelity Life will pay 24 times the monthly benefit as a lump sum if a monthly benefit has been paid for 12 consecutive months to them. Total and permanent disability means that, based on medical

evidence and other relevant evidence, the insured person is:

- Unlikely to perform at least two daily activities of daily living again without the assistance of an adult, or
- Unable to perform one activity of daily living without the assistance of an adult and their intellectual capacity has deteriorated to such an extent that requires them to be under continuous full-time care for their safety.

#### Booster benefit option.

- **Total disability:** If Fidelity Life is paying a Total disability benefit, the amount paid for the insured person will increase by one third for up to three months. The booster applies to one continuous period of total disability.
- **Partial disability:** If Fidelity Life is paying a Partial disability benefit, the amount paid for the insured person will increase by 25%, until the earliest of:
  - 12 months from the entitlement date to the Partial disability booster payment, or
  - The Partial disability booster has been paid for a total of 12 months, or
  - The insured person is no longer partially disabled.

#### Extended benefit option.

The benefit will be paid beyond the age of 65 if the insured person meets the occupation class 5 definition of total disability, and has reached age 65, and the cover was payable for at least three months before the insured person's 65th birthday. The benefit will be paid until the earliest of when the insured person dies, or they are no longer totally disabled as per the occupation class 5 definition.

#### Mental & back disorder limitation.

Limits benefit payments for mental and/or back disorders to a maximum period of 24 months regardless of the benefit period. Having this limitation in place provides a 20% discount on the Income protection cover for the insured person. This limitation does not apply if the insured person is unable to perform at least two activities of daily living without the assistance of an adult.

#### Continuation option (Platinum Plus Level Term only).

Allows the policy to continue with the same level of cover on an age-rated basis at expiry of policy

term or to take up another level term policy. The Continuation option ends on the insured person's 59th birthday.

#### Retirement protection.

If the insured person becomes totally disabled, Fidelity Life will pay the lesser of the Retirement protection cover monthly benefit, or the average KiwiSaver contributions by the insured person in the 12 months preceding total disability, to Inland Revenue. If the insured person becomes partially disabled, Fidelity Life will pay the Retirement protection cover monthly benefit at the same proportion as the Income protection cover. Refer to the Retirement protection cover wording for more information.

### 3. Claims.

As an Adviser, it's important to notify Fidelity Life of a potential claim right away. If notification is more than 60 days after the date of disability, the benefit may start from the date Fidelity Life receive notification.

### 4. Exclusions.

Fidelity Life will not pay a claim for sickness or injury related to pregnancy or childbirth, self-inflicted acts or injury, or specific events and causes agreed upon between Fidelity Life and the policy owner(s) and endorsed on the Policy or the policy schedule.

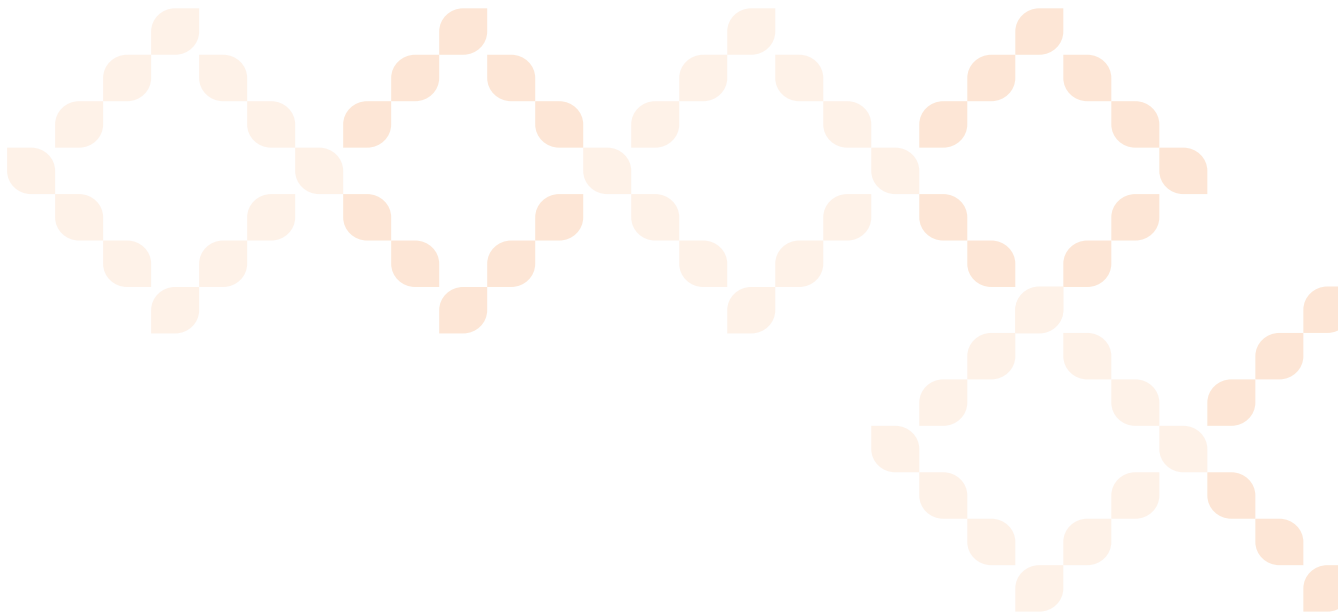
### 5. Limitations.

- For each insured person, there is a limit of one claim for a total or partial disability at any given time.
- If the insured person has been unemployed or on parental leave for 12 months or more immediately before total disability, the occupation class will be considered as occupation class 5.
- If the benefit period is to age 70, the benefit payable will reduce on each policy anniversary after the insured person's 65th birthday.
- Taxation:
  - Agreed value: If the Income protection cover is stated as agreed value, Fidelity Life, based on current tax law as of the date of this document, considers that for individuals most benefits payable under this cover are neither taxable as income nor are the premiums deductible as expenses.

- Indemnity value: If the Income protection cover is stated as indemnity value, Fidelity Life, based on current tax law as of the date of this document, considers that any benefit payable under this cover is taxable as income and premiums are deductible as an expense.
- As these interpretations are subject to change, Fidelity Life recommends that the client seek their own expert tax advice.

## 6. When this cover ends.

This cover ends on the earliest of the insured person's 65th birthday, unless a benefit period is to age 70 in which case it is their 70th birthday, or cancellation of the cover, or the Policy ends for any reason, or they die.





# Income protection cover factsheet: At a glance.

## Key features.

<b>Entry ages:</b> 16-59.	<b>Expiry age:</b> 65, unless age 70 is selected.
Cover can be an agreed amount, or an indemnity value.	<b>Maximum cover:</b> \$30,000 per month – top-up available for Indemnity cover.
<b>Benefit period:</b> 2 years, 5 years, or to ages 65 or 70.	<b>Wait period:</b> 2, 4, 8, 13, 26, 52, or 104 weeks.
<b>Premium payment options:</b> fortnightly, monthly, quarterly, half-yearly, or yearly.	IP – Agreed value is non-taxable income based on current tax law understanding.

Built-in benefit.	Benefit description.	Amount paid/benefit.	Conditions & Exclusions.
<b>Total disability benefit - Agreed value.</b>	Payment when the client is unable to perform their normal job for more than 10 hours per week and is not engaged in any employment.	<b>Monthly benefit less other income.</b>	<ul style="list-style-type: none"> <li>The client must be under the care of a medical practitioner.</li> </ul>
<b>Total disability benefit – Indemnity value.</b>	Payment when the client is unable to perform their normal job for more than 10 hours per week and is not engaged in any employment.	<b>Lesser of:</b> <b>1. Monthly income.</b> <b>2. 75% of pre-disability income minus other income.</b>	<ul style="list-style-type: none"> <li>The client must be under the care of a medical practitioner.</li> </ul>
<b>Partial disability benefit.</b>	Payment when the client is unable to earn more than 75% of their pre-disability income, or work more than 75% of the average hours they worked before their partial disability.	<b>See cover wording for calculations.</b>	<ul style="list-style-type: none"> <li>The client must be under the care of a medical practitioner.</li> <li>Client must have written confirmation of reduced hours.</li> </ul>
<b>Family member support benefit.</b>	Payment to replace the income of an immediate family member who stops work to care for the client.	<b>Up to \$3,000 per month.</b>	<ul style="list-style-type: none"> <li>The benefit is available for up to 3 months.</li> <li>Client must be totally disabled and confined to a bed.</li> <li>A medical practitioner must certify the client needs full time care.</li> </ul>

Built-in benefit.	Benefit description.	Amount paid/benefit.	Conditions & Exclusions.
<b>Hospitalisation/nursing care benefit.</b>	Payment when the client is under the care of a registered nurse on the advice of a specialist medical practitioner..	<b>Monthly benefit on pro-rata basis (Indemnity value).</b> <b>1/30th of the monthly benefit (Agreed value).</b>	<ul style="list-style-type: none"> <li>Must have received care for at least 72 hours.</li> <li>The client must be bedridden or near to it for a substantial part of the day.</li> <li>The nurse must visit daily.</li> <li>The benefit is payable for the lesser of the waiting period or 90 days.</li> </ul>
<b>Rehabilitation and retraining benefit.</b>	Reimburses costs for rehabilitation, retraining, or re-education to get the client back to work for a minimum of 20 hours per week.	<b>100% of approved costs up to 100% of the monthly benefit.</b>	<ul style="list-style-type: none"> <li>Client must be totally disabled for longer than the waiting period.</li> <li>Only half the benefit will be paid before the client returns to work. The other half will be paid once the client is back to work.</li> <li>The maximum amount paid for each sickness or injury is equal to 12 times the monthly benefit.</li> </ul>
<b>Recovery support benefit.</b>	Covers the costs of necessary equipment (i.e. wheelchair) or modifications to support recovery and rehabilitation.	<b>6 x monthly benefit.</b>	<ul style="list-style-type: none"> <li>A specialist will assess what equipment or modifications are deemed necessary.</li> <li>The benefit will be reduced by any costs reimbursed from any other source.</li> </ul>
<b>Relocation benefit.</b>	Payment for economy travel costs back to New Zealand if the client becomes totally disabled overseas.	<b>Up to \$5,000.</b>	<ul style="list-style-type: none"> <li>The client is likely to remain totally disabled for at least 3 months.</li> </ul>
<b>Recurring claim benefit.</b>	Waives the waiting period on a recurrent claim that meets certain conditions.	<b>No waiting period.</b>	<ul style="list-style-type: none"> <li>Recurrence must be of the same or related injury or sickness, and within 12 months after the claim ended.</li> </ul>
<b>Benefit period reset.</b>	Applies a new waiting period and benefit period if disabled again after 12 months due to recurrence.	<b>Resets the benefit period.</b>	<ul style="list-style-type: none"> <li>The client needs to be working at least six months without any limitations if the previous full benefit period was used.</li> <li>If the full benefit period previously was not used, the client needs to work for 12 months without any limitations.</li> </ul>

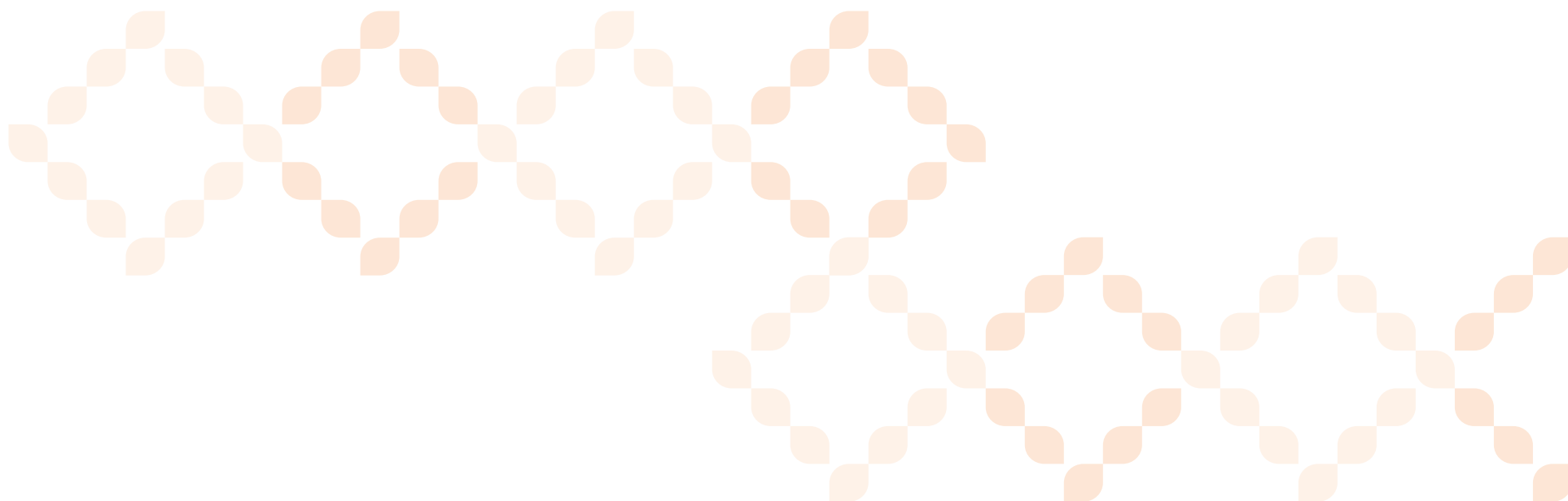
Built-in benefit.	Benefit description.	Amount paid/benefit.	Conditions & Exclusions.
<b>Waiver of waiting period.</b>	Waives the waiting period for a new, unrelated claim within 12 months of returning to work.	<b>No waiting period.</b>	<ul style="list-style-type: none"> <li>● A wait period must apply to the previous claim.</li> <li>● The new claim must be for a continuous period of 30 days or more.</li> </ul>
<b>Reduction in waiting period.</b>	Reduces the waiting period on a new claim if an existing Key person or Business expenses cover is cancelled, or if the client resigns and they lose sick leave entitlement or income insurance from their employer.	<b>Reduction in waiting period.</b>	<ul style="list-style-type: none"> <li>● Supporting evidence must be provided within 60 days of cover cancellation or resignation.</li> <li>● Resignation cannot be due to retirement, ill health or incapacity.</li> <li>● Client must be under age 59 at reduction time.</li> </ul>
<b>Future insurability.</b>	The client's monthly benefit can be increased by up to 10% without providing new health information, if their income increases before age 55.	<b>Increase monthly benefit by up to 10%.</b>	<ul style="list-style-type: none"> <li>● Confirmation is needed the client is still working, and income is to remain at least at their current level.</li> <li>● If the monthly benefit will exceed \$12,000, then health information will be required.</li> </ul>
<b>Leave without pay.</b>	The client's cover and premiums can be suspended for up to 12 consecutive months.	<b>Suspended cover and premiums.</b>	<ul style="list-style-type: none"> <li>● Can only be suspended for the following reasons: compassionate leave, maternity leave, paternity leave, sabbatical leave, study leave, or involuntary leave.</li> <li>● The maximum benefit that can be suspended is \$8,000 per month.</li> </ul>
<b>Replacement benefit.</b>	Pays if the client is self-employed and becomes disabled and then employs a replacement worker.	<b>Up to \$5,000 per month.</b>	<ul style="list-style-type: none"> <li>● The replacement cannot be a family member.</li> <li>● The replacement cannot be a current worker who increases their workload.</li> </ul>

Optional benefit.	Benefit description.	Amount paid/benefit.	Conditions & Exclusions.
<b>CPI option.</b>	Increases the monthly benefit based on CPI data on each policy anniversary.	<b>Greater of 2% increase or CPI.</b>	<ul style="list-style-type: none"> <li>● Fidelity Life will determine the CPI rate.</li> <li>● This option expires on the policy anniversary before the client's 65th birthday.</li> </ul>



Optional benefit.	Benefit description.	Amount paid/benefit.	Conditions & Exclusions.
<b>Indexation option.</b>	Increases the monthly benefit on each policy anniversary.	<b>2% increase.</b>	<ul style="list-style-type: none"> <li>● This option expires on the policy anniversary before the client's 65th birthday.</li> </ul>
<b>Claims escalation option.</b>	Increases the amount paid during claims time.	<b>Based on CPI.</b>	<ul style="list-style-type: none"> <li>● Claim must be paid continuously for more than 3 months.</li> <li>● Rate will be applied quarterly, and Fidelity Life will determine this rate.</li> </ul>
<b>Extra benefits option.</b>	Provides a benefit if the client dies, or if they suffer either a specified medical condition (SMC), specific injury, or suffer a total and permanent disability (TPD).	<b>Death – 3 x monthly benefit.</b> <b>SMC – 6 x monthly benefit.</b> <b>Injury – See cover wording.</b> <b>TPD – 24 x monthly benefit.</b>	<ul style="list-style-type: none"> <li>● Refer to cover wording for Extra Benefits criteria and conditions.</li> </ul>
<b>Booster benefit option.</b>	Increases payments for total and partial disability.	<b>Total disability – 25% increase.</b> <b>Partial disability – 25% increase.</b>	<ul style="list-style-type: none"> <li>● Total disability – Payment is for 3 months. Must be used within the first 12 months of claim.</li> <li>● Partial disability - Payment is for up to a maximum of 12 months (see cover wording for full criteria).</li> </ul>
<b>Extended benefit option.</b>	Pays the benefit beyond age 65, if the client meets the occupation class 5 definition of total disability.	<b>Monthly benefit beyond age 65.</b>	<ul style="list-style-type: none"> <li>● The benefit needs to have been payable for at least 3 months before the client's 65th birthday.</li> </ul>
<b>Mental and back disorder limitation.</b>	Protects the client if they suffer a mental disorder and/or a back disorder.	<b>Up to 24 months.</b>	<ul style="list-style-type: none"> <li>● Does not apply if the client cannot do 2 activities of daily living.</li> </ul>
<b>Continuation option.</b>	Allows policy to continue with same level of cover on age-rated basis at expiry, or to take out another level term policy.	<b>Choose continuation on age-rated or level basis.</b>	<ul style="list-style-type: none"> <li>● This option expires on the client's 59th birthday.</li> </ul>
<b>Retirement protection cover.</b>	If the client becomes either totally or partially disabled, KiwiSaver contributions will be made on their behalf to Inland Revenue.	<b>See Retirement protection cover wording.</b>	<ul style="list-style-type: none"> <li>● The client needs to have been making KiwiSaver contributions before becoming disabled.</li> <li>● This cover ends if the Income protection cover this is attached to, ends.</li> </ul>

Exclusions.	Limitations.
<b>Pregnancy or childbirth.</b>	Only one concurrent claim per client.
<b>Self-inflicted acts or injury.</b>	If the client is unemployed or on parental leave for 12 months or more immediately before total disability, they will be seen as occupation class 5.
<b>Events and causes agreed to and endorsed in the Policy schedule.</b>	If the benefit period is to age 70, then the proportion of the monthly benefit paid will drop from the first policy anniversary after the client's 65th birthday.
	As of the current tax law, Fidelity Life understands that Income Protection - Indemnity value is viewed as taxable income.



# Fidelity Life Assurance Company Limited.



\*Fidelity Life has an A- (Excellent) financial strength rating from A.M. Best. The rating scale that this rating forms part of is available for inspection at our offices. For more information please visit Fidelity Life's [financial strength page](#).

Fidelity Life House,  
Level 4/136 Fanshawe Street,  
Auckland 1010, New Zealand.

09 373 4914 | 0800 88 22 88  
Email us on [salesupport@fidelitylife.co.nz](mailto:salesupport@fidelitylife.co.nz)  
Follow us on [Linkedin](#)

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