



## Platinum**PLUS** Key Person Cover



### At a glance

Revenue replacement if a key person is disabled

- ▶ Key Person Cover will pay a business an agreed benefit for up to two years if a key person is totally disabled because of a continuing sickness or injury.



### Why your business needs it

- ▶ In a small business, one or two people may be key revenue generators.
- ▶ The survival of that business may be at stake if they are unable to work and hence generate revenue.
- ▶ Total disability cover of up to two years gives the business time to recover and/or put in place appropriate measures to keep it running.

### Key facts

#### Ages

- ▶ Entry age is from age 16 to 59.
- ▶ This policy ceases at age 65.

#### Cover

- ▶ The maximum monthly benefit is \$8,000 – subject to financial and medical underwriting acceptance.
- ▶ This is an ‘agreed benefit’ contract. No financial evidence is needed at claim time.

- ▶ Waiting periods available: 2 weeks, 4 weeks, 8 weeks, 13 weeks, 26 weeks, 52 weeks, 104 weeks.
- ▶ Two types of policy: Employer and Employee.
- ▶ 1 or 2 year benefit payment periods.
- ▶ Available for Occupational Classes 1, 2 and 3.
- ▶ A business can insure a number of key people in the same business.
- ▶ Policy must be owned by the business.
- ▶ Cover ends if:
  - ▶ the life assured ceases to be actively engaged in the business; or
  - ▶ for policy type Employer, the life assured ceases to have an ownership interest in the business; or
  - ▶ the policy owner no longer has an ownership interest in the business.

#### Premiums

- ▶ Payable fortnightly, monthly, half-yearly or yearly.
- ▶ Premiums are fixed for one year and will normally increase annually in line with age.

#### Standard features

- ▶ This benefit is suitable for small to medium size businesses and partnerships.
- ▶ The business can use the benefit in any way it chooses.
- ▶ Once on claim and the waiting period has expired, the “agreed monthly benefit” is payable monthly in advance for up to 12 months to the business.
- ▶ If the cover is for 2 years and the insured person is still disabled after the first 12 months, the business will be paid:
  - ▶ the agreed monthly benefit for up to a further 12 months if the insured person is described as an Employer in the schedule, or
  - ▶ 50% of the agreed monthly benefit for up to a further 12 months if the insured person is described as an Employee in the schedule.



#### Waiver of premium

- ▶ Fidelity Life pays the premiums on the policy while a disability claim is being paid.
- ▶ This benefit expires at the policy anniversary prior to age 65.

#### Recurrent disability

If the insured person has been actively engaged at work for at least 6 months and is totally disabled due to a relapse or recurrence of a sickness or injury for which a previous benefit has been paid, this will be treated as a new claim. The waiting period and benefit period will commence again. If the insured person suffers a relapse within 6 months this will be treated as a continuation of the previous claim.

### Optional features

#### Inflation-proofing

- ▶ The business can choose to have the cover increase – to a maximum of \$8,000 per month – in line with the Consumer Price Index, regardless of health, to ensure the benefit keeps pace with inflation. We will advise the level of indexation each year.

### Definitions

#### Partially disabled (partial disability)

The insured person is no longer totally disabled but continues to suffer the same sickness or injury, and:

- ▶ is working more than 10 hours per week
- ▶ but not more than the lesser of 20 hours per week or 50% of the hours worked before the disability.

#### Totally disabled (or total disability)

The insured person is totally disabled if, because of a continuing sickness or injury, he or she is:

- ▶ Under the regular and personal care of an approved medical practitioner, and is

- ▶ Unable to perform at least one important income-producing duty of his or her usual occupation, and is
- ▶ Not engaging in any occupation, apart from up to 10 hours per week in his or her usual occupation.

### Other information

#### Impact on a key person

If a key person is insured under both Key Person Cover and a personal income protection cover, then:

- ▶ Key Person Cover is not affected by the personal income protection cover.
- ▶ The personal income protection cover may be reduced if a key person continues to receive income or profit share from the business.
- ▶ Key Person Cover is not reduced by any other benefit or monies received.

#### Ownership

Key Person Cover must be owned by a company or a person who has an ownership interest in the business.

#### Underwriting requirements

- ▶ Completion of an application form – an application form is required for each key person.
- ▶ Confirmation of the person's income (recent payslip or remuneration letter from the accountant or financial controller), if they do not have an ownership interest in the business.
- ▶ A copy of the latest financial statements.
- ▶ Percentage shareholding if the person has an ownership interest.

**Note:** We do not require financial underwriting proofs if the proposed monthly benefit is not more than the following:

- Class 1 – \$5,000 per month
- Class 2 – \$4,000 per month
- Class 3 – \$3,000 per month.


#### Important note about this factsheet

This factsheet is a convenient summary of the key points of this insurance policy. It is not, and is not intended to be, a policy document. Details of definitions, benefits, terms and conditions are contained in the official policy document which is available from your financial adviser. You should read the policy document carefully to make sure you understand exactly what cover is provided under each benefit.

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