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1. What are your policy benefits?

Your Sovereign TotalCareMax policy can provide financial assistance in the event of death, disability, redundancy, a critical *condition* or if a life assured incurs specialist or diagnostic testing expenses.

Details of the benefits you have chosen and the names of the people insured for the benefits (called the life or lives assured) are shown in *the schedule*. The terms of your benefits are contained in the relevant *appendix*. Sovereign will pay all benefits to the policy owner, to the *Registered Medical Practitioner* (*health benefits* only), or to the policy owner's estate. If more than one person owns the policy then Sovereign will pay all benefits to the policy owners jointly or as they jointly direct, to the *Registered Medical Practitioner* or facility (*health benefits* only) or to the survivor(s) of the policy owners. Your cover starts on the *risk commencement date*.

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

If there is any inconsistency between these terms and your *appendix*, then the *appendix* will prevail.

2. Guaranteed Enhancement Benefit

If at any time in the future, we make a change to a section and/or *condition* within a section of our Sovereign TotalCareMax policy and the change is favourable to you, the enhanced section and/or *condition* will automatically be applied to this policy, subject to the following:

- > At claim time Sovereign will compare the enhanced section and/or *condition* in the latest version of Sovereign TotalCareMax with this policy and will apply the section and/or *condition* that is most favourable to you. Sovereign will not apply changes to sections and/or *conditions* set out in earlier versions of Sovereign TotalCareMax which are not included in the latest version.
- > The enhanced section and/or *condition* will only be applied to this policy if it relates to a benefit for which you have cover under this policy.
- > The enhanced section and/or *condition* will be 'applied' to this policy with effect from the *pass back date*.
- > The enhanced section and/or *condition* will only apply if the *claim event* first occurs on or after the *pass back date*. Eligibility criteria for individual benefits will still apply.
- > If the *claim event* first occurred before the *pass back date*, then the claim will not be assessed or reassessed using the new wording.
- > Any underwriting exclusions or special terms that apply to this policy will not be altered by any enhanced section and/or *condition*.
- > Any associated increase in *premium* required will be applied when your *premiums* are next reviewed.
- > Enhancements to sections and/or *conditions* that relate to optional benefits within an *appendix* will not be passed back.

- > Enhancements will not be passed back to built-in benefit sections and/or *conditions* that have subsequently become optional benefits within an *appendix* or no longer exist.

For the avoidance of doubt, where the definition of a *condition* or *conditions* is enhanced under this benefit, the enhancement will only be applied in respect of that *condition* or the *conditions* you are making a claim for.

If the nature of the change to a section and/or *condition* means that it cannot be determined at the time of submitting a claim whether the change will be clearly favourable to you or not, you will need to elect whether or not the change will apply to the claim. After you have made the election, this election cannot be changed.

3. What are your cover options?

Your cover starts on the *risk commencement date*.

Benefit indexation type (Applicable to *non-health benefits* only)

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

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

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

The amount of cover under the relevant benefit will increase on each *anniversary date*, by the same percentage as the percentage increase in the *consumer price index* for the preceding year ending 30 September. If the *consumer price index* falls in any year, the inflation-linked benefit amounts will not decrease.

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

Voluntary alterations to cover

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

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

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

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

4. Your premiums

Premium

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

Method of paying premiums

You must pay all *premiums* to Sovereign. *Premiums* can be paid by direct debit, credit card or debit card. *Premium* payments are not effective until after they have been credited and cleared to Sovereign's bank account.

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

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

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

If Sovereign has to pay a *non-health benefit* under the policy when a *premium* is overdue, the overdue *premium* may be deducted from the claim payment.

If Sovereign has to pay a *health benefit* under the policy when a *premium* is overdue, the overdue *premium* must be paid before Sovereign makes the health claim payment.

When can the *premium* change?

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

Premium type

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

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

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

- > Where Rate for Age has been selected, *your premium* will be recalculated at each *anniversary date* based on:
 - the age of the life or lives assured;
 - the amount of cover for each benefit (for *non-health benefits* only); and
 - Sovereign's underlying *premium* rates at that time.
- > Where a *premium* type of 10 years, to age 65 or to age 80 has been selected and all benefits are Level, *your premium* has been calculated over the selected period and Sovereign will only change *your premiums* over the selected period if the underlying *premium* rates change. If the underlying *premium* rates change, then at the next *anniversary date* Sovereign will recalculate the *premium* to apply for the remainder of the selected period (subject to any further underlying *premium* rates changes). At the end of the selected period, the *premium* type will convert to Rate for Age.

Notwithstanding the above, for Life Cover, Family Protection and Accidental Death benefits, Sovereign guarantees the underlying *premium* rates (subject to relevant changes in taxation or legislation).

- > Where a *premium* type of 10 years, to age 65 or to age 80 has been selected and the benefits are CPI linked, *your premium* has been calculated over the selected period and in addition to any underlying *premium* rate changes (see above) *your premium* will increase annually in line with any increase in *your* benefit. The increase in *premium* will be based on the increase in the sum assured and the current age of the life or lives assured.

Irrespective of the type of *premium* *you* have selected:

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

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

Premium increases will always be applied across a class of business. No increase in *premium* will apply to *your* own policy based on *your* own claim experience.

Health premiums

It is Sovereign's normal business practice to *review premiums for health benefits* on a regular basis. This is usually done each year on the *anniversary date*. Please note that:

- > *Premium* increases will always be applied across the policy type.
- > There will not be an increase in *premium* for *your* own policy based on *your* claim history or experience.
- > *Premiums* for *health benefits* are related to the life assured's age, unless otherwise agreed to by Sovereign.
- > *Premiums* will increase each year and the *premium* increase will usually take effect from the *anniversary date*.
- > Any *policy fee* will increase each year on the *anniversary date* in line with the *consumer price index*.

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

- > When *you* add or remove optional *health benefits* or adjust the excess.
- > When *you* add or delete a life or lives assured to or from this policy.

You will be given at least 30 days' written notice of such *premium* increase prior to the increase taking effect.

How will *you* know what to pay?

Each year prior to the *anniversary date* Sovereign will write to *you* and tell *you* how much the *premium* will need to be to maintain *your* existing cover.

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

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

Other circumstances that can change *your premium*

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

- > When *you* add other benefits to the policy or increase or reduce the amount of benefits under the policy.
- > When *you* add or delete a life or lives assured to or from this policy.
- > When *you* request, and we agree to, a change in *premium* type.
- > When a claim is paid and the benefit ceases as a result of the payment being made.
- > When a benefit ceases due to the life assured covered for that benefit attaining the benefit expiry age as specified in *the schedule*.
- > Any changes to the tax treatment of any *premium* payable or claims receivable in respect of the policy (such as changes to GST).

5. How to make a claim

For any claims enquiries, advice about submitting a claim or before incurring any costs in respect to a claim, please phone the Sovereign Claims Team or *your* adviser for assistance.

Sovereign Claims Hotline: 0800 500 108

Information that may be required for each different type of benefit is detailed in the benefit *appendix*.

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

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

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

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

6. When can *your* policy be cancelled?

When can *you* cancel *your* policy or individual benefits?

If for any reason *you* are not happy with *your* policy or individual benefits *you* may return it to us within 15 days from the date *your* policy document is received. *You* will be deemed to have received *your* policy document three days after postage from Sovereign. Sovereign will promptly refund any *premiums* paid under *your* policy provided that no benefit has been paid or any claim has been made. Alternatively changes to *your* policy or individual benefits may be made and a replacement policy document issued.

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

From (and including) the date Sovereign receives notice of cancellation of *your* policy, *you* will not be entitled to any benefits under the policy, unless otherwise agreed in writing by Sovereign.

From (and including) the date Sovereign receives notice of cancellation of any individual benefits, *you* will not be entitled to any of the cancelled benefits under the policy, unless otherwise agreed in writing by Sovereign.

When can Sovereign cancel your policy?

If *you* or a life assured has:

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

Sovereign may, at its complete discretion, either:

- > avoid from inception *your* entire policy (this means the policy is deemed never to have existed); or
- > avoid from inception any individual benefits provided by *your* policy (this means the individual benefit(s) are deemed never to have existed); or
- > alter the terms upon which cover is provided under *your* policy. If we choose to alter the terms of *your* policy we may do so effective from the *risk commencement date*; or
- > remove from inception any life assured from this policy (and for the avoidance of doubt this policy will remain in force for the remaining lives assured).

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

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

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

7. Important information

What forms part of this policy contract?

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

- > This policy document including *the schedule* and any alterations made as permitted under the policy.
- > The relevant benefit *appendix*.
- > Any application forms and declarations made by *you* and any life/lives assured, at any time, concerning this policy.
- > All statements which anybody who is insured under this policy has made to Sovereign.
- > Any provisions which any legislation states must be included in this contract, unless those provisions can be contracted out of, in which case they are not included.

Nothing else forms part of this contract.

Law changes effecting Sovereign or the policy

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

- > Sovereign's liability to pay any tax; or
- > The tax treatment of any *premiums* payable or claims receivable in respect of the policy (such as GST); or
- > The way in which the policy works or the amount which can be paid under benefits;

then Sovereign can change the provisions of the policy or the benefits, but only to take into account the effect of the law change.

Sovereign Statutory Fund

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.

Policy subject to laws of New Zealand

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

Notices

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

The postal address of Sovereign's head office is:

Freepost Sovereign
Private Bag Sovereign
Victoria Street West
Auckland 1142
New Zealand

The street address of Sovereign's head office is:

Sovereign Assurance Company Limited
Sovereign House
74 Taharoto Road
Takapuna
Auckland 0622
New Zealand

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

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

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

You must immediately notify Sovereign of any changes to your postal or residential address. Every notice required to be given to you by Sovereign shall be deemed to be delivered three days after having been posted.

Transfer of ownership

You may transfer the ownership of your policy at any time. To be valid the transfer must be on a *transfer of ownership form* and registered with us. If ownership of your policy has been transferred, references in this policy document to you, your and the policy owner(s) are references to the most recent transferee(s).

A trust cannot be the owner of this policy. No charge is payable for a transfer of ownership of the policy.

Information about your policy

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

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

World wide cover

This policy and benefits cover the lives assured anywhere in the world except for *health benefits* where cover will only apply while the life assured is in New Zealand. All payments Sovereign makes under this policy will be in New Zealand dollars.

How do you make a complaint?

Complaints by policy owners to Sovereign must be made in writing. If the policy owner is not satisfied with the outcome of the complaint they may have the right to refer the complaint to the Insurance and Financial Services Ombudsman. The Ombudsman can only deal with a complaint after Sovereign's internal complaints procedure has been exhausted and a letter acknowledging this has been sent to the complainant.

You can obtain more information about the Ombudsman from the website: www.ifso.nz

The Ombudsman's address is:

Insurance and Financial Services Ombudsman
PO Box 10-845
Wellington 6143
Phone: (04) 499 7612 or 0800 888 202

No surrender value

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

8. Key terms

In this policy document and optional benefit appendices some words have special meanings:

ACC	The Accident Compensation Corporation of New Zealand.
anniversary date	The anniversary in each year of the first <i>premium due date</i> .
appendix	The appendix contains the terms of any benefit you have chosen.
claim event	The death, illness, injury, <i>condition</i> , redundancy, or (for <i>health benefits</i> only) specialist consultation or diagnostic tests that you are claiming for under your Sovereign TotalCareMax policy.
condition(s)	As defined in the Optional Benefit Appendix for Comprehensive Living Assurance Benefit, Progressive Care Benefit, Essential Living Assurance Benefit and Essential Disability Income Benefit.
consumer price index	The consumer price index (all groups) issued by the Government Statistician or any index which may replace that index.
fraudulently	A statement is made fraudulently if the person making the statement makes it; <ul style="list-style-type: none">> Knowing it is incorrect; or> Without belief in its correctness; or> Recklessly, without caring whether it is correct or not.
health benefit(s)	The Specialist and Diagnostic Testing Benefit.
material	A statement is material only if that statement would have influenced the judgment of a prudent insurer in fixing the <i>premium</i> or in determining whether he/she would have taken or continued the risk upon substantially the same terms.
non-health benefit(s)	Any benefit shown on <i>the schedule</i> , excluding the <i>health benefits</i> .

pass back date	The date that the relevant change to Sovereign's TotalCareMax policy comes into effect, as determined by Sovereign.	the schedule	The most recent schedule for <i>your</i> policy and: <ul style="list-style-type: none"> > any notice of a change to <i>premiums</i>; and > any policy alteration or endorsement documents recording a change to <i>your</i> policy.
policy fee	The administration fee charged by Sovereign as detailed in <i>the policy illustration</i> .	transfer of ownership form	Sovereign's standard form for an assignment of a policy by way of ordinary transfer.
policy illustration	The Sovereign TotalCareMax illustration enclosed with this policy document.	you/your	The 'Policy Owner' named in <i>the schedule</i> .
policy year	The period from the <i>risk commencement date</i> to (but excluding) the first <i>anniversary date</i> , or from an <i>anniversary date</i> to (but excluding) the next <i>anniversary date</i> .		
premium	The amount payable by <i>you</i> to Sovereign under this policy, comprising the cost of the benefits chosen by <i>you</i> , plus the <i>policy fee</i> , if any.		
premium due date	The date on which the <i>premium</i> is payable under the policy, as agreed with Sovereign.		
Registered Medical Practitioner(s)	<p>A person, acceptable to Sovereign, who is registered and practising as a medical practitioner in New Zealand or Australia, other than:</p> <ul style="list-style-type: none"> > <i>You</i>; > The life assured; > A member of the life assured's family or <i>your</i> immediate family; > The life assured's or <i>your</i> business partner or associate. <p>Sovereign reserves the right to accept the advice of a medical practitioner practising outside New Zealand or Australia with qualifications equivalent to New Zealand or Australian standards.</p>		
risk commencement date	The commencement date of the benefit, as shown in <i>the schedule</i> .		
Sovereign policy / policies	Any policy or policies where Sovereign is the insurer.		
substantially incorrect	A statement is substantially incorrect only if the difference between what was stated and what is actually correct would have been considered <i>material</i> by a prudent insurer.		