

Upgrade your insurance offer to MLC



Important information

This brochure has been prepared by MLC Limited (MLC) and is intended to provide general information only, without taking into account any person's objectives, financial situation or needs. A person should, before acting on this information, consider the appropriateness of the information having regard to their personal objectives, financial situation or needs. A person should obtain financial advice regarding his or her own circumstances before making any insurance decision.

The product information contained in this brochure must be read in conjunction with the Product Disclosure Statement (PDS) and the Policy Document as terms, conditions and exclusions apply. Information about Personal Protection Portfolio (PPP) and Life Cover Super (LCS) are contained in the current version of the PDS. Applications for Personal Protection Portfolio and Life Cover Super, which are subject to acceptance by MLC, must be made on the Application Form contained in the PDS.

Persons should obtain a copy of this PDS and consider it before making any decision about whether to acquire or hold the product. A copy of the PDS is available upon request by phoning MLC on 132 652 or by visiting our website at mlc.com.au

MLC Limited (ABN 90 000 000 402, AFSL 230694) of 105-153 Miller Street, North Sydney NSW 2060, a member of the National Australia Group of companies, is the issuer of Personal Protection Portfolio (PPP). A PPP policy does not represent a deposit with, or a liability of, National Australia Bank Limited (ABN 12 004 044 937) or any other member of the National Australia Group of companies (other than a liability of MLC Limited as insurer).

MLC Nominees Pty Limited (ABN 93 002 814 959, AFSL 230702, RSE L0002998) of 105-153 Miller Street, North Sydney, NSW 2060 is the issuer of MLC Life Cover Super as Trustee for The Universal Super Scheme ('the Scheme') (R1056778). As Trustee of the Scheme, MLC Nominees Pty Limited is responsible for the management of the Scheme. MLC Life Cover Super is part of the Scheme. When you obtain an interest in MLC Life Cover Super, you become a member of the Scheme.

Neither National Australia Bank Limited, nor any other member of the National Australia Group of companies (other than MLC Limited as insurer) guarantees or accepts liability in respect of Personal Protection Portfolio.

A PPP policy and an interest in a LCS policy held through the Scheme does not represent a deposit with or liability of MLC, National Australia Bank Limited (ABN 12 004 044 937, AFSL 230686) or any of their related bodies corporate (other than a liability of MLC Limited as insurer).

Neither National Australia Bank Limited, nor any of its related bodies corporate (other than MLC Limited as insurer) guarantees or accepts liability in respect of PPP and LCS.

This brochure is solely for MLC Financial Adviser use and is not intended for general distribution.

Why MLC?

With demonstrated financial strength and over 120 years' insurance experience, you can be confident recommending MLC to your clients.

After all, MLC provides more personal insurance to Australians¹ than any other company.

We have also been given a very strong 'AA' Insurer Financial Strength assessment by international ratings agency Standard and Poor's.²

¹ As at 31 March 2007, DEXX&R league tables. Retail clients, inforce premiums.

² As at April 2008. Ratings are subject to change. For the latest information please visit www.standardandpoors.com

The cover you've been asking for

Chosen by more Australians Total Individual Risk Inforce

When recommending an insurance provider, you've told us there are five things you need:

- 1. Sustainability** – to be there if your clients need to claim.
- 2. Competitive premiums** – now and in the future.
- 3. Strong definitions and conditions** – regular upgrades ensuring a competitive and quality product that stands the test of time.
- 4. Consistent experiences for your clients** – in underwriting and claims.
- 5. Strong brand** – recognisable and reliable.

We provide all of this at MLC making it an easy choice.

Rank	Insurer	Annual premium (\$m)*	Market share (%)
	Market	4,036.45	100.0
1	MLC	600.76	14.9
2	CommInsure	554.42	13.7
3	AMP	439.78	10.9
4	AXA	433.45	10.7
5	ING	431.40	10.7
6	Tower-Prefsure	382.33	9.5
7	Asteron	326.84	8.1
8	Westpac	242.81	6.0
9	Aviva	173.13	4.3
10	Zurich	141.98	3.5

* Retail clients. As at 31 March 2007
Source: DEXX&R, March 2007.

At 31 March 2007, the DEXX&R league tables had MLC clearly leading the Australian life insurance industry* with over \$600 million in retail inforce premiums and the largest market share at almost 15%.

MLC's Upgrade Philosophy

Our philosophy on upgrading our clients is unlike any other.

Since 1986, we have looked for ways to improve and enhance our insurance offering.

And every time we find one, provided it won't affect premiums, we pass the improvement on to all new and existing clients automatically, regardless of their health status or age.

While many other insurance companies promote a similar 'Guarantee of Upgrade', they may only apply upgrades to clients in a particular policy series, new business only, or policyholders commencing cover from a certain point in time.

MLC's Upgrade Philosophy means you and your clients don't need to remember what has and hasn't been added – because all upgrades automatically apply.

And with over 200 improvements passed on to clients in the last 20 years, MLC is serious about providing your clients with the best cover possible over the long-term.

Smart and sustainable product

Stable premiums help create a stable product.

This means you and your clients can be confident MLC will be around when it comes to claim time.

There have been many changes in the insurance market in the past few decades, often leading competitors to dramatically increase their premiums.

Through smart product design, and avoiding unsustainable market fads, MLC continues to deliver a sustainable product with stable premiums for your clients.

Financial stability

MLC is part of the National Australia Group of companies, one of Australia's largest financial services institutions.¹

MLC Limited has been assigned a very strong 'AA' Insurer Financial Strength rating by international ratings agency Standard & Poor's.²

With over 120 years' insurance experience in the Australian market, and a wealth management division that has more than \$100 billion in funds under management,³ MLC is a household name.

1 As measured by the value of its shares listed on the Australian Stock Exchange Limited (over \$50 billion as at 30 June 2007).

2 As at April 2008. Ratings are subject to change. For the latest ratings information please visit www.standardandpoors.com.au

3 As at March 2007.

Building a better service

How we can make the underwriting process run smoothly:

- ✓ We will give you a unique underwriting reference number when we perform a pre-assessment for you to record on your clients' application forms.
- ✓ We will keep in touch with you regularly when:
 - the final decision includes modified terms or cover is unlikely to be offered,
 - the case is challenging or may pose a large risk,
 - there are multiple risk factors – pre-positioning the final decision,
 - there are unusual delays with the assessment process, and
 - additional requirements are subsequently needed because of the information received.
- ✓ We will offer you expert technical knowledge.
- ✓ We will simplify and improve the gathering of information by using telephone underwriting practices.
- ✓ We will let you know our decisions and the reasoning behind them – in plain English.
- ✓ We will arrange medical evidence if requested by you.

What you can do to help things run smoothly

- ✓ The more information we have, the faster we can assess and approve your clients' applications.
- ✓ Give us authority for Telephone Underwriting that lets our underwriters call your clients directly to resolve any missing details.
- ✓ Where possible, provide medical notes and/or additional financial notes as well as expanding on the medical conditions.
- ✓ Where possible, explain occupational duties and any risky pastime pursuits fully.
- ✓ By creating a complete picture of your client and their application we can speed up the process.
- ✓ If you take advantage of our pre-assessment services you are more likely to obtain a satisfactory outcome.

Dedicated to delivering superior service

As part of this commitment we have:

- ✓ introduced Field Development Underwriters supporting all states,
- ✓ established a new Technical Underwriting Team,
- ✓ appointed new State Underwriting Managers in all Underwriting Teams,
- ✓ established Large Case Teams.

The underwriter will always consider the policy applied for, the conditions/terms attached to it, combined with the applicant's overall status.

This gives the underwriter a better understanding of the actual risk presented by recognising that the risk may increase or decrease, depending on the benefit and/or policy applied for.

Australia-wide service

MLC has underwriting teams in four states, maintaining our strong underwriting philosophy and practices.



Please note: Our Victoria office covers Tasmania and South Australia.

MLC claims processes and services

'It is our view that a holistic approach to the overall management of claims should be taken. Overall, we found the management of claims reviewed have been appropriate. This includes the timeliness of when information is obtained and also the turnaround time in attending to correspondence and inquiries. We found this was addressed in a timely manner without the quality of the claims management being compromised. We are pleased to report that MLC continue to manage claims well and in our view, at a high standard relative to the industry. This is aided by the appropriate use of various claims management tools, experienced staff and with a focus on consistency which is aided by peer review and quality checking of files.'

Munich Re, October 2006

Our claims philosophy

- We understand that the time of claim is a time of need and the fulfilment of our contractual promises is not only in providing protection, but paying claims.
- We aim to make the claims process simple and convenient for policy owners and to treat all beneficiaries with respect and compassion.
- Whilst protecting the interests of all policy owners, we will assess claims promptly and fairly.
- We aim to maintain open and honest communication.
- We will always act ethically and observe the principles of privacy and confidentiality.

The objective of the Claims team is to pay legitimate claims when they are rightfully due and to treat all policy owners with respect and compassion whilst acting in a professional manner at all time.

Claims brochures

When you or your clients ring to notify a claim, we also include with the claim form, a claims brochure. These brochures articulate the process requirements and some important terms and conditions of the policy or benefit that is being claimed.

We have brochures covering Income Protection, Business Expenses, Total and Permanent Disablement, Critical Illness and Financial Planning (this is sent when a Lump Sum claim of more than \$100,000 is paid).

Specialist resources

At MLC our resources include legal, medical, forensic accounting and rehabilitation consultants.

These resources provide support with activities such as claims management, training of staff together with pro-active initiatives for returning clients to work.

The mission of the MLC claims team is to pay legitimate claims when they are rightfully due and to treat all policy owners and claimants with respect and compassion while acting in a professional manner.

However, the best references for the claims team are from the people who go through the experience.

'I would like to express my appreciation to MLC and yourself for the way you have handled my claim. Insurance companies often have a bad reputation for paying out on claims but you have been quite the reverse. Thank you.'

'Thank you so much for your compassion and your efforts in getting the claim finalised in such a timely manner. I have spoken to the client and he is very relieved. He is so very sick at the moment and he wanted me to personally thank you and MLC for giving him and his family peace of mind. My job is trying to convince people of the importance of having cover. This case proves the point.'

Complaints

MLC is affiliated with the Financial Industry Complaints Service Ltd and The Superannuation Complaints Tribunal and we're committed to providing a responsive, efficient, robust and fair handling of complaints.

Availability of Claims Consultants to advisers and clients

When information is sent out to clients for further requirements, or when a decision is made, the respective letters are signed by the assessor concerned and invite the client to ring the relevant assessor should they wish to discuss the claim further.

Advisers (provided they have the consent and authority by the client to do so on their behalf) and clients are welcome to discuss claims with the relevant Claims Consultants at any time. This is part of the service and they are able to ring through to our Claims Hotline for help.

Claims in action

Only 4% of Australian parents have enough life insurance cover to sustain their family's lifestyle if either parent were to die.

60% of Australian families with dependants will run out of money within 12 months if the main income earner dies.

And it's not only personal clients who are at risk. These are statistics relating to Australian businesses:

- the business sector is just as exposed as ordinary consumers – IFSA was told that the business community was suffering an insurance gap similar in size to that relating to life insurance for consumers,
- while the insurance gap for consumers relates to products such as life insurance, the business sector gap relates to income protection and similar products,
- Rice Walker said the insurance gap is estimated to be between 75% and 85%. This position is even worse for females, where only 15 to 20% are covered despite the fact that women make up around 45% of the workforce.

Source: TNS Research, Investigating the issue of under-insurance in Australia, August 2005.

Here's a sample of MLC Income Protection claims paid

Occupation	Sex	Age	Cause	Monthly benefit	Payments to 31/3/07 [^]
Medical Practitioner	F	39	Motor Vehicle Accident	\$1,854	\$49,519
Panel Beater	M	59	Kidney Cancer	\$1,500	\$22,500
Medical Practitioner	F	39	Chronic Fatigue Syndrome	\$5,805	\$166,791
Carpenter	M	46	Ulcerative Colitis	\$2,126	\$24,579
Chiropractor	F	54	Squamous Cell Carcinoma	\$3,041	\$220,059
Medical Practitioner	M	45	Major Depression	\$5,820	\$465,804
Administrator	F	46	Breast Cancer	\$2,930	\$153,683

Here's a sample of MLC Critical Illness claims paid

Occupation	Sex	Age	Cause	Policy start	Amount paid
Sales Representative	M	23	Heart Attack	08/01/1999	\$117,330
Admin Manager	F	47	Breast Cancer	09/09/2005	\$103,000
Plumber	M	39	Cancer	17/06/2002	\$207,367
Dentist	F	35	Cardio-vascular	05/05/1992	\$266,480
Director	M	42	Lymph Node Cancer	27/05/1994	\$389,118
Driver	F	43	Major Brain Injury	10/03/2003	\$251,327
Supervisor	M	46	Organ Transplant	25/08/1997	\$125,843

Here's a sample of MLC Life Cover claims paid

Occupation	Sex	Age	Cause	Policy start	Amount paid
Homemaker	F	26	Drowning	05/11/2002	\$218,545
Clerk	M	64	Cancer	22/05/2006	\$100,073
Kitchen Hand	F	45	Cancer	22/10/2002	\$109,735
Store Manager	M	60	Cardiac Arrest	25/01/2006	\$95,125
Manager	F	30	Melanoma	17/03/2004	\$360,500
Mechanic	M	51	Accidental Injury	16/06/1994	\$265,866

Here's a sample of MLC Total and Permanent Disability claims paid

Occupation	Sex	Age	Cause	Policy start	Amount paid
Secretary	F	50	Paralysis	01/11/2005	\$71,570
Sheet Metal Worker	M	65	Chronic Heart Disease	11/09/1981	\$25,383
Design and Marketing Manager	M	58	Post Traumatic Stress Disorder	20/12/1994	\$543,359
Psychiatrist	F	46	Renal Failure	03/03/1992	\$395,485
Chef	M	49	Heart Failure	01/04/1985	\$56,474
Homemaker	F	37	Motor Neurone Disease	24/05/2006	\$500,000
Dental Surgeon	M	58	Paralysis	17/04/2003	\$118,821

[^] These amounts do not include reserves for continued payments. Validation by an independent reinsurer.

Business Development services

Your business is unique, and we want to make sure you have the support you need.

Services available to you include:

- business growth and development with Business Development Managers and additional specialists to help you with annual business, succession and acquisition planning,
- quality advice and efficient client servicing through the Quality Advice program, AdviserCentral, Statement of Advice workshops, seminars and presentations,
- operational efficiencies and business management tools such as Turnkey, remuneration services, and regular communications via website, email and magazines,
- developing people – continuing education, Your AdvantEdge, and
- managing business risk through the Business Review Group.

MLC moves applications online

You can apply online for MLC's Life Cover Super and Personal Protection Portfolio products via mlc.com.au, making the submission process faster and easier.

Once submitted, they will flow straight into MLC's workflow systems, so progress can be viewed there via My Work Tracker.

This online functionality will improve efficiency and provide the following benefits:

- ✓ **No paperwork** – it eliminates the need to print and send paperwork to MLC,
- ✓ **No postal delays** – it eliminates postal delays as requests will be received by MLC as soon as they are submitted by advisers,
- ✓ **More accurate data** – it minimises delays associated with follow-up of data or other related errors through data validation.

You can follow a simple four step process to complete and submit an online application. They can then track its progress through to approval.

My Work Tracker

Once you have submitted your client's application you can then track it more effectively online using 'My Work Tracker' on mlc.com.au

There you can access:

- 1. Reporting**
Select from online, PDF or Microsoft Excel reports. At My Work Tracker you can download the information and format it to suit your needs.
- 2. Consolidated view**
You can view an individual client's portfolio in one place, including existing accounts or policies and new applications.
- 3. Applications**
Here you can keep in touch with the progress of new applications.
- 4. Existing Accounts & Policies**
Your client's existing business can be seen and the details reviewed.
- 5. Up-to-date information**
For existing insurance business the information is correct as at close of business the previous day. For new business applications you can see the information on mlc.com.au as soon as it enters into our system.
- 6. Unmet needs**
mlc.com.au can help you identify unmet client needs using the detailed search facility and reporting service.

Make the most of MLC's technical and marketing support

Technical advice is always on hand.

Your MLC Technical Services team have developed a range of support tools to help you.

These include regular technical updates, adviser presentations, calculators and strategy guides.

You can also choose from a range of marketing material such as:

For your client



Wealth Protection Strategy Guide

Strategies to protect what's important to you #52891

Provides you with specialised technical information in everyday language to give to your clients.



Enjoy Life

#54488

Client facing brochure featuring each of the types of insurance available through the MLC Personal Protection Portfolio with supporting flyers:



Critical Illness #62154

Critical Illness Extra Benefits Option #62155

Critical Illness for Women #20497



Income Protection #62153

Life Cover #63580

Business Insurance #63703

For you



MLC Claims We go the extra mile #65916

This brochure has been developed to explain the MLC 'Claims Story'.



MLC Underwriting Service Folder #63559

Income Protection/Testimonials concept card #63624

Life and TPD/Critical Illness concept card #63625

The Claims Process and Case Histories concept card #54327

These provide snapshots of customer claims information, showing claimants come from all walks of life. On the reverse of Income Protection are samples of comments received from claimants and their families.

The MLC Insurance Claims Process concept card also includes case histories on the reverse side.



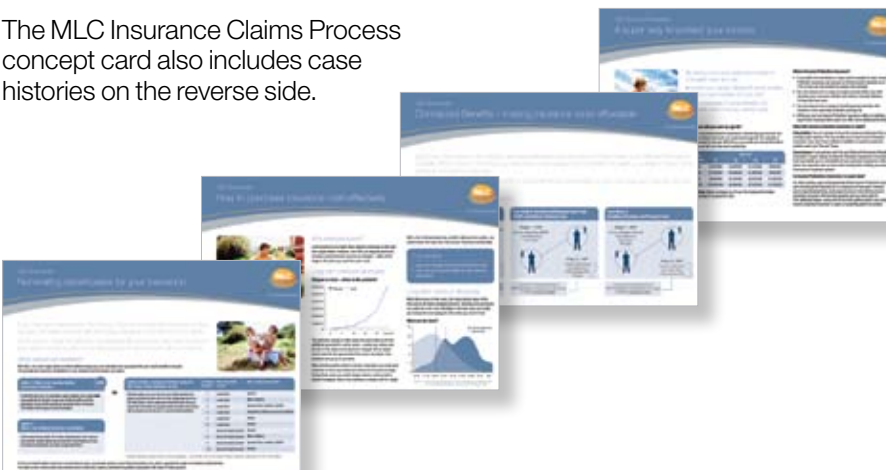
IP in Super concept card #63658

Connected Benefits concept card #63660

Level Premium or Combination concept card #63659

Death Benefits concept card #63661

These provide useful product overviews to help explain the benefits.



MLC Personal Protection Portfolio & Life Cover Super

MLC Personal Protection Portfolio

Your clients can select a combination of insurance to suit their individual needs and wrap it all into one consolidated portfolio with a single policy fee and annual statement.

And because life is always full of changes, your clients can modify their cover to suit their developing needs. The types of insurance available include:

- **Life Cover**
- **Income Protection**
- **Critical Illness**
- **Total and Permanent Disability**
- **Business Expenses**
- **Premium Waiver**

Each policy can also include up to six lives, and each life insured can have different types of insurance and levels of cover with only one policy fee payable overall—making it an excellent insurance option for a small family business, or partnership.

MLC Life Cover Super – Insurance through superannuation

MLC Life Cover Super provides a range of insurances to best suit a client's needs and budget under one package within the superannuation environment.

The insurances form part of a policy issued by MLC Limited to MLC Nominees Pty Limited as the Trustee of The Universal Super Scheme.

Like MLC Personal Protection Portfolio, your clients can pick a combination of insurances to suit their individual needs under a consolidated portfolio with a single policy fee and annual statement for the following insurances:

- **Life Cover**
- **Income Protection**
- **Total and Permanent Disability**
- **Premium Waiver**

Premiums can also be paid by deduction from select MLC MasterKey superannuation products.

Introducing 'Connected Benefits'

To provide greater flexibility in how your clients structure their insurance to meet their needs, 'Connected Benefits' enable policy owners to purchase Total & Permanent Disability and/or Critical Illness insurance as part of Life Cover for a given life insured, where the Life Cover is issued on a separate policy with a different policy owner.

When an insurance policy is issued as a Connected Benefit, the benefits payable under one policy will reduce the benefits payable under the other.

It gives you and your client that extra bit of flexibility and results in a lower overall premium for the client.

Upgrade philosophy – a case study

Jurek



Jurek, a recent claimant, had a very positive claims experience with MLC and was happy to share his feelings about our Upgrade Philosophy.

"I've found the financial side of dealing with MLC to be superb, with some pleasant surprises. They (MLC) said because you've not had a claim for more than six years, we're going to pay you an extra 25% on your benefit.

I was expecting just under \$1000 a week and then they told me they're going to pay an extra 25%... this just seemed amazing! And my wife said 'Is this right, is this right?' Linda (the MLC Claims Consultant) was saying 'yes' and 'wait there's more!'

Because of the level of cancer I had, they actually paid double benefits for six months and they paid the 25% no claim bonus on the double part as well as the original part."

When Jurek first took out his MLC policy 14 years ago, the 25% no claim bonus and double benefits payment were not applicable.

However, with MLC's Upgrade Philosophy, Jurek's policy was upgraded in 1995 and 1997 to include these benefits.

This case history clearly demonstrates how our product and upgrade philosophy, together with our claims service, all deliver satisfied customers.

Note: This is a real case history published with permission.

MLC Personal Protection Portfolio improvements

Examples of upgrades and new extra cost options

In addition to upgrades, MLC has enhanced MLC Personal Protection Portfolio by adding improvements over the years. The following table offers examples of both upgrades and new extra cost options.

These are general descriptions only. Refer to the Product Disclosure Statement and Policy wording for specific terms and conditions applicable.

Some examples of new extra cost option improvements

- Critical Illness Extra Benefits Option – 20 additional conditions eligible for a partial benefit. (2006)
- Introduction of a Farmer's Package for Income Protection Plus. (2005)
- Occupational HIV/Hep B&C lump sum extended to Nurses and Ambulance officers. (2006)
- Introduction of TPD Standalone. (2005)

Life Cover & Total & Permanent Disability	✓	A Financial Planning Benefit – When a lump sum claim of at least \$100,000 is paid, a reimbursement of up to \$2K is available for obtaining a fully documented financial plan (Life, Critical Illness, TPD). (2003)
	✓	Broadening of the TPD definitions. (2006)
	✓	Increase TPD 'Own Occupation' max sum insured from \$2m to \$2.5m. (2006)
	✓	Advance death benefit (PPP) – making advance payment of \$20K based upon receipt of a written request, accompanied by a certified copy of the birth certificate and death certificate (if available) or an extract of death registration. (2006)
	✓	Enhancement to the Life Cover buy back option for TPD. (2006)
	✓	Increase without medical evidence for TPD. (2007)
Income Protection	✓	Double Benefits for Specified Sicknesses are now included in the No Claim Bonus Benefit. (1997)
	✓	Death Benefit While On Claim doubled from three months of benefit to six months of benefit. (2000)
	✓	Availability of a rehabilitation bonus which encourages a return to work, with MLC paying an extra 50% of monthly benefit over a period of up to 12 months. (2001)
	✓	An increase in the number of conditions covered under Double Benefits for Specified Sicknesses from five to 27. (2003)
	✓	Increased Income Protection maximum monthly benefit to \$30K. (2006)
Critical Illness	✓	Heart Attack definitions expanded to include extra diagnostic techniques. (2002)
	✓	An improvement to the Malignant Cancer definition, so more conditions are claimable. (2002)
	✓	Critical Illness total trauma payment definition changes – six new conditions (eg. meningococcal septicaemia, severe osteoporosis and severe rheumatoid arthritis) added, bringing total conditions covered to 40. (2006)
	✓	Increase Critical Illness max sum insured from \$1.5M to \$2M. (2006)
	✓	Revised definition for Coronary Artery Angioplasty - Triple Vessel critical condition. (2007)
Business Expenses	✓	Improved benefit period to 24 months where a client does not claim their full insured expenses within the one year period. (2000)

Please note: Where other improvements are offered as an extra cost option, all clients can apply, depending on the type of insurance they hold and the option offered.

Life Cover, Total & Permanent Disability and Critical Illness

Life Cover – MLC offers more

- We offer two life cover options (Plus and Standard) not just one, so you can tailor coverage for different clients.
- Plus version offers future insurability for both business and personal circumstances.
- In-built Financial Planning Benefit¹ of up to \$2,000 to reimburse the cost of a financial plan when a benefit of at least \$100,000 is paid, ensuring a claimant's family can receive sound financial advice.
- MLC was the first to introduce the Accidental Injury Benefit into Life Cover and still is one of the very few life insurance companies to offer this. (See Advice tip).
- Terminal Illness Support Insurance available as a unique option in the market, in which the lesser of \$250,000, or 50% of the Life Cover sum insured, is paid if the client is terminally ill (eg terminal cancer) and lives for 30 days after we are notified of the illness.

This is in addition to the in-built Terminal Illness Benefit which enables the full sum insured to be payable, up to a maximum of \$2m, on diagnosis of a terminal illness.
- Level premium offers a Continuation Option to extend cover beyond age 65 on a stepped premium basis.

¹ Not available with Life Cover Super.

A flexible package

A variety of options are offered that can be tailored to suit your client's individual needs.

Additional options include:

- 1. Total and Permanent Disability.**
- 2. Terminal Illness Support** (as in previous column).
- 3. Business Safeguard Option.**
- 4. Critical Illness Plus or Standard.**

Advice tip:

Life Cover Standard vs Plus

Clients who want a basic life insurance package may find the Standard version of Life Cover suitable, but talk to them about considering the Plus version of MLC's Life Cover offer.

Unlike most of our competitors, MLC's Plus version includes an Accidental Injury Benefit.

This option provides for the sum insured to be payable (up to \$2 million) if a client is unfortunate enough to have an accident and lose the use of both of their hands, or feet, or lose the sight of both eyes.

Of the sum insured, 25% is payable for the loss of use of one hand or one foot or the sight of one eye.

As such, MLC's Life Cover Plus policy can provide cover for blindness, paralysis and amputations that directly arise from accidents.

Total and Permanent Disability (TPD)

What we do

- Clients can apply for 'Any Occupation' or 'Own Occupation definitions'.¹
- Life Cover Buy Back Option is available after a claim.
- Definition becomes 'Loss of independence' after age 65, at no extra cost.

¹ Where certain requirements are met.

What we don't do

- MLC doesn't use discretionary wording such as 'we believe' or 'in our opinion' in our TPD definitions as many other insurance companies do.
- We don't require homemakers to be confined to the home to qualify.
- We don't apply Activity of Daily Living definitions, widely acknowledged to be more restrictive than impairment definitions, to those aged under 65 and employed (who are the majority of our policyholders).
- MLC doesn't exclude disablement resulting from acts of war or civil commotion.

Advice tip:

Total and Permanent Disability

Recognising the differences between TPD and Critical Illness is important as some conditions for which the TPD benefit may be payable may not be covered under Critical Illness.

For example:

- back conditions,
- stress,
- depression.

Conversely, some conditions covered by a Critical Illness policy may not result in TPD.

For example:

- by-pass surgery,
- heart attack.

Critical Illness

MLC has the edge

- ✓ You can tailor coverage for different clients, with our Standard, Plus and Plus with Extra Benefits Option versions.
- ✓ Four of the conditions covered under Critical Illness Standard (ie. Heart Attack, Coronary Artery Bypass Surgery, Malignant Cancer and Stroke) account for 90% of MLC's Critical Illness claims.¹
- ✓ Your clients have the option to fix the premium and decrease their coverage over time.
- ✓ Full Critical Illness cover is provided to age 75 for a stepped premium or decreasing cover, a full five year's more critical illness cover than most of our competitors.
- ✓ Life Cover Buy Back is an option available for Plus or Standard.
- ✓ A choice of an 'Any Occupation' or 'Own Occupation' definition of TPD is available when TPD is added as a Critical Illness event.²
- ✓ MLC pay the full benefit in Critical Illness on some conditions, where others may only pay a partial benefit, eg severe osteoporosis and severe rheumatoid arthritis.

Extra Benefits Option

An Extra Benefits Option is available with Plus and Standalone versions and includes:

- Additional 20 critical conditions for which a partial benefit may be payable, with only eight having a qualifying period.
- Ability to buy back³ 100% of the Critical Illness benefit after a claim:
 - where certain requirements are met,
 - subject to the category of your client's occupation. Refer to the Product Disclosure Statement for definitions.

For the following child-related critical conditions:

- death of a child,⁴
- congenital abnormalities of a child,⁴
- inability of a child to gain independence.⁴

MLC don't set a minimum or maximum age in the definition of a child. There's no underwriting, and no need to nominate the child. And, unlike most companies, we cover congenital conditions which are a major cause of childhood illnesses.⁵

Furthermore, the child can be a natural, adopted or stepchild of the life insured.

Advice tip:

Critical Illness

As Critical Illness provides a lump sum payment, encourage your clients to consider the following when deciding the level of Critical Illness insurance cover:

- existing financial debts,
- loss of income, and
- medical related expenses.

¹ 90% in 2003.

² Subject to the category of your client's occupation. Please refer to the Product Disclosure Statement (PDS) for definitions.

³ TPD is excluded from Critical Illness Extra Benefits Option.

⁴ Qualifying periods apply to these conditions. Refer to the current PDS for details.

⁵ Subject to exclusion of conditions that existed in any child prior to taking out this option. Please refer to the PDS.

Income Protection

What MLC provides

A single duty definition of Total Disability is offered¹ with a choice of:

- ✓ Top of the range Income Protection Plus with Extra Benefits Option.
- ✓ Income Protection Plus 'agreed value' or 'indemnity' policies.
- ✓ A substantially lower cost Income Protection Standard 'indemnity' policy.

We also provide

- ✓ Six times the monthly benefit is paid (up to a maximum of \$60,000) if the client dies whilst on claim.
- ✓ Flexibility around HIV/AIDS cover, with an option to have full cover or to exclude HIV/AIDS and receive a premium discount.
- ✓ An occupationally acquired HIV, Hepatitis B or C lump sum option is available for certain medical occupations such as doctors, dentists, surgeons, nurses and paramedics.
- ✓ Under the Plus version, a Rehabilitation Bonus² is available whereby rehabilitation benefits may be increased by 50% for up to 12 months.
- ✓ There are no Claim Reduction Clauses. (Refer to box in the third column.)

The Income Protection Plus with Extra Benefits Option² includes:

- For the first 12 months of a claim, an additional amount of 5%-25% of the monthly benefit is payable, if the client has had two or more consecutive claim-free years. (Refer to box in the next column.) For the first 12 months of a claim there are generally more initial expenses.
- Double benefits, which many companies don't provide, are payable for up to six months for an extensive list of specified sicknesses, including high incidence events, such as Malignant Cancer, Stroke, Heart Attack and Coronary Artery Bypass Surgery.
- Lump sum advance benefits are paid for certain accidental injuries (such as loss of use of a hand, eye or a foot, fractured collarbones or jaw), even if the client continues to work.
- Benefits can be paid from the 4th day of the waiting period when the client is confined to bed and receiving nursing care.

Claims Reduction Clauses

An additional reason to place your income protection insurance with MLC is the absence of a claims capability clause, also known as a Claims Reduction Clause.

That type of clause can give some insurers the discretion to reduce benefits based on what they believe a disabled claimant is capable of earning. In some circumstances that could lead to a totally disabled claimant being classed as only partially disabled and receiving only reduced benefits.

This serious shortcoming in the income protection insurance provided has now been recognised by the main Research Houses in Australia, who have downgraded those insurers who use such Claims Reduction devices.

No claim bonus:

Income Protection Plus with Extra Benefits Option

For every year your clients do not make a claim under Income Protection insurance, we will reward them with an increase in their monthly benefit for the first year of a claim.

Most ad hoc expenses happen in the first year of a claim, and this benefit is unique in the market. For an average monthly benefit of \$3,000, this can work out to be an extra amount payable of up to \$9,000 in the first year.

Years without a claim

1	2	3	4	5	6+
0%	5%	10%	15%	20%	25%

Increase in monthly benefit in the first year of a claim

¹ Except for benefits payable beyond two years under the Income Protection Standard Policy.

² Not available with Life Cover Super.

Total Disability definitions

MLC uses a 'Single duty' definition¹ to determine Total Disability, as it is liberal and simple for you and your clients to understand.

There are generally three kinds of definitions, or means of assessing Total Disability. They are based on Hours, Earnings or Duties.¹

Definitions based on Hours and Earnings are relatively unusual in income protection insurance in Australia and overseas compared with Duties-based definitions.

1. Hours-based definitions

Rely heavily on the input of medical practitioners when determining the client's 'ability' to work certain hours, ie the opinion of the client's doctors and doctors appointed by the Insurer. Within this environment, a claim decision can be subjective and cause potential for dispute.

2. Earnings-based definitions

Rely heavily on the availability and provision of detailed financial evidence at the time of claim. This can be onerous, particularly for self-employed clients. The interpretation of financial evidence is often difficult and can lead to disputes.

3. Duties-based definitions

Can be further differentiated by the kinds of duties defined. 'All duties' or 'All income producing duties' are less liberal than a 'Single duty' definition. It is generally recognised and acknowledged that a 'Single duty' definition such as MLC's is a leading definition in Australia.

The definition means that if, due to injury or sickness, an individual is unable to perform at least one important duty necessary to produce their earnings - and they do not work - then they are totally disabled.

MLC's straightforward and generous definition has stood the test of time and benefited many Australians.

MLC's definitions are straightforward, so your clients know what coverage they are getting.

These tried and tested definitions have been developed with the benefit of many years of experience.

¹ An emphasis on one particular aspect of disability does not mean that all 'normal' proofs of loss are waived. Generally both medical and financial requirements (and all other terms and conditions of the insurance) must be satisfied for claim payment.

Features + Premiums = a total offer

Naturally, different types of insurance will be suitable for different clients. MLC's offer provides solid product features and stable premiums, addressing the needs and budgets of a range of clients.

CANNEX, an independent financial services research house, analyses products from all major insurance underwriters (or companies).

The chart to the right compares Death with TPD and Critical Illness insurance offers in Australia.

The analysis is a relative comparison of components such as premiums, lapse rates, and the strength of the company, as well as product features. The results and measures of relative value are based on the overall offer.

Least expensive premiums (over a ten year period) fall in the top half of the graph, while policies with the highest number of feature points fall in the right hand side of the graph. The top right hand quadrant gives the highest relative value.

MLC's products are predominantly clustered in this quadrant.

Methodology

Premium costs: Points out of 100 are awarded for each premium calculation for sum insured \$250,000. Male, age 30, over a 10 year period. No allowance has been made for any loyalty bonus or discount.

Features scoring: Based on Rice Warner Actuaries' methodology – the value of each policy feature has been determined by Rice Warner Actuaries Pty Ltd in consultation with the industry. Each feature is weighted by a factor to ensure that the major categories (ie benefits, access etc) make up the intended proportion of the overall score. The maximum score is 100. Weights used were: premium 25%, features 65%, strength and satisfaction 10%.

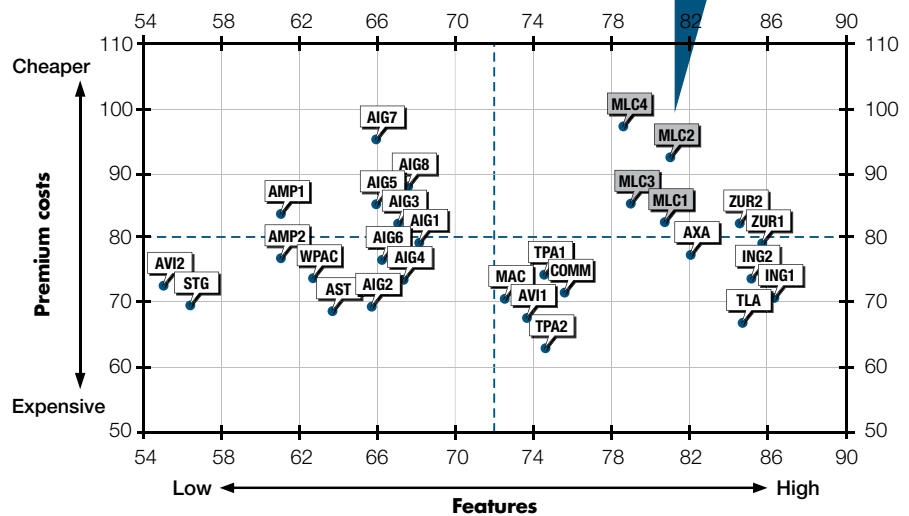
Source: CANNEX & Rice Warner, 1 June 2007.

Term Life with TPD and Critical Illness

Premium projection: 10 years

Sum insured: \$250,000 each, male 30 years, Accountant.

MLC offers great features with competitive premiums



Code	Company	Product Name
MLC4	MLC Life	Life Cover Standard & Critical Illness Standard
AIG7	AIG Life	Term Life Plan & TPD & Coronary Plus
MLC2	MLC Life	Life Cover & Critical Illness Standard Plus
MLC3	MLC Life	Life Cover Standard & Critical Illness Plus
AIG8	AIG Life	Term Life Plan & TPD Standalone & Coronary Plus
MLC1	MLC Life	Life Cover & Critical Illness Plus
AIG5	AIG Life	Term Life Plan & TPD & Cancer Plus
AMP1	AMP Life	Flexible Lifetime Prot & TPD & Crisis Cover Standard
ZUR1	Zurich	Protection Plus & Basic Trauma
ZUR2	Zurich	Protection Plus & Extended Trauma
AIG3	AIG Life	Term Life plan & TPD & Cancer and Coronary
AXA	AXA/AC&L	Life Insurance Plan
TPAI	INS Portfolio	Term Insurance – Single TPD Medical Catastrophe
AIG1	AIG Life	Term Life Plan & Crisis Recovery Comp & TPD

Code	Company	Product Name
AIG6	AIG Life	Term Life Plan & TPD Stand Alone & Cancer Plus
ING2	ING Life	OneCare – Comprehensive
AMP2	AMP Life	Flexible Life Time Prot & TPDF & Crisis Cover Premium
AIG4	AIG Life	Term Life Plan & TPD Standalone & Cancer & Coronary
ING1	ING Life	OneCare – Premier
COMM	CommInsure	Total Care Plan
MAC	Macquarie Life	FutureWise Life
AVI2	Aviva	Recovery Money
WPAC	Westpac Life	Term Life
AIG2	AIG Life	Term Life Plan & Crisis Recovery Comp & TPD Standalone
AV11	Aviva	Life Cover & Flexible Recovery
STG	St George Life	Protection Choices
AST	Asteron	Recovery
TLA	Tower Life Australia	Crisis Protection Plan
TPA2	Tower Partner INS Portfolio	Term Insurance – Double TPD Medical Catastrophe

Sustainable means dependable

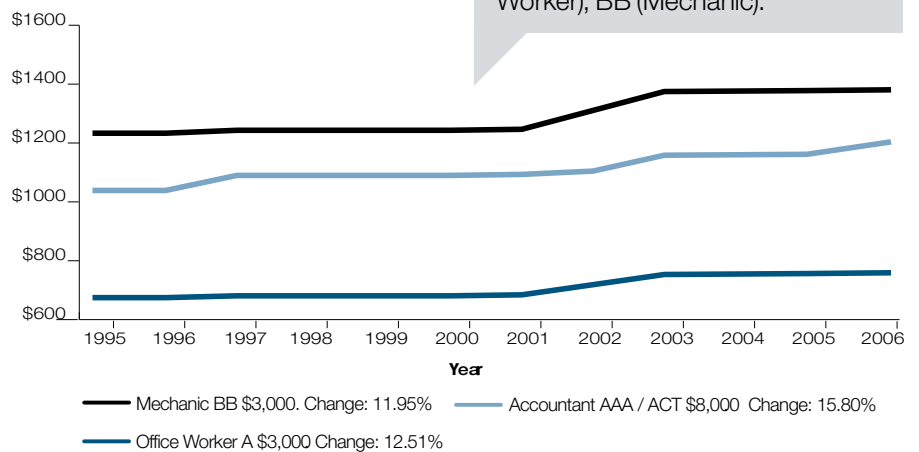
Over the last 11 years, the average annual increase in MLC Income Protection premiums is below 1.4%. This is significantly lower than the current rate of inflation (around 2.5 - 3%).

Compare this figure to some of our competitors, where premium increases over this period have typically been much higher. There have been instances of individual clients having to face premium increases of 50% and more. It's not unusual for some life insurers to implement repeated significant increases over time.

Based on past industry competitive practices, and the introduction of often unsustainable features, the likelihood our competitors will continue to increase premiums in the future is high.

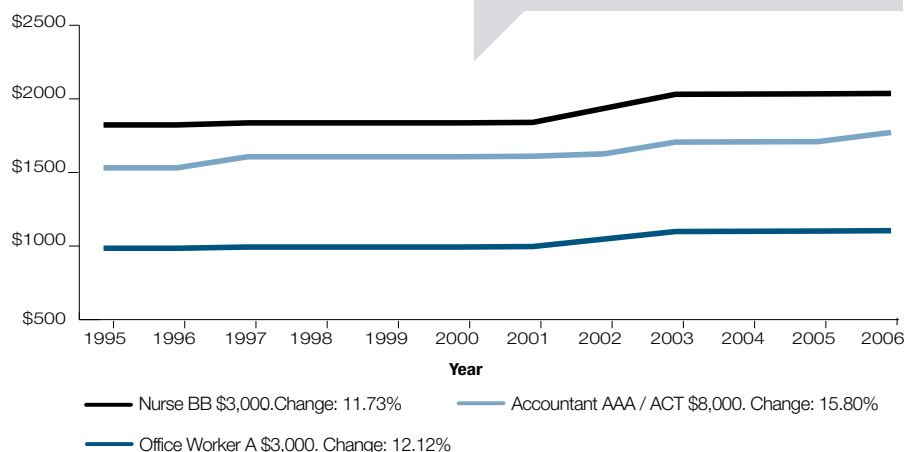
MLC Income Protection Annual Premium

Male non-smoker, 40 years old stepped premium including policy fee, in the following occupations: AAA/Act (Accountant), A (Office Worker), BB (Mechanic).



MLC Income Protection Annual Premium

Female non-smoker, 40 years old stepped premium including policy fee, in the following occupations: AAA/Act (Accountant), A (Office Worker), BB (Nurse).



Thinking outside the square

Advisers take their obligations to give appropriate advice to their clients seriously.

Over 90% of those surveyed believed they understood their advice obligations well or very well.

Yet to date, there's been very little regulatory guidance on the role and use of research ratings in the formulation of client advice.

Insurance company ratings play a major part in selection of a product. However, analysing and rating insurance products can be confusing.

Especially when you have to take into account your client's individual needs and budget.

Research often isn't holistic

Some research ratings are based solely on the product features of an insurance offer. This means those things close to your client's heart, including price and company stability, aren't as high on the radar.

So, when recommending insurance you'll also need to consider these points:

- snapshot comparisons may not be enough and may only be accurate at a point in time, and
- most, but not all, risk research software doesn't consider:
 - premium pricing as part of the scoring process,
 - sustainability indicators as part of the scoring process eg lapse rates, financial strength, premium rate volatility.

How to get it right

Over 200 independent and MLC-aligned advisers completed an online survey at the end of 2006 on a range of topics including:

- identifying what they value highly in an insurer;
- what they would ideally like to see in an insurance Statement of Advice;
- their attitudes and use of Risk Research House software; and
- where they obtain training and education on insurance.

We'd like to share some of the key results of the survey with you, as well as explore the implications for the Advice Process.

The survey results

A survey by the independent research company Investment Trends revealed that over 60% of all advisers used Research House software to prepare most, or all, of their client recommendations. With such a high uptake, MLC further explored how advisers were using Research House software in their advice process.

Some of the key findings were as follows:

- of those who used software, 75% use it with most or all recommendations;
- over 50% of advisers would rarely, or never, recommend a policy that was not rated highly in their software;
- 11% set weightings differently for each client; and
- 56% used the default settings that either their dealer group, practice or software provider set.

What did the legal consideration find?

1. Personal advice provided to a retail client must have a reasonable basis and must be 'appropriate' to the client's objectives, financial circumstances and needs.
2. Clients' personal circumstances will vary and what may be appropriate for one client may not be appropriate for another.
3. Product ratings are based on a general set of factors and by their nature are not tailored to specific client's objectives, financial circumstances or needs.
4. Whilst product ratings, when used appropriately, can be a useful input into formulating recommendations, advisers that rely solely on product ratings in this respect, without considering the ratings in context of their clients' specific circumstances, can run the risk of breaching the 'appropriate' advice requirements under the Corporations Act (s945A) and their common law duty of care to their clients.
5. A breach of s945A of the Corporations Act can result in a fine (for individuals) of up to \$22,000 and / or a five year jail term.

So what does Research House software currently rate?

For an adviser, demonstrating that their advice is appropriate will be made easier by Research Houses incorporating the following considerations into their ratings software:

1. The relative competitiveness of the premium.
2. The financial strength of the insurer.
3. The sustainability of the insurer's offer.

Research House software	Risk research provided by	Are scores given?	Product features	Premium cost as part of score	Financial strength and sustainability lead indicators	Premium cost history	Adjustable weightings functionality
IRESS (Proplanner)	IRESS	●	●	–	–	–	●
Boss Risk Dimensions /IRESS	Plan For Life	●	●	–	–	–	●
Life Research Net Generation /IRESS	Plan For Life	–	●	–	–	–	–
MLC ThreeSixty Risk Advice Tool	DEXX & R	●	●	●	●	–	●
Cannex	Cannex	●	●	●	–	–	●
Smart Comparitor	Smart Comparitor	–	●	–	–	–	–
Razar	Razar	–	–	●	–	–	–
Coin Inc.	RiceWarner	●	●	●	●	–	●
OminiLife	Omnium	●	●	●	●	●	●
IQM	IRESS	●	●	●	● [#]	–	●

[#] Financial strength only.

Correct as of August 2007.

Thinking outside the square

What factors should be considered in order to give appropriate advice?

The extent of factors considered in formulating 'appropriate' advice will vary according to the complexity and range of your client's needs.

Additionally, your product selection at a high level will consider how product promises under your recommended policy are likely to be delivered.

Some typical and specific factors that could be considered in selecting life risk insurance products are shown below.

Summary

- Remember that product ratings are based on a general set of factors and it is your responsibility to consider these in the context of your client's circumstances.
- Be aware of the basis on which default weightings are calculated.
- If necessary, consider supplementing your research from other sources (additional to your research software) to ensure that your client's circumstances are appropriately considered in your recommendations.

Personal advice must be appropriate for the client.

Advice is appropriate if it is fit for its purpose (ie if it satisfies the client's relevant personal circumstances). Personal Advice does not need to be ideal, perfect or best to comply with the Corporations Act.

ASIC Policy Statement Licensing: Financial Product Advisers – Conduct and Disclosure, p36 (May 2005).

We continue to enhance and build on our products, but won't slavishly follow trends that are unsustainable in the long term. By taking this stand we may not always be rated the highest by research software, but we are around for our client's long-term financial plans.

Greg Einfeld
General Manager
MLC Insurance



Award-winning wealth protection

Asset Innovation Awards

Income Protection
Product of the Year, 2008

Smart Investor

Income Protection
Product of the Year, 2007

Asset Innovation Awards

Income Protection
Product of the Year, 2007

Plan for Life/AFA

Income Protection
Product of the Year, 2007

Australian Banking and Finance Magazine

Best Life Insurance
Company, 2006

Australian Banking and Finance Magazine

Best New Life Insurance Product
(MLC EasyCover), 2006

Australia & New Zealand Insurance Industry Awards

Insurance Company
of the Year, 2006

Money Magazine

Best Term and TPD Risk
Insurance, 2006

Money Management

Business Overheads
Product, 2005 & 2006

Personal Investor

Insurance Company
of the Year, 2005

Personal Investor

Income Protection
Product of the Year, 2005

Money Magazine

Best Income Protection
Insurance, 2005

Personal Investor

Insurance Company
of the Year, 2004

Australia & New Zealand Insurance Industry Awards

Life Insurance Company
of the Year, 2004

Australian Banking and Finance Magazine

Best Life Insurance
Company, 2004

Personal Investor

Trauma Product
of the Year, 2004

Personal Investor

Insurance Company
of the Year, 2003

Personal Investor

Term Life Product
of the Year, 2003

Personal Investor

Trauma Product
of the Year, 2003

Personal Investor

Income Protection
Product of the Year, 2003

Personal Investor

Insurance Company
of the Year, 2002



MLC Insurance Adviser use only

Where to get help

For more information contact
your dedicated service team.

Website: mlc.com.au

Postal address:
MLC Limited, PO Box 200
North Sydney, NSW 2059