



Lumley Life Limited

ABN 20 000 017 194

Optimal Income Protection Insurance

Customer Information Brochure
and
Policy Document

You should read this brochure carefully,
especially the key features section.
This contains the important information
you should know about the policy.

Issue Date: 1st March 2002 EXPIRY DATE: 28th February 2003

Traditional Values ~ Innovative Ideas

CUSTOMER INFORMATION BROCHURE

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IMPORTANT NOTES

■ POLICY DOCUMENT ALSO INCLUDED

This booklet also includes the Policy Document which sets out the terms and conditions of the contract. It should therefore be kept in a safe place. Once your application has been accepted and the first premium paid you will be issued with a Policy Information Statement and Schedule. Where the annual premium is \$500 or more, you will also receive a Customer Advice Record which details some of the important aspects of your dealings with our agent. These documents should be read and checked carefully by you to ensure the contract meets with your requirements. The documents are your evidence that the contract is in force and should therefore be kept with the Policy Document.

■ This brochure is dated 1st March 2002 and expires 28th February, 2003. It can only be utilised during this period and cover can only be applied for by using an application form.

■ Should there be any material alteration to the information contained in this Brochure which would result in it becoming misleading, then it will be withdrawn and a new one issued.

■ A copy of this Brochure has been lodged with the Australian Securities and Investments Commission.

■ All statements made in this brochure in relation to taxation are based on Lumley Life's interpretation of current legislation and rulings which are subject to change from time to time. Any changes to the benefits under your Policy as a result of a change to taxation will be advised to you. The taxation information is of a generalised nature as individual circumstances may vary.

■ This brochure gives information for the general public. Details about a Policy specifically tailored to your needs are available on request.

■ Premiums paid are used to cover the risk and expenses incurred in managing the Policy and consequently there is no surrender or cash value at any time.

■ All products in this brochure provide 24 hours a day cover, worldwide.

■ The Policy is issued under Lumley Life's No. 1 Statutory Fund and is a non participating policy. This means that the Policyowner is not entitled to any allocation of operating profits or distribution of retained profits of the Statutory Fund.

KEY FEATURE STATEMENT

OPTIMAL INCOME PROTECTION INSURANCE

This Key Feature Statement follows guidelines set down by the Australian Securities and Investments Commission. It will help you to:

- **decide whether this product will meet your needs; and**
- **compare this product with others you may be considering**

IMPORTANT NOTICE

This is not a savings plan. The primary purpose of this policy is to provide a benefit in the event of disability. If you terminate this policy after the cooling off period, you will not receive any money back.

► THE PRODUCT

Optimal Income Protection Insurance provides financial protection in the event of Total Disability caused by illness or injury. It allows you to insure up to 75% of your Earned Income at the time you apply for the cover subject to the following limits:

- 75% of the first \$300,000 of Earned Income; and
- 50% of Earned Income in excess of \$300,000.

The maximum initial sum insured under this policy is \$300,000 per annum.

Total Disability means that due to suffering an illness or injury the Life Insured:

- Is unable to perform at least one important income producing duty of his/her regular occupation; and
- is not currently working in any gainful occupation, and
- is under the care and following the advice of a medical practitioner.

Guaranteed Renewal of Cover

Lumley Life guarantees to offer renewal of the Policy each year irrespective of how many claims are made and regardless of the changes in health or occupation.

Guaranteed Non-Cancellable

Provided you have complied with the Duty of Disclosure and pay premiums when due, Lumley Life cannot cancel your Policy. This guarantee applies regardless of any change in your health or personal circumstances.

► THE PREMIUMS

Premiums depend on the Life Insured's age, sex, occupation, pastimes, smoking habits and state of health. Premiums are payable yearly in advance (or more frequently by instalments as agreed with Lumley Life). The premiums are based on the then current age next birthday of the Life Insured. This

means that on each renewal of cover, the premium will increase as the age of the Life Insured increases.

Premiums will attract annual increases automatically to reflect increases in the Annual Benefit based on the rate of inflation. The Policyowner may decline these automatic increases.

Where a premium is not paid when it is due, then the protection provided by the Policy will lapse after a statutory period. Lumley Life will provide written notice before the Policy lapses.

No one individual policy can be singled out for an increase in premium rates because of an adverse change in the health or circumstances of the Life Insured.

Lumley Life may increase the premium rates after providing three months notice in writing.

Lumley Life reserves the right to alter the frequency loadings which apply to premiums paid more frequently than yearly and to increase premium rates as a result of Government charges. Three months written notification will be provided before the new charges prevail.

(NB: Tables of premium rates are available on request.)

► THE BENEFITS

The benefits provide a regular income calculated on a daily basis and paid monthly in arrears (with the exception of the Specified Injury Benefit which is paid in advance).

All benefits will be paid in Australian currency.

Disability arising from the following events is not covered under the Policy:

- intentionally self-inflicted act or injury;
- uncomplicated pregnancy;
- war or acts of war whether declared or not; and
- any other specific event or cause agreed between Lumley Life and the Policy owner. (These specific events will be noted in the Policy by endorsement).

► Claims for Benefits arising from Specified Medical Conditions

Where Disability results from a Specified Medical Condition (definitions of these conditions are contained in the Policy Document on pages 13, 14 & 15), Lumley Life will pay the benefit during the first twenty four months of a claim as described below.

During the first six months of a claim, the benefit payable will be increased so that it will be equal to 95% of the income which was used to determine the Annual Benefit shown in the Policy Schedule (i.e. the Annual Benefit divided by 75%).

After the first six months of claim the benefits are related to the Life Insured's Pre Disability Earnings at the time of going

on claim as follows:

Duration of Claim	% of Pre Disability Earnings
7-12 months	90
13-18 months	85
19-24 months	80
Thereafter	75

The maximum level of Pre Disability Earnings is the Annual Benefit divided by 75%.

Benefits will continue to be paid while on claim until the Life Insured attains the age of 70 years or dies.

► **Claims For Benefits Arising from Specified Injuries**

Where Total Disability arises from a Specified Injury, (the Policy Document contains a list of these injuries) Lumley Life will pay a benefit for a minimum period even though the Life Insured may not be Totally Disabled for the whole of that period. If Total Disability lasts longer than the Minimum Payment Period then the benefits will continue for up to two years (730 days) from commencement of the benefit period.

Claims can still be made for Specified Injuries after the expiration of two years but only for the Minimum Payment Period.

For the first six months of a claim benefits are based on the Annual Benefit. Thereafter the benefits are based on the Life Insured's Pre Disability Earnings at the time of claim (with a maximum level of Pre Disability Earnings equal to the Annual Benefit divided by 75%).

Benefits will cease when the Life Insured reaches age 70, if on claim at that time.

► **Claims for Benefits Arising from any other Illness or Injury**

Where Total Disability arises from an illness or injury other than a Specified Medical Condition or Specified Injury, the benefits will continue for up to two years (730 days) while Total Disability continues.

This two year maximum period includes all benefits paid from all claims other than those caused by Specified Medical Conditions.

The Life Insured must be on claim for a period of thirty consecutive days, due to Total Disability, before benefits become payable. Benefits then begin to accrue from day thirty one of Total Disability.

Once the total period of time on claim reaches two years (730 days) the only claims that can be made under the Policy are for Specified Medical Conditions and Specified Injuries (up to the Minimum Payment Period).

For the first six months of a claim benefits are based on the Annual Benefit. Thereafter the benefits are based on the Life Insured's Pre Disability Earnings at the time of going on claim (with a maximum level of Pre Disability Earnings equal to the Annual Benefit divided by 75%).

Note: Earned Income and Pre Disability Earnings are defined on

page 13 of the Policy Document.

This benefit is subject to the Unexpired Benefit Period (see page 12).

► **IMMEDIATE COVER IN THE EVENT OF AN ACCIDENT** (See page 4)

Provided the premium has been received and the Application is not replacing an existing Lumley Life Policy, the cover applies immediately in respect of Total Disability caused by an accident for a period of sixty (60) days for the lesser of the Benefit applied for, or \$10,000 per month (on any one life).

Cover does not apply if Total Disability arises from:

- Intentionally self-inflicted act or injury;
- Any medical or physical condition of the Life Insured existing at the Commencement Date;
- Engaging in any sport, pastime or occupation for which Lumley Life would not offer cover at standard rates; and
- War or acts of war whether declared or not.

► **WHAT ARE THE CHARGES?**

All the charges of the Policy are fully described in this section. Lumley Life undertakes not to apply any other charges without your specific consent.

All fees and charges associated with the issue and management of the Policy are included in the premiums you pay. There are no additional fees.

However, where premiums are paid more frequently than yearly a frequency loading will be applied to offset the costs of the additional transactions.

Frequency	% Loading
Monthly	8%
Half Yearly	6%

Any increases to these loadings will be advised to the Policyowner in writing at least three months prior to the increase taking place.

► **TAXATION**

► **Premiums**

Premiums are generally deductible when calculating assessable income.

► **Benefits**

Benefits payable are generally treated as income and therefore would be assessable for income tax.

This information is based on the continuance of present laws and their interpretation.

You should consult your taxation or financial adviser for information relevant to your own personal situation.

► **“COOLING OFF” PERIOD**

If for any reason you are dissatisfied with the Policy once it is issued, or if you feel it does not meet your needs, you may return it to Lumley Life within twenty-eight days from the day you receive your Policy Information Statement and Schedule and receive a full refund of premium(s) promptly. Your request should be in writing.

ACCIDENTAL TOTAL DISABILITY INTERIM CERTIFICATE OF INSURANCE

No Cost Accident Cover on the following terms is hereby given by Lumley Life to the person from whom it receives a fully completed application and personal statement for Optimal Income Protection Insurance (the Application) and payment of the first premium or instalment premium (the Premium). The first premium or instalment premium is deemed to have been paid if Lumley Life has received an authorisation to collect the first premium from a financial institution.

► The Cover

- An accidental event which causes Total Disability of the Life Insured prior to age 60,
- The Benefit applied for, or \$10,000 per month, for a period of six months, whichever is the lesser amount. (This is the maximum cover applicable on any one Life Insured irrespective of the number of applications received.)

► Duration of the Cover

- Commences when Lumley Life receives the Application and the Premium (the Commencement Date)
- Terminates
 - When Lumley Life accepts or declines the Application or cancels the cover,
 - If the Life Insured dies or leaves Australia,
 - 60 days from the Commencement Date,whichever happens first.

► Exclusions

Cover will not apply if Total Disability is caused by or results from:

- Intentionally self-inflicted act or injury,
- Any medical or physical condition of the Life Insured existing at the Commencement Date,
- Engaging in any sport, pastime or occupation for which Lumley Life would not offer cover at standard rates,
- War, acts of war whether declared or not.

**Lumley Life Limited, Lumley House
309 Kent Street, Sydney NSW 2000
Telephone (02) 9248 1255 Facsimile (02) 9248 1266
Freecall 1800 221 142**

GENERAL INFORMATION

COMMITMENT TO UP-GRADE POLICIES

Lumley Life will always seek to upgrade existing policies with future developments and improvements to benefits. When improvements to benefits are made to new policies without increasing the premium rates then those improvements will be offered to existing policyholders wherever possible. Should a situation arise where a policyholder is disadvantaged in any way as a result of an improvement, then the previous conditions will prevail.

► CLAIMS PHILOSOPHY

It is the desire of Lumley Life to work in partnership with you and the Life Insured during a period of claim by offering Recovery Support Benefits augmented by rehabilitation support facilities and programs wherever possible. Regular contact including home visits (with consent) allows you and the Life Insured input to the continued management of the claim. This allows your questions to be answered and keeps us fully informed of issues arising that may impact on the Life Insured's ability to recover from injury or illness. Communication is the essence of this philosophy.

► ENQUIRIES & COMPLAINTS

Lumley Life will always seek to resolve complaints quickly and efficiently and with the fairest possible result. If you have any queries, please telephone Lumley Life on 1800 221 142 or write to the Complaints Officer, Lumley Life Ltd, 309 Kent Street, Sydney, NSW, 2000. Every effort will be made to assist you. However if you are not satisfied you may then refer a complaint to the Manager of the Financial Industry Complaints Service Limited, PO Box 579, Collins Street West, Melbourne 8007 or Telephone (03) 9629 7050. (Toll free on 1800 335 405, outside the Melbourne Metropolitan area.) (Facsimile (03) 9621 2291.)

The Financial Industry Complaints Service Limited is an independent and impartial company sponsored by the industry and has been set up to advise and assist policyholders to resolve complaints with their life insurance company. **Before seeking to use the Service, a policyholder must try to resolve the complaint directly.**

PRIVACY STATEMENT

At Lumley Life Limited* your right to privacy has always been important to us. This document explains why we collect your personal information and how we may use or disclose that information.

We collect information about you to provide our insurance products and services to you. We usually collect personal information such as name, age, contact details, payment details, occupation, family and medical history, and employment information. The full details of the types of personal information we collect can be found in the questions we ask and/or in the forms we ask you to complete.

In some situations we may collect your personal information from a third party such as your insurance representative, medical practitioner or health professional, accountant or employer. We will only do so with your consent.

If you do not provide information sought by Lumley from time to time, it may affect Lumley's ability to provide you with and administer our products or services. You are required by insurance law to disclose all relevant information to us when you apply for insurance. Please refer to your application form for further details of this duty, and the consequences of not complying with this duty.

We use your personal information to manage and administer all products and services we provide to you, including to assess and process your application for insurance, process and investigate claims made against your insurance, provide you with information about other products or services that may be of benefit to you; and to ensure our internal business operations are running smoothly (which may include fulfilling regulatory and legal requirements and confidential system testing).

Depending on the type of product or service we provide to you, we may need to disclose your information to certain third parties. If we do this we require these parties to protect your information in the same way we do. The types of organisations we may need to disclose your personal information to (as necessary only) include:

- external service providers that provide financial, legal, administrative or other services in connection with the operation of our business (for example our reinsurers, auditors, claims investigators, compliance consultants or mailing/archiving services for document mailing services and secure storage);
- medical practitioners or health professionals for the purpose of assessing your application or claim;
- government agencies (as part of our regulatory or statutory obligations);

- where we collect your information from someone else or another entity (such as a superannuation fund or employer), then we may disclose your personal information to that person or entity; and
- your insurance representative with your consent.

Your health or medical information will only be disclosed (as necessary only) to service providers or authorised personnel who are directly involved in the assessment or administration of your application or claim.

Your personal information will not be used or disclosed for any purpose without your consent, except where required by law.

By completing an application form or any other form, you consent to Lumley collecting, using, disclosing and handling your personal information as set out in this document.

You can request access to the personal information we hold about you. You may ask us at any time to correct this information where you believe it is incorrect or out of date.

There will be no fee for requesting access to your information, however we may charge you the reasonable cost of processing your request. To access personal information we hold about you, or to obtain more information about your rights or our Privacy Policy, please contact Lumley's Privacy Officer at:

Lumley Life Limited
Level 3
309 Kent Street
Sydney NSW 2000
Phone (02) 9248 1255 or
Fax (02) 9248 1101

* Includes Security and General Nominees Pty Limited as trustee for Lumley Life Limited Personal Superannuation Fund.



Lumley Life Limited
ABN 20 000 017 194

*Optimal
Income Protection
Insurance*

Policy Document

Important Note

This policy Document sets out the Terms and Conditions of the contract between the Policyowner and Lumley Life. Following acceptance of the application and the payment of the first premium you will be issued with additional documentation which will evidence that insurance cover exists. This additional documentation should be placed with this booklet.

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INTRODUCTION

THE DOCUMENT

Once insurance cover commences, this Policy Document becomes your evidence of a contract of Life Insurance between you and Lumley Life Ltd. It is an important document and should be kept in a safe place.

Please read the document carefully including the Policy Information Statement and Schedule which details the type and amount of cover and the premium payable in the first year.

The document is divided into separate sections detailing the conditions and definitions applying to different types of insurance cover. Some or all of these conditions may apply to you. Please check your Policy Information Statement and Schedule to identify them.

TWENTY-EIGHT DAY

“COOLING OFF” PERIOD

We want you to be completely satisfied with your Policy. If you are not satisfied, then return it to Lumley Life for cancellation within twenty-eight days from the day you receive the Policy Information Statement and Schedule and your premium will be promptly refunded in full. Your request must be in writing. During the ‘cooling off’ period full cover is provided.

COMMITMENT TO UP-GRADE POLICIES

Lumley Life will always seek to upgrade existing policies with future developments and improvements to benefits. When improvements to benefits are made to new policies without increasing the premium rates then those improvements will be offered to existing policyholders wherever possible. Should a situation arise where a policyholder is disadvantaged in any way as a result of an improvement, then the previous conditions will prevail.

YOUR DUTY OF DISCLOSURE

Before you enter into a contract of life insurance with an insurer, you have a duty under the Insurance Contracts Act 1984, to disclose to the insurer every matter that you know, or could reasonably be expected to know, is relevant to the insurer's decision whether to accept the risk of insurance and, if so, on what terms. You have the same duty to disclose those matters to the insurer before you extend, vary or reinstate a contract of life insurance. Your duty, however, does not require disclosure of a matter:

- that diminishes the risk to be taken by the insurer;
- that is of common knowledge;
- that your insurer knows or, in the ordinary course of his business, ought to know;
- disclosure of which is waived by the insurer.

NON-DISCLOSURE

If you fail to comply with your duty of disclosure and the insurer would not have entered into the contract on any terms if the failure had not occurred, the insurer may avoid the contract within three years of entering into it. If your non-disclosure is fraudulent, the insurer may avoid the contract at any time. An insurer who is entitled to avoid a contract of life insurance may within three years of entering into it, elect not to avoid it, but to reduce the sum that you have been insured for in accordance with a formula that takes into account the premium that would have been payable if you had disclosed all relevant matters to the insurer.

GENERAL PROVISIONS AND CONDITIONS

COVERAGE

The Policy provides insurance cover 24 hours a day world wide.

SPECIAL PROVISIONS

Where special provisions are shown in the Policy Information Statement and Schedule or are attached to the document they should be read carefully and understood because they alter the standard provisions elsewhere in the document.

AUSTRALIAN CURRENCY

All benefits and premiums payable under the Policy will be paid in Australian currency.

SURRENDER VALUE

Premiums paid are used to cover the risks and expenses incurred in managing the Policy and consequently there is no surrender or cash value.

NON PARTICIPATING POLICY

The Policy is issued under Lumley Life's No 1 Statutory Fund and is a non participating policy. This means that the Policyowner is not entitled to any allocation of operating profits or distribution of retained profits of the Statutory Fund.

LEGAL INTERPRETATION

The Policy will be interpreted under the Laws of the State of New South Wales.

PREMIUM PAYMENTS

The premiums shown in the Policy Information Statement and Schedule are due and payable in advance on each anniversary of the Policy commencement date (the Renewal Date). A period of grace beyond the anniversary date will be allowed for payment, without interest, of each premium and during this period the Policy shall remain in force. In the event that premiums have not been paid, all cover shall cease at 4.00 o'clock in the afternoon of the twentieth business day after written notice of cancellation has been given by Lumley Life.

With the agreement of Lumley Life, premiums may be paid by instalment subject to a frequency of payment loading and a method of payment acceptable to Lumley Life.

The premiums are stepped premiums, based on the then current age next birthday of the Life Insured. This means that on each renewal of cover, the premium will increase as the age of the Life Insured increases.

PREMIUM RATE GUARANTEE

No one individual policy can be singled out for an increase in premium rates because of an adverse change in the health or circumstances of the Life Insured. However, Lumley Life reserves the right to increase premium rates on all policies of this type after providing three months notice in writing.

GUARANTEED RENEWAL OF COVER

Lumley Life guarantees to offer renewal of the cover each year up to the expiry of the Policy.

GUARANTEED NON CANCELLABLE

Provided you have complied with the Duty of Disclosure and pay the premiums when due, Lumley Life cannot cancel your Policy. This guarantee applies regardless of any change in the Life Insured's health or personal circumstances.

MIS-STATEMENT OF AGE

In the event that the age of the Life Insured has been mis-stated then the annual benefit, or the premium payable, shall be adjusted, and the Policy varied, in accordance with the applicable legislative provisions.

AUTOMATIC INFLATION PROOFING

Unless otherwise stated in the Policy Information Statement and Schedule, Lumley Life will, on each Renewal Date, increase the annual benefit at an annual rate determined by Lumley Life based on the Consumer Price Index published by the Australian Statistician from time to time (or such other index as Lumley Life considers appropriate) provided that the Life Insured has not attained the age of sixty five (65) years. Automatic increases will not be made while benefits are being paid under the Policy.

The Policyowner shall have the option of not effecting any increase provided such option is exercised in writing.

SMOKER/NON-SMOKER RATES

If the Policy has been issued using non-smoker premium rates then those premium rates have been based on the Life Insured's statement that he or she has not smoked any substance in the twelve months prior to the commencement date, reinstatement or increase. If this statement is found to be untrue then the annual benefit will be adjusted having regard to the premium rates that would have been payable had full information been known.

TERMINATION OF POLICY

The Policy will terminate on the occurrence of the earliest of the following:

- The Life Insured attaining the age of 70 years;
- The date the Life Insured retires from gainful occupation (with no intention of returning to gainful occupation) other than as a result of Total Disability or Partial Disability;
- When the Policy is lapsed due to non payment of a premium; and
- Upon the death of the Life Insured.

CLAIMS

Notification of Claim

Lumley Life must be notified immediately in writing if you become Disabled.

Lodgement of Claim Form

Claim forms must be completed and lodged within thirty days of the commencement of any period of Disability.

Extension of Time

If it can be shown that it was not possible to meet the time requirement then a claim form must be provided as soon as possible. Lumley Life will not consider any claim submitted more than 365 days after the Disability began, except in the case of certified absence of legal capacity.

Claim Information

In the event of a claim the policyowner agrees at their expense to provide to Lumley Life:

- a) any medical report from a Medical Practitioner or any other person who has been or is treating the life insured; and
- b) copies of personal and business tax returns, assessment notices, financial statements and any other financial evidence reasonably required to confirm or calculate the Life Insured's Earned Income or earnings; and
- c) any other information required by Lumley Life.

Payment of a benefit is subject to proof of the Policyowner's entitlement in such a manner as Lumley Life may reasonably request. Lumley Life has the right to require from time to time proof of the Policyowner's continuing entitlement to any benefit and to reduce or terminate payment if the Policyowner is no longer entitled to the

benefit under this Policy.

You agree with Lumley Life to assist in the ongoing management of a claim. This may include participation in recovery and rehabilitation support programmes whenever possible and include home visits (with your consent).

Medical Information

The Life Insured must undergo at Lumley Life's expense any medical examination or examinations which Lumley Life may require.

Continuation of Claim

If two independent specialist medical practitioners each confirm that a claim for Total Disability is no longer based entirely on the happening of a Specified Medical Condition, but is due or also due to another illness or injury, then the maximum period for which benefits will be paid will be the lesser of 730 days or the Unexpired Period of Coverage.

Proof of Age

No benefit will be payable under this Policy without proof of age of the Life Insured being submitted in the form of a birth certificate or such documentation as Lumley Life shall require.

If the age has been understated, the benefits under the Policy will be those that the premium you paid would have purchased at the correct age.

► Medical Advice and Treatment

No benefit is payable unless the Life Insured seeks advice and undertakes treatment from a medical practitioner, and continues to do so during the currency of any period of Disability. Lumley Life may reduce or decline to pay benefits during any period or periods of Disability which are caused by failure to seek and follow medical advice or treatment. Lumley Life will waive this provision if in the opinion of the medical practitioner, continued or future treatment would be of no benefit.

► Exclusions

Lumley Life will not pay benefits under this Policy for any illness or injury in connection with:

- intentionally self-inflicted act or injury;
- uncomplicated pregnancy;
- war or acts of war whether declared or not; or
- any other specific event or cause agreed between Lumley Life and the Policyowner. (These specific events will be noted in the Policy by endorsement.)

OPTIMAL INCOME PROTECTION INSURANCE

1.0 INTRODUCTION

This insurance policy provides for the payment of a benefit in the form of a monthly payment in the event that you suffer Disability due to suffering an illness or injury.

2.0 COVERAGE

The level and duration of benefits depend on the cause of Disability, namely:

- (i) Specified Medical Condition
- (ii) Specified Injury
- (iii) Any other Illness or Injury

2.1 Specified Medical Condition *(see pages 14, 15 & 16)*

Upon the occurrence of a Specified Medical Condition the Benefit is payable from the first day of Disability and will continue until the earliest of:

- (i) the Life Insured's attainment of the age of 70 years;
- (ii) the Life Insured ceasing to be Disabled solely as a result of the Specified Medical Condition; and
- (iii) the death of the Life Insured.

2.2 Specified Injury

Upon the occurrence of a Specified Injury, the Benefit is payable from the first day of Disability and will be paid for the Minimum Payment Period shown in the following table, whether or not the Life Insured is working.

If more than one listed injury is suffered during the payment period, the injury that provides the greatest benefit will be paid. The Specified Injury Benefit is paid instead of any other disability benefit and is payable once the Specified Injury is suffered. The Benefit is payable in advance. If the Life Insured is still disabled at the end of the Minimum Payment Period the benefits will continue until the earliest of:

- (i) the date on which the aggregation of days on claim from all causes (other than those caused by Specified Medical Conditions) reaches 730;
- (ii) the Life Insured attaining the age of 70 years;
- (iii) the Life Insured ceasing to be Disabled as a direct result of the Specified Injury; and
- (iv) the death of the Life Insured.

Specified Injury Means	Minimum Payment Period in days
(i) The total and permanent loss of the use of the hand from the wrist or the foot from the ankle joint.	365
(ii) The total and irrecoverable loss of an eye or the sight in the eye.	365
(iii) The complete severance of the thumb and index finger from the first phalangeal joint.	180
(iv) the Fracture of:	
(a) Leg above the knee (femur), pelvis	90
(b) Leg below the knee (tibia or fibula)	60
(c) Ankle, heel	60
(d) Kneecap	60
(e) Vertebrae	60
(f) Upper arm (humerus), shoulder bone (scapula), elbow	60
(g) Wrist	45
(h) Forearm (radius or ulna), collarbone (clavicle)	30
(i) Skull, jaw	30

Where: Fracture means any fracture resulting from an accident requiring fixation, immobilisation or plaster cast treatment of the affected area within 48 hours of the accident.

2.3 Any other Illness or Injury

Where the Life Insured suffers Disability from any cause other than a Specified Medical Condition or Specified Injury for longer than 30 continuous days, the benefit will be payable from the end of the 30 days for so long as Disability continues until the earliest of:

- (i) the date on which the aggregation of days on all claims from all causes (other than those caused by Specified Medical Condition) reaches 730;
- (ii) the Life Insured attaining the age of 70 years;
- (iii) the Life Insured ceasing to be Disabled; and
- (iv) the death of the Life Insured.

3.0 UNEXPIRED PERIOD OF BENEFIT

Where Disability results from any illness or injury (other than Specified Medical Conditions and Specified Injuries) and its duration is less than 730 days then the Unexpired Period of Benefit will apply whilst the Policy remains in force. The Unexpired Period of Benefit is the number of days remaining after subtracting the total number of days from all claims from 730.

No further claims (other than those covered by Specified Medical Conditions and Specified Injuries) are payable under the Policy once the total number of days on claim reaches 730 in the aggregate.

Where the Unexpired Period of Benefit has been exhausted, then:

- (i) claims in respect of Specified Medical Conditions can still be made during the currency of the Policy.
- (ii) claims in respect of Specified Injuries can still be made during the currency of the Policy, but will be limited to the Minimum Payment Period, irrespective of the actual duration of the claim.

4.0 THE BENEFIT

The benefit is calculated at the rate of 1/365th of the Annual Benefit for each day of each Total Disability claim (after allowing for a waiting period of thirty days for claims other than those arising from Specified Medical Conditions or Specified Injuries). It is payable monthly in arrears and in Australian currency.

5.0 AMOUNT OF BENEFIT

Claims Arising From a Specified Medical Condition

Where Disability results from a Specified Medical Condition and the continuation of the claim is entirely dependent upon the happening of a Specified Medical Condition, Lumley Life will pay the benefit during the first six months of the claim, as described below.

During the first six months of a claim, the benefit payable will be increased so that it will be equal to 95% of the income which was used to determine the Annual Benefit shown in the Policy Schedule (i.e. the Annual Benefit divided by 75%).

Duration of Claim	% of Pre Disability Earnings
7-12 months	90
13-18 months	85
19-24 months	80
Thereafter	75

Thereafter, the benefit is calculated based on the Life Insured's Pre Disability Earnings as follows:

Provided always that the Pre Disability Earnings will not exceed the Annual Benefit divided by 75%.

Claims Arising From Specified Injury or Any Other Illness or Injury

Where a claim arises from a cause other than a Specified Medical Condition, the benefit is based on the Annual Benefit during the first six months of the claim. Thereafter, the benefit is the lesser of 75% of the Life Insured's Pre Disability Earnings and the Annual Benefit.

6.0 PARTIAL DISABILITY BENEFIT

Partial Disability must follow a period of Total Disability of at least 14 continuous days.

If the Life Insured suffers Partial Disability prior to his/her 65th birthday Lumley Life will pay the Partial Disability Benefit in accordance with the terms of the Policy.

The amount of the Partial Disability Benefit equals:

$$\frac{(A - B)}{A} \times \text{the Annual Benefit}$$

'A' is Pre-Disability Earnings;

'B' is the earnings for the month the benefit is payable.

If you are Partially Disabled, and no work is available to you, Lumley Life will substitute for 'B' an amount calculated by Lumley Life as your capacity to earn.

7.0 WAIVER OF PREMIUM

If the Life Insured suffers Total Disability, Lumley Life will waive premiums for so long as benefits are being received.

8.0 DEATH BENEFIT

If the Life Insured dies whilst receiving benefits under this Policy, then Lumley Life will pay an additional amount equal to one quarter (¼) of the Annual Benefit to his/her legal personal representative.

9.0 RECURRING CLAIM BENEFIT

Where a claim results from a relapse or recurrence of the same or related illness or injury that caused Total or Partial Disability, within 365 days of returning to work, Lumley life will treat it as a continuation of the previous claim.

The Life Insured has the option of having the claim treated as a new claim.

DEFINITIONS

Interpretations

We, us and ours means Lumley Life Limited.
You and Yours refers to the Policyowner, who may also be the Life Insured.

Annual Benefit

Is the amount shown in the Policy Information Statement and Schedule plus any indexation increases and less any deductions which may apply.

Earned Income

For a self employed person, a working director or partner in a partnership, Earned Income means:

- Total annual income earned in the conduct of the business or profession due to the Life Insured's personal exertion less the share of business expenses necessarily incurred in the conduct of his/her business or profession.

From any other source of employment,
 Earned Income means:

- Annual salary, fees, commissions, bonuses and any other income considered part of the Life Insured's remuneration package, earned by him/her for services performed.

In either case, income does not include any income which is not generated by the Life Insured's personal or vocational activities. Income paid from other disability income policies, retirement plans, lump sum disability payments, rental income and investment income are some examples of income which would not be treated as part of the total income.

Medical Practitioner

Means a medical practitioner legally qualified and registered to practice in Australia and is a person other than the Life Insured or the Policyowner or their relatives, business partners, shareholders or employees. Where the practice is outside Australia, the medical practitioner must have qualifications equivalent to Australian standards.

Pre Disability Earnings

Means Your highest average monthly Earned Income in any 12 consecutive months in the two years prior to the current claim. Pre Disability Earnings will not exceed the Annual Benefit divided by 75%.

Partial Disability and Partially Disabled

Means that due to suffering an illness or injury the Life Insured:

- suffers a partial loss of Earned Income;
- cannot work full time, or is unable to perform an

important income producing duty of his/her regular occupation; and

- is under the care and following the advice of a medical practitioner.

Benefits do not begin to accrue until the expiry of 30 days (unless the claim results from a Specified Medical Condition or Specified Injury in which case, the benefits will accrue from the first day of Partial Disability). If the percentage loss of Earned Income is 75% or more, Lumley Life will deem the loss to be 100%.

Provided always that Partial Disability must follow a period of Total Disability of at least 14 continuous days.

Pre Existing Conditions

As long as the Policyowner and Life Insured have fully satisfied the "Duty of Disclosure", which is described in the application, the Policyowner will be paid benefits for any claim arising from a pre-existing condition provided it has not been specifically excluded in the special provisions of this Policy.

Receipt of Other Monies

Payments from an employer or previous employer (such as sick leave) will be taken into account when calculating the benefit.

Workers Compensation or Social Security payments in respect of lost income will also be taken into account when calculating the benefit. (However any pain or suffering component of such a payment will be ignored for these purposes.) Other Monies will also include regular payments received from other disability or income protection insurance policies.

Taking into account the receipt of other monies will have the effect of reducing the benefit so that the benefit together with the aggregate of the annual equivalent of those other monies shall not exceed the benefit otherwise payable under the Policy.

In the situation where the occupation of the Life Insured is self employed and is rated as Class One Professional, none of these payments will be taken into account.

Where any of the amounts mentioned above are paid in a lump sum, Lumley Life shall treat them as if they had been paid in the form of an equivalent annual amount calculated by our Appointed Actuary by reference to the circumstances in which the payments were made.

If benefits are reduced in accordance with this provision, a proportionate refund of premiums paid will be made. The refund will be calculated by multiplying the percentage reduction in benefit by the average monthly premium during the period of Disablement and by the number of months for which the reduction applies.

Insured lump sum total and permanent disablement benefits, lump sum 'trauma diagnosis style' or superannuation benefits will not cause the benefit to be reduced.

Total Disability and Totally Disabled

Total Disability means that the Life Insured is:

- (i) unable to perform at least one important income producing duty of his/her regular occupation;
- (ii) not currently working in any gainful occupation; and
- (iii) under the care and following the advice of a medical practitioner.

All of the above three conditions must be satisfied before Total Disability exists under this Policy.

Benefits do not begin to accrue until the expiry of 30 days (unless the claim results from a Specified Medical Condition or Specified Injury in which case, the benefits will accrue from the first day of Disability).

Disabled or Disability

Means Total or Partial Disability as the case may be.

SPECIFIED MEDICAL CONDITION

Means the Specified Medical Conditions listed below.

Once the definition has been satisfied, the benefit is payable from the first day of Disability.

Alzheimer's Disease

Means the diagnosis of Alzheimer's Disease by a consultant neurologist confirming dementia due to failure of the brain function with significant cognitive impairment for which no other recognisable cause has been identified. Significant cognitive impairment is defined as a deterioration or loss of intellectual capacity as measured by clinical evidence and standardised testing, and which results in a requirement for continual supervision to protect you or others.

Angioplasty

Means the undergoing of angioplasty, insertion of a stent or keyhole cardiac surgery to the coronary arteries that is considered necessary by a cardiologist to correct or treat coronary artery disease.

Aplastic Anaemia

Means bone marrow failure which results in anaemia, neutropenia and thrombocytopenia requiring treatment, with at least one of the following:

- bone marrow transfusions
- marrow stimulating agents
- immunosuppressive agents
- bone marrow transplantation

Benign Brain Tumour

Means a life threatening non-cancerous tumour in the brain which gives rise to characteristic symptoms of

intracranial pressure such as papilledema, mental symptoms, seizures and sensory impairment resulting in at least 25% permanent impairment of whole person function. The presence of the underlying tumour must be confirmed by imaging studies such as CT scan or MRI (Magnetic Resonance Imaging). Excluded are acoustic neuromas, cysts, granulomas and malformations in or of the arteries or veins of the brain, haematomas and tumours on the pituitary gland or spine.

Cancer

Means the presence of one or more malignant tumours, including leukaemia, malignant bone marrow disorders and malignant lymphomas. The following tumours are excluded:

- tumours showing the malignant changes of "carcinoma-in-situ" (including cervical dysplasia, CIN1, CIN2 and CIN3) unless leading to radical surgery or tumours which are histologically described as premalignant;
- malignant melanomas of Clarke Level 1 or 2 depth of invasion which are less than 1.5mm in thickness, as determined by histological examination;
- all hyperkeratoses or basal cell carcinomas of the skin; and
- all squamous cell carcinomas of the skin unless they have spread to other organs.

Cardiomyopathy

Means impaired ventricular function of variable aetiology, resulting in physical impairments to the degree of at least class 3 of the New York Heart Association Classification of cardiac impairment.

Cerebrovascular Accident (Stroke)

Means any cerebrovascular incident producing neurological sequelae, including infarction of brain tissue, intracranial or subarachnoid haemorrhage, embolisation from an intracranial source, but excluding transient ischaemic attacks, migraine and reversible ischaemic neurological deficits.

Chronic Liver Failure

Means end stage liver failure. The diagnosis must be based on the following criteria:

- a rapidly decreasing liver size;
- necrosis involving entire lobules;
- rapid degeneration of liver function tests; and
- deepening jaundice.

Liver disease secondary to alcohol usage or intravenous drug use is excluded.

Chronic Lung Failure

Means end stage lung disease requiring permanent oxygen therapy. The diagnosis will include an FEV1 test result of less than one litre.

Chronic Renal Failure

Means end stage renal failure presenting as chronic irreversible failure of both kidneys to function, as a result of which regular renal dialysis is instituted.

Coma

Means total failure of cerebral function characterised by total unarousable unresponsiveness to all external stimuli, persisting continuously with the use of a life support system for a period of at least four days.

Dementia

Means the clinical confirmation of dementia (including Alzheimer's Disease) due to failing brain functions, resulting in the need for continual assistance in the activities of daily living, as confirmed by a medical practitioner specialising in neurology, psychogeriatrics, psychiatry or geriatrics. Dementia directly related to alcohol abuse is excluded.

Encephalitis

Means severe inflammation of brain substance which results in significant and permanent neurological sequelae as certified by a consultant neurologist.

Loss of:

- both feet or both hands or the sight of both eyes or
- any combination of two of the following:
 - a hand
 - a foot
 - the sight in one eye
 - a leg
 - an arm

Loss means that total and permanent:

- (i) loss of the use of the hand from the wrist or the foot from the ankle joint;
- (ii) loss of the use of the arm from the elbow or leg from the knee joint; or
- (iii) irrecoverable total loss of an eye or sight in the eye.

Loss of Independent Existence

Means a condition as a result of a disease, illness or injury whereby you are totally and irreversibly unable to perform at least two of the following five activities of daily living:

- bathing or showering;
- dressing and undressing;
- eating and drinking;
- using a toilet;
- moving from place to place by walking, wheelchair or with the assistance of a walking aid.

Loss of Speech

Means the total and permanent loss of the ability to produce intelligible speech as a result of permanent damage to the larynx or its nerve supply, or to the speech centres of the brain whether caused by injury, tumour or sickness. The above must be certified by two appropriate medical specialists not less than ninety days after the ability to speak was first lost.

Major Abdominal Aortic Surgery

Means the actual undergoing of surgery via a thoracotomy or laparotomy to repair or correct an aortic aneurysm, an obstruction of the aorta or a coarctation of the aorta. For the purpose of this definition aorta shall mean the thoracic and abdominal aorta but not its branches. Surgery performed using catheter techniques only are specifically excluded.

Major Head Trauma

Means neurological deficit resulting from trauma, causing at least 25% impairment of whole person function lasting more than three weeks from the date of the trauma, and likely to persist, as certified by a consultant neurologist.

Major Organ Transplant

Means the transplant to the Life Insured of one or more of the following organs:

- kidney
- heart
- lung
- liver
- pancreas
- the transplantation of bone marrow.

Motor Neurone Disease

Means amyotrophic lateral sclerosis with significant persistent neurological deficit resulting in at least 25% permanent impairment of whole person function as certified by a consultant neurologist.

Multiple Sclerosis

Means demyelination of nervous tissue. The diagnosis has to be made by a consultant neurologist confirming more than one episode of well defined neurological deficit with persisting permanent neurological abnormalities and with at least 25% impairment of whole person function (but not necessarily confined to a wheelchair). The diagnosis will be based on confirmatory neurological investigations eg. lumbar puncture, evoked visual responses, evoked auditory responses and NMR (Nuclear Magnetic Resonance) evidence of lesions of the central nervous system.

Muscular Dystrophy

Means the unequivocal diagnosis of muscular dystrophy by a consultant neurologist resulting in a permanent impairment of whole body function of at least 25%.

Myocardial Infarction (Heart Attack)

Means death of a portion of heart muscle as a result of inadequate blood supply to the relevant area. The basis for diagnosis shall include:

- electrocardiographic changes associated with Myocardial Infarction; and
- elevation of cardiac enzymes consistent with a Myocardial Infarction.

If ECG or enzyme evidence of infarction are unavailable or inconclusive, then Lumley Life will consider any other test results provided in support of the diagnosis.

Occupationally Acquired HIV

Means infection by the Human Immunodeficiency Virus (HIV), acquired only via blood transfusion or accidental means during the course of carrying out the Life Insured's normal occupation with sero-conversion to HIV infection occurring within six months of the accident. Any accident giving rise to a potential claim must be reported to the Company within thirty days of the incident and be supported by a negative HIV antibody test within seven days of the incident. Transmission via any form of sexual activity or deliberate injection of a drug not prescribed by a medical practitioner is specifically excluded.

Open Chest Surgery

In respect of any of the following:

- coronary artery, being open chest surgery to correct or treat coronary artery disease. Angioplasty, intra-arterial procedures and other non-surgical techniques are excluded; and
- repair or replacement of valves, being open chest surgery to replace or repair cardiac valves as a consequence of heart valve defects or abnormalities.

Paralysis

• Diplegia

Means the permanent and total loss of function of both sides of the body due to injury or disease.

• Hemiplegia

Means the permanent and total loss of function of one side of the body due to injury or disease.

• Paraplegia

Means the permanent and total loss of use of both legs resulting from injury or disease.

• Quadriplegia

Means the permanent and total loss of use of both arms and both legs resulting from injury or disease.

• Tetraplegia

Means the permanent and total loss of use of both arms and legs resulting from injury or disease.

Parkinson's Disease

Means fully developed, moderately disabling disease of the extrapyramidal system clinically confirmed by a consultant neurologist, and requiring continual assistance in the activities of daily living.

Idiopathic Parkinson's supranuclear palsy and cortico-basal degeneration are included. Iatrogenic parkinsonism and parkinsonism secondary to infection or trauma are excluded.

Primary Pulmonary Hypertension.

Means primary pulmonary hypertension with right ventricular enlargement established by investigations including cardiac catheterisation.

Severe Burns

Means tissue injury caused by thermal, electrical or chemical agents causing third degree burns to 20% or more of the Body Surface Area as measured by the 'rule of 9' of the Lund and Browder Body Surface Chart.

Total Blindness

Means the complete and irrecoverable loss of sight in both eyes as currently defined by the Royal Blind Society and confirmed by an ophthalmologist.

Total Deafness

Means total, irreversible and irreparable loss of hearing both natural and assisted, in both ears as a result of injury or disease.

LUMLEY

The Lumley Group is a financial services group specialising in the design, marketing, underwriting, and management of life insurance and general insurance products, for a select network of quality financial intermediaries. Over the past 80 years in Australia, the Lumley Group has evolved from an insurance broking firm to a highly specialised insurance underwriter that operates in all states of Australia and in New Zealand. One of the largest privately-owned financial services groups operating in Australia, the Group currently provides a wide range of services on four continents, but its main focus has always been the needs of the Australian customer base. It is a combination of the Group's historical origination and involvement with the Australian insurance industry, the recognition of its customer's needs and the development of services to meet these needs that has resulted in the Lumley name being synonymous with *Traditional Values and Innovative Ideas*.

The Lumley Group of Companies in Australia is 100 per cent owned by Edward Lumley Holdings Limited which is incorporated in the United Kingdom. Lumley Life Limited was originally established in 1926 as Commonwealth Life (Amalgamated) Assurance Limited. In 1961, the name was changed to Security Life, and in December of that year, the Company acquired the life assurance business of the Citizens & Graziers Life Assurance Company Limited. In October 1986, the Company name was changed to Lumley Life.

The Lumley Commitment

By combining *Traditional Values and Innovative Ideas*, Lumley Life will continue to provide value and security for clients, while maintaining our uncompromising emphasis on service, sound investment and cost effectiveness.



Lumley Life Limited

ABN 20 000 017 194