

# Life Risk product update

Making a difference by focusing  
where it matters



Spring

1 October 2008



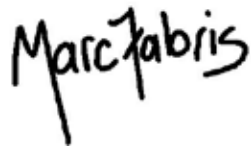
## Working where it matters.

The team at Zurich has spent the winter listening to feedback from our advisers. In this Product Update, you'll see that we've created some differences that will enable you to satisfy your clients' requirements even better. We're proud to say that we focus where it matters most to you.

For income replacement business, you'll find the broader definitions outlined on page 3, a win-win for your clients. We've responded to the market and have revisited definitions so that now your clients can have the best of both worlds.

Take time out to review our latest range of product improvements, just another example of Zurich's commitment to improving and providing quality solutions for you and your clients.

All the best,



Marc Fabris, Strategic Marketing Manager,  
Zurich Life Risk.

## We've broadened our definitions for loyalty discounts.

Zurich's Family Loyalty Discount is now available to your clients' siblings, in addition to spouse/de facto spouse, parents and children.

Life Risk cover sold in conjunction with Zurich Superannuation Plan (i.e. the Optional Protection Benefits) are now also eligible for Loyalty Discounts. Before now, these covers helped to qualify for discounts, but were not actually discounted.

Now, we have a consistent approach to Loyalty Discounts across all our open life risk business.



## Terminal Illness Benefit

The good news for clients with larger Death cover sums insured is that Zurich has removed the \$2million cap that previously applied on diagnosis of a terminal illness.

## Zurich's Risk Illustrator

– look out for the next update

Soon, advisers will receive the Zurich Risk Illustrator (ZRI) update.

Look out for an email in October.



# Zurich broadens income benefit definitions.

## Clients get the best of both worlds – at no extra cost.

One of the most significant changes Zurich has made for this update affects income products. We have revised the way in which lives insured can qualify for an income benefit.

Zurich has long prided itself on the 'loss of income' definition, strongly believing it to be the most client-friendly definition in the market. However, we understand that sometimes it is difficult to recommend a product that differs from the rest of the market.

Zurich will now offer a two-pronged definition, allowing lives insured to be assessed automatically against a 'loss of income' as well as a 'duties' measure. Whichever provides the best result for the client is the one that will be used.

By expanding our definitions, we've removed another hurdle that clients face

throughout the claims process – making a difference when it matters and giving them a win-win situation.

You should also note that the 'loss of income' wording will now refer to a **drop of at least 20%** (rather than an inability to earn at least 80%). This is not a change in our approach – we've just made it easier for you to explain to clients and easier for them to understand.



## Day 4 Accident Option.

### Clients can now rest a little easier in the event of an accident.

This extra-cost accident option, available with Zurich's Income Replacement Insurance Plus and Zurich Business Expenses Insurance Plus, now pays a benefit which is backdated to Day 1 (rather than being paid from Day 4 onwards).

The option is also now available with waiting

periods of 90 days or less (this was previously restricted to policies with waiting periods of 30 days or less).

Talk to your clients today about this extra-cost option – benefits from Day 1 could take a lot of worry out of the first few days after an accident.

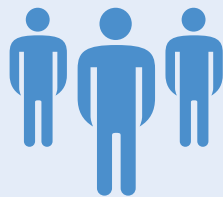


## Zurich extends full benefits for prostate cancer.

As part of Zurich's commitment to focusing where it matters, we have listened to financial advisers, listened to the market and reviewed the alarming increase of the incidence and early detection of prostate cancer in Australian men.

The statistics surrounding prostate cancer are alarming:

- One in nine Australian men will develop prostate cancer in their lifetime.<sup>1</sup>



3,000 men in Australia per year die from prostate cancer.<sup>1</sup>

With this in mind and the fact that early detection rates are also increasing, Zurich has improved our trauma definitions to offer clients a more comprehensive product.

Zurich has committed to paying the full benefit in cases where prostate cancer is classified as T1 or equivalent – the lowest category under the internationally recognized TNM system, which quantifies the extent of prostate cancer, as long as there is medical intervention.

We will pay a benefit in cases where the cancer is confirmed by histological examination and requires the insured to undertake major interventionist therapy including surgery, radiotherapy, chemotherapy, biological response modifiers or any other major treatment. Zurich no longer requires the tumour to be level T2 or above in order to make a full payout.

Further to this, in cases where major intervention is not required for extended trauma, we will still pay out 10 percent of the benefit or \$10,000, whichever is greater - or up to 25 percent where the 'Top-Up' option is chosen.

Next time you're discussing trauma insurance with clients, consider Zurich and the fact that in the case of prostate cancer an early payout could make a big difference. This is all part of our commitment to focus our efforts where it matters.



<sup>1</sup> Prostate Cancer Foundation  
<http://www.prostate.org.au/about-prostate-cancer.php>

# Income Replacement Indemnity Option.

## Looking back to help clients move forward.

Many people experience a lack of continuity in income at some point in their lives - whether it be maternity, paternity or sabbatical leave, unemployment or long service leave.

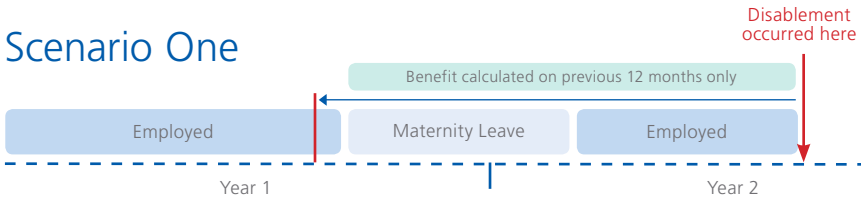
Until now, clients who experienced a lack of continuity of income for whatever reason, were disadvantaged at claim time with indemnity policies because most insurers only take into account the previous 12 months when calculating the benefit payable.

Zurich has considered this and has amended

its income history approach to include the past 24 months, which ensures that any client who had a period away from full employment, still receives the maximum benefit. Let's illustrate two scenarios to look at the massive difference this change in definition could make for your clients.



### Scenario One



Jane earns \$96,000 per annum, which equates to a monthly income of \$8,000. Based on this, she has a monthly income benefit of \$6,000.

In Year one, Jane starts six months' maternity leave.

Jane returns to work at the end of her maternity leave and works for six months.

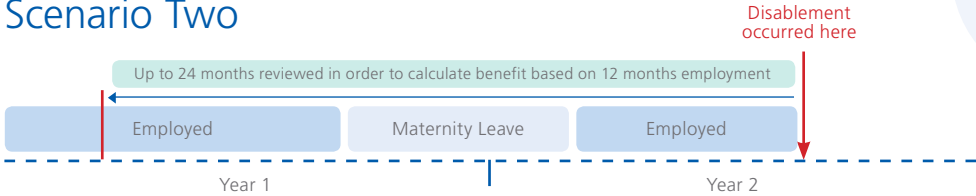
Jane is then injured at work and is unable to work indefinitely.

Based on common indemnity definitions, Jane would have been eligible to receive: 75 percent of the previous 12 months' earnings (up to her benefit amount), and given she took six months maternity leave, she is only eligible to receive:

**75% of \$48,000 (50% of annual salary because the maternity leave was unpaid) = \$36,000.**

**Which equates to a monthly BENEFIT of \$3,000 - half the insured benefit.**

### Scenario Two



Again, let's look at Jane.

Because we've improved the indemnity approach, Jane will now be eligible to receive:

75 percent of the most recent 12 months while working (within the last 24 months) when she was generating an income. This refinement really adds up for Jane because she is now eligible to receive:

**75% of \$96,000 (100% of annual salary because the review period extends for up to 24 months if required) = \$72,000.**

**Which equates the full monthly BENEFIT of \$6,000.**

## Product Enhancements Summary.

Lump sum products	Enhancement
<b>Zurich Protection Plus</b>  Death cover TPD cover Trauma cover	<b>Terminal Illness benefit</b> The cap has been removed from this benefit so that policy owners with more than \$2m cover will not have the benefit reduced.
	<b>Trauma cover</b> <i>- new definition for Malignant Cancer</i> This definition has been improved to be more generous for prostate cancer.
	<b>Trauma cover</b> <i>- new definition for Early Stage Prostate Cancer</i> This definition has been altered slightly to account for changes under the Malignant Cancer definition.
	<b>Trauma cover</b> <i>- new covered condition: Bacterial Meningitis</i> This condition will now be covered under Extended Trauma cover (and a benefit will be payable under the Child Cover option for Bacterial Meningitis, if that option is selected).
<b>Zurich Select Term Plus and Superannuation Select Term Plus</b>	<b>Terminal Illness benefit</b> The cap has been removed from this benefit so that policy owners with more than \$2m cover will not have the benefit reduced.
<b>Zurich Superannuation Term Life Insurance Plus</b>	<b>Expiry age</b> The expiry age for this product has been increased from 75 to 99 to allow people who are eligible to contribute to the fund to continue their cover in line with their needs.
	<b>Terminal Illness benefit</b> The cap has been removed from this benefit so that policy owners with more than \$2m cover will not have the benefit reduced.



Income products	Enhancement
<b>Zurich Income Replacement Insurance Plus</b>	<p><b>Qualifying for an income benefit</b></p> <p>Zurich will now offer a two-prong definition, allowing lives insured to be assessed automatically against a 'loss of income' as well as a 'duties' measure. This provides the best of both worlds to policy owners.</p> <p>Also, the 'loss of income' wording will now refer to a drop of at least 20 percent (rather than an inability to earn at least 80 percent), which is not a change, but is easier to understand.</p>
<b>Zurich Special Risk Income Replacement Insurance Plus</b>	<p><b>Indemnity option (doesn't apply to Business Expenses Insurance Plus)</b></p> <p>Zurich will better cater for people who have been unemployed or on long-service leave, maternity leave, paternity leave or sabbatical leave prior to a claim, by considering income history up to 24 months before the claim.</p>
<b>Zurich Business Expenses Insurance Plus</b>	<p><b>Day 4 Accident option (doesn't apply to Special Risk Income Replacement Insurance Plus)</b></p> <p>This extra-cost option now pays a benefit which is backdated to day one (rather than being paid from day 4 onwards). Also, the option is now available with waiting periods of 90 days or less (previously it was restricted to policies with waiting periods of 30 days or less).</p>

## Automatic Upgrades

All clients who are currently insured with the Zurich 'Plus' range will have their policies automatically upgraded so that they are able to benefit from the relevant changes.

## Improved Non-Medical Limits

We're lowering the bar.

We are about to announce revised underwriting limits, so that fewer clients will require medical exams. This will save you and your clients time, as well as making the application process easier – just another way Zurich is striving to make a difference where it matters.

Our improved non-medical limits will be available soon. Your BDM will have all the details.

For more information on the  
October product update,  
please contact your Zurich BDM  
on 1800 252 650 or visit  
[www.zurich.com.au](http://www.zurich.com.au)

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