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PrefSure Disability Income Portfolio



PREFSURE

This document contains a Product Disclosure Statement (PDS) for:
PrefSure Disability Income Portfolio

The PrefSure Disability Income Portfolio Product Disclosure Statement (PDS) is issued by
PrefSure Life Limited ABN 20 000 017 194 (Australian Financial Service Licence 239632).

Issue 4: 10 June 2005

About this document

This document contains a Product Disclosure Statement for the PrefSure Disability Income Portfolio.

The PrefSure Disability Income Portfolio consists of a range of modern, value-for-money disability insurance products:

- PrefSure Disability Income Insurance
- PrefSure Disability Income Silver Insurance
- PrefSure Optimal Income Protection Insurance
- PrefSure Business Expenses Insurance

These disability insurance products are issued by PrefSure Life Limited (PrefSure Life) ABN 20 000 017 194.

The PrefSure Disability Income Portfolio PDS will help you to:

- decide whether the product will meet your needs; and
- compare the product with others that you may be considering.

PrefSure Disability Income Portfolio

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Some words and expressions used in this PDS have a particular meaning. Those words and expressions are defined in the Definitions section on pages 29 to 32 of the PDS.

Applying for PrefSure Disability Income Portfolio policies

The only way to apply for one of the products in this PDS is to complete the Application Form and Personal Statement in the enclosed application booklet.

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

Each policy in the PrefSure Life Disability Income Portfolio is referable to PrefSure Life's No 1 Statutory Fund. Each of the policies is non participating – that is, the owner of the policy is not entitled to an allocation of operating profits or distribution of retained profits of the Statutory Fund.

Premiums paid in respect of any PrefSure Disability Income Portfolio policy represent the cost of the insurance and consequently, there is no surrender or cash value at any time. Other than during the cooling off period, if the policy is cancelled, you will not get anything back.

Information in this PDS that is not materially adverse is subject to change from time to time and may be updated via PrefSure Life's website (www.prefsure.com.au). A paper copy of any updated information will be given to a person without charge on request.

The information in this PDS has been prepared without taking into account your personal circumstances. You should consider the appropriateness of the information before acting upon it, having regard to your objectives, financial situation and needs.

PrefSure Disability Income Portfolio

Summary of Key Information

What is the PrefSure Disability Income Portfolio?

The PrefSure Disability Income Policy has 4 types of cover available; PrefSure Disability Income Insurance, PrefSure Disability Income Silver Insurance, PrefSure Optimal Income Protection Insurance and PrefSure Business Expenses Insurance.

A summary of each of these types of cover is set out below.

PrefSure Disability Income Insurance													
What is it?	Disability Income Insurance is designed to provide for the payment of a monthly benefit in the event of, among other things, Total Disability caused by illness or injury. The policy is available in two types of policy - Platinum and Gold.												
Standard Benefits	<table border="0"> <tr> <td>Total Disability Benefit</td> <td>Waiver of Premium</td> </tr> <tr> <td>Partial Disability Benefit</td> <td>Death Benefit</td> </tr> <tr> <td>Family Member Support Benefit</td> <td>Recurring Claim Benefit</td> </tr> <tr> <td>Nursing Care Benefit</td> <td>Waiver of Waiting Period</td> </tr> <tr> <td>Rehabilitation Benefit</td> <td>Specific Injury Benefit</td> </tr> <tr> <td>Recovery Support Benefit</td> <td>Elective Surgery Benefit</td> </tr> </table>	Total Disability Benefit	Waiver of Premium	Partial Disability Benefit	Death Benefit	Family Member Support Benefit	Recurring Claim Benefit	Nursing Care Benefit	Waiver of Waiting Period	Rehabilitation Benefit	Specific Injury Benefit	Recovery Support Benefit	Elective Surgery Benefit
Total Disability Benefit	Waiver of Premium												
Partial Disability Benefit	Death Benefit												
Family Member Support Benefit	Recurring Claim Benefit												
Nursing Care Benefit	Waiver of Waiting Period												
Rehabilitation Benefit	Specific Injury Benefit												
Recovery Support Benefit	Elective Surgery Benefit												
Optional Benefits (Subject to the payment of an additional premium)	Increasing Claims Option Accident Benefit Option Medical Catastrophe Benefit Option												
Optional Benefit (for a discounted premium)	Indemnity Option (Not available with Platinum)												
Waiting Period	The 'waiting period' is the period during which a benefit is not payable under some benefits. The waiting periods you can choose are: Gold – 14, 30, 60, 90, 180, 360 and 720 days Platinum – 14, 30, 60 and 90 days												
Benefit Period	The 'benefit period' is the maximum period of time that a benefit will be paid. The benefit periods you can choose are: Gold – 2 years, 5 years, to Age 60, to Age 65 and to Age 70 Platinum – to Age 60 and to Age 65												
Premium Options	The premium options available are: <ul style="list-style-type: none"> • stepped premiums; and • level premiums (if you have selected a 'to Age 60' or 'to Age 65' benefit period). 'Stepped premiums' change (usually increase) on each policy anniversary based on the life insured's age. 'Level premiums' are based on the life insured's age next birthday at the start of the policy. Unless the amount of cover changes, the premium rate does not change on each policy anniversary.												
Platinum vs Gold	One of the main differences between Platinum Cover and Gold Cover is the conditions that apply to qualify for the Partial Disability Benefit (see page 7). Platinum Cover Where at the date of Partial Disability the life insured is aged: <ul style="list-style-type: none"> • less than 55 years, there is no requirement for the life insured to suffer a period of Total Disability before qualifying as Partially Disabled; • between 55 and less than 60 years, Partial Disability must follow a period of Total Disability of at least 7 continuous days; • 60 years or more, Partial Disability must follow a period of Total Disability of at least 10 continuous days. Gold Cover Partial Disability must follow a period of Total Disability of at least 14 continuous days.												
Where do I get more Information?	You can get more information on pages 6-11												

PrefSure Disability Income Silver Insurance

What is it?	Disability Income Silver Insurance provides indemnity cover which is designed to provide for the payment of a monthly benefit in the event of Total Disability caused by illness or injury.
Standard Benefits	Total Disability Benefit Death Benefit
Optional Benefits	None
Waiting Period	The 'waiting period' is the period during which a benefit is not payable. The waiting periods you can choose are 30, 60 or 90 days.
Benefit Period	The 'benefit period' is the maximum period of time that a benefit will be paid. The benefit periods you can choose are: 10 years or to age 65.
Premium Options	Stepped premiums only. 'Stepped premiums' change (usually increase) on each policy anniversary based on the life insured's age.
Where do I get more information?	You can get more information on pages 12-13

PrefSure Optimal Income Protection Insurance

What is it?	Optimal Income Protection is an innovative type of cover that is designed to provide a monthly benefit in the event of Total Disability caused by illness or injury. The amount we pay and the maximum period a benefit can be paid depends on whether the illness or injury is a Specified Medical Condition, Specified Injury or any other illness or injury.
Standard Benefits	Total Disability Benefit Partial Disability Benefit Waiver of Premium Death Benefit Recurring Claim Benefit
Optional Benefits	None
Premium Options	Stepped premiums only. 'Stepped premiums' change (usually increase) on each policy anniversary based on the life insured's age.
Where do I get more information?	You can get more information on pages 14-18

PrefSure Disability Income Portfolio

Summary of Key Information (continued)

PrefSure Business Expenses Insurance	
What is it?	PrefSure Business Expenses Insurance is designed to provide for the reimbursement of the normal day to day running expenses of a business during a period of Total Disability. There are two types of cover - Platinum and Gold.
Standard Benefits	Total Disability Benefit Partial Disability Benefit Waiver of Premium Recurring Claim Benefit Waiver of Waiting Period Elective Surgery Benefit
Optional Benefits (Subject to the payment of an additional premium)	Leasepay Benefit Option Accident Benefit Option
Waiting Period	The 'waiting period' is the period during which a benefit is not payable under some benefits. The waiting periods you can choose are: 14 and 30 days
Benefit Period	1 year (although benefits can sometimes continue after this period - see page 29)
Premium Options	Stepped premiums only. 'Stepped premiums' change (usually increase) on each policy anniversary based on the life insured's age.
Platinum vs Gold	One of the main differences between Platinum Cover and Gold Cover is the conditions that apply to qualify for the Partial Disability Benefit (see page 20). Platinum Cover Where at the date of Partial Disability the life insured is aged: <ul style="list-style-type: none"> • less than 55 years, there is no requirement for the life insured to suffer a period of Total Disability before qualifying as Partially Disabled; • between 55 and less than 60 years, Partial Disability must follow a period of Total Disability of at least 7 continuous days; • 60 years or more, Partial Disability must follow a period of Total Disability of at least 10 continuous days. Gold Cover Partial Disability must follow a period of Total Disability of at least 14 continuous days.
Where do I get more Information?	You can get more information on pages 19-21

Other Information				
Minimum Premium	\$250 per annum			
Policy Fee	\$75			
Occupation Categories	Class 1 – White Collar Professionals e.g. Barrister, Accountant, Doctor Class 2 – White Collar Administration e.g. Clerk, Administration Manager Class 3 – Light Blue Collar e.g. Domestic Electrician Class 4 – Blue Collar e.g. House painter to 10 metres Class 5 – Heavy Blue Collar e.g. Roof tiler Your adviser will inform you which occupation class applies.			
Payment Frequency		Monthly	Half-Yearly	Annually
	Cheque	×	✓	✓
	Credit Card	✓	✓	✓
	Direct Debit	✓	✓	✓
A frequency loading applies for payments more frequent than annually. Please refer to page 25 for the loading factors.				

PrefSure Disability Income Portfolio

PrefSure Disability Income Insurance

Disability Income Insurance is designed to provide for the payment of a benefit in the form of a monthly income in the event of Total Disability (explained below). It allows you to insure up to 75% of the life insured's Earned Income 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 Annual Benefit under Disability Income Insurance is \$240,000.

You may apply for PrefSure Disability Income Insurance with stepped premiums if the life to be insured is aged 18 to 64 next birthday. You may only apply for PrefSure Disability Income Insurance with level premiums if the life to be insured is aged 18 to 55 next birthday.

Disability Income Insurance is available in two types - Platinum and Gold. Platinum is only available to certain occupations e.g. Barrister, Doctor, Dentist, Accountant etc. Your adviser will tell you whether Platinum is available to you.

The following section of the PDS contains information about the benefits available under Disability Income Insurance. There is also other important information you should know before deciding whether to apply for PrefSure Disability Income Insurance. The following table indicates where that information can be found:

Cooling off period – the period of time after we issue Disability Income Insurance during which you can cancel the cover and obtain a refund	Page 23
Your duty of disclosure – the things you must tell us before applying for Disability Income Insurance, and the consequences of failing to do so	Application
Taxation – how tax impacts on premiums you pay and benefits you receive	Page 28
Enquiries or Complaints – what to do if you have an enquiry or complaint	Page 33

Some words and expressions used in this PDS have a particular meaning. Those words and expressions are defined in the Definitions section on pages 29 to 32 of the PDS.

Benefits

Standard Benefits

The following benefits are included under Disability Income Insurance and are described below:

- Total Disability Benefit
- Partial Disability Benefit
- Family Member Support Benefit
- Nursing Care Benefit
- Rehabilitation Benefit
- Recovery Support Benefit
- Waiver of Premium
- Death Benefit
- Return to work during the Waiting Period
- Recurring Claim Benefit
- Waiver of Waiting Period
- Concurrent Disability
- Specific Injury Benefit
- Elective Surgery Benefit

There are some circumstances in which we will not pay a benefit or reduce the benefit we pay. These circumstances are set out on page 11. You must also satisfy our claim requirements before we pay a benefit (see page 27).

All benefits will be paid in Australian currency.

Total Disability Benefit

When we pay

The Total Disability Benefit is payable if the life insured has a continuous period of Total Disability for longer than the Waiting Period while covered under Disability Income Insurance.

What does 'Total Disability' mean?

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 or 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.

However, if the life insured has been on maternity leave or has been unemployed for twelve months or more immediately before suffering Total Disability he or she will only be considered to be Totally Disabled if, solely because of illness or injury he or she is:

- unable to perform any occupation for which he or she is reasonably suited by education, training or experience;
- not working in any gainful occupation; and
- under the care and following the advice of a Medical Practitioner.

Long service or sabbatical leave is not considered as unemployment.

The amount we pay

The amount we pay under the Total Disability Benefit is 1/365th of the Annual Benefit for each day that the life insured is Totally Disabled after the Waiting Period. If you have chosen the Indemnity Option, the Total Disability Benefit is limited to 75% of the life insured's Prior Earnings (explained on page 29).

However, if the Benefit Period selected is 'To Age 70' and the life insured's Total Disability commences after the life insured's 65th birthday, the Annual Benefit will be reduced according to the following table:

Age next	% of Annual Benefit Payable
66	80%
67	60%
68	40%
69	20%
70	nil

When payments under the Total Disability Benefit start and stop

The Total Disability Benefit starts to accrue at the end of the Waiting Period (unless the Waiting Period is waived under another Benefit) and is paid monthly in arrears.

Total Disability Benefit payments will stop as soon as one of the following things happen:

- the life insured is no longer Totally Disabled; or
- the Benefit Period ends; or
- for Benefit Periods of 2 or 5 years, the life insured attains age 65; or
- the life insured dies; or
- Disability Income Insurance cover ends.

Partial Disability Benefit

When we pay

The Partial Disability Benefit is payable if, while covered under Disability Income Insurance:

- the life insured has a continuous period of Disability for longer than the Waiting Period;
- the life insured is Partially Disabled after the Waiting Period; and

<p>If Gold Cover is selected:</p> <ul style="list-style-type: none"> • Partial Disability follows a period of Total Disability of at least 14 continuous days. 	<p>If Platinum Cover is selected and at the date the life insured is Partially Disabled, he or she is aged:</p> <ul style="list-style-type: none"> • less than 55 years - there is no requirement for the life insured to suffer a period of Total Disability before qualifying as Partially Disabled; • between 55 and less than 60 years – Partial Disability must follow a period of Total Disability of at least 7 continuous days; • 60 years or more – Partial Disability must follow a period of Total Disability of at least 10 continuous days.
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What does 'Partial Disability' mean?

Partial Disability 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 at least one important income producing duty of his or her regular occupation; and
- is under the care and following the advice of a Medical Practitioner.

The amount we pay

For each day that the life insured is Partially Disabled, the amount we pay under the Partial Disability Benefit is 1/365th of:

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

'A' is Prior Earnings and

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

If the Benefit Period is 'To Age 70' and the life insured's Disability commences after the life insured's 65th birthday, the Annual Benefit in the above formula will be reduced according to the table shown under the Total Disability Benefit.

If the Indemnity Option is chosen, 'Prior Earnings' means the life insured's average monthly earnings (based on the definition of Earned Income) in the twelve consecutive months immediately preceding the commencement of Disability.

Otherwise, Prior Earnings means the life insured's highest average monthly earnings (based on the definition of Earned Income) for any twelve consecutive months in the five years immediately preceding the commencement date of Disability Income Insurance and in the five years immediately preceding any period of Total Disability, whichever is the greater.

The Prior Earnings of the life insured will be increased by the annual rate of increase in the indexation factor. The increase will occur after each consecutive twelve months during which the life insured remains Partially Disabled. The indexation factor will be based on the Consumer Price Index published by the Australian Statistician from time to time (or such other index as we consider appropriate).

If there is a delay between earnings being generated and being received, then with the agreement of the policyowner, 'B' will be calculated taking this into account.

If the life insured is Partially Disabled, and is not working or work is available to the life insured, we will substitute for 'B' an amount calculated by us as the life insured's capacity to earn.

If the percentage loss of Earned Income is 75% or more, we will deem the loss to be 100%.

When payments under the Partial Disability Benefit start and stop

The Partial Disability Benefit starts to accrue at the end of the Waiting Period (unless the Waiting Period is waived under the Accident Benefit option) and is paid monthly in arrears.

PrefSure Disability Income Portfolio

PrefSure Disability Income Insurance (continued)

Partial Disability Benefit payments will stop as soon as one of the following things happen:

- the life insured is no longer Partially Disabled; or
- the Benefit Period ends (if the life insured suffers Partial Disability before his or her 65th birthday); or
- after we have paid the Partial Disability Benefit for the lesser of 6 months or the remainder of the Benefit Period (if the life insured suffers Partial Disability after his or her 65th birthday); or
- for Benefit Periods of 2 or 5 years, the life insured attains age 65; or
- the life insured dies; or
- Disability Income Insurance cover ends.

Family Member Support Benefit

When we pay

The Family Member Support Benefit is payable, in addition to the Total Disability Benefit, if:

- the life insured is Totally Disabled;
- the life insured is confined to bed;
- a Medical Practitioner certifies that the life insured requires full time care; and
- the income of one immediate family member (i.e. a spouse, de facto spouse, son or daughter) ceases as a result of that person providing care.

The amount we pay

The amount we pay under the Family Member Support Benefit is equal to 1/730th of the Annual Benefit for each day that the Family Member Support Benefit is payable and is paid monthly in arrears. The Family Member Support Benefit payable is subject to a maximum monthly payment of the lesser of:

- \$3,000 per month; and
- the salary foregone by the immediate family member in that month.

The Family Member Support Benefit payable in a month will be reduced by any amount payable under the Nursing Care Benefit in that month.

When payments under the Family Member Support Benefit start and stop

The Family Member Support Benefit is payable during periods in which Family Member Support is provided, for a maximum of three months and will be paid once only.

Nursing Care Benefit

When we pay

The Nursing Care Benefit is payable if, on the advice of a registered Medical Practitioner, the life insured, while covered under Disability Income Insurance:

- is under the care of a registered nurse visiting at least once a day; and
- remains in or near a bed for a substantial part of each day; and
- is provided with care for at least 72 hours.

If we are paying the Total Disability Benefit during the Waiting Period because the Waiting Period has been waived under the Accident Benefit Option, we will not pay the Nursing Care Benefit.

The amount we pay

The amount we pay under the Nursing Care Benefit is 1/365th of the Annual Benefit for each day that nursing care is required. The benefit is paid monthly in arrears.

The maximum amount that we will pay under the Nursing Care Benefit for any one claim is one quarter of the Annual Benefit.

When payments under the Nursing Care Benefit start and stop

If the life insured qualifies for this benefit, it accrues from the start of Total Disability.

The benefit is only payable during the Waiting Period, for a maximum of 90 days.

Rehabilitation Benefit

When we pay

The Rehabilitation Benefit is payable, in addition to the Total Disability Benefit, if:

- we are paying the Total Disability Benefit; and
- the life insured takes part in a rehabilitation program approved by us in writing for the purpose of retraining or re-education in order to seek a new vocation.

The amount we pay

The amount we pay under the Rehabilitation Benefit is 50% of the amount we pay under the Total Disability Benefit.

When payments under the Rehabilitation Benefit start and stop

The Rehabilitation Benefit starts when the conditions of the benefit are met and is paid monthly in arrears.

The benefit is payable for a maximum period of twelve months and only while the life insured remains Totally Disabled and fully participates in the rehabilitation program.

Recovery Support Benefit

When we pay

The Recovery Support Benefit is payable in addition to the Total Disability Benefit, if:

- we are paying the Total Disability Benefit; and
- the life insured is participating in a rehabilitation program approved by us in writing.

The amount we pay

The amount we pay under the Recovery Support Benefit is the cost of the rehabilitation program, up to a maximum of 50% of the Annual Benefit.

The costs can include (but are not limited to) wheelchairs, artificial limbs, prosthetic devices, travelling and education expenses, and house and car modifications.

Waiver of Premium

If the life insured suffers Total Disability for longer than the Waiting Period, we will refund premiums paid in that period and will continue to waive premiums until the life insured is no longer Totally or Partially Disabled. Premium payments will recommence from the date Total or Partial Disability ceases.

Death Benefit

When we pay

The Death Benefit is payable if the life insured dies whilst we are paying a benefit under Disability Income Insurance cover.

The amount we pay

The amount we pay is a lump sum of 25% of the Annual Benefit.

We will pay the Death Benefit to the policyowner or, if the policyowner and the life insured are the same person, to the life insured's legal personal representative or a person we are permitted to pay under the relevant legislation.

Recurring Claim Benefit

A new Waiting Period will not apply to any claim if the claim resulted from a relapse or recurrence of the same or related illness or injury that caused Total or Partial Disability, within twelve months of the life insured returning to work. If we consider the life insured to have a recurring disability, benefits will commence for the remaining part of the benefit period. The life insured has the option of applying the Waiting Period.

Waiver of Waiting Period

We will waive the Waiting Period on a new claim resulting from an illness or injury unrelated to a previous claim, as long as:

- a Waiting Period applied to the previous claim (or was waived under the Accident Benefit Option);
- the new claim occurs within twelve months of returning to work from the previous claim; and
- the new claim is for a continuous period of Disability of 30 days or more.

Benefits will then accrue from the first day of the new claim.

Concurrent Disability

When the life insured is disabled at any time as a result of separate and distinct injuries or illnesses, the benefit will be calculated according to the cause which maximises the claim.

Specific Injury Benefit

When we pay

We will pay the Specific Injury Benefit if the life insured suffers a Specific Injury while covered under Disability Income Insurance, whether or not the life insured is working. We will pay the Specific Injury Benefit for the 'Payment Period' for the Specific Injury which has occurred as shown in the following table:

Specific Injury means	The Payment Period
Paralysis (Diplegia, Hemiplegia, Paraplegia, Quadriplegia, Tetraplegia)	60 months
Loss of:	
(i) both feet or both hands or sight of both eyes	24 months
(ii) Any combination of two: a hand, a foot, sight in one eye	24 months
(iii) one leg or one arm	18 months
(iv) One foot or one hand or sight in one eye	12 months
(v) thumb and index finger of the same hand	6 months
Fracture of:	
(i) leg above the knee (femur), pelvis	90 days
(ii) Leg below the knee (tibia or fibula)	60 days
(iii) Ankle, heel	60 days
(iv) Kneecap	60 days
(v) Vertebrae	60 days
(vi) Upper arm (humerus), shoulder bone (scapula), elbow	60 days
(vii) Wrist	45 days
(viii) Forearm (radius or ulna), collarbone (clavicle)	30 days
(ix) Skull, jaw	30 days

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.

Loss means the total and permanent:

- loss of the use of the hand from the wrist or the foot from the ankle joint;
- loss of the use of the arm from the elbow or leg from the knee joint;
- complete severance of the thumb and index finger from the first phalangeal joint of the same hand; or
- irrecoverable total loss of an eye or sight in the eye.

PrefSure Disability Income Portfolio

PrefSure Disability Income Insurance (continued)

The amount we pay

The amount we pay under the Specific Injury Benefit is 1/365th of the Annual Benefit for each day of the Payment Period for the Specified Injury which has occurred.

If more than one listed injury is suffered during the Payment Period, the injury that provides the greatest benefit will be paid. The Specific Injury Benefit is paid instead of the Total Disability Benefit, the Partial Disability Benefit or the Nursing Care Benefit.

When payments under the Specific Injury Benefit start and stop

The Specific Injury Benefit starts to accrue when the Specific Injury is suffered and is paid monthly in advance.

We will stop paying the Specific Injury Benefit as soon as one of the following things happen:

- the Payment Period ends; or
- the Benefit Period ends; or
- Disability Income Insurance cover ends.

If the life insured is still Disabled at the end of the Payment Period, any further disability payments will be determined in accordance with the terms of the policy.

Elective Surgery Benefit

We will also pay the Total Disability Benefit if the life insured, while covered under Disability Income Insurance, undergoes:

- cosmetic or other elective surgery; or
- surgery to transplant a body organ into the body of another person,

and would be Totally Disabled (except that disability is caused by surgery and not by an illness or injury).

We will only pay the Total Disability Benefit in these circumstances if the surgery took place more than 6 months after the later of:

- the start date of Disability Income Insurance;
- the date of an increase to the Annual Benefit which you apply for and we accept (but only in respect of the amount of the increase), and
- the last reinstatement of the policy.

Optional Benefits and Features

For the payment of an additional premium, the following benefits and features may be included under Disability Income Insurance in addition to the Standard Benefits above:

- Increasing Claim Option
- Accident Benefit Option
- Medical Catastrophe Benefit Option

If you wish to reduce your premium the following option may be included:

- Indemnity Option (not available with Platinum Cover).
This option has the effect of altering some of the Standard Benefits above.

Increasing Claim Option

Whilst we are paying a Total or Partial Disability Benefit under Disability Income Insurance cover, the Annual Benefit will be increased at three monthly intervals, following the date payment of the benefit starts, by one quarter of the rate of increase in an indexation factor. The indexation factor will be based on the Consumer Price Index published by the Australian Statistician from time to time (or such other index as we consider appropriate).

Increases to the Annual Benefit amount under this option will stop as soon as one of the following things happens:

- the life insured is no longer disabled; or
- the Benefit Period ends; or
- Disability Income Insurance cover ends.

From the date Disability ceases, or the Benefit Period ends, the Annual Benefit is defined to be twelve times the last payment of the monthly benefit prior to the date Disability ceases.

Accident Benefit Option

If the life insured becomes Totally Disabled due to an accident before his or her 65th birthday and while covered under the policy, we will waive the Waiting Period as long as the life insured is Totally Disabled for at least 72 hours immediately following the accident.

We will pay the Total Disability Benefit for each day of Total Disability from the start of Total Disability, for a maximum of the Waiting Period.

Medical Catastrophe Benefit Option

When we pay

We will pay the Medical Catastrophe Benefit in addition to the Total or Partial Disability Benefit if, before the life insured's 65th birthday the life insured suffers a Medical Catastrophe. The Medical Catastrophe must be diagnosed by a Medical Practitioner and diagnosis must be supported by appropriate clinical, histological and laboratory evidence.

Each Medical Catastrophe is listed and defined in the Definitions section on pages 29-32 of this PDS.

The amount we pay

The amount we pay under the Medical Catastrophe Benefit is a lump sum amount of 25% of the Annual Benefit.

Indemnity Option (not available with Platinum Cover)

When this option is selected the Annual Benefit, used to calculate any benefits that may become payable under Disability Income Insurance, will be the lesser of;

- the amount shown in the Policy Schedule plus any indexation increases and less any deductions which may apply in accordance with the terms of the cover; and
- 75% of the life insured's Prior Earnings.

'Prior Earnings', under the Indemnity Option, means the life insured's average monthly earnings (based on the definition of Earned Income) in the twelve consecutive months immediately preceding the commencement of Disability.

Immediate cover in the event of an accident

Provided the premium has been received and the Application is not replacing an existing PrefSure Life policy, the cover applies immediately in respect of Total Disability caused by an accident for a period of sixty days. The monthly benefit will be the lesser of 1/12th of the Annual Benefit amount applied for, or 75% of prior earnings where the indemnity option is selected, or \$10,000.

The details of this benefit and the exclusions that apply are included on page 33.

When we will reduce the benefit we pay

If we classify the life insured's occupation as a 'Class One Professional', we will not reduce a benefit payable under Disability Income Insurance cover because money is recoverable from other sources.

For all other occupation classes, Workers Compensation or Social Security payments in respect of lost income will be taken into account when calculating the Total or Partial Disability benefit. (However, any specified pain or suffering component of such a payment will be ignored for these purposes.) This will reduce the Disability Benefit so that the Disability Benefit together with the aggregate of the annual equivalent of those other payments will not exceed seventy-five percent (75%) of Prior Earnings.

Where any of the amounts mentioned above are paid as a lump sum, we will 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 the life insured elects not to receive any of the amounts mentioned above, we will not reduce any benefits payable under Disability Income Insurance cover.

If Disability Benefits are reduced, a proportionate refund of premiums paid will be made as long as we are not obliged to pay the amount reduced to another entity. The refund will be calculated by multiplying the percentage reduction in the monthly benefit payment by the average monthly premium during the period of Disability 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 any superannuation benefits will not cause the monthly benefit to be reduced.

When will we not pay a benefit?

We will not pay a benefit for any illness or injury in connection with:

- an intentionally self-inflicted act or injury; or
- uncomplicated pregnancy; or
- war or any acts of war whether declared or not; or
- any other specific event or cause agreed between us and the policyowner.

Return to Work During the Waiting Period

If, during the Waiting Period, the life insured returns to gainful employment for:

- 5 days or less for a Waiting Period of less than 60 days; or
- 10 days or less for a Waiting Period of greater than 59 days,

then those days for which the life insured was gainfully employed will be added to the Waiting Period.

If, during the Waiting Period, the life insured returned to gainful employment for more than:

- 5 days for a Waiting Period of less than 60 days; or
- 10 days for a Waiting Period greater than 59 days,

then the Waiting Period will recommence.

When does cover end?

Cover will end as soon as one of the following things happen:

- attaining the age stated in the Policy Schedule, or
- death of the life insured, or
- 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, or
- when the policy lapses due to non-payment of premiums, or
- we receive a written request from the policyowner to cancel the Disability Income Insurance, or
- at the expiry of the Benefit Period.

PrefSure Disability Income Portfolio

PrefSure Disability Income Silver Insurance

Disability Income Silver Insurance is designed to provide for the payment of a benefit in the form of a monthly income in the event of Total Disability (explained below). It allows you to insure up to 75% of the life insured's Earned Income 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 Annual Benefit under Disability Income Silver Insurance is \$240,000 per annum.

You may apply for PrefSure Disability Income Silver Insurance if the life to be insured is aged 18 to 60 next birthday.

The following section of the PDS contains information about the benefits available under Disability Income Silver Insurance. There is also other important information you should know before deciding whether to apply for PrefSure Disability Income Silver Insurance. The following table indicates where that information can be found:

Cooling off period – the period of time after we issue Disability Income Silver Insurance during which you can cancel the cover and obtain a refund.	Page 23
Your duty of disclosure – the things you must tell us before applying for Disability Income Silver Insurance, and the consequences of failing to do so.	Application
Taxation – how tax impacts on premiums you pay and benefits you receive.	Page 28
Enquiries or Complaints – what to do if you have an enquiry or complaint.	Page 33

Some words and expressions used in this PDS have a particular meaning. Those words and expressions are defined in the Definitions section on pages 29 to 32 of the PDS.

Benefits

The following benefits are included under Disability Income Silver Insurance and are described below:

- Total Disability Benefit
- Death Benefit

There are some circumstances in which we will not pay a benefit. These circumstances are set out on page 13. You must also satisfy our claim requirements before we pay a benefit (see page 27).

All benefits will be paid in Australian currency.

Total Disability Benefit

When we pay

The Total Disability Benefit is payable if the life insured has a continuous period of Total Disability for longer than the Waiting Period while covered under Disability Income Silver Insurance.

What does 'Total Disability' mean?

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 or 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.

The amount we pay

The amount we pay under the Total Disability Benefit is 1/365th of the Annual Benefit for each day that the life insured is Totally Disabled after the Waiting Period.

The Annual Benefit is the lesser of:

- The amount shown in the Policy Information Statement and Schedule plus any indexation increases and less any deductions which may apply in accordance with the terms of the cover; and
- 75% of the Life Insured's Prior Earnings.

Prior Earnings means the life insured's average monthly earnings (based on the definition of Earned Income) in the twelve consecutive months immediately preceding the commencement of Total Disability.

When payments under the Total Disability Benefit start and stop

The Total Disability Benefit starts to accrue at the end of the Waiting Period and is paid monthly in arrears.

Total Disability Benefit payments will end as soon as one of the following things happens:

- the life insured is no longer Totally Disabled; or
- the Benefit Period ends; or
- if the Benefit Period is 10 years, the life insured attains age 65; or
- the life insured dies; or
- Disability Income Silver Insurance cover ends.

Death Benefit

When we pay

The Death Benefit is payable if the life insured dies whilst we are paying a benefit under Disability Income Insurance cover.

The amount we pay

The amount we pay is a lump sum of 25% of the Annual Benefit.

We will pay the Death Benefit to the policyowner or, if the policyowner and the life insured are the same person, to the life insured's legal personal representative or a person we are permitted to pay under the relevant legislation.

Immediate cover in the event of an accident

Provided the premium has been received and the Application is not replacing an existing PrefSure Life policy, the cover applies immediately in respect of Total Disability caused by an accident for a period of sixty days. The monthly benefit will be the lesser of 1/12th of the Annual Benefit amount applied for, or 75% of prior earnings, or \$10,000.

The details of this benefit and the exclusions that apply are included on page 33.

When we will reduce the benefit we pay

Workers Compensation, Sick Leave, Social Security and other legislated payments in respect of lost income will be taken into account when calculating the Total Disability benefit. (However, any pain or suffering component of such a payment will be ignored for these purposes.) This will reduce the Total Disability Benefit so that the Total Disability Benefit together with the aggregate of the annual equivalent of those other payments will not exceed seventy-five percent (75%) of Prior Earnings.

Where any of the amounts mentioned above are paid as a lump sum, we will 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 other benefits are received from other insurance policies providing income protection cover, then the Total Disability Benefit will be reduced by the monthly amounts payable by those other policies.

If the life insured elects not to receive any of the amounts mentioned above, we will not reduce any benefits payable under Disability Income Silver Insurance. If Total Disability Benefits are reduced, a proportionate refund of premiums paid will be made as long as we are not obliged to pay the amount reduced to another entity. The refund will be calculated by multiplying the percentage reduction in the monthly benefit payment by the average monthly premium during the period of Total Disability 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 any superannuation benefits will not cause the monthly benefit to be reduced.

When we will not pay a benefit?

We will not pay a benefit for any illness or injury in connection with:

- intentionally self-inflicted act or injury; or
- uncomplicated pregnancy; or
- war or any acts of war whether declared or not; or
- any other specific event or cause agreed between us and the policyowner.

When does cover end?

Cover will end as soon as one of the following things happen:

- the life insured attaining the age stated in the Policy Schedule, or
- death of the life insured, or
- 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
- when the policy lapses due to non-payment of premiums, or
- we receive a written request from the policyowner to cancel the policy, or
- at the expiry of the Benefit Period.

PrefSure Disability Income Portfolio

PrefSure Optimal Income Protection Insurance

Optimal Income Protection Insurance is designed to provide for the payment of a benefit in the form of a monthly income in the event of Total Disability (explained below). It allows you to insure up to:

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

You may apply for PrefSure Optimal Income Protection Insurance if the life to be insured is:

- aged 18 to 64 next birthday (Class 1 and 2 occupations only), or
- aged 18 to 60 next birthday (Class 3, 4 and 5 occupations).

Your adviser can tell you what occupation class applies.

The maximum initial Annual Benefit under Optimal Income Protection Insurance is \$300,000 per annum.

The following section of the PDS contains information about the benefits available under Optimal Income Protection Insurance. There is also other important information you should know before deciding whether to apply for PrefSure Optimal Income Protection Insurance. The following table indicates where that information can be found:

Cooling off period – the period of time after we issue Optimal Income Protection Insurance during which you can cancel the cover and obtain a refund.	Page 23
Your duty of disclosure – the things you must tell us before applying for Optimal Income Protection Insurance, and the consequences of failing to do so.	Application
Taxation – how tax impacts on premiums you pay and benefits you receive.	Page 28
Enquiries or Complaints – what to do if you have an enquiry or complaint.	Page 33

Some words and expressions used in this PDS have a particular meaning. Those words and expressions are defined in the Definitions section on pages 29 to 312 of the PDS.

Benefits

The benefits available under Optimal Income Protection Insurance are:

- Total Disability Benefit
- Partial Disability Benefit
- Waiver of Premium
- Death Benefit
- Recurring Claim Benefit

There are some circumstances in which we will not pay a benefit or will reduce the benefit we pay. These circumstances are set out on page 17. You must also satisfy our claim requirements before we pay a benefit (see page 27).

All benefits will be paid in Australian currency.

Total Disability Benefit

When we pay

The Total Disability Benefit is payable if the life insured is Totally Disabled while covered under Optimal Income Protection Insurance due to:

- a Specified Injury; or
- a Specified Medical Condition; or
- an injury or illness (other than a Specified Injury or a Specified Medical Condition) for a continuous period of longer than 30 days.

If Total Disability is caused by a Specified Injury or a Specified Medical Condition, the Total Disability Benefit accrues from the first day of Total Disability. Otherwise, the Total Disability Benefit starts to accrue at the end of 30 continuous days of Total Disability.

What does 'Total Disability' mean?

'Total Disability' means that:

- the life insured has suffered a Specified Injury; or
- due to suffering an injury or illness the life insured:
 - is unable to perform at least one important income producing duty of his or 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.

The amount we pay

The amount we pay under the Total Disability Benefit depends on whether the life insured's Total Disability is caused by:

- a Specified Injury; or
- a Specified Medical Condition; or
- an injury or illness other than a Specified Injury or a Specified Medical Condition.

Total Disability caused by a Specified Injury

If the life insured is Totally Disabled due to a Specified Injury we will pay the Total Disability Benefit for the Minimum Payment Period applying to the Specified Injury which has occurred, as shown in the table on page 15. We will pay the Total Disability for a Specified Injury whether or not the life insured is working.

If the life insured is Totally Disabled due to a Specified Injury, we will pay the Totally Disability Benefit as set out below.

During the first six months of a claim

The amount we pay under the Total Disability Benefit is 1/365th of the Annual Benefit for each day of the minimum payment period applying to the Specified Injury which has occurred.

After the first six months of a claim

If the Specified Injury which has occurred has a minimum payment period of more than six months, after the first six months on claim, the Total Disability Benefit, for each day of the remaining minimum payment period, will be 1/365th of the lesser of 75% of the life insured's Pre Disability Earnings and the Annual Benefit.

'Pre Disability Earnings' means the life insured's highest average monthly Earned Income in any 12 consecutive months in the two years prior to the current claim. The maximum level of 'Pre Disability Earnings' is the Annual Benefit divided by 75%.

Total Disability caused by a Specified Medical Condition

If the life insured is Totally Disabled due to a Specified Medical Condition (which are listed on the next page), we will pay the Total Disability Benefit as set out below:

During the first six months of a claim

The amount we pay under the Total Disability Benefit is 1/365th of the 'Increased Annual Benefit' for each day that the life insured is Totally Disabled.

The 'Increased Annual Benefit' will be equal to 95% of the income which was used to determine the Annual Benefit. For example, if the Annual Benefit is \$75,000 (based on an income of \$100,000), the amount payable under the Total Disability Benefit will be based on an Increased Annual Benefit of \$95,000 (ie 95% of \$100,000).

After the first six months of a claim

The Total Disability Benefit, for each day that the life insured is Totally Disabled, will be 1/365th of 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

'Pre Disability Earnings' means the life insured's highest average monthly Earned Income in any 12 consecutive months in the two years prior to the current claim.

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

Total Disability caused by an injury or illness other than a Specified Injury or a Specified Medical Condition

If the life insured is Totally Disabled due to an injury or illness (other than a Specified Injury or a Specified Medical Condition), we will pay the Total Disability Benefit as set out below:

During the first six months of a claim

The amount we pay under the Total Disability Benefit is 1/365th of the Annual Benefit for each day that the life insured is Totally Disabled.

After the first six months of a claim

The Total Disability Benefit, for each day that the life insured is Totally Disabled, will be 1/365th of the lesser of 75% of the life insured's Pre Disability Earnings and the Annual Benefit.

'Pre Disability Earnings' means the life insured's highest average monthly Earned Income in any 12 consecutive months in the two years prior to the current claim. The maximum level of 'Pre Disability Earnings' is the Annual Benefit divided by 75%.

Table of Specified Injuries

Specified Injury means	Minimum Payment Period in days
The total and permanent loss of the use of the hand from the wrist or the foot from the ankle joint	365
The total and irrecoverable loss of an eye or the sight in the eye	365
The complete severance of the thumb and index finger from the first phalangeal joint on the same hand	180
The fracture of:	
(i) Leg above the knee (femur), pelvis	90
(ii) Leg below the knee (tibia or fibula)	60
(iii) Ankle, heel	60
(iv) Kneecap	60
(v) Vertebrae	60
(vi) Upper arm (humerus), shoulder bone (scapula), elbow	60
(vii) Wrist	45
(viii) Forearm (radius or ulna), collarbone (clavicle)	30
(ix) Skull, jaw	30

'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.

PrefSure Disability Income Portfolio

PrefSure Optimal Income Protection Insurance (continued)

The Specified Medical Conditions

- Alzheimer's Disease
- Angioplasty
- Aplastic Anaemia
- Benign Brain Tumour
- Cancer
- Cardiomyopathy
- Cerebrovascular Accident (Stroke)
- Chronic Liver Failure
- Chronic Lung Failure
- Chronic Renal Failure (Kidney Failure)
- Coma
- Dementia
- Encephalitis
- 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 of Independent Existence
- Loss of Speech
- Major Abdominal Aortic Surgery
- Major Head Trauma
- Major Organ Transplant
- Motor Neurone Disease
- Multiple Sclerosis
- Muscular Dystrophy
- Myocardial Infarction (Heart Attack)
- Occupationally Acquired HIV
- Open Chest Surgery
- Paralysis:
 - Diplegia
 - Hemiplegia
 - Paraplegia
 - Quadriplegia
 - Tetraplegia
- Parkinson's Disease
- Primary Pulmonary Hypertension
- Severe Burns
- Total Blindness
- Total Deafness

When payments for Total Disability start and stop

Total Disability caused by a Specified Injury

If the life insured is Totally Disabled due to a Specified Injury, the Total Disability Benefit starts from the first day of Total Disability.

Payments under the Total Disability Benefit are paid monthly in advance and stop at the end of the minimum payment period for the Specified Injury which has occurred.

If more than one listed injury is suffered during the Minimum Payment Period, the injury that provides the greatest benefit will be paid.

If the life insured is Totally Disabled or Partially Disabled at the end of the Minimum Payment Period, a Total or Partial Disability Benefit may be payable in accordance with the terms applying to those benefits.

Total Disability caused by a Specified Medical Condition

If the life insured is Totally Disabled due to a Specified Medical Condition, the Total Disability Benefit starts from the first day of Total Disability.

The Total Disability Benefit will be paid monthly in arrears.

Payments under the Total Disability Benefit will stop when one of the following things happen:

- the life insured is no longer Totally Disabled solely as a result of the Specified Medical Condition; or
- the life insured's 70th birthday; or
- the life insured dies.

Total Disability caused by an injury or illness other than a Specified Injury or a Specified Medical Condition

If the life insured is Totally Disabled due to an injury or illness (other than a Specified Injury or a Specified Medical Condition), the Total Disability Benefit starts to accrue at the end of 30 continuous days of Total Disability.

The Total Disability Benefit will be paid monthly in arrears.

Payments under the Total Disability Benefit will stop when one of the following things happen:

- the date on which the total number of days during which we have paid a Total or Partial Disability Benefit (other than for a Specified Medical Condition or a Specified Injury) reaches 730 days,
- the life insured's 70th birthday,
- the life insured ceases to be Totally Disabled, and
- the death of the life insured.

No further claims (other than for a Specified Medical Condition or a Specified Injury) are payable under Optimal Income Protection Insurance once the total number of days on claim reaches 730 in total.

Partial Disability Benefit

When we pay

The Partial Disability Benefit is payable if the life insured is Partially Disabled prior to his or her 65th birthday following a period of Total Disability of at least 14 continuous days.

What does 'Partially Disabled' mean?

'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 or her regular occupation; and
- is under the care and following the advice of a Medical Practitioner.

The amount we pay

The amount of the Partial Disability Benefit equals:

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

'A' is Pre-Disability Earnings and

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

If the life insured is Partially Disabled, and no work is available to him or her, we will substitute for 'B' an amount calculated by us as the life insured's capacity to earn.

If the percentage loss of Earned Income is 75% or more, we will deem the loss to be 100%.

When payments for Partial Disability start and stop

Partial Disability caused by an injury or illness other than a Specified Medical Condition

If the life insured is Partially Disabled due to an injury or illness (other than a Specified Medical Condition), the Partial Disability Benefit starts to accrue at the end of 30 continuous days of Disability (Partial Disability must follow a period of Total Disability of at least 14 continuous days).

The Partial Disability Benefit will be paid monthly in arrears.

Payments under the Partial Disability Benefit will stop when one of the following things happen:

- the date on which the total number of days during which we have paid a Total or Partial Disability Benefit (other than for a Specified Medical Condition or a Specified Injury) reaches 730 days,
- the life insured's 70th birthday,
- the life insured ceases to be Partially Disabled, and
- the death of the life insured.

Partial Disability caused by a Specified Medical Condition

If the life insured is Partially Disabled due to a Specified Medical Condition, the Partial Disability Benefit only starts if the life insured has been Totally Disabled for at least 14 continuous days.

The Partial Disability Benefit will be paid monthly in arrears.

Payments under the Partial Disability Benefit will stop when one of the following things happen:

- the life insured is no longer Partially Disabled solely as a result of the Specified Medical Condition;
- the life insured's 70th birthday; or
- the life insured dies.

Waiver of premium

If we are paying the Total or Partial Disability Benefit we will waive premiums for so long as benefits are being paid.

Death Benefit

When we pay

The Death Benefit is payable if the life insured dies whilst we are paying a benefit under Optimal Income Protection Insurance.

The amount we pay

The amount we pay under the Death Benefit is 25% of the Annual Benefit and is paid as a lump sum.

We will pay the Death Benefit to the policyowner or, if the policyowner and the life insured are the same person, to the life insured's legal personal representative or a person we are permitted to pay under the relevant legislation.

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, we will treat it as a continuation of the previous claim and the benefits will recommence for the remaining part of the benefit period.

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

Immediate cover in the event of an accident

Provided the premium has been received and the Application is not replacing an existing PrefSure Life policy, the cover applies immediately in respect of Total Disability caused by an accident for a period of sixty (60) days. The monthly benefit will be the lesser of 1/12th of the Annual Benefit amount applied for, or \$10,000.

The details of this benefit and the exclusions that apply are included on page 33.

When we will reduce the benefit we pay

If the life insured is self employed and we classify his or her occupation as a 'Class One Professional', we will not reduce any Total Disability or Partial Disability Benefit payable under Optimal Income Protection Insurance because money is recoverable from other sources.

For all other occupation classes, the following payments will be taken into account when calculating the benefit:

- payments from an employer or previous employer (such as sick leave);
- Workers Compensation or Social Security payments in respect of lost income (excluding any specified pain or suffering component of such a payment);
- regular payments received from other disability or income protection insurance policies.

Taking into account the receipt of the above payments will have the effect of reducing the benefit so that the benefit, together with the aggregate of the annual equivalent of those other payments, will not exceed the benefit otherwise payable under Optimal Income Protection Insurance cover.

PrefSure Disability Income Portfolio

PrefSure Optimal Income Protection Insurance (continued)

Where any of the amounts mentioned above are paid in a lump sum, we will 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 as long as we are not obliged to pay the amount reduced to another entity.

The refund will be calculated by multiplying the percentage reduction in benefit by the average monthly premium during the period of Disability 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.

When we will not pay a benefit

We will not pay a benefit for any illness in connection with:

- an intentionally self-inflicted act or injury;
- uncomplicated pregnancy;
- war or any acts of war whether declared or not; or
- any other specific event or cause agreed between us and the policyowner.

When does cover end?

Cover will end as soon as one of the following things happen:

- the life insured's 70th birthday, or
- death of the life insured, or
- 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,
- we receive a written request from the policyowner to cancel Optimal Income Protection Insurance; or
- when the policy lapses due to non-payment of premiums.

PrefSure Business Expenses Insurance

Business Expenses Insurance is designed to provide for the reimbursement of the normal day to day running expenses of a business during a period of Total Disability. Up to 100% of the life insured's eligible business expenses may be insured under a Business Expenses Insurance policy.

The maximum initial Annual Benefit under Business Expense Insurance is \$300,000 per annum.

You may apply for PrefSure Business Expense Insurance if you are aged 18 to 64 next birthday.

Business Expense Insurance is available in two types - Platinum and Gold. Platinum is only available to certain occupations e.g. Barrister, Doctor, Dentist, Accountants etc. Your adviser will tell you whether Platinum is available to you.

The following section of the PDS contains information about the benefits available under Business Expense Insurance. There is also other important information you should know before deciding whether to apply for PrefSure Business Expenses Insurance. The following table indicates where that information can be found:

Cooling off period – the period of time after we issue Business Expense Insurance during which you can cancel the cover and obtain a refund	Page 23
Your duty of disclosure – the things you must tell us before applying for Business Expense Insurance, and the consequences of failing to do so	Application
Taxation – how tax impacts on premiums you pay and benefits you receive	Page 28
Enquiries or Complaints – what to do if you have an enquiry or complaint	Page 33

Some words and expressions used in this PDS have a particular meaning. Those words and expressions are defined in the Definitions section on pages 29 to 32 of the PDS.

Benefits

Standard Benefits

The following benefits are included under Business Expenses Insurance.

- Total Disability Benefit
- Partial Disability Benefit
- Waiver of Premium
- Recurring Claim Benefit
- Waiver of Waiting Period
- Elective Surgery Benefit

There are some circumstances in which we will not pay a benefit or will reduce the benefit we pay. These circumstances are set out on page 22.

You must also satisfy our claim requirements before we pay a benefit (see page 27).

All benefits will be paid in Australian currency.

Total Disability Benefit

When we pay

The Total Disability Benefit is payable if the life insured has a continuous period of Total Disability for longer than the Waiting Period while covered under Business Expense Insurance.

What does 'Total Disability' mean?

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.

The amount we pay

The amount we pay under the Total Disability Benefit, for each day that the life insured is Totally Disabled after the Waiting Period, is 1/365th of the lesser of:

- the Annual Benefit; and
- the actual covered Business Expenses incurred.

Business Expenses covered

Business Expenses are the normal day-to-day running expenses of the life insured's business. Business expenses include, but are not limited to, the following:

- Accounting and audit fees
- Advertising costs
- Bank charges, interest on loans
- Depreciation of equipment, plant
- Electricity, gas, heating, water, telephone, cleaning and laundry costs, postage and handling
- Property rates and taxes
- Publications and subscriptions to professional associations
- Leasing costs of plant and equipment
- Business related insurance premiums but not including premiums for the policy
- Rent
- Salaries and other related costs (eg: payroll tax, superannuation contributions, FBT) for non-income generating employees of your business.
- Motor vehicle costs
- Couriers
- Net cost of a locum i.e. a direct replacement of the life insured from a source outside the life insured's business, less the business earnings generated by the locum.

Prepaid or accrued Business Expenses will be apportioned over the period to which they relate. Where income is generated while the life insured is Totally Disabled, the Total Disability Benefit will be limited to the net Business Expenses, i.e. Business Expenses less net business income. Net business income is business income, less wages paid to income generating staff.

PrefSure Disability Income Portfolio

PrefSure Business Expenses Insurance (continued)

Where more than one person is responsible for generating income, PrefSure Life will apportion the expenses equally between the life insured and the other person(s) unless otherwise agreed between the life insured and us.

Business Expenses not covered by the policy are:

- Salaries and other related costs (eg. payroll, tax, superannuation, FBT) for the life insured and income generating employees of your business other than a locum.
- Costs in relation to any relatives of the life insured, unless that person was employed for at least sixty consecutive days prior to the Disability of the life insured.
- Commissions or bonuses payable to the life insured.
- Repayments of principal of any loan or other finance agreement.
- Any costs of a capital nature including the cost of any books, equipment, fittings, fixtures, furniture, goods, implements, merchandise or stock.
- Depreciation on real estate.
- Losses on investments.
- Taxes levied pursuant to the Income Tax Assessment Act.

When payments under the Total Disability Benefit start and stop

The Total Disability Benefit starts to accrue at the end of the Waiting Period (unless the Waiting Period is waived under the Accident Benefit Option) and is paid monthly in arrears.

The Total Disability Benefit stops at the expiry of the Benefit Period.

For Business Expenses Insurance — The Benefit is payable for a period of up to one year, while the life insured remains Disabled. If at the end of this year, the life insured remains Disabled and the total benefit paid is less than the Annual Benefit, then cover will continue until the earliest of:

- the payment of the Annual Benefit;
- the expiry of a further twelve months; and
- the Expiry of Cover.

Partial Disability Benefit

When we pay

The Partial Disability Benefit is payable if:

- the life insured is Partially Disabled after the Waiting Period; and

<p>If Gold Cover is selected:</p> <ul style="list-style-type: none"> • Partial Disability must follow a period of Total Disability of at least 14 continuous days. 	<p>If Platinum Cover is selected and the life insured is aged:</p> <ul style="list-style-type: none"> • less than 55 years - there is no requirement for the life insured to suffer a period of Total Disability before qualifying as Partially Disabled; • between 55 and less than 60 years – Partial Disability must follow a period of Total Disability of at least 7 continuous days; • 60 years or more – Partial Disability must follow a period of Total Disability of at least 10 continuous days
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What does 'Partial Disability' mean?

Partial Disability means that due to suffering an illness or injury, the life insured:

- suffers a partial loss of business turnover following a period of Total Disability of at least fourteen (14) continuous days;
- cannot work full time, or is unable to perform at least one important income producing duty of his or her regular occupation; and
- is under the care and following the advice of a Medical Practitioner.

The amount we pay

For each day that the life insured is Partially Disabled, the amount we pay under the Partial Disability Benefit is 1/365th of the lesser of:

- $\frac{(A-B)}{A}$ x the Annual Benefit, and
- $\frac{(A-B)}{A}$ x your annualised share of the Business Expenses that relate to the period of Partial Disability.

A = The life insured's share of the business turnover in the 12 month period prior to the Disability of the life insured.

B = The life insured's annualised share of the current month's business turnover for the month in which Partial Disability is claimed.

When the life insured is Partially Disabled and is not working, we will calculate 'current month's business turnover' as the turnover the life insured could reasonably be expected to generate if he or she were working.

When payments under the Partial Disability Benefit start and stop

The Partial Disability Benefit starts to accrue from the later of:

- the day after the life insured is no longer Totally Disabled; and
- the day after the end of the Waiting Period as long as the life insured was Totally Disabled for at least fourteen (14) consecutive days.

The Partial Disability Benefit is paid monthly in arrears.

The Partial Disability Benefit stops at the expiry of the Benefit Period.

Waiver of Premium

If the life insured suffers Disability for longer than the Waiting Period, we will refund premiums paid in that period and will continue to waive premiums until the life insured is no longer Totally or Partially Disabled. Premium payments will recommence from the date Total or Partial Disability ceases.

Recurring Claim Benefit

A new Waiting Period will not apply to any claim provided that the claim resulted from a relapse or recurrence of the same or related illness or injury that caused Total or Partial Disability, within 12 months of returning to work. Benefits will recommence for the remaining part of the benefit period.

Waiver of Waiting Period

We will waive the Waiting Period on a new claim resulting from an illness or injury unrelated to a previous claim, as long as:

- a Waiting Period applied to the previous claim;
- the new claim occurs within twelve months of returning to work from the previous claim; and
- the new claim is for a continuous period of Disability of 30 days or more.

Benefits will then accrue from the first day of the new claim.

Elective Surgery Benefit

We will also pay the Total Disability Benefit if the life insured undergoes:

- cosmetic or other elective surgery; or
- surgery to transplant a body organ into the body of another person,

and would be Total Disabled (except that disability is caused by surgery and not by an illness or injury).

We will only pay the Total Disability Benefit in these circumstances if the surgery took place more than 6 months after the later of:

- the start date of Business Expenses Insurance;
- the date of an increase to the Annual Benefit which you apply for and we accept (but only in respect of the amount of the increase); and
- the last reinstatement of the policy.

Benefits Which Are Optional

For the payment of an additional premium, the following benefits may be added to the Standard Benefits above.

- Accident Benefit Option
- Leasepay Benefit Option

Accident Benefit Option

If the life insured becomes Totally Disabled due to an accident, we will waive the Waiting Period as long as the life insured is Totally Disabled for at least 72 hours immediately following the accident.

We will pay the Total Disability Benefit for each day of Total Disability from the start of Total Disability, for a maximum of the Waiting Period.

Leasepay Benefit Option

Where we have been paying the Total Disability Benefits under Business Expenses Insurance policy for a continuous period of twelve months and the life insured is Totally Disabled, then the Leasepay Benefit will commence. This Benefit will pay the life insured's lease commitments on the principal commercial premises of the business. It will be calculated on a daily basis, paid monthly in arrears and will continue to be paid until the earliest of the following:

- the date on which the life insured ceases to be Totally Disabled;
- the date on which the Leasepay Benefit is exhausted;
- five years from the date the Leasepay Benefit first became payable;
- the date on which the lease commitment is extinguished; and
- the date of the life insured's death.

On the occurrence of any of the above, all cover will cease under this option.

Immediate cover in the event of an accident

Provided the premium has been received and the Application is not replacing an existing PrefSure Life policy, the cover applies immediately in respect of Total Disability caused by an accident for a period of sixty days. The monthly benefit will be for the lesser of 1/12 of the Annual Benefit amount applied for, or \$10,000 per month.

The details of this benefit and the exclusions that apply are included on page 34.

Return to Work During the Waiting Period

If, during the Waiting Period, the life insured returns to gainful employment for five days or less, then those days for which the life insured was gainfully employed will be added to the Waiting Period.

If, during the Waiting Period, the life insured returned to gainful employment for more than five days, then the Waiting Period will recommence.

PrefSure Disability Income Portfolio

PrefSure Business Expenses Insurance (continued)

When we will reduce the benefit we pay

If other benefits are received from other insurance policies providing Business Expenses cover, then the Business Expenses used in the calculation of the Benefit will be reduced by the monthly amount of those other benefits. In the event that business turnover does not decrease during any period of Total or Partial Disability then no Benefit is payable under this cover.

When we will not pay a benefit

We will not pay a benefit under Business Expenses Insurance for any illness or injury in connection with:

- intentionally self-inflicted act or injury;
- uncomplicated pregnancy;
- war or any acts of war whether declared or not; or
- any other specific event or cause agreed between us and the policyowner.

When does cover end?

Cover will end as soon as one of the following things happen:

- the life insured attaining the age stated in the Policy Schedule, or
- death of the life insured, or
- 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, or
- when the policy lapses due to non-payment of premiums, or
- we receive a written request from the policyowner to cancel Business Expenses Insurance.

Additional Features

Commitment to upgrade your policy

We 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, 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 upgrade, the previous conditions will prevail.

Guaranteed Non-Cancellable and Guaranteed Renewal of Cover

Provided the policyowner and the life insured have complied with the Duty of Disclosure, the application and other forms are completed accurately and completely, and premiums are paid when due, we cannot cancel the policy and we guarantee to offer renewal of the policy each year until the expiry date of the cover selected. This guarantee applies regardless of any change in the health or personal circumstances of the life insured.

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 us within 28 days from the day you receive your Policy Schedule and receive a full refund of premium(s) promptly. Your request should be in writing.

Automatic increases in insurance

Unless otherwise stated in the Policy Schedule, we will, on each policy anniversary date before the life insured's 65th birthday, increase the Annual Benefit at an annual rate determined by us based on the Consumer Price Index published by the Australian Statistician from time to time (or such other index as we consider appropriate).

The policyowner will have the option of not effecting any increase provided that such option is exercised in writing.

Cancellation procedure

If we intend to cancel the policy for non-payment of premium, we will notify you in writing. The cancellation will take effect on 4pm on the twentieth business day after the day on which the notice was given (or, if a replacement policy is issued during that period, when the replacement policy is issued).

PrefSure Disability Income Portfolio

Premiums

Premiums

You will receive a quotation

The first premium you pay under the policy will be set out in a quotation that your adviser will provide to you and attach to your application form. You can also ask us to provide you with a quote, or request our premium rates, by calling us on 1800 221 142.

The quotation will set out the amount of your premium and the policy fee.

How we calculate the premium

When you apply for the policy, you select the level of cover and any additional premium optional benefits. The premium rate that we apply to the policy you have selected will depend on:

- the amount of the Annual Benefit - a discount applies where the Annual Benefit exceeds \$84,000
- the life insured's age - the premium rate generally increases with increases in age
- the life insured's gender – the premium rates for disability income policies are higher for women than they are for men
- whether the life insured smokes – a higher premium rate applies to smokers
- the Waiting Period selected – the longer the Waiting Period, the lower the premium rate
- the Benefit Period selected – the longer the Benefit Period, the higher the premium rate.

Also, we may apply a premium 'loading' (usually a percentage on top of the 'standard' premium rate):

- if the life insured works in an occupation that involves a higher risk of accident or injury (eg jobs involving manual labour)
- if the life insured participates in certain pastimes that involve increased risk of death or injury (eg hang gliding, professional sports)
- having regard to the life insured's current state of health and family history.

Premium options available

• Stepped premium rates

Stepped premiums are based on the then current age next birthday. On each policy anniversary date, the premium rate changes (usually increases) as the life insured gets older.

• Level premium rates

Level premium rates are an option only for PrefSure Disability Income Insurance policies. Level premiums are based on the life insured's age next birthday at the commencement of the policy. On each policy anniversary date, the premium rate remains unchanged.

However, the premium you pay will increase if you increase the Annual Benefit. The premium rate for the amount of the increase will be based on the life insured's age next birthday at the commencement of the increase.

With respect of annual inflation adjustment only, the premium rate for the amount of the inflation adjustment will be based on the life insured's age next birthday at the commencement of the policy.

For level premium rates, the premiums you pay over the shorter term may be greater than if you choose stepped premium rates. If you choose stepped premium rates, the premiums you pay over the longer term may be greater than if you choose level premium rates.

Can we change the premium rates?

Level premium rates are guaranteed not to increase for the currency of the policy.

If stepped premium rates apply, we can increase the rates. We will only do this if we have provided you with 3 months' notice in writing. 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, once the risk is accepted.

What are the premium frequency options?

Premiums are payable in advance and can be paid:

- yearly,
- half-yearly, or
- monthly.

If premiums are paid half-yearly or monthly, a frequency loading will apply (see below).

Premiums may be paid by cheque, direct debit from a bank account or by credit card. Available options are:

	Monthly	Half Yearly	Yearly
Cheque	X	✓	✓
Direct Debit	✓	✓	✓
Credit Card	✓	✓	✓

You may apply at any time (in writing), to change the method and frequency of payment. If you pay by direct debit or credit card, your financial institution may charge you a fee for a transaction.

Premium payments

Premiums are due and payable on each anniversary of the policy commencement date. The amount of the premium will be shown in a renewal/anniversary notice we send to you each year before the policy anniversary date. A period of grace of 60 days beyond the anniversary date will be allowed for payment, without interest, of each premium and during this period the policy will continue.

Sample premiums

Below are sample premium amounts for the Standard Benefits included in each of the policies described in this PDS. Your adviser will provide you with a personal illustration of premiums for your specific circumstances.

The premiums below are samples only and demonstrate the effect of changing some of the factors that impact on the premium calculation. The premiums do not include the stamp duty payable. The amount of stamp duty depends on your state of residence. The premiums below are based on ordinary rates.

PrefSure Disability Income Insurance			
36 year old male non-smoker Solicitor Annual benefit – \$60,000 Benefit Period – to Age 65 Waiting Period – 90 days Stepped premium No Optional Benefits	Same as column 1 but decrease in Benefit Period to Age 60 and Level Premium	Same as column 1 but life insured is female	Same as column 1 but occupation is plumber
\$ 55.96 per month	\$ 83.74 per month	\$ 85.48 per month	\$ 124.85 per month

PrefSure Disability Income Silver Insurance			
36 year old male non-smoker Solicitor Annual Benefit - \$60,000 Benefit Period - to age 65 Waiting Period - 90 days Stepped premium	Same as column 1 but Female life insured is Clerk Annual Benefit - \$45,000	Same as column 1 but life insured is female	Same as column 1 but occupation is plumber
\$41.18 per month	\$58.39 per month	\$61.83 per month	\$89.37 per month

PrefSure Optimal Income Protection Insurance			
36 year old male non-smoker Solicitor Annual benefit – \$60,000 Stepped premium	Same as column 1 but Female life insured is Clerk Annual benefit – \$45,000	Same as column 1 but life insured is female	Same as column 1 but occupation is plumber
\$ 50.38 per month	\$ 72.70 per month	\$ 76.56 per month	\$ 94.01 per month

PrefSure Business Expenses Insurance			
36 year old male non-smoker Solicitor Annual benefit – \$60,000 Waiting Period – 30 days No Optional Benefits	Same as column 1 but reduction in Waiting Period to 14 days	Same as column 1 but life insured is female	Same as column 1 but occupation is plumber
\$ 37.64 per month	\$ 52.76 per month	\$ 56.17 per month	\$ 80.88 per month

PrefSure Disability Income Portfolio

Premiums (continued)

Fees and charges

Where premiums (including the Policy Fee) are paid more frequently than yearly, a frequency loading will be applied to offset the costs of the additional transactions.

Frequency	Loading of Premium
Monthly	8%
Half Yearly	6%

Any increases to these loadings will be advised to the policyowner in writing at least ninety days prior to the increase taking place.

Policy Fee

A fixed fee is paid as part of each premium under the policy and depends on your chosen premium frequency.

Premium Frequency	Policy Fee from 1 February 2005
Yearly	\$75.00
Half Yearly	\$39.00
Monthly	\$6.75

The policy fee is increased on each subsequent policy anniversary to allow for inflation. The rate of increase in the policy fee shall be determined by our Appointed Actuary. The policy fee will be shown in a Policy Schedule we send to you each year before the policy anniversary.

Commission

Commission may be paid to your adviser. Any amounts paid to your adviser are paid by us and are not additional amounts you have to pay.

How we pay benefits

Notification of Claim

We must be notified immediately in writing if the life insured becomes Disabled.

Lodgement of claim form

Claim forms must be completed and lodged within 30 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 for notification of the claim, then it must be provided as soon as is reasonably possible.

Benefits for Multiple Illnesses or Injuries

We will consider multiple claimable illnesses or injuries as a single event and will be liable for payment once only under a policy.

Claim Information

In the event of a claim, the policyowner must at their expense provide to us:

- any medical report from a Medical Practitioner or any other person who has been, or is treating, the life insured; and
- 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, Prior Earnings or earnings; and
- any other information required by us.

Payment of a benefit is subject to proof of the policyowner's entitlement in such a manner we may reasonably request. We have 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 the policy.

The policyowner and life insured must assist us in the ongoing management of a claim. This may include participation in recovery and rehabilitation support programmes whenever possible and include home visits (with consent of the life insured).

Medical Information

The life insured must undergo, at our expense, any medical examination or examinations which we may require.

Proof of Age

No benefit will be payable under the policy without proof of age of the life insured being submitted in the form of a birth certificate or such documentation as we may require.

If the age has been understated, the benefits under the policy will be those that the premium 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. We 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. PrefSure Life will waive this provision, if in the opinion of the Medical Practitioner, continued or future treatment would be of no benefit.

Medical Catastrophe claims

The Medical Catastrophe benefit is payable at the date that PrefSure Life receives proof to its satisfaction that the Medical Catastrophe definition under the policy has been satisfied.

PrefSure Disability Income Portfolio

Taxation

Premiums

Premiums for Disability Income Portfolio policies are generally deductible when calculating assessable income.

Benefits

Benefits payable under Disability Income Portfolio policies are generally treated as income and therefore would be assessable for income tax.

This information represents the general taxation position only. You should consult your taxation adviser for information relevant to your own personal situation.

Definitions

The definitions of terms used in this PDS are included in this section of the PDS. In some cases, the same term may have different meanings under a different type of cover.

Accident

Means an injury caused solely and directly by accidental, violent, external and visible means that stops the life insured performing one or more of the duties of his/her regular occupation necessary to produce income as confirmed by a Medical Practitioner and the life insured is not engaged in his/her regular occupation, nor any other gainful occupation.

Benefit Period

For Disability Income and Disability Income Silver Insurance
Is the maximum period of time for which benefits will be paid as specified in the Policy Schedule.

For Business Expenses Insurance — The Benefit is payable for a period of up to one year, while the life insured remains Disabled. If at the end of this year, the life insured remains Disabled and the total benefit paid is less than the Annual Benefit, then cover will continue until the earliest of:

- the payment of the Annual Benefit;
- the expiry of a further twelve months; and
- the Expiry of Cover.

Disability

Means Total Disability or Partial Disability.

Earned Income

For Disability Income and Disability Income Silver Insurance
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 their share of business expenses necessarily incurred in the conduct of the 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 that would not be considered as part of the total income.

For Optimal Income Protection Insurance – 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.

Illness

A disease or sickness, which becomes apparent whilst the life insured is covered under the policy.

Injury

This is bodily injury not caused by illness, which occurs during the life of the policy.

Loss or Disability

For Disability Income Insurance – Is Total (or Partial) Disability for which a benefit is payable under the policy.

For Disability Income Silver and Business Expenses Insurance
Is Total Disability for which a benefit is payable under the policy.

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.

Policy

Your policy comprising the policy document and the Policy Schedule.

Policy Schedule

The document we send you, which has your policy number and details of your cover.

Policy Commencement Date

The date from which insurance cover commences. This date is shown on your Policy Schedule and applies so long as the premium has been paid in full and within the specified time frame.

Waiting Period

Is the number of days shown on the Policy Schedule starting from the day the life insured is Totally Disabled. It may vary subject to, as applicable:

- Return to work during the Waiting Period;
- Partial Disability;
- Recurring Claim Benefit;
- Waiver of Waiting Period;
- Specific Injury Benefit; and
- Accident Benefit Option.

PrefSure Disability Income Portfolio

Definitions (continued)

Medical Catastrophe Benefit and Optimal Income Protection Specified Medical Conditions definitions

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 the life insured 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 Clark 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.

Cardiomyopathy directly related to alcohol abuse is excluded (Medical Catastrophe benefit only).

Cerebrovascular Accident (Stroke)

Means any cerebrovascular incident producing neurological sequelae, including infarction of brain tissue, intracranial or subarachnoid haemorrhage, embolisation from an extracranial 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
- 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 (Kidney 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. Coma directly related to alcohol abuse is excluded.

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 limbs/sight (Optimal Income Protection only)

Means 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 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 the life insured is totally and irreversibly unable to perform at least two of the following five numbered 'Activities of Daily Living':

1. bathing or showering;
2. dressing and undressing;
3. eating and drinking;
4. using a toilet;
5. 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,
- elevation of cardiac enzymes consistent with a Myocardial Infarction.

If ECG or enzyme evidence of infarction are unavailable or inconclusive, then PrefSure 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 seroconversion to HIV infection occurring within six months of the accident. Any accident giving rise to a potential claim must be reported to PrefSure Life 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
- repair or replacement of valves...being open chest surgery to replace or repair cardiac valves as a consequence of heart valve defects or abnormalities.

PrefSure Disability Income Portfolio

Definitions (continued)

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 the head, both arms and both 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 disease, illness or injury.

Enquiries and complaints

We will always seek to resolve complaints quickly and efficiently and with the fairest possible result. If you have any queries, please telephone us on

1800 221 142 or write to:

Complaints Manager
PrefSure Life Limited
Level 9, 1 O'Connell 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
Financial Industry Complaints Service
PO Box 579, Collins West, Melbourne 8007
Telephone 1300 780 808 (Facsimile 03 9621 2291).

The Financial Industry Complaints Service Limited is an industry sponsored company that 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 with the insurer directly.

Accidental Total Disability Interim Certificate Of Insurance

No Cost Accident Cover on the following terms is hereby given by PrefSure Life to the person from whom it receives a fully completed application and personal statement for Disability Income Insurance, Disability Income Silver Insurance, Optimal Income Protection Insurance or Business Expenses 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 PrefSure Life has received an authorisation to collect the first premium from a financial institution.

Cover only applies if you have disclosed to PrefSure Life all information required by your duty of disclosure as set out in the application form.

This Interim Accident Cover is a benefit of the policies described in this PDS. It does not represent a separate insurance policy. The remaining benefits of your policy will be issued after your application has been assessed.



PREFSURE

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.)
- Cover under this Certificate of Insurance is referable to PrefSure Life's No. 1 Statutory Fund.

Duration of the Cover

- Commences when PrefSure Life receives the Application and the Premium (the Commencement Date)
- Terminates
 - When PrefSure 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 PrefSure Life would not offer cover at standard rates,
- War, or any acts of war, whether declared or not.

PrefSure Life Limited
Level 9, 1 O'Connell Street, Sydney NSW 2000
Telephone (02) 8258 8700 Facsimile (02) 8258 8710
1300 657 420

Privacy Statement

At PrefSure 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 PrefSure from time to time, it may affect PrefSure'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 or adviser or his/her responsible Australian Financial Services Licensee;
- or otherwise 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 other than what is included in this statement without your consent, except where required by law.

By completing an application form or any other form, you consent to PrefSure 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 PrefSure's Privacy Officer at:

PrefSure Life Limited
Level 9, 1 O'Connell Street
Sydney NSW 2000
Phone (02) 8258 8700 or
Fax (02) 8258 8710

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

PrefSure Disability Income Portfolio

About the Insurer – PrefSure Life

PrefSure Life Limited is an Australian incorporated company and is a member of the international Liberty Group, a multi-billion dollar financial services group listed on the Johannesburg Stock Exchange in South Africa.

PrefSure's focus is on providing life and disability insurance products to the Australian market and we are an industry leader in the provision of life insurance arrangements to superannuation funds and administration platforms.

In 2003, the merger of PrefSure Life with Lumley Life created one of Australia's largest risk-only life insurers. Today PrefSure Life has assets in excess of \$200 million and over 100,000 policyholders.

PrefSure is widely acknowledged in the market for its excellent products and superior service.

The company innovates constantly to ensure we maintain a competitive edge. This was recognised by Money Management and research house DEXA who awarded PrefSure Life 'Best Risk Company of the Year' in the 2003 and 2004 Adviser Choice Risk Awards. The Australia and New Zealand Institute of Insurance and Finance (ANZIIF) awarded PrefSure 'Claims Team of the Year' in 2003 and 2004.

PrefSure specialises in creating the very best life insurance products and services. This, in turn, drives our strong focus on customer service and the need to ensure that our insurance solutions remain relevant over time.

Directory

The Company:

PrefSure Life Limited
ABN 20 000 017 194
AFSL 239 632

Head Office:

Level 9, 1 O'Connell Street
Sydney NSW 2000
Telephone: (02) 8258 8700 / 1300 657 420
Facsimile: (02) 8258 8710