

Zurich Life Risk Underwriting Improvements

Insert to Zurich Adviser Guide



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Effective 29 September 2011

This insert replaces pages 19, 20, 21, 27, 28, 32, 33, 34 and certain sections of the Occupation guidelines (starting on page 35) in the Zurich Adviser Guide, Preparation Date: 1 March 2011.

Financial underwriting requirements

The following limits apply, provided that the cover is not excessive relative to your client's annual salary. Requirements will be based on the total industry cover.

Death and TPD	Up to \$2,500,000	None
	\$2,500,001 – \$3,000,000	Occupation groups 1 and 2: Nil Occupation groups 3 and 4: Confidential financial questionnaire signed by life insured and verified by adviser or copy of Statement of Advice#.
	\$3,000,001 – \$5,000,000	Personal cover Death cover – Confidential financial questionnaire signed by life insured and verified by adviser or copy of Statement of Advice#. TPD cover – Confidential financial questionnaire signed by life insured and verified by adviser or copy of Statement of Advice# – plus: Last 2 years personal income tax returns and if applicable, last 2 years business tax returns, balance sheets, profit and loss statements for all business entities.* Business cover (Death & TPD cover) Confidential financial questionnaire signed by life insured and verified by adviser or copy of Statement of Advice# – plus: Last 2 years personal income tax returns and last 2 years business tax returns, balance sheets, profit and loss statements for all business entities.*
	\$5,000,001 +	Confidential financial questionnaire signed by life insured and verified by accountant ^ – plus: Last 2 years personal income tax returns and if applicable, last 2 years business tax returns, balance sheets and profit and loss statements for all business entities.*
Trauma	Up to \$1,000,000	None
	\$1,000,001 – \$1,500,000	Occupation groups 1 and 2: Nil Occupation groups 3 and 4: Confidential financial questionnaire signed by life insured and verified by adviser or copy of Statement of Advice# – plus: Personal cover – Last 2 years personal income tax returns and if applicable, last 2 years business tax returns, balance sheets, profit and loss statements for all business entities. Business cover – Last 2 years personal income tax returns, last 2 years business tax returns, balance sheets, profit and loss statements for all business entities.
	\$1,500,001 – \$2,000,000	Confidential financial questionnaire signed by life insured and verified by adviser or copy of Statement of Advice# - plus: Personal cover – Last 2 years personal income tax returns and if applicable, last 2 years business tax returns, balance sheets, profit and loss statements for all business entities. Business cover – Last 2 years personal income tax returns and last 2 years business tax returns, balance sheets, profit and loss statements for all business entities.

^ We require the accountant to verify the Confidential financial questionnaire when the sum insured applied for exceeds \$5million. Also Statement of Advice is not acceptable as alternative.

if Statement of Advice is provided then we expect inclusion of details of financial position – assets, liabilities and investment income etc. needs analysis, details of policy recommended and calculation of sums insured.

* depending on the sum insured and reason for cover (eg. loan), other requirements may be requested.

Medical underwriting requirements

Medical requirements are needed when the amount at risk with Zurich is **at or above** the amounts shown in the table below.

Death & TPD										
Age NB	Bloods [^]	Express Exam	Paramedical / GP Medical Exam	PMAR# (see TPD note below)	FBC and MSU# (see TPD note below)	Exercise ECG	PSA (males only) Breast exam* (females only)			
Up to 45	\$2,500,001	N/A	\$2,500,001	\$5,000,001	\$5,000,001	\$5,000,001	\$10,000,001			
46 – 50	\$1,500,001	\$1,500,001	\$2,000,001	\$5,000,001	\$5,000,001	\$5,000,001	\$10,000,001			
51 – 55	\$1,000,001	\$1,000,001	\$1,500,001	\$5,000,001	\$5,000,001	\$5,000,001	\$5,000,001			
56 – 60	\$750,001	\$750,001	\$1,000,001	\$5,000,001	\$5,000,001	\$5,000,001	\$5,000,001			
61 – 65	\$500,001	N/A	\$500,001	\$5,000,001	\$5,000,001	\$5,000,001	\$2,500,001			
66 – 70	\$350,001	N/A	\$250,001	\$5,000,001	\$5,000,001	\$5,000,001	\$2,500,001			

Trauma										
Age NB	Bloods [^]	Express Exam	Paramedical / GP Medical Exam	FBC	PMAR	MSU	Exercise ECG	PSA (males only) Breast exam* (females only)		
Up to 40	\$1,000,001	N/A	\$1,000,001	\$1,500,001	N/A	N/A	N/A	N/A		
41 – 45	\$1,000,001	N/A	\$1,000,001	\$1,500,001	N/A	N/A	N/A	\$1,500,001	\$1,500,001	
46 – 50	\$1,000,001	N/A	\$1,000,001	\$1,500,001	\$1,500,001	N/A	N/A	\$1,500,001	\$1,500,001	
51 – 55	\$1,000,001	N/A	\$1,000,001	\$1,000,001	\$1,500,001	\$1,500,001	\$1,000,001	\$1,000,001	\$1,000,001	
56 – 60	\$500,001	\$500,001	\$1,000,001	\$1,000,001	\$1,500,001	\$1,500,001	\$1,000,001	\$1,000,001	\$1,000,001	

PMAR, FBC and MSU will always be required for TPD sums insured exceeding \$3m

* or result of current mammogram within 6 months

[^] note that 'Bloods' include HIV, Hepatitis B and C and Fasting MBAZO (including HDL/LDL Cholesterol tests).

High sums insured

Where the TPD cover exceeds \$3m, PMAR, FBC and MSU are mandatory requirements in addition to the medical requirements set out above.

For large sums insured we encourage contact to be made with your BDM and/or Regional Underwriter to discuss details including the purpose of cover, proposed sum insured and the profile of your client so that we can provide a list of requirements upfront where possible.

Business Expenses

Our Business expenses option is designed for persons who own and operate small to medium size businesses. Generally, as a guideline we classify a small to medium business as one with less than five income producing employees, or less than a total of ten employees. Anything outside of these guidelines will be considered by Underwriting on a case by case basis. For queries regarding your client's eligibility for Business Expenses, contact our Underwriting team.

The difference between agreed value and indemnity

What is an 'agreed value' policy?

Subject to the income declaration on the application being correct at the time of acceptance (and able to be substantiated through the usual means), if the life insured has no *post-disability income*, Zurich will pay the insured monthly benefit, irrespective of whether the applicant's income has dropped since policy inception.

What is an 'indemnity' policy?

Under an indemnity policy the amount payable may be less than the insured monthly benefit if the life insured's income has dropped since policy inception, even if there is no *post-disability income*. At the time of underwriting the Life Insured's Statement must be completed to show the applicant's income for the past few years, usually with no mandatory financial evidence required (see Financial requirements section page 33), as the applicant will be required to provide

proof of income at the time of claim. However, it is at the discretion of the Underwriter if any additional financial information is required.

Please note that at the time of claim the applicant must meet the minimum requirements for the product, ie. the minimum annual insurable income is \$24,000 (or \$1,500 per month). If this minimum is not met, the contract could be avoided.

Agreed value income replacement financial endorsement (guaranteed agreed value)

Zurich will add an endorsement to agreed value income replacement policies where full financial evidence is provided at underwriting. This means that in the event of claim where there is no post disability income, Zurich will not require financial evidence to be resubmitted to support the claim. However if the policy owner receives any post disability income, financial evidence will be required to determine the income benefit entitled. This endorsement **is not** applied automatically.

In order to apply for the endorsement you must have submitted complete and final financial information (as submitted to the ATO). In return, Zurich will assess and if appropriate, endorse your policy schedule.

Agreed value income replacement financial endorsement may be requested to apply retrospectively to an existing policy that has been in force for less than 5 years. Please contact Underwriting for details.

1. Agreed value financial endorsement financial evidence requirements

The financial evidence required is dependent on a person's type of employment, as set out in the table below.

Note: The financial requirements listed must be provided as described for consideration of the Agreed value income replacement financial endorsement.

Employment & Benefit	Requirement
Employee – up to maximum benefit of \$15,000 per month	<ul style="list-style-type: none"> Last financial years Personal Income Tax Return and Notice of Assessment or Last financial year's PAYG summary/Group Certificate or Signed letter from employer on company letterhead, clearly stating the remuneration package including details of salary/wage, superannuation and other benefits or 2 most recent employer prepared pay slips showing both year to date earnings and annualised salary.
Employee – \$15,001 – \$30,000 per month	<ul style="list-style-type: none"> Last 2 financial years Personal Income Tax returns and Notices of Assessment or Last 2 financial years PAYG summary/Group Certificates or Signed letter from employer on company letterhead, clearly stating the remuneration package including details of salary/wage, superannuation and other benefits.
Employee/Owner/Partner own company – all benefit levels	<ul style="list-style-type: none"> Last 2 financial years Personal Income Tax returns and Notices of Assessment Last 2 financial years business tax returns including profit and loss statements and balance sheets for all business entities.
Self-employed/Sole trader – all benefit levels	<ul style="list-style-type: none"> Last 2 financial years Personal income Tax Returns including profit and loss statements and balance sheets and Notices of Assessment.

2. Zurich's Confidential financial questionnaire or Statement of Advice

If the monthly benefit applied for exceeds \$15,000, then Zurich's confidential financial questionnaire must be completed and verified by your adviser. This includes details of assets, liabilities and investment income. If Statement of Advice is provided then we expect inclusion of details of financial position – assets, liabilities and investment income etc., needs analysis, details of policy recommended and calculations of sums insured.

Underwriting guidelines

Minimum cover	\$1,500 per month (ie. salary of \$24,000 pa), subject to minimum premium of \$200 per year (excluding management fee and government charges).
Maximum cover	<p>75% of first \$320,000 pa of salary + 50% of the next \$240,000 (ie. max \$30,000 per month benefit).</p> <p>Any unearned income may be offset.</p> <p>If the Superannuation contributions option is selected 100% of your client's superannuation contributions can be insured subject to a 15% cap.</p> <p>Special Risk occupations are limited to: 75% of salary with maximum of \$10,000 per month (ie. salary of \$160,000 pa).</p>

Income replacement for selected graduates

Qualifying criteria

Graduates can apply for Income replacement provided that they:

- have graduated within 3 years of the application date
- hold the appropriate Tertiary qualification (or higher) from a recognised Australian University
- meet the definitions of a graduate.

With the exception of the above special conditions and qualifying criteria, the normal underwriting product rules apply.

In some instances we may offer split benefits based on employment type, defined as follows:

- **Employee** means in paid employment with no direct or indirect ownership in the business.
- **Self employment** means Co-Director, employee of own company, Partner or anyone with a direct or indirect ownership interest in the business.

A special condition will be included with the policy schedule to confirm that benefits have been accepted under the Zurich Graduate offering.

Graduate occupational definitions

Occupation details	Eligibility criteria
General Practitioner and Dentists	<p>A new GP or dentist, working full time, generating an income who graduated:</p> <ul style="list-style-type: none"> with the appropriate medical degree or higher qualification from an Australian medical or dental school, completed the approved period of intern hospital-based training and is a qualified fellow of the appropriate college; or overseas, is a trained practitioner and qualified as either a fellow of the appropriate college and completed requirements or the Australian Medical Council (AMC) for Australian Dental Council (ADC) and the appropriate state and/or territory registration (and satisfies the usual underwriting residency guidelines). <p>AND is currently registered to practice with the AMC or ADC and the appropriate state and/or territory medical or dental board, and registered in the past 3 years.</p>
Specialist Medical and Dental Practitioners	<p>A new specialist medical or dental practitioner working full time, generating an income who graduated:</p> <ul style="list-style-type: none"> with the appropriate medical or dental degree or higher qualification from an Australian medical or dental school, completed the approved period of intern hospital-based training and appropriate requirements to be a specialist and is a qualified fellow of the appropriate college; or overseas, is a trained practitioner and qualified as either a fellow of an Australian specialist college and completed requirements for the AMC or ADC and the appropriate state and/ or territory registration (and satisfies the usual underwriting residency guidelines). <p>AND is currently registered to practice with the AMC or ADC and the appropriate state and/or territory medical or dental board, and registered in the past 3 years.</p>
Barrister and Solicitor	<p>A new barrister and/or solicitor working full time, generating an income who graduated:</p> <ul style="list-style-type: none"> with a law degree and/or higher qualification from an accredited Australian law school, who completed the approved accrediting program of practical legal training; or overseas, a trained barrister and/or solicitor who completed requirements for the appropriate state and/ or territory registration (and satisfies the usual underwriting residency guidelines). <p>AND is currently registered as a barrister and/or solicitor with the appropriate state and/or territory Bar Association and/or Law Society, and was admitted in the last 3 years.</p>
CPA / CA Accountants and Actuarial Fellows	<p>A new CPA or CA, or actuarial fellow, working full time, generating an income who graduated:</p> <ul style="list-style-type: none"> with the appropriate bachelor degree or higher qualification, completed the approved training program and practical experience requirements for qualifications and a CPA or CA or FIAA; or overseas, is a trained accountant or actuary who completed requirements for admission as a CPA or CA or FIAA and satisfies the usual underwriting residency guidelines. <p>AND is currently registered to practise as a CPA or CA or FIAA in Australia, and registered within the last 3 years.</p>
Medical based employed "intern" graduates	<p>A new graduate or medical intern who is working full time, generating an income who has graduated having completed their formal university studies (and obtained the appropriate qualifications) and is subsequently employed and is currently completing their 'on the job' practical training within an internship program.</p>

Cover levels available

Occupation by employment type	Monthly benefit up to	
	Employed	Self-Employed
Accounting graduate	\$4,250	\$3,750a + \$3,750i
Actuarial Fellow	\$6,500	\$6,250a + \$3,750i
Actuarial graduate	\$4,000	\$3,750a + \$3,750i
Architect	\$3,750	\$3,750a + \$3,750i
Barrister	\$6,500	\$6,250a + \$3,750i
Chemist/Pharmacist	\$4,250	\$3,750a + \$3,750i
Chiropractor	\$3,750	\$3,750a + \$3,750i
CPA or CA (accounting)	\$5,500	\$5,000a + \$5,000i
Dental Specialist with post graduate qualification	\$10,000	\$10,000a + \$5,000i
Dentist	\$6,000	\$5,000a + \$5,000i
Engineer	\$3,750	\$3,750a + \$3,750i
Medically qualified "intern"	\$4,000	n/a
Medical Practitioner (GP)	\$6,500	\$6,250a + \$3,750i
Medical Specialist	\$15,000	\$15,000a + \$5,000i
Optometrist	\$4,250	\$3,750a + \$3,750i
Physiotherapist	\$4,000	\$3,750a + \$3,750i
Quantity surveyor	\$3,750	\$3,750a + \$3,750i
Solicitor	\$5,500	\$5,000a + \$5,000i
Vet/ Vet surgeon	\$4,000	\$3,750a + \$3,750i

where 'a' is the monthly benefit amount to be taken as agreed value and 'i' is the monthly benefit amount to be taken as indemnity.

Financial underwriting requirements

Financials are not required for indemnity sums insured up to \$15,000.

Financial evidence is required for agreed value policies when the monthly benefit applied for or total industry cover exceeds:

Occupation Class	Insured Monthly Benefit
A1M	\$15,000
A1	\$15,000
A2	\$10,000
A3	\$8,000
B1 & B2	\$6,000
B3	\$5,000
SR	\$4,000

The financial evidence required is dependent on a person's type of employment and benefit amount, as follows:

Employment & Benefit	Requirement
Employee – up to maximum benefit of \$15,000 per month	<ul style="list-style-type: none"> Last financial years Personal Income Tax Return and Notice of Assessment or Last financial year's PAYG summary/Group Certificate or Signed letter from employer on company letterhead, clearly stating the remuneration package including details of salary/ wage, superannuation and other benefits or 2 most recent employer prepared pay slips showing both year to date earnings and annualised salary.
Employee – \$15,001 – \$30,000 per month	<ul style="list-style-type: none"> Last 2 financial years Personal Income Tax returns and Notices of Assessment or Last 2 financial years PAYG summary/Group Certificates or Signed letter from employer on company letterhead, clearly stating the remuneration package including details of salary/ wage, superannuation and other benefits.
Employee / Owner / Partner own company – all benefit levels	<ul style="list-style-type: none"> Last 2 financial years Personal Income Tax returns and Notices of Assessment Last 2 financial years business tax returns including profit and loss statements and balance sheets for all business entities.
Self-employed or Sole trader – all benefit levels	<ul style="list-style-type: none"> Last 2 financial years Personal income Tax Returns including profit and loss statements and balance sheets and Notices of Assessment.

Monthly benefits exceeding \$15,000

Where the sum insured exceeds \$15,000 for agreed value and indemnity policies, full financial evidence is required, with the additional requirement of a financial questionnaire verified by the Adviser (include details of assets, liabilities & investment income) or copy of Statement of Advice. If Statement of Advice is provided then we expect inclusion of details of financial position – assets, liabilities and investment income etc. needs analysis, details of policy recommended and calculation of sums insured.

No mandatory financial evidence is required for indemnity policies applied for under \$15,000 monthly benefit. However, Underwriting may request additional financial information if deemed necessary.

Note: If considered necessary, financial details can be sought at Underwriting and/or claim time for any level of benefit for both agreed value and indemnity policies, unless an Agreed value income replacement financial endorsement applies (provided there is no post-disability income).

Medical underwriting requirements

Medical requirements are needed when the amount at risk with Zurich is **at or above** the amounts shown in the table below.

Medical limits				
Age next birthday	Bloods [^]	Express Exam	PMAR	Paramedical / GP Medical Exam & FBC
Up to 40	\$10,001	\$12,001	\$15,001	\$20,001
41 – 50	\$10,001	\$12,001	\$15,001	\$20,001
51 – 55	\$7,501	\$10,001	\$15,001	\$20,001
56 – 60	\$7,501	\$7,501	\$15,001	\$20,001

[^] Note that 'Bloods' include HIV, Hepatitis B and C and Fasting MBA20 (including HDL/LDL Cholesterol tests).

Occupation guidelines

The following occupations replace those in the occupation guidelines table:

Occupation	IR	TPD	Living activities TPD	D/T
C				
Chemical engineer – degree qualified (up to 10% lab work)	A2	2	L	STD
Civil engineer – degree qualified, office duties (up to 10% site inspections)	A2	2	L	STD
Civil engineer – degree qualified (strictly office only, no inspections)	A1	1	L	STD
E				
Engineer – degree qualified, office duties (up to 10% site inspections)	A2	2	L	STD
Engineer – degree qualified, strictly office duties only, no inspections	A1	1	L	STD
O				
Occupational therapist – qualified with appropriate degree	A2	2	L	STD

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