

---

**BT** Life Insurance

# BT Protection Plans

Adviser Guide

1 August 2022





# Contents



## 1 Introduction

7

- 1.1 Benefit fundamentals 9
- 1.2 Ownership 12
- 1.3 Premiums and policy discounts 16
- 1.4 Adviser remuneration 22
- 1.5 Underwriting philosophy and service proposition 33
- 1.6 Medical pre-assessments and revised terms 35
- 1.7 COVID-19 37



## 2 Medical underwriting

38









- 2.1 Calculating mandatory medical requirements 38
- 2.2 Mandatory medical requirements 42
- 2.3 Arranging medical requirements 45
- 2.4 Understanding medical requirements 46
- 2.5 Other medical underwriting guidelines 50



## 3 Financial underwriting

53

- 3.1 Assessing financials for personal insurance 53
- 3.2 Assessing financials for business insurance 58
- 3.3 Mandatory financial requirements 60
- 3.4 Other financial underwriting guidelines 62
- 3.5 Professionals Package 63

	<b>4 Occupation guidelines</b>	<b>69</b>
	4.1 Occupation categories	70
	4.2 Special consideration	72
	<b>5 Other underwriting guidelines</b>	<b>76</b>
	5.1 Residency	76
	5.2 Overseas travel	77
	5.3 Pursuits and pastimes guide	79
	<b>6 Replacements and transfers</b>	<b>87</b>
	6.1 Replacing existing Protection Plans policies	87
	6.2 Replacing existing St.George Protection Choices policies	91
	6.3 Transfer of ownership in and out of superannuation	92
	6.4 Continuing insurance after a Platform Investment or Platform Super account is closed	94
	<b>7 Reinstating Protection Plans policies</b>	<b>95</b>
	<b>8 General alterations</b>	<b>97</b>
	<b>9 Claims</b>	<b>101</b>
	<b>10 Retention strategies</b>	<b>106</b>
	<b>11 Contact us</b>	<b>110</b>

# The Protection Plans Adviser Guide makes Life Insurance easier

In this guide you'll find tools to help you with the smooth running of your business. There's essential underwriting information at your fingertips for the efficient processing and assessment of risk.

In this guide, 'Protection Plans' means 'BT Protection Plans' specified in the BT Protection Plans Product Disclosure Statement and Policy Document (PDS) dated 1 August 2022, unless otherwise specified. This guide should be read together with the PDS.

This guide will provide you with the latest information to use with clients where you need it most. It includes a product summary, premium options and discounts, remuneration options and information to help you understand our occupational, medical and financial underwriting.

This guide will make it easier to identify application requirements, manage expectations, and avoid uncertainty – whether you're on the phone, at your desk, or in the field.

A target market determination (TMD) has been made for each BT Protection Plans product.

## **Important information**

On 9 August 2021 Westpac announced it had agreed with TAL Dai-ichi Life Australia Pty Limited to sell Westpac Life Insurance Services Limited and enter an exclusive 20-year strategic alliance for the provision of life insurance products to Westpac's Australian clients.

BT Protection Plans is closed to new clients effective 1 August 2022.

## **Code of Practice**

It is important that you and your clients get the highest standards of service. That's why we've adopted the Life Insurance Code of Practice. It reinforces our commitment to mandatory customer service standards protecting you and your customers when you need us most.

To find out more please visit [bt.com.au](https://bt.com.au).

***Welcome to Protection Plans. We look forward to working with you.***

## Design and Distribution Obligations (DDO)

### **What you need to know**

It's important you find out more from your dealer group or licensee on how they are managing their design and distribution obligations. Both issuers and distributors have responsibilities. You and your dealer group need to understand your obligations and how to meet these, which at a high level include:

- not to distribute a product unless a TMD has been made for the product;
- to take reasonable steps to ensure that the distribution of the product is consistent with the TMD;
- your dealer group representative must notify us as soon as possible, but no later than 10 business days of a 'significant dealing'; and
- keep complete and accurate records about the product, including the number of complaints.

# LifeCENTRAL and LifeCENTRAL+

## Getting started: LifeCENTRAL and LifeCENTRAL+ explained

We have two main tools to help manage your life insurance needs, and the needs of your clients. You will have separate user ID's and passwords for each.

### **LifeCENTRAL+**

LifeCENTRAL+ is your BT Protection Plans quote and application tool. You can access LifeCENTRAL+ via your desktop, or use the LifeCENTRAL+ online portal via a web browser. Both options save data into a single centralised database, which may be accessed via either portal.

Access LifeCENTRAL+ via your web browser [www.plus.lifecentral.com.au](http://www.plus.lifecentral.com.au)

### **LifeCENTRAL**

LifeCENTRAL is our dedicated life insurance adviser portal – it's like your virtual office. Using LifeCENTRAL, you can book tele-interviews online, track your client's application progress and status immediately after they are submitted, and access underwriting notes. In LifeCENTRAL you also have convenient access to client reporting and an online library where you can access documents such as the PDS and Adviser Guide, as well as a range of marketing material, forms and tools.

LifeCENTRAL is your virtual office to:

- Manage your clients
- Track applications
- Access the Inforce Quote Request
- Link to LifeCENTRAL+
- Arrange LifeCENTRAL+ installation
- Find reports, statements and communications
- See upcoming renewals
- Read the latest BT news
- Locate adviser tools, guides, documents, forms and questionnaires including the Adviser Guide, PDS and TMD documents
- Read client claims stories and the download the claims guide.

Access LifeCENTRAL via your web browser [lifecentral.com.au](http://lifecentral.com.au)

To register for LifeCENTRAL+ visit LifeCENTRAL where you will find user guides and how to videos in the 'Forms & Tools' tab helping you to get set up as quickly as possible.



# 1. Introduction

Protection Plans provide a comprehensive range of insurance solutions that offer protection no matter the situation or life stage of your client.

A target market determination has been made for each BT Protection Plans product.

Please visit [bt.com.au/tmd](http://bt.com.au/tmd) for the relevant target market determination.

<b>Death Benefit</b>	Pays a lump sum benefit if the insured person dies or is diagnosed with a terminal illness.
<b>TPD Benefit</b>	Pays a lump sum benefit if the insured person, depending on the TPD definition selected: <ul style="list-style-type: none"><li>– is unlikely to work again</li><li>– is unlikely to perform household duties again, or</li><li>– suffers loss of ability due to a permanent disability.</li></ul>
<b>Living Benefit</b>	– Pays a lump sum benefit if the insured person has a specified medical event, such as cancer – excluding some early stage cancers, a heart attack – of specified severity or stroke – of specified severity.
<b>Income Protection Assured</b>	– Pays a monthly benefit if the insured person is unable to work at their full capacity due to sickness or injury.
<b>Business Overheads Assured</b>	– Pays a monthly benefit to help cover the costs of running a business if the insured person cannot work at their full capacity due to sickness or injury.
<b>Needlestick Benefit<sup>1</sup></b>	– Pays a lump sum benefit if the insured person, who is a medical professional, contracts HIV – occupationally acquired, hepatitis B or hepatitis C – occupationally acquired while performing the duties of their usual occupation.
<b>Children's Benefit<sup>1</sup></b>	– Pays a lump sum benefit if the insured child dies or has a specified children's event.

<sup>1</sup> The Needlestick Benefit and Children's Benefit may be available to your client if your client holds another eligible Protection Plans policy.

Please refer to the PDS for specific details relating to the insurance benefits available.



Protection Plans policies also provide the following features, to ensure that your client is receiving the most value out of their policy:

- Cover continuation
- CPI increases<sup>2</sup>
- Guaranteed renewable
- Guaranteed upgrades
- Loyalty Benefit<sup>3</sup>
- Multi-policy discount
- My Wellbeing Reward
- Platform Investment and Platform Super discount
- IP60 discount
- Premium Holiday
- Worldwide cover – 24 hours a day.

## 1.1 Benefit fundamentals

The table on the following pages summarises the eligibility criteria for each of the benefits available under the current Protection Plans. For information about the features and benefits available under each of the policies in Protection Plans, please refer to the relevant PDS. For more information about replacements and transfers, alterations and reinstatements for all policies, please refer to sections 6-8 of the Adviser Guide.

---

2 From the review date following the insured persons 61st birthday CPI for Income Protection Assured and Income Protection Assured as Superannuation will no longer apply.

3 The loyalty benefit is not available on Income Protection Assured, Income Protection Assured as Superannuation or Business Overheads Assured policies.

Type of cover		Entry ages			Expiry age (on the review date on or following the insured person's birthday)	Minimum sum insured	Maximum initial sum insured (including all cover that an insured person holds with us and any other insurer)		
		'Stepped' premium	Level premium to age 65 ('Level 65' premium)	Level premium to age 55 ('Level 55' premium)					
Death Benefit		15-69	15-59	15-49	99	\$25,000	- Any financially justifiable amount <sup>1</sup> .		
TPD Benefit		15-59	15-59	15-49	99 <sup>2</sup>	\$25,000	<b>Own occupation:</b> <ul style="list-style-type: none"> <li>- Occupation A: \$5m.</li> <li>- Occupation B: \$5m (consisting of \$3m under 'own occupation' and \$2m under 'general cover' TPD definitions).</li> <li>- Occupation Farming Industry (proprietor/owner/manager): \$5m (consisting of \$3m under 'own occupation' and \$2m under 'any occupation' TPD definitions).</li> </ul> <b>Any occupation:</b> <ul style="list-style-type: none"> <li>- Occupation A: \$5m.</li> <li>- Occupations B &amp; C: \$5m (consisting of \$3m under 'any occupation' and \$2m under 'general cover' TPD definitions).</li> <li>- Occupation Farming Industry (proprietor/owner/manager): \$5m.</li> </ul> <b>Home duties:</b> <ul style="list-style-type: none"> <li>- \$2.5m.</li> </ul> <b>General cover:</b> <ul style="list-style-type: none"> <li>- Occupations A, B &amp; C: \$5m.</li> <li>- Occupation E: \$1m.</li> </ul>		
Living Benefit		15-59	15-59	15-49	75	\$25,000	<ul style="list-style-type: none"> <li>- \$2m<sup>3</sup>.</li> </ul> <b>Home duties:</b> <ul style="list-style-type: none"> <li>- \$1.5m.</li> </ul>		
Income Protection Assured	Insured person is gainfully employed	Benefit period	2 years	17-59	-	-	65	\$2,500 per month	<b>Own occupation:</b> The maximum monthly benefit is determined based on the annualised monthly earnings: <ul style="list-style-type: none"> <li>- 70% of the first \$330,000 of annualised monthly earnings; then</li> <li>- 50% of the next \$240,000 of annualised monthly earnings; then</li> <li>- 20% of the remainder of annualised monthly earnings.</li> </ul> The initial maximum monthly benefit is \$30,000 (the maximum is \$40,000 including CPI).
			5 years	17-59	-	-	65		
			To age 65 <sup>4</sup>	17-59	-	-	65		
	Insured person is not gainfully employed	Benefit period	2 years	17-59	-	-	65	\$1,000 per month	<b>Home duties:</b> <ul style="list-style-type: none"> <li>- \$5,000 per month (for home duties/housewife/homemaker occupations).</li> </ul>
Business Overheads Assured		17-59	-	-	65	\$1,000 per month	- \$60,000 per month.		
Needlestick Benefit <sup>5</sup>		15-59	-	-	65	\$25,000	- \$1m <sup>3</sup> .		
Children's Benefit <sup>5</sup>		2-14	-	-	16	\$10,000	- \$200,000.		

1 Please contact the underwriting team for any amounts over \$25m.  
2 At the review date following the insured person's 65th birthday, we may allow continuation of a TPD Benefit and TPD Partial Benefit under an any occupation TPD definition, up until the review date following the insured person's 70th birthday. If the insured person is not eligible for the TPD Continuation Benefit, from the review date following the insured person's 65th birthday, we will only pay the TPD Benefit if the insured person meets the general cover TPD definition.  
3 A maximum amount of \$2m (plus CPI increases) will be paid in total in the event that the insured person is eligible to claim on both the Living Benefit and Needlestick Benefit.  
4 Monthly benefit tapering commences at renewal after the insured person's 61st birthday as outlined in the table on the right.  
5 A policy may also be issued where the sum insured is lower or higher than the minimum or maximum sum insured if this is for reinstated or replaced cover.

Age at the review date following the below birthday	Percentage of your benefit payable
60	100%
61	80%
62	60%
63	40%
64	20%

**Note:** BT Protection Plans Reserve provides cover in excess of that available under Protection Plans. For further information, please refer to the BT Reserve Reference Document available on LifeCENTRAL.

## 1.2 Ownership

Protection Plans can be structured to individually tailor the policy to your clients' needs. This includes deciding on the best owner of the policy, as well as the option of structuring benefits to be split between superannuation and non-superannuation ownership.

### Policy ownership options

Protection Plans policies can be held inside or outside superannuation.

	Ownership option	
	Outside superannuation – Self owned – Another individual – Trustee of a trust or a business entity	Inside superannuation Trustee of: – SMSF – Retirement Wrap – Platform Super
<b>Term Life</b>	✓	✓
<b>Standalone TPD</b>	✓	✓ <sup>2</sup>
<b>Standalone Living Insurance</b>	✓	✗
<b>Income Protection Assured</b>	✓ <sup>1</sup>	✓
<b>Business Overheads Assured</b>	✓ <sup>1</sup>	✗
<b>Children's Benefit and Needlestick Benefit</b>	✓ <sup>3</sup>	✗

- Income Protection Assured and Business Overheads Assured policies must be owned by the insured person or a trust/business entity that the insured person has direct control of (eg the insured person is the trustee of the trust, or the partner or director of a business entity).
- Standalone TPD is not available through Retirement Wrap.
- Children's Benefit is only available when the client holds another BT Protection Plans policy and the policy owner must be the natural parent or legal guardian of the child.

Please note:

- We allow up to 5 policy owners on Term Life, Standalone TPD and Standalone Living Insurance Policies held outside superannuation. Each policy owner will jointly own the policy. In the event a policy owner of a policy with joint ownership dies, the ownership of the policy automatically goes to the surviving policy owners. If all policy owners have died, the owner of the policy will become the estate of the last surviving policy owner.
- TPD and/or Living benefits may be structured as additional benefits under a Term Life or Term Life as Superannuation policy. This may be under the same or different ownership option.
- Policies held through Retirement Wrap are called Term Life as Superannuation and Income Protection Assured as Superannuation.
- Policies held within superannuation are subject to certain Superannuation Law requirements at time of claim. It is important to understand these requirements as it may impact what benefit(s) are payable – refer to 'Chapter 7: Other important information' in the PDS for details.

## Premium payment options

The premium payment options are outlined below. The ownership structure selected will determine the payment options available.

Policy Ownership	Premium Payment Option
Non-super	Deducted from a Platform Investment account, credit card <sup>1</sup> , direct debit or cheque.
SMSF	Deducted from the SMSF (life insured's SMSF account), Platform Investment account, credit card <sup>1</sup> , direct debit or cheque.
Platform Super	Deducted from the life insured's Platform Super account.
Retirement Wrap (TLAS/IPAS)	<ul style="list-style-type: none"><li>– Deducted from partial ongoing rollover from an external super fund<sup>2</sup>. This is only available for eligible superannuation funds and products.</li><li>– Deducted from credit card<sup>1</sup>, direct debit or cheque as a superannuation contribution.</li></ul>

1 Credit card must be Mastercard or Visa.

2 Retirement Wrap deducted from partial ongoing rollover is only available for yearly paid premiums.

## Structuring your clients' cover

Having the right policy structure for your clients' individual circumstances is important as it can make a difference to how much they pay for their premiums, how effectively they can manage their cash flow, and most importantly, the ability to access benefits when they are needed the most.

Protection Plans can be structured in many ways, giving you the flexibility to tailor your clients' cover to their individual circumstances.

Below is a summary of the different structures available under Protection Plans.

### Stand alone or individual policies

The benefits paid will not affect the sum insured under any other policy (unless we have stated otherwise).

### Additional benefits under the same policy

TPD and Living Benefits can be structured as additional benefits under a Term Life or Term Life as Superannuation policy. The benefits paid will reduce the sum insured of all benefits held under the same policy, and all benefits held under a linked Flexible Linking Plus policy.

### Linked Policies inside and outside superannuation

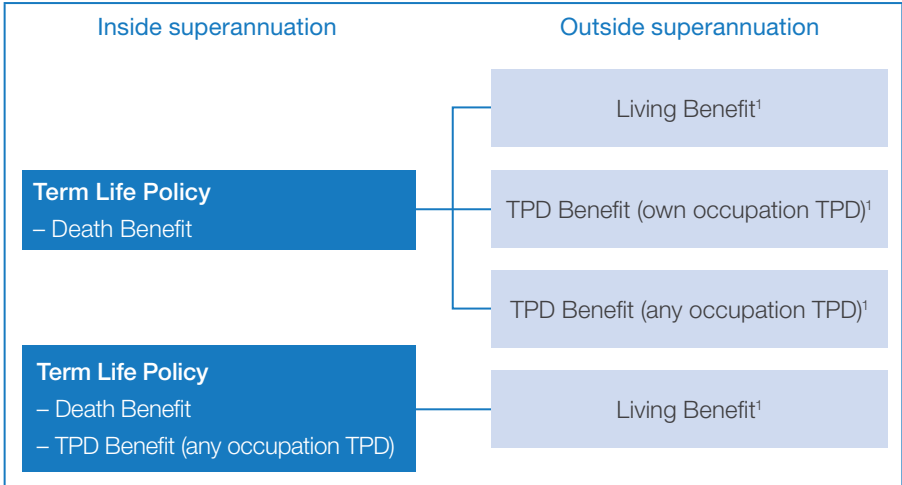
Flexible Linking Plus allows your client to link benefits under two policies held inside and outside superannuation. The benefits (or the portion of a benefit) which are consistent with the superannuation conditions of release will be held under a policy with ownership inside superannuation. The remaining benefits (or the remaining portion of a benefit) will be held outside superannuation under the Flexible Linking Plus policy.



## Flexible Linking Plus

Benefits which are not consistent with a superannuation condition of release (such as TPD Benefit with own occupation TPD definition and Living Benefit) will be held under a policy outside superannuation (referred to as the Flexible Linking Plus policy) and linked to a policy inside superannuation.

The following diagram is an example of how TPD and/or Living Benefits under a Flexible Linking Plus policy held outside superannuation can be linked to a Term Life policy inside superannuation.



<sup>1</sup> Benefits which are not consistent with a superannuation condition of release, such as the Financial Planning Benefit and Counselling Benefit, will be held under the Flexible Linking Plus policy.

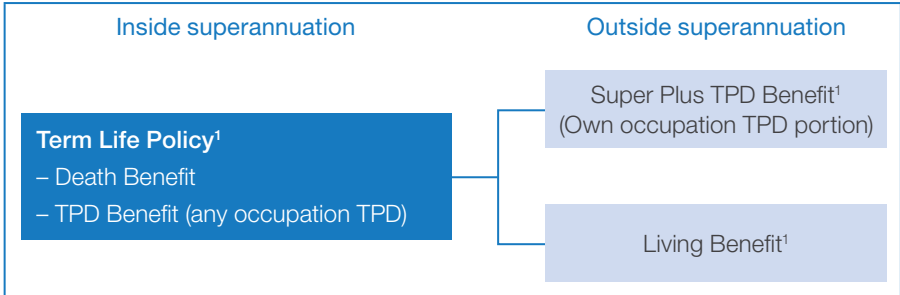
Your client can apply to add a Needlestick Benefit policy and/or Children’s Benefit policy, held outside superannuation, to the above policy structures.



## Super Plus TPD Benefit

The Super Plus TPD benefit allows own occupation TPD to be held outside superannuation. The portion of the TPD Benefit which is consistent with a superannuation condition of release is held under a policy inside superannuation, and the remainder of the TPD Benefit is held under a policy outside superannuation.

The following diagram is an example of how Flexible Linking Plus can be used to link a Super Plus TPD Benefit and a Living Benefit under a Flexible Linking Plus policy to a Term Life policy held inside superannuation.



<sup>1</sup> Benefits which are not consistent with a superannuation condition of release, such as the Financial Planning Benefit and Counselling Benefit, will be held under the Flexible Linking Plus policy.

## 1.3 Premiums and policy discounts

Protection Plans offers a range of premium options to allow you to further tailor policies to your client's needs. In addition, there are a number of discounts offered to reward loyal customers.

### Premium options

Protection Plans offers the choice between stepped, level, or a combination of both stepped and level premiums.

#### Stepped premium

The premium is calculated each year, and will change based on the insured person's age and the sum insured at the review date. The premium will generally increase every year.

#### Level premium

The premium for the time period specified (eg to age 55 for a 'Level 55' premium structure or to age 65 for a 'Level 65' premium structure) is calculated based upon the insured person's age at the commencement of the cover. Unless there are changes in premium rates for reasons described on page 10, 'Changes in premium rates due to a review' section of the PDS, this rate will apply until the review date following the insured person's 55th birthday (for a 'Level 55' premium structure) or 65th birthday (for a 'Level 65' premium structure). After this time, stepped premiums will apply, which means the premium will increase each year in line with age, possibly significantly with the first increase.

If there is an increase to the sum insured due to CPI increases or because the policy owner has requested to change the sum insured, the premium for the increased portion of cover will be calculated based on the insured person's age at the time of the increase. The premium may also be recalculated based on the insured person's current age if the policy owner requests a variation to their policy.

Your premium may also change if we change the discount factors applicable to the policy.

A level premium structure is not available for all benefits. Please refer to the applicable section for each benefit for further information on the premium options outlined in the PDS.

#### When premiums will change

Stepped and level premiums will change if:

- there is a change to the sum insured due to CPI increases, or because the policy owner has requested to change the sum insured
- there is a change to the premium frequency
- there is a change to the premium discounts and/or loadings on the policy
- there is a variation to the policy, or
- we change the premium rates or discount factors applicable to the policy.

For more information on premiums, fees and charges, please see the PDS including the section 'Changes in premium rates due to a review'.

## Minimum premiums and policy fees

There are minimum premium requirements, and a policy fee is payable on each Protection Plans policy (in addition to the minimum premium). These amounts are dependent on the premium frequency selected and are outlined in the following table.

Premium frequency	Minimum premium for Income Protection Assured and Income Protection Assured as Superannuation	Minimum premium for all other policies
Monthly	\$23	\$14
Quarterly	\$69	\$42
Half-Yearly	\$138	\$84
Yearly	\$250	\$150

The policy fee increases each year according to the CPI and is updated on 1 October each year.

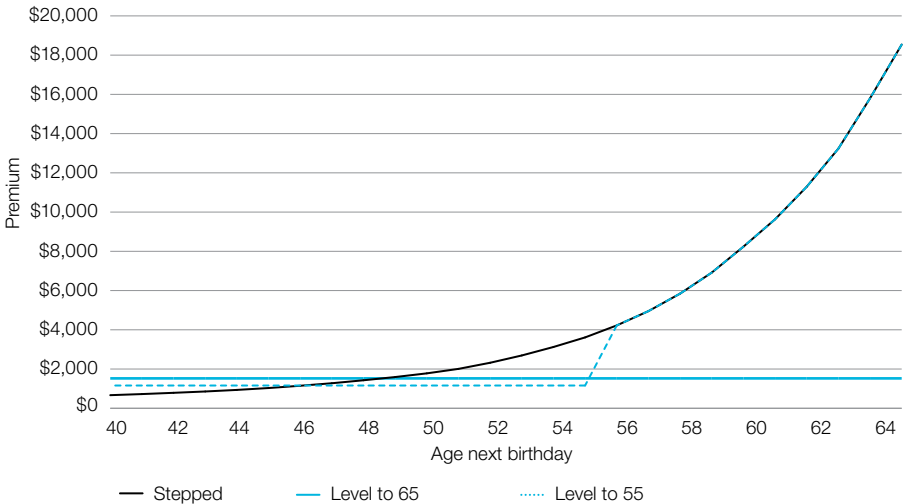
Premium Frequency	Policy fee as at 1 October 2020	Policy fee as at 1 October 2021
Monthly	\$8.79	\$8.88
Quarterly	\$26.37	\$26.64
Half-Yearly	\$52.74	\$53.28
Yearly	\$96.80	\$97.80

## Stepped premium option example

Mark has recently had a child, and his wife is not working. With this in mind, and to make sure Mark has all the facts to make an informed decision, his financial adviser takes the time to explain clearly the level and stepped premium options. After the discussion, Mark decides to take up a stepped premium contract as he is focusing on his short-term requirements to provide the largest possible cover over the next couple of years. Having had this discussion, however, Mark is interested in other premium options and both he and his financial adviser agree to review the structure of his premiums in the next few years when Mark's wife returns to work.



## Stepped v level premiums for a 40 year old<sup>1</sup>



<sup>1</sup> Assumptions: Premiums shown are for a 40 year old (at commencement), male, non-smoker, taking out a Term Life policy with a Death Benefit sum insured of \$500,000 and an any occupation TPD Benefit with a sum insured of \$500,000 as a rider. There is no indexation of the sum insured, no loadings on the policy and assumes no pricing increase for the product. This graph is correct as at 20 September 2021.

The stepped premium option is initially less expensive than taking a level premium. However, the longer the policy is in force, and the older the insured person becomes, the more expensive the stepped premiums are for the policy owner. The increase in the cost of the stepped premiums effectively reflects the increased chance of a claim under the policy.

In contrast to the ever increasing nature of the stepped premiums, the level premium remains constant up until the target age on the policy, at which time it converts to a stepped premium. The level to age 55 option, for example, incurs the same cost each year up until the insured person reaches age 55, at which point the premium reverts to be calculated on a stepped basis. Effectively, the higher cost of the level premium at inception factors in the increase in risk associated as the insured person gets older.

Level premiums are not guaranteed to stay flat for the life of the policy, and there is a real chance they may increase in the future. We can increase level premiums if:

- we decide to increase our premiums for a group of similar policies, for example if we get more claims than expected, or
- the sum insured increases (including CPI increases), or
- the policy fee increases.

## Policy discounts

### Multi-policy discount

If the Insured Person is covered by multiple eligible BT Protection Plans Policies, they will receive a multi-policy premium discount of 5% on all Protection Plans premiums applicable to the Insured Person (excluding policy fee and stamp duty).

### Platform Investment and Platform Super discount

A 10% premium discount applies for benefits paid through a Platform Investment or Platform Super account.

### My Wellbeing Reward

The My Wellbeing Reward offer includes the My Health Discount and the My Health Policy Fee Waiver and is available to eligible clients.

The My Health Discount provides a premium discount of 10% on Term Life policies.

The My Health Policy Fee Waiver provides a policy fee waiver on eligible Term Life policies.

### My Wellbeing Reward eligibility

To receive the My Wellbeing Reward, the life insured must meet the following eligibility criteria:

- have a BMI between 18 – 28,
- be aged between 30 and 55, and
- for existing policies, have a Term Life Protection Plans policy that commenced after 28 April 2006.

Policies with a Continuity or Platform discount are ineligible to receive the My Health Discount.

### IP60 discount for eligible income protection policies

IP60 provides a 10% discount on income protection<sup>1</sup> premiums for up to 2 years if the income protection benefit is less than or equal to 60% of the life insured's current annual earnings.

### IP60 eligibility

To receive this discount, the life insured must meet the following criteria:

- be working
- have an income protection benefit that is less than or equal to 60% of their current earnings
- annual earnings of less than or equal to \$320,000, and
- the income protection policy commenced after March 1998.

---

1. Business Overheads, Key Person Income, Income Protection Home Duties, Business Overheads Assured or Income Protection Assured Home Duties are not eligible for IP60 discount.

For example, if the monthly pre-tax earnings are \$5,000 and the monthly benefit is \$3,000 or less, that will qualify for the discount.

For existing policies, the life insured can apply for the IP60 discount through the My Wellbeing Portal at [btlifemywellbeing.com](http://btlifemywellbeing.com). The IP60 discount is automatically applied from inception for new business policies.

The IP60 discount is only available for the period it appears on our website and does not constitute a permanent change to the policy wording.

### Large sum insured discounts

To further reward clients who qualify for higher sums insured, we offer a range of large sum insured discounts:

Death Benefit and TPD Benefit <sup>1</sup> sum insured	Discount
0–\$249,999	Nil
\$250,000–\$499,999	10%
\$500,000–\$999,999	20%
\$1,000,000 and over	30%

Living Benefit sum insured	Discount
0–\$249,999	Nil
\$250,000–\$499,999	10%
\$500,000–\$999,999	15%
\$1,000,000 and over	20%

Income products <sup>1</sup> sum insured (per month)	Discount
0–\$3,999	Nil
\$4,000 and over	7.5%

### Staff discount

If the insured person is a Westpac Group employee or the spouse of a Westpac Group employee, they may receive a staff discount of 20% on their Protection Plan policies<sup>1</sup>.

In order to see the adviser remuneration structure associated with applying a staff discount, please refer to section 1.4.

1. Benefits issued under different TPD definitions or waiting period/benefit period combinations are classified as separate benefits for sum insured banding purposes.

## Premium calculation

The premium calculation for each applicable benefit/option is as follows:

$$\begin{aligned} & [\text{Base rate} \times \text{sum insured/divisional factor}^1 \\ & \quad \times (1 - \text{large sum insured discount}) \\ & \quad \times (1 - \text{multi-policy discount}) \\ & \quad \times (1 - \text{Platform Investment, Platform Super discount or My Health Discount}) \\ & \quad \times (1 - \text{IP60 discount}) \\ & \quad \times \text{underwriting loadings (ie \% health/pastime loadings} \\ & \quad \quad \text{occupational loadings and employment status loadings}^2) \\ & \quad + \text{per mille loadings} \times \text{sum insured/divisional factor}^1] \\ & \quad \times (1 - \text{commission dial down discount}) \\ & \quad \times (1 - \text{staff discount})^3 \\ & \quad \times (1 + \text{frequency loading}) \\ & \quad + \text{policy fee} \end{aligned}$$

1 Divisional factor = 1000 for lump sum products, and 100 for income products.

2 Only if policy is Income Protection Assured or Income Protection as Superannuation Assured.

3 Staff discount cannot be applied in conjunction with the commission dial down discount.

Stamp duty is applied following the above calculation to particular policies. The amount depends on the policy owner's current state of residence.

If the Waiver of Life Premium Benefit is selected, the sum of all Term Life policy premiums above are multiplied by 5% for males and 8% for females, to derive the applicable premium for this benefit.

## 1.4 Adviser remuneration

Commencing from 1 January 2018, we made changes to adviser remuneration to comply with the Life Insurance Framework (LIF) reforms legislated by the federal government. This included changes to the way commission is calculated, formulated and applied.

The LIF reforms require all insurers to comply with legislative changes to remuneration arrangements, including commission payments and claw back arrangements.

Unless otherwise stated, the changes apply to Protection Plans and BT Protection Plans Reserve policies issued from 1 January 2018.

For policies issued before 1 January 2018 and policies which have been grandfathered or excluded from LIF due to the new business transition provisions, the previous commission rules will continue to apply.

Protection Plans offers a choice of remuneration options depending on how you wish to structure your business. You can choose between the traditional commission options and fee based remuneration.

### Commission

Protection Plans offers a choice of commission options. The following amounts are inclusive of GST:

Effective	1 Jan 20
Upfront initial (year 1)	66.00%
Upfront ongoing (year 2+)	22.00%
Level	30.25%

Commission may be split between two advisers, and in any percentage that you nominate. If no split percentage is nominated on the application form, the commission will be paid to the primary adviser.

For policies paid through a Platform account, the adviser of the Platform account is the primary adviser on the Protection Plans policy. Split commission can be used to nominate a secondary adviser on the Protection Plans policy. If both the primary and secondary advisers are not nominated on the application form with a split percentage, the ongoing commission will be paid to the primary adviser.

## How is commission calculated?

Commission is calculated as a percentage of the 'commissionable premium' of your client's policy, or 'Policy Cost'. 'Policy Cost' continues to include premiums and underwriting loadings. It also includes the Policy Fee and any frequency loading for clients who pay their annual premiums by instalment.

Commission type	'Policy Cost' components
Initial commission (for upfront commission)	<ul style="list-style-type: none"> <li>– Premiums on new or voluntary increases in benefits and sums insured, changes in disability definition or waiting periods, and changes in premium structure.</li> <li>– Policy fee, frequency loading and all underwriting loadings (ie health/pastime loadings and occupational loadings).</li> <li>– The amount of premium after being reduced by any discount, excluding a discount as a result of commission dial down.</li> <li>– The amount of premium before being reduced by any commission dial down discount.</li> <li>– Where an existing Protection Plans policy has been replaced<sup>1</sup>, no initial commission is paid on the replaced benefit with the exception of where there is an increase in premium, an initial commission will be paid on the amount of increase in premium over the replaced benefit.</li> <li>– Initial commission is not payable on:               <ul style="list-style-type: none"> <li>– stamp duty,</li> <li>– increases due to CPI and age,</li> <li>– suspended or waived premium, and</li> <li>– repurchase of benefits under buy back, double and reinstatement options.</li> </ul> </li> </ul>
Ongoing commission (for upfront commission)	<ul style="list-style-type: none"> <li>– Percentage of the premium received from year two onwards.</li> <li>– Policy fee, frequency loading, all underwriting loadings, and increases due to CPI and age.</li> <li>– The amount of premium after being reduced by any discount, excluding a discount as a result of commission dial down.</li> <li>– The amount of premium before being reduced by any commission dial down discount.</li> <li>– Ongoing commission is not payable on stamp duty and suspended or waived premium.</li> </ul>
Level commission	<ul style="list-style-type: none"> <li>– Policy fee, frequency loading, all underwriting loadings, and increases due to CPI and age.</li> <li>– The amount of premium after being reduced by any discount, excluding any discount as a result of commission dial down.</li> <li>– The amount of premium before being reduced by any commission dial down discount.</li> <li>– Level commission is not payable on stamp duty and suspended or waived premium.</li> </ul>

<sup>1</sup> The commission structure on the replacement policy must be the same as the original policy. For example, if the original policy was under an upfront commission structure, the replacement policy must be under an upfront commission structure, or if the original policy was under a level commission structure, the replacement policy must be under a level commission structure.

## Commission dial down

Protection Plans offers you the ability to reduce the premiums your clients pay by reducing the remuneration you will receive. You are able to discount premiums by any percentage up to 27.5%.

The following table outlines the effect on commission percentage when utilising the dial down facility from 1 January 2020.

Risk commencement date from 1 January 2020			
Premium discount	Commission <sup>1</sup> 66/22 upfront		Level
	Initial	Ongoing	
0.00%	66.00%	22.00%	30.25%
5.00%	54.00%	18.00%	24.75%
10.00%	42.00%	14.00%	19.25%
15.00%	30.00%	10.00%	13.75%
20.00%	18.00%	6.00%	8.25%
27.50%	0.00%	0.00%	0.00%

1 Percentages in this table apply to the Policy Cost before being reduced by any commission dial down discount.

For Flexible Linking Plus policies, remuneration on the portion paid from superannuation can be automatically dialled down to zero by selecting the 'Commission – Non Super only' or 'Ins Admin Fee – Non Super only' options in LifeCENTRAL+ (as applicable). This means remuneration on the portion of premium paid outside of superannuation can continue to be dialled up or down between 0% and 27.50% (depending on the remuneration option chosen).

If you choose to be paid only the initial commission under an upfront commission structure, your client's premium will be reduced by the same percentage of ongoing commission you would have received in year 2 onwards.

## Staff discount

The staff discount (which is available to select in LifeCENTRAL+) provides Westpac Group employees and their spouse with a 20% discount on their Protection Plans policy. This premium reduction is achieved through the combination of a 10% policy discount and a 10% reduction in commission percentage payable.

The following table outlines the commission percentage payable (inclusive of GST), on policies where the staff discount applies:

Risk commencement date from 1 January 2020			
Staff discount	Commission 66/22 upfront		Level
	Initial	Ongoing	
20.00%	55.00%	11.00%	19.25%

## Commission rebates

For your clients with an existing Protection Plans policy, should you wish to cease receiving ongoing commission payments from us, you have the option to reduce your clients' premium by the amount of commission you were due. To do this you must complete the 'Commission Opt-Out/Opt-In Request' available on LifeCENTRAL. This option is available to you while you continue to be the servicing agent on the policy.

### When is commission paid?

Initial commission (for upfront commission structure) is payable as a lump sum when the policy or increased cover goes into force.

Level commission and ongoing commission (for upfront commission structure) are payable at the frequency that the premium is received.

Commission will be paid on a monthly, fortnightly, or weekly basis, depending on the frequency which has been nominated by your Dealer Group.

- Monthly commission payments will be made by the Friday of the week following the first Saturday of the month. The payment will include any commission that became payable in the previous month.
- Fortnightly commission payments will be made by Friday each fortnight and include any commission that became payable in the previous two weeks (Monday – Saturday).
- Weekly commission payments will be made by Friday each week and include any commission that became payable in the previous week (Monday – Saturday).

## Responsibility period and commission clawback

### Responsibility period for the first two years from policy commencement

A two-year responsibility period applies to initial commission payments (including under the Insurance Administration Fee) from the commencement date of the policy and to any initial commission generated through an increase in benefits or increase in sum insured during the first two years.

Time from payment of commission	Clawback of initial commission
0–12 months	100%
13–24 months	60%

### Responsibility period after the first two years from policy commencement

A one year responsibility period will apply to all initial commission payments (including under the Insurance Administration Fee) generated through an increase in benefits or an increase in sum insured after the first two years from policy commencement. This responsibility period will apply from the commencement date of the increase.

Time from payment of commission	Clawback of initial commission
0–12 months	100%



If the policyholder places their policy on a premium holiday or has their premiums waived under certain circumstances of financial hardship during the responsibility period, the responsibility period may be extended by the length of the premium holiday or the financial hardship support period.

### Commission clawback

A clawback will apply (subject to exceptions below) each time either of the following occur during the responsibility period:

- the policy lapses or is cancelled, or
- there is a reduction in the Policy Cost.

The clawback will apply to the servicing adviser<sup>1</sup> at the time of the lapse, cancellation or reduction.

### Clawback examples

The following examples are provided as illustrations only and are not representative of all clawback scenarios. These examples have been provided as high level guidance only.

#### **Clawback of initial commission for an event occurring in the first two years of the policy (reduction in the first 12 months)**

A policy commences on 1 January 2021, with initial commission paid of \$1,000, under an upfront commission structure.

On 1 June 2021, the sum insured is reduced, resulting in a premium reduction of 50%.

The resulting clawback is  $100\% \times 50\% \times \$1,000 = \$500$ .

#### **Clawback of initial commission for events occurring in the first two years of the policy (cancellation in the 13-24 month period)**

A policy commences on 1 January 2021 with a premium of \$1,000, and initial commission paid of \$600 (excluding GST), under an upfront commission structure.

On 1 January 2022, the premium increases to \$1,300; due to sum insured (\$200), CPI and age-based increases (\$100) – resulting in an initial commission payment of  $60\% \times \$200 = \$120$  (excluding GST).

On 1 June 2022, the policy is cancelled. The resulting clawback of commission due to policy commencement is  $60\% \times \$600$  (excluding GST), and clawback of commission paid due to the sum insured increase is  $100\% \times \$120$  (excluding GST). Therefore, total clawback is \$480 (excluding GST).

---

<sup>1</sup> Or the most recent adviser when no servicing adviser is listed for a policy.

For policy cancellations, initial commission will not be clawed back if the policy is cancelled or not continued due to the following circumstances:

- a claim is made under the policy
- the insured person dies or commits an act of self-harm, or
- the insured person reaches the expiry age of a benefit or the policy.

For reductions in Policy Cost, initial commission will not be clawed back if the reduction in Policy Cost or cancellation of cover was due to the following circumstances:

- a claim is made under the policy
- a benefit is paid under the policy
- there is a reduction in risk in relation to the insured person (for example an insured person quits smoking or moves to a lower risk occupation)
- premium rates for the policy are reduced without changing the risks covered (for example removing an underwriting loading)<sup>1</sup>
- a retention or loyalty discount is applied
- a My Wellbeing Reward is applied.

On the cancellation of a policy from inception resulting in a refund of premiums (regardless of how long from policy commencement), initial, ongoing and level commission will be clawed back from the adviser to whom the commission was paid. This includes the avoidance of a policy due to non-disclosure and/or misrepresentation.

A claw back will be reversed on the reinstatement of a policy following the lapse of the policy.

Under the level commission structure, commission is paid in line with the premium frequency. If a policy is cancelled or replaced part-way through a year, a pro-rated amount of commission may be recovered.

### Responsibility period and commission clawback for BT Reserve

A three-year responsibility period applies for any portion of cover commenced under BT Reserve, as follows:

Time from payment of commission	Clawback of commission
0–12 months	100%
13–24 months	60%
25–36 months	30%

Rules relating to whether clawback will or will not apply are otherwise the same as Protection Plans.

### Commission rebates

Should you wish to cease receiving ongoing commission payments for an existing Protection Plans policy, you have the option to reduce your clients' premium by the amount of commission you were due. To do this you must complete the 'Commission Opt-Out/Opt-In Request' form available on LifeCENTRAL. This option is available to you while you continue to be the servicing agent on the policy.

<sup>1</sup> This exemption does not apply to a change in premium structure, unless that change is due to an age expiry.

## Grandfathered policies

For rules relating to clawback of commission on policies commenced prior to 1 January 2018<sup>1</sup>, and for grandfathered replacement policies, please consult the BT Protection Plans Remuneration Guide dated 22 November 2014.

## Replacement of Protection Plans policies

We maintain a single policy series from 2006 which allows your clients with Protection Plans policies issued from 28 April 2006 to change ownership and policy structures without underwriting.

We may perform a target market assessment prior to the issue of a replacement policy. This is not applicable for any replacement policies distributed by a financial adviser because the adviser will conduct their own assessment.

## Commission

If a policy is a replacement of an existing policy or is an exercise of an option that was available under the policy terms, the commission structure on the new replacement policy must be the same as the original replaced policy. For example, if the original policy was under an upfront commission structure, the replacement policy must be under an upfront commission structure, or if the original policy was under a level commission structure, the replacement policy must be under a level commission structure.

A replacement policy is one that includes the same benefit as the previous policy eg Life with a TPD benefit replaced with separate Life and TPD SA policies, the replacement policy does not always need to be underwritten, and the replacement policy typically commences within 90 days of the original policy being cancelled.

Initial commission is payable only in relation to any increased Policy Cost.

The amount of initial commission payable on the replacement policy may be adjusted by a writeback amount. The writeback amount is based on an amount representing commission paid on the replaced policy, less any cancellation clawback and one year of trail commission. In addition, an amount that represents one year of trail commission is deducted from the writeback amount.

---

<sup>1</sup> Includes policies meeting the 3 month transitional rules.

## Writeback guide

### Writeback of commission

Writeback of commission occurs when a policy has been replaced and an initial commission amount has been released on the new policy. Writeback commission is reversed in the month following the initial payment. Any clawback that has been deducted due to the cancellation will reduce the amount of writeback. In addition, an amount that represents one year of trail commission will reduce the amount of writeback.

### Administration of commission writeback

In line with normal processes, initial commission will be released on the replacement policy (and will be seen on your commission statement the following month). You will receive an email between the 3rd or 4th week of the month regarding any reversal of commission (writeback) for a replacement policy lodged the previous month. This will appear as a negative (-) on a commission statement in the following month after that. Any writeback exceptions that are accepted will be seen on your commission statement as a positive (+) during the 2nd to 3rd week of the month after the writeback appears on your statement.

### Process map

#### Month 1

- Replacement policy commences.

#### Month 2 (3rd/4th week)

- Initial commission received on replacement policy.
- Email notification of the amount of commission writeback for the replacement policy.

#### Month 3 (2nd/3rd week)

- (-) writeback amount will be seen on the commission statement.

#### Month 4 (2nd/3rd week)

- (+) reversal of writeback amount will be seen on the commission statement, if a writeback exception is accepted.

### Example 1 (post-LIF policy replaced with a post-LIF policy):

The following example illustrates how writeback of commission works in practice, including the interaction with clawback commission. All commission percentages are inclusive of GST.

Original policy premium	New policy premium
<ul style="list-style-type: none"> <li>– Term Life with TPD rider \$2,500</li> <li>– Annual premium \$2,500 (\$1,000 attributable to the Term Life benefit, \$1,500 attributable to the TPD rider benefit)</li> </ul>	<ul style="list-style-type: none"> <li>– Term Life as Super (replacement) \$3,000</li> <li>– Standalone TPD (replacement) \$4,000</li> <li>– Total annual premium \$7,000</li> </ul>

Ms Burton’s financial adviser has reassessed her cover in 2020, 1.5 years after it commenced in 2018. She currently has a Term Life policy with a TPD rider. Ms Burton requires an ownership change, restructuring of policies, and sum insured increases.

The new Term Life as Superannuation policy covers a benefit that was insured under the original policy and so it is considered a replacement policy. Therefore, the full amount of initial commission is not available on the replacement policy and a writeback of commission applies. However, this is reduced by any clawback that occurs due to the cancellation and an amount that represents one year of trail commission.

The same applies for the new TPD benefit.

If the clawback and trail commission amount exceed the amount of initial commission that is initially determined to be written back, the writeback amount will be zero.

### Commission calculations

Previous	Premium (A)	Commission paid @ 88% <sup>2</sup> (B)	Clawback amount (60% <sup>3</sup> x B) = (C)	Trail commission amount (20% x A) = (D)
Term Life	\$1,000	\$880	\$528	\$200
TPD Rider	\$1,500	\$1,320	\$792	\$300
<b>Total</b>	<b>\$2,500</b>	<b>\$2,200</b>	<b>\$1,320</b>	<b>\$500</b>

New Policy	Premium (E)	Commission paid @ 66% (F)	Writeback commission Min (66% x A', F) – (C+D) = (G)
TLAS	\$3,000	\$1,980	Min (\$660, \$1980) – (\$528 + \$200) = \$0
TPD SA	\$4,000	\$2,640	Min (\$990, 2640) – (\$792+300) = \$0
<b>Total</b>	<b>\$7,000</b>	<b>\$4,620</b>	<b>\$0</b>

1 66% x A = current commission rate in 2020 x original/replaced premium: \$1,000 x 66% = \$660 for Term Life, \$1500 x 66% = \$990 for TPD.

2 Commission rate (including GST) under an upfront commission structure, when the original policy was issued in 2018.

3 Clawback percentage as the cancellation occurred in the second year after policy commencement.

## Summary of initial commission paid

The net initial commission position over all policies is \$5,500. This is comprised of a payment in 2018 of (+ve) \$2,200 (Term Life with TPD rider); and in 2020, a clawback of (-ve) \$1,320 (against the original Term Life and TPD rider) and a payment of (+ve) \$4,620 with a writeback of \$0.

### Example 2 (pre-LIF policy replaced with a post-LIF policy):

Mrs Nellan's cover was replaced 7 months after it commenced in late 2017, the trail commission amount will be calculated at 10%.

### Commission calculations

Previous	Premium (A)	Commission paid @ 121% <sup>5</sup> (B)	Clawback amount (50% <sup>6</sup> x B) = (C)	Trail commission amount (10% x A) = (D)
Term Life	\$1,000	\$1,210	\$605	\$100
TPD Rider	\$1,500	\$1,815	\$908	\$150
<b>Total</b>	<b>\$2,500</b>	<b>\$3,025</b>	<b>\$1,513</b>	<b>\$250</b>

New Policy	Premium (E)	Commission paid @ 88% (F)	Writeback commission Min (88% x A <sup>4</sup> , F) - (C+D) = (G)
TLAS	\$3,000	\$2,640	Min (\$880, \$2,640) - (\$605+\$100) = \$175
TPD SA	\$4,000	\$3,520	Min (\$1,320, \$3,520) - (\$908+\$150) = \$263
<b>Total</b>	<b>\$7,000</b>	<b>\$6,160</b>	<b>\$438</b>

4 88% x A = current commission rate in 2018 x original/replaced premium: \$1,000 x 88% = \$880 for Term Life, \$1500 x 88% = \$1,320 for TPD.

5 Commission rate (including GST) under an upfront commission structure, when the original policy was issued in 2017.

6 50% clawback under pre-LIF responsibility period rules.

## Summary of initial commission paid

The net initial commission position over all policies is \$7,234. This is comprised of a payment in 2017 of (+ve) \$3,025 (Term Life with TPD rider); and in 2018, a clawback of (-ve) \$1,513 (against the original Term Life and TPD rider) and a payment of (+ve) \$6,160, with a writeback of \$438.

### Replacement policies and responsibility period

Unless the original policy commenced before 1 January 2018, replacement policies on the upfront commission structure will be subject to the responsibility period and commission clawback rules outlined above, from the commencement date of the replacement policy.

If there is a commissionable increase during the first 2 years of the replacement policy, a two-year responsibility period applies to that increase. If there is a commissionable increase after the first 2 years of the replacement policy, a one-year responsibility period applies.

## Insurance Administration Fee

The Insurance Administration Fee is a percentage-based remuneration option which allows you to adjust your client's premium to match your effort. The fee is included in the premium paid by your client and affects the total premium payable. The Insurance Administration Fee will continue to be available to policy holders and advisers.

You may select any percentage between 0% and 27.5% and commission is calculated as a percentage of Policy Cost starting in the first year of the policy. Commission is included in the premiums paid by your client and affects the total premium payable.

The Insurance Administration Fee works in the opposite way to commission dial down. Therefore, if the Insurance Administration Fee selected is 27.5%, your client will pay the retail premium rate (or the premium payable without dial down). If the Insurance Administration Fee selected is 0%, your client will pay the retail premium rate discounted by 27.5%.

The following is an example of how the new administration fee will be applied on a \$725 base insurance premium before fees or commission (inclusive of GST) from 1 January 2020.

Insurance Administration Fee		Insurance Administration Fee payable		
Insurance administration fee	Insurance premium	Commission 66/22 upfront		Level commission
		Initial	Ongoing	
27.50%	\$1,000.00	\$660.00	\$220.00	\$302.50
25.00%	\$975.00	\$600.00	\$200.00	\$275.00
20.00%	\$925.00	\$480.00	\$160.00	\$220.00
15.00%	\$875.00	\$360.00	\$120.00	\$165.00
10.00%	\$825.00	\$240.00	\$80.00	\$110.00
0.00%	\$725.00	\$0.00	\$0.00	\$0.00

## 1.5 Underwriting philosophy and service proposition

Our underwriters are a highly skilled team with an enormous amount of experience. Our philosophy is underpinned by our core commitments which ensure you have a smooth experience every time.

Core commitments	
<b>Communication</b>	We will: <ul style="list-style-type: none"><li>– Call you with progress updates for any requirements or expected terms.</li><li>– Call you with both standard and non-standard underwriting outcomes.</li></ul>
<b>Best underwriting outcome</b>	<ul style="list-style-type: none"><li>– Experienced underwriting team committed to exploring all options to offer best underwriting terms.</li><li>– All declined cases are reviewed to ensure all possible alternatives have been evaluated.</li></ul>
<b>Direct accessibility</b>	<ul style="list-style-type: none"><li>– Direct access to a large national team of experienced operational and technical services underwriters.</li><li>– Pre-assessment service available by either phone or email.</li></ul>
<b>Telephone underwriting</b>	Tele-underwriting in every appropriate instance where you have given us permission to contact your client.  Our tele-underwriting service focuses on getting applications in force faster by reducing the need to obtain information from third parties or in writing from the customer. This service is conducted by our skilled underwriters and delivers a wide range of benefits including: <ul style="list-style-type: none"><li>– Faster underwriting decisions, fewer requirements and customers are covered quickly.</li><li>– Provides clearer disclosure and more accurate underwriting outcomes first time.</li></ul>

We are committed to making the application process as simple as possible. Where further underwriting information is required, we will do our best to process the application in the quickest and simplest way.

If your client's circumstances require special consideration, please contact our underwriting team to discuss.



## **Tele-Interviewing**

Our tele-interviewing service saves you time as we complete the medical and lifestyle information of the personal statement on your behalf at a time and place convenient for your client – either in the comfort of their own home, at their workplace or wherever they have access to a phone. This service is conducted by one of our skilled tele-interviewers in a comfortable one to one environment. All our tele-interviewers are medically trained to provide your client with the reassurance that they are talking with a professional guiding them through the application process in a friendly, helpful and sensitive manner.

Our tele-interviewing service means less time spent on completing application forms, which allows you more time for advising. No forms need to be filled in or signed as our calls are recorded, which minimises disputes at claims stage.

To find out more about our tele-interviewing service or to contact our underwriting team, please refer to section 11 or the 'Contact Us' tab in LifeCENTRAL

## 1.6 Medical pre-assessments and revised terms

### Medical pre-assessment

A medical pre-assessment will assist you in identifying the probable underwriting assessment and requirements for cases where your client discloses a health condition that may affect the insurance risk.

Identifying potential triggers for revised terms with clients upfront can help position a likely underwriting assessment and gain acceptance of possible revised terms in the event they are needed.

It may help prompt your client to tell you about any health conditions that might trigger revised terms if you ask them about such things as:

- any current, long-term or recurrent medical condition, signs or symptoms
- current or long-term medications or other treatment
- tests or investigations that required follow-up
- specialist referrals
- any therapy or treatment received, such as by a physiotherapist, chiropractor or psychologist
- time off work
- any planned investigations or consultations.

If a pre-assessment is required, please contact our underwriting team to discuss. A pre-assessment reference number will be provided to confirm the underwriting advice given. This reference number can then be recorded on the personal statement using LifeCENTRAL+ or writing it on the paper form.

### Revised terms acceptance

Revised terms are used to allow us to offer insurance to a wider range of people.

There are 3 ways your client can accept revised terms:

#### 1. Agree to revised terms after pre-assessment

If a pre-assessment identifies likely revised terms, you can obtain acceptance of the terms from your client at the time you complete the application form.

- Premium loadings: A loading can be added to the LifeCENTRAL+ quote for inclusion in the total premium quoted. Submitting the application accepts the revised terms for your client.
- Policy exclusions: Your underwriter can provide you with a form to allow your client to indicate acceptance of the revised terms. This can be attached to either the electronic or paper application.

2. Revised terms offered by LifeCENTRAL+

The 'Your Insurance Offer' produced as part of the electronic personal statement process may include loadings and/or exclusions.

- If your client's application is 'eligible for issue' then submitting the application accepts the revised terms.
- If further assessment is required, then submitting the application accepts the revised terms however this is subject to confirmation of the final underwriting assessment.

3. Revised Terms offered by an underwriter following final underwriting assessment

Where a revised terms offer is issued by an underwriter following final underwriting assessment, your client can accept these terms by either:

- Electronic acceptance via email from your client, or
- Written signature from your client.

## 1.7 COVID-19

In view of the unique circumstances resulting from the COVID-19 pandemic, the impacts of associated restrictions, and following the advice of our Chief Medical Officer, we are required to address the issues associated with COVID-19 and consider these during our underwriting process.

COVID-19 has created a rapidly changing environment. At times, our underwriting team may need to contact your client to get an update on financial impacts where things may have significantly changed during the application and assessment process.

Underwriting outcomes may be impacted by residency and travel activity; known or possible exposure to COVID-19; occupational and financial impacts; and in some circumstances where a client's medical risk profile is significant. This is subject to individual consideration for each application.

We do not automatically apply a COVID-19 exclusion for all applications.

We do not decline cover, apply a COVID-19 exclusion or a premium loading for frontline healthcare workers based solely on their exposure or potential exposure to COVID-19.

If cover is offered with a COVID-19 exclusion, this exclusion is intended to exclude claims that arise from COVID-19 infection, it does not exclude complications from vaccination.

We may ask whether your client has completed the COVID-19 vaccinations. This information may be used in conjunction with the assessment of exposure risks connected with other relevant health history that may present a higher health risk and for future overseas travel risks. Otherwise, there will be no impact for clients based on whether they choose to vaccinate or not.



## 2. Medical underwriting

Medical underwriting is the process we use to assess your client's medical history.

All medical information gathered is strictly confidential and is only viewed by those who have a direct role in assessing your client's application.

In cases of higher benefit amounts, we require your client to undertake medical tests – these are called mandatory medical requirements.

Calculating the mandatory medical requirements for your client can be confusing – especially when there are multiple policies and existing benefits. LifeCENTRAL+ makes your life easier by automatically determining the relevant medical requirements based on the individual circumstances of your client. This saves you the hassle of adding, multiplying and subtracting benefit amounts to get to the assessable figure.

### 2.1 Calculating mandatory medical requirements

While LifeCENTRAL+ will do all the hard work for you, by automatically calculating the requirements, it is also important to understand the specifics of the mandatory medical calculations.

This calculation is based on:

- the benefit amount being applied for
- your client's age, and
- any existing cover that your client has with us that is not being replaced.

For the purposes of this calculation, any existing benefits held with another insurer will not be included.

If medical evidence has been obtained in the past six months, we may be able to use this, depending on:

- the cover being applied for
- your client's age, and
- pre-existing conditions.

## Lump sum benefits

To illustrate the calculation of requirements most effectively, let's use an example. John is a 49 year old male who is applying for a Term Life policy and a Standalone Living Insurance policy. John already holds a Standalone TPD policy with us that he is looking to keep.

Proposed cover	Existing cover (with the Insurer)
<b>Term Life policy</b> – Death Benefit = \$1,000,000 – TPD Benefit = \$1,000,000 – Living Benefit = \$500,000 – Business Cover Benefit selected on the Death Benefit	<b>Standalone TPD policy</b> – TPD Benefit = \$500,000
<b>Standalone Living Insurance policy</b> – Living Benefit = \$1,000,000	

Step 1: Calculate the total benefit amounts	John's example
Add together the: <ul style="list-style-type: none"> <li>– Death Benefits (both proposed and existing)</li> <li>– TPD Benefits (within Standalone TPD and Term Life policies, both proposed and existing), and</li> <li>– Living Benefits (within Standalone Living Insurance and Term Life policies, both proposed and existing).</li> </ul>	<ul style="list-style-type: none"> <li>– Death Benefit = \$1,000,000 x 3 = \$3,000,000</li> <li>– TPD Benefit = \$1,000,000 + \$500,000 = \$1,500,000</li> <li>– Living Benefit = \$1,000,000 + \$500,000 = \$1,500,000</li> </ul>

Please note: Where the Business Cover Benefit has been selected, the appropriate benefit amount must be multiplied by 3.

Step 2: Select the largest benefit	
Select the highest of the: <ul style="list-style-type: none"> <li>– Death Benefit</li> <li>– TPD Benefit, and</li> <li>– Living Benefit.</li> </ul>	<ul style="list-style-type: none"> <li>– Death Benefit = \$3,000,000</li> </ul>

### Step 3: Refer to the medical requirements table

Refer to the tables in section 2.2 to identify mandatory medical requirements by looking up the age and using the benefit amount determined in step 2.

- MBA20
- QCHECK

### Step 4: Living Benefit requirements

Determine additional medical requirements for any Living Benefits being applied for.

- Living Benefit = \$1,500,000

Refer to the tables in section 2.2 to identify mandatory medical requirements by looking up the age and using the Living Benefit amount determined in step 1.

Requirements:

- MBA20
- QCHECK

### Step 5: Consolidate the medical requirements

Add the requirements determined in Step 3 to those determined in Step 4.

- MBA20
- QCHECK

Any duplicated requirements only need to be requested once.

Some requirements do not need to be requested if a more comprehensive requirement is already listed.

For instance:

- an ECG\_R can be replaced by an ECG\_EX
- a QCHECK can be replaced by a MEDXAM, and
- a MEDXAM can be replaced by an SPX.

---

For the purpose of calculating mandatory medical requirements, all optional benefits (excluding the Business Cover Benefit) are excluded from the calculations. In addition, the Needlestick Benefit will not be added to the mandatory medical requirements calculations.

## Income benefits

John (age 46) is a business owner and he wishes to increase his existing Income Protection Assured policy with us. He also has decided to take out a Business Overheads Assured policy.

Proposed cover		Existing cover (with the Insurer)
– Income Protection Assured	= \$5,000 per month	– Income Protection Assured
– Business Overheads Assured	= \$11,000 per month	– Assured = \$4,000 per month

### Step 1: Calculate the total benefit amount

- Add together the:
- Income Protection Assured monthly benefits (both proposed and existing), and
  - Business Overheads Assured monthly benefits (proposed).
- Income Protection Assured = \$5,000 + \$4,000 = \$9,000 per month
  - Business Overheads Assured = \$11,000 per month

### Step 2: Select the highest total benefit amount

- Select the highest of the total:
- Income Protection Assured monthly benefit, and
  - Business Overheads Assured monthly benefit.
- Business Overheads Assured = \$11,000 per month

### Step 3: Refer to the medical requirements table

- Refer to the tables in section 2.2 to identify mandatory medical requirements by looking up the age and using the benefit amount determined in step 2.
- MBA20
  - QCHECK



## 2.2 Mandatory medical requirements

The table below provides a glossary of the medical requirement abbreviations used in the requirements table.

<b>ECG_EX</b>	Stress (exercise) Electrocardiogram
<b>ECHOEX</b>	Stress Echocardiogram
<b>EMAR</b>	Extended Medical Attendants Report
<b>FBC</b>	Full Blood Count
<b>HEP B &amp; C</b>	Hepatitis B & C antibodies and antigens
<b>HIV</b>	Human Immunodeficiency Virus antibodies
<b>MAM</b>	Mammogram test or latest mammogram test results acquired within the last 12 months (females only)
<b>MBA20</b>	Multiple Biochemical Analysis
<b>MEDXAM</b>	Medical Examination
<b>MSU</b>	Microscopic Urinalysis
<b>PSA</b>	Prostate Specific Antigen (PSA) test or latest PSA test results acquired within the last 12 months (males only)
<b>QCHECK</b>	Quick Check
<b>SPX</b>	Specialist Physician Exam

Sum Insured	Death, TPD and Living Benefit requirements					
	Age next birthday					
	Up to 45	46–50	51–55	56–60	61–65	66–70
\$0–\$100,000	–	–	–	–	–	–
\$100,001–\$350,000	–	–	–	–	–	–
\$350,001–\$500,000	–	–	–	–	–	QCHECK
\$500,001–\$750,000	–	–	–	–	QCHECK	MBA20, QCHECK
\$750,001–\$1,000,000	–	–	–	MBA20, QCHECK	MBA20, QCHECK	MBA20, QCHECK
\$1,000,001–\$1,500,000	–	–	MBA20, QCHECK	MBA20, QCHECK	MBA20, QCHECK	MBA20, QCHECK
\$1,500,001–\$2,000,000	–	MBA20, QCHECK	MBA20, QCHECK	MBA20, QCHECK	MBA20, QCHECK	MBA20, QCHECK
\$2,000,001–\$2,500,000	–	MBA20, QCHECK	MBA20, QCHECK	MBA20, QCHECK	MBA20, QCHECK	MBA20, QCHECK
\$2,500,001–\$3,000,000	MBA20, QCHECK	MBA20, QCHECK	MBA20, QCHECK	MBA20, QCHECK	MBA20, QCHECK	MBA20, QCHECK
\$3,000,001–\$5,000,000	MBA20, QCHECK, EMAR <sup>1</sup>	MBA20, QCHECK, EMAR <sup>1</sup>	MBA20, QCHECK, EMAR <sup>1</sup>	MBA20, QCHECK, EMAR <sup>1</sup>	MBA20, QCHECK, EMAR <sup>1</sup>	MBA20, QCHECK, EMAR <sup>1</sup>
\$5,000,001–\$10,000,000	MBA20, FBC, SPX, EMAR, ECG_EX, MSU	MBA20, FBC, SPX, EMAR, ECG_EX, MSU	MBA20, FBC, SPX, EMAR, ECG_EX, MSU, PSA	MBA20, FBC, SPX, EMAR, ECG_EX, MSU, PSA	MBA20, FBC, SPX, EMAR, ECG_EX, MSU, PSA	MBA20, FBC, SPX, EMAR, ECG_EX, MSU, PSA
\$10,000,001+	MBA20, FBC, HEP B & C, HIV, SPX, EMAR, MSU, ECHOEX, PSA or MAM	MBA20, FBC, HEP B & C, HIV, SPX, EMAR, MSU, ECHOEX, PSA or MAM	MBA20, FBC, HEP B & C, HIV, SPX, EMAR, MSU, ECHOEX, PSA or MAM	MBA20, FBC, HEP B & C, HIV, SPX, EMAR, MSU, ECHOEX, PSA or MAM	MBA20, FBC, HEP B & C, HIV, SPX, EMAR, MSU, ECHOEX, PSA or MAM	MBA20, FBC, HEP B & C, HIV, SPX, EMAR, MSU, ECHOEX, PSA or MAM

1 EMAR: only mandatory for TPD Benefits greater than \$3 million.

Sum Insured	Additional Living Benefit requirements				
	Age next birthday				
	Up to 40	41–45	46–50	51–55	56–60
\$0– \$1,000,000	–	–	–	–	–
\$1,000,001– \$1,500,000	QCHECK	QCHECK	MBA20, QCHECK	MBA20, QCHECK	MBA20, QCHECK, ECG_EX
\$1,500,001– \$2,000,000	MBA20, FBC, QCHECK	MBA20, FBC, QCHECK	MBA20, FBC, MEDXAM	MBA20, FBC, MEDXAM, PSA or MAM	MBA20, FBC, MEDXAM, ECG_EX, PSA or MAM

Sum Insured	Income Protection Assured and Business Overheads Assured requirements		
	Age next birthday		
	Up to 45	46–50	> 50
\$0– \$10,000	–	–	–
\$10,001– \$15,000	–	MBA20, QCHECK	MBA20, QCHECK
\$15,001– \$20,000	MBA20, QCHECK	MBA20, QCHECK	MBA20, QCHECK
\$20,001– \$30,000	MBA20, FBC, QCHECK, EMAR	MBA20, FBC, QCHECK, EMAR	MBA20, FBC, QCHECK, EMAR
\$30,001+	MBA20, FBC, HEP B & C, HIV, SPX, EMAR, ECG_EX, MSU	MBA20, FBC, HEP B & C, HIV, SPX, EMAR, ECG_EX, MSU	MBA20, FBC, HEP B & C, HIV, SPX, EMAR, ECG_EX, MSU

## 2.3 Arranging medical requirements

You can choose to arrange the medical requirements on behalf of your client, or we can organise these for you.

If you choose to arrange the medical requirements, ensure that you know which examinations to order, and the appropriate examiner to perform these tests. The medical requirements will be shown on the LifeCENTRAL+ application output if submitting electronically, otherwise a guideline of the requirements will be available on the LifeCENTRAL+ quote.

Medical requirements may be arranged with paramedical service provider, UHG.

UHG provides the following health screening services:

- Mobile Paramedical Examinations and Mini Health Checks
- Mobile Pathology Services
- GP Examinations and ECGs
- Specialist Examinations
- Exercise Stress Tests, Echocardiographs and Lung Function Tests

**Telephone:** 1300 558 583

**Website:** [www.uhg.com.au](http://www.uhg.com.au)

## 2.4 Understanding medical requirements

Understanding the different types of tests your client has to undergo, and the reasons for taking them, can prove to be a challenge. To help demystify the requirements, we've explained what happens, and what is required of your client for each of these tests.

Please note that irrespective of the doctor or service provider used, the medical costs are paid by the Insurer.

Medical requirement	May be required due to:	What is involved?
<b>Blood Tests (MBA20, HEP B &amp; C, FBC, HIV)</b>	<ul style="list-style-type: none"> <li>- mandatory requirements based on the level of cover being applied for</li> <li>- the client's medical history (particularly if the client has had high cholesterol, diabetes, liver abnormalities, or hepatitis)</li> <li>- the client's BMI, or</li> <li>- results of a medical examination or EMAR.</li> </ul>	<p>A blood sample is taken and then analysed by a pathology lab. For more accurate results, particularly for cholesterol and glucose readings, the client should fast for 8 hours before the blood test unless there are medical reasons otherwise.</p> <p>The sample can be taken by either:</p> <ul style="list-style-type: none"> <li>- the client's doctor (who is not a family member). We will send an Information and Request Form to the client to read, sign and take to their doctor. The doctor will then send this form, together with the blood sample, to a pathology practice.</li> <li>- paramedical service provider, UHG. They will supply the consent form directly to the client for completion.</li> </ul> <p><b>Types of Blood Tests</b></p> <ul style="list-style-type: none"> <li>- Full Blood Count (FBC) and Hepatitis B &amp; C – a single test with a broader analysis that checks the types and numbers of blood cells and hepatitis B &amp; C antibodies and antigens.</li> <li>- Multiple Biochemical Analysis (MBA20) – primarily examines glucose, liver function, renal function and cholesterol.</li> <li>- Human Immunodeficiency Virus (HIV) – checks for HIV antibodies and can usually be done at the same time as the MBA20.</li> </ul>

Medical requirement	May be required due to:	What is involved?
<b>Electro-cardiogram (ECG_EX)</b>	<ul style="list-style-type: none"> <li>– mandatory requirements based on the level of cover being applied for, or</li> <li>– the client’s medical history (eg heart disease).</li> </ul>	<p>Leads are placed on the chest, wrist and ankles to record the transmission of the electrical impulses of the heart. The test is to determine whether these impulses are normal or not.</p> <p>Stress ECG (ECG_EX) – the test is performed at authorised medical centres or hospitals, when exercising on a treadmill or bike.</p> <p>An abnormal result may indicate possible heart disease.</p>
<b>Stress Echocardiogram (ECHOEX)</b>	<ul style="list-style-type: none"> <li>– mandatory requirements based on the level of cover applied for, or</li> <li>– the client’s medical history (eg heart disease).</li> </ul>	<p>This is a sonogram, or cardiac ultrasound, of the heart. It uses standard ultrasound techniques to image two-dimensional slices of the heart (the latest ultrasound systems now employ 3D real-time imaging as well).</p> <p>An abnormal result may indicate possible cardiovascular disease.</p>
<b>Extended Medical Attendant’s Report (EMAR)</b>	<ul style="list-style-type: none"> <li>– mandatory requirements based on the level of cover being applied for, or</li> <li>– the client’s medical history.</li> </ul>	<p>A report completed by the client’s usual doctor, or a doctor who has treated the client for a particular condition. The client is not required to visit their doctor for this report.</p> <p>We will write directly to the doctor requesting an EMAR. If the client has not known their doctor for more than two years, or has not consulted a doctor within two years, a MEDXAM may be required.</p>
<b>Mammogram (MAM)</b>	<ul style="list-style-type: none"> <li>– mandatory requirements based on the level of cover being applied for</li> <li>– the client’s medical history, or</li> <li>– the client’s family history.</li> </ul>	<p>This is an x-ray performed on the breast. The client will be asked to change positions between images. The routine views are a top-to-bottom view and an oblique side view.</p> <p>Mammograms are most often used to detect breast cancer or other benign breast lumps.</p>

Medical requirement	May be required due to:	What is involved?
<b>Medical Examination (MEDXAM)</b>	<ul style="list-style-type: none"> <li>– mandatory requirements based on the level of cover being applied for</li> <li>– the client's medical history</li> <li>– the client's BMI, or</li> <li>– the client not attending a doctor for a long period of time. The length of time will depend on the client's age and/or medical history.</li> </ul> <p>If the applicant has a pre-existing or current condition, it is usually preferable for their own GP to do the exam.</p>	<p>This is a physical examination which includes recording information such as client's height and weight, blood pressure, pulse rate, heart rate, and any indication of a physical abnormality. Other tests may be conducted with a urine sample.</p> <p>The examination can be done by either:</p> <ul style="list-style-type: none"> <li>– the client's doctor (who is not a family member). We will send a medical examination form to the client to take to their doctor, and the doctor will then send the completed form to us, together with an invoice for their fee, or</li> <li>– paramedical service provider, UHG. They will supply the medical examination form.</li> </ul>
<b>Microscopic Urinalysis (MSU)</b>	<ul style="list-style-type: none"> <li>– mandatory requirements based on the level of cover being applied for, or</li> <li>– the client's medical history.</li> </ul>	<p>A urine sample is taken and then analysed by a pathology lab.</p> <p>The sample can be collected by either:</p> <ul style="list-style-type: none"> <li>– the client's doctor (who is not a family member). We will send an Information and Request Form to the client to read, sign and take to their doctor. The doctor will then send this form, together with the urine sample, to a pathology lab, or</li> <li>– paramedical service provider, UHG. They will supply the consent form directly to the client for completion.</li> </ul>

Medical requirement	May be required due to:	What is involved?
<b>Prostate Specific Antigen Test (PSA)</b>	<ul style="list-style-type: none"> <li>- mandatory requirement based on the level of cover being applied for, or</li> <li>- the client's medical history.</li> </ul>	<p>A blood sample is taken and then analysed by a pathology lab.</p> <p>The sample can be taken by either:</p> <ul style="list-style-type: none"> <li>- the client's doctor (who is not a family member). We will send a Blood Test Information and Request Form to the client to read, sign and take to their doctor. The doctor will then send this form, together with the blood sample, to a pathology practice, or</li> <li>- paramedical service provider, UHG. They will supply the consent form directly to the client for completion.</li> </ul>
<b>Quick Check (QCHECK)</b>	<ul style="list-style-type: none"> <li>- mandatory requirements based on the level of cover being applied for</li> <li>- the client's BMI, or</li> <li>- the client's medical history.</li> </ul>	<p>This is a series of simple medical tests to be taken by the client. Brief details of the client's medical history will also be collected.</p> <p>The examination can be done by either:</p> <ul style="list-style-type: none"> <li>- the client's doctor (should not be a family member). We will send a medical examination form to the client for them to be able to take it to their doctor, and the doctor will then send the completed form to us, along with an invoice for their fee, or</li> <li>- paramedical service provider, UHG. The provider will supply the medical examination form.</li> </ul>
<b>Specialist Physician Exam (SPX)</b>	<ul style="list-style-type: none"> <li>- mandatory requirements based on the level of cover being applied for, or</li> <li>- the client's medical history.</li> </ul>	<p>This is an exam performed by a specialist, preferably a cardiologist.</p>



## 2.5 Other medical underwriting guidelines

### **Depression, anxiety and stress**

Depression, anxiety and stress reactions are becoming more and more common in today's society. So, it is important that you understand our philosophy.

For Death and Living Benefits, depression, anxiety and stress experiences usually don't pose much of a concern to underwriting, unless the condition is severe, long standing, or if suicidal tendencies are shown.

When considering a client for Income Protection Assured, Business Overheads Assured and TPD Benefits, we consider the underlying reasons for the depression, anxiety or stress, any time required away from work, the type and duration of treatment, and their doctor's diagnosis.

For Income Protection Assured, Business Overheads Assured and TPD Benefits, when a pre-existing mental health condition has been disclosed, the client needs to complete a Mental Health Questionnaire.

### **Back problems**

It is very common for clients to disclose a history or current symptoms of a back disorder on their personal statement. For Income Protection Assured, Business Overheads Assured and TPD Benefits, when a pre-existing back condition has been disclosed, the client may need to complete a Back and Neck Questionnaire so that we can get all the information regarding the extent of the problem.

Factors considered in assessing whether any cover offered will be subject to an exclusion include:

- the diagnosis given
- how long the client has had symptoms
- the date of the last symptom
- the type of treatment given
- the amount of time the client was away from work and any limitations on their ability to perform their work duties
- results of tests performed (eg x-rays), and/or
- duties performed by the client in their occupation.

Where an exclusion is applied, we will try to limit it to the area of the back affected. An exclusion will usually be offered in the following circumstances:

- the client has permanent damage to the spine (eg a prolapsed disc)
- the client has had surgery to the back (eg laminectomy)
- there has been a long history of back problems, and/or
- the client is undergoing regular maintenance to the spine for a previous condition, or a lump sum has been paid to the client for a back injury.

If a client has suffered from back strain in the past year, a back exclusion may also apply.

We may not be able to offer cover in the following circumstances:

- the client is currently off work for back pain, injury or surgery, and/or
- the client has severe back problems and works in a heavy manual occupation.

### **Combined risk factors**

Sometimes you may receive an assessment that has a loading and an exclusion when you expected the application to be accepted at standard rates. Often this is due to the combination of medical factors, which on their own may not incur a loading or exclusion, but in combination increase the insurers risk considerably, particularly for a Living Benefit. Therefore, a loading or exclusion may be applicable.

#### *Example*

James has high cholesterol that is well controlled and therefore not expected to incur a loading. James is also overweight, but again not to a degree that would incur a loading on its own. However, when these two risk factors are considered together, James has a higher than normal risk of heart disease which may therefore incur a loading.

## **Pregnancy**

Expecting a child is often the trigger for many people to sort out their life insurance. However, we need to consider specific risks when assessing women who are pregnant.

For Death, TPD and Living benefits, unless there has been a history of complications, cover will usually be considered at standard rates. Where there have been serious complications in either a previous pregnancy or the current pregnancy, an EMAR may be requested. Please note that this does not include side effects of routine screening tests or procedures such as caesarean section.

Where your client will be taking maternity leave within 3 months of application, own occupation definition income protection and own/any definition TPD may not be available. Your client's return to work plans will be considered in determining the cover available.

## **Smoking and/or vaping**

The Australian Institute of Health and Welfare National Drug and Household Survey 2019 reported that 11% of people aged 14 and older smoked daily, and the rate was highest for people aged 40 to 50 at 16%.

With or without nicotine, all e-cigarette liquids and aerosols contain an unpredictable mixture of unregulated and harmful chemicals and additives, and it is too early to know all of the impact these ingredients will have on health. There are documented links between e-cigarette vaping and cardiovascular and respiratory disease, and documented DNA damage may foreshadow cancer.

From a life insurance perspective, anyone who has smoked or vaped any substance within the last 12 months, or used any nicotine replacement product within the last 3 months, including gum, lozenges, patches, sprays and inhalers, will be rated as a smoker. Pipe and cigar smokers will also be rated as smokers, however a client who smokes the occasional celebratory cigar may be rated as a non-smoker.

For clients who smoke over 30 cigarettes a day, we will usually request relevant medical evidence. Depending on the period of time they have smoked and other health factors, a loading may apply in addition to the normal smoker rates.

If your client has stopped smoking and/or vaping in the last 12 months, they will be classed as a smoker until a full 12 month period has elapsed from their complete cessation. An additional 3 month period is taken into account for those who have completely ceased smoking and/or vaping but are using nicotine replacement products. For new applications, after these periods your client may be classed as a non-smoker. For in force policies, your client can apply for non-smoker rates by completing an application for non-smoker rates and returning to us. This form is subject to underwriting review and approval.



## 3. Financial underwriting

Financial underwriting involves consideration of relevant information to assess the appropriateness of the levels of cover proposed, and alignment to the advice provided by the financial adviser.

### 3.1 Assessing financials for personal insurance

#### Lump sum benefits

A personal insurance need exists where clients wish to protect their lifestyle, their level of income, and their personal debts in the event of death, disability or trauma. The benefit amount will be based on your client's income, with further allowances given to cover their personal debt.

The following multiples of annual income can be used as a guide to indicate the maximum level of cover that would usually be considered. As each person's financial circumstances differ, the amount of cover may vary from the maximums shown below.

Age next birthday	Multiple of income	
	Death Benefit and TPD Benefit	Living Benefit <sup>1</sup>
Up to 40	30	20
41 to 45	25	15
46 to 50	20	12
51 to 55	15	8
56 to 60	12	4
61 to 65	8	–

<sup>1</sup> If a Living Benefit is being applied for as a rider benefit within Term Life, then the multiples used will be the ones based on the Death Benefit.

## Homemakers/Non-Income producing spouse

The need to cover the non-income producing spouse can often be overlooked. Their contribution to the day-to-day running of the household will become clear should they suffer a sickness or injury. An appropriate level of cover will be based on:

- the average level of income that would be required to replace the non-working spouse with a professional (nanny/housekeeper/carer)
- an average number of years the household would have dependants, and
- the household debt level the non-working spouse may be liable for.

Taking all these factors into account generally we would be more than happy to offer cover levels up to \$2.5m Death, \$2.5m TPD and \$1.5m Living Benefits.

On occasions where it is felt that cover in excess of these levels is appropriate, we would generally require an understanding of the rationale behind the sum insured to consider whether or not we would be in a position to offer the selected level of cover.

## Income benefits

Assessing your clients for income benefits requires analysis of different factors. While the primary driver is the income of your client, other elements will often need to be taken into account, including the type of cover being applied for, and other sources of income that may continue in the event of disablement.

## Types of income

In some cases, the income of your client will not be limited to the pay cheque they take home at the end of the month. All the different types of income may be treated differently depending on the circumstances of your client.

---

<b>Insurable income – Employee (Income Protection Assured and Income Protection Assured as Superannuation)</b>
--

An employee's insurable income is generally calculated from following items: <ul style="list-style-type: none"><li>– base salary</li><li>– fees</li><li>– commissions</li><li>– regular overtime</li><li>– bonus payment</li><li>– packaged fringe benefits.</li></ul>
--

---

<p><b>Insurable income – Self-employed</b></p>	<p>A person is deemed to be 'self-employed' if the individual is a sole trader, a partner in a business, or a business owner. The insurable income will be calculated from:</p> <ul style="list-style-type: none"> <li>– the income earned from the insured person's business, practice or partnership due to their personal exertion or activities, less</li> <li>– the insured person's share of the business, practice or partnerships expenses.</li> </ul> <p>Certain expenses charged in the profit and loss statement can be added back in calculating insurable income. Examples include (but are not limited to):</p> <ul style="list-style-type: none"> <li>– personal salary</li> <li>– personal superannuation</li> <li>– director's fees (related to the client)</li> <li>– percentage of motor vehicle expenses</li> <li>– percentage of donations.</li> </ul>
<p><b>Unaffected business income offset (Income Protection Assured and Income Protection Assured as Superannuation)</b></p>	<p>In certain circumstances where your client is an owner in their business, the business may continue to generate some income for your client even though they may be unable to work. Where there is an expectation that your client will continue to receive or be entitled to receive income from their business, this income will generally not be included as insurable income.</p> <p>Offsets apply under the policy for unaffected business income unless agreed to by us as part of the underwriting assessment. This means that if your client continues to receive income from their business while disabled, the monthly benefit payable may be reduced.</p> <p>When completing the personal statement, your client will be asked to advise the level of income they expect they will continue to receive from the business if unable to work due to sickness or injury. We may agree to include some or all of any unaffected business income when determining the insured monthly benefit or when calculating pre-disability monthly earnings and post-disability monthly earnings. If we do agree, this will be noted as a special condition to your client's policy.</p>

## Investment income

Investment income is the income that is generated as a result of non-business activities that will continue to be paid to your client, even in the event of their disablement. This includes interest payments, rental income, royalties, annuities and/or dividend payments.

Net investment income is investment income less all related expenses (or eligible tax deductions) associated with this investment income.

Please note that there may be instances where investment income may need to be offset in income protection applications with benefits in excess of \$20,000 per month.

### Example 1: Rental investment income

Rental income:		\$4,000.00
Less expenses:	Interest, maintenance, etc.	-\$2,500.00
	Council rates and other expenses	-\$240.00
	Building allowances (depreciation)	-\$150.00
<b>Net rental investment income</b>		<b>\$1,110.00</b>

### Example 2: Dividend investment income

Total value of share portfolio:	\$2,000,000.00
Dividends received:	\$100,000.00
Less interest:	-\$80,000.00
<b>Net dividend investment income:</b>	<b>\$20,000.00</b>

## Net assets

Net assets refer to the total assets after taking into account all loans and liabilities.

The principal residence and accumulated superannuation are not included in the individual's assets.

Please note that there may be instances where potential income derived from assets may need to be offset in income protection applications with benefits in excess of \$20,000 per month.

### Homemakers/Non-income producing spouse

Home duties IP is also available and provides a regular monthly benefit when the homemaker becomes severely disabled because of sickness or injury, and is unable to perform normal household duties. The maximum monthly benefit is \$5,000.

### Calculating the monthly benefit

The maximum monthly benefit available under Income Protection Assured and Income Protection Assured as Superannuation is calculated using the income replacement ratios shown below and is subject to the maximum benefit amounts for each occupation category.

#### Replacement ratio

70% of the first \$330,000

50% of the next \$240,000

20% of the remainder

Different occupation categories are subject to different maximum benefit amounts on top of the income replacement ratios given above:

Occupation category	Maximum benefit
AA, P, S, A, BB, B, C	\$30,000 per month
E	\$10,000 per month
Home	\$5,000 per month

### Financial assessment at underwriting

Financial evidence may be required to support the monthly benefit applied for. Refer to section 3.3 for more information.

### Financial assessment at claim time for policies inside and outside super

Financial evidence will be required to verify your client's income prior to claim.



## 3.2 Assessing financials for business insurance

### Lump sum benefits

#### Asset protection

##### Business debt

Many businesses have a number of debts and other liabilities which are used to fund their ongoing operation. The owners of the business may wish to protect their position by covering these liabilities in the event of death or disablement of one of the owners.

Generally, we will not restrict the benefit amount to the liability drawn down, but allow the business to insure the entire debt facility in addition to any personal guarantees for the debts. It is important to note however that the availability of business debt protection will be dependent on the level of the debt, and the credit rating of those debts.

##### Key person capital

Where it is likely that a business loan would be partially (or totally) called in, or the business would suffer a capital loss due to the death, disablement, sickness or injury of an individual, key person capital protection may be considered.

We will assess the benefit amount by considering:

- the skill, knowledge and expertise of the key person that makes them a vital part of the business, and whether the ability of the business to continue servicing the loan in the key person's absence would be compromised, and
- whether the lending institution has requested the key person be insured as a condition of lending. The key person may not be the owner of a business.

If there are several key people in the business, then the level of cover will be apportioned between them accordingly.

### Revenue protection (key person revenue)

It is not uncommon for a business to have a number of key personnel who are vital to its going concern. Where it is likely that the business will suffer a financial loss if a key person was not able to be active in their role, key person revenue protection may be considered.

We will assess the benefit amount by calculating the:

- cost and time associated with recruiting and training a replacement person
- loss of net profit while the replacement is working towards their predecessors' previous capabilities, and
- key person's income in proportion to the net worth and profit of the business, taking into account their age and current duties.

Alternatively, we may allow a benefit calculation based on the remuneration of a key person: between 5 to 10 times for the purposes of Death and TPD Benefits, and between 3 to 5 times for Living Benefits. Please note, these multiples will only apply where remuneration is in line with current market rates.

### Transfer of ownership protection (partnership/buy-sell insurance)

Insurance for the purposes of shareholder protection enables the business to continue with minimal disruption in the event of death, disability, sickness or injury of a business partner.

The benefit provides an amount to purchase the partners' share in the business, so the underlying basis for underwriting the appropriate level of cover is based on the value of the business and the individual's shareholding in the business.

## Income benefits

### Business Overheads Assured

Business Overheads Assured will cover your client's share of most fixed business expenses for up to 12 months if they are unable to work at their full capacity due to sickness or injury. In assessing the level of cover being applied for, we need to differentiate between who is generating the income, and who is paying the bills.

Please note, category 'E' occupations are not eligible for Business Overheads Assured.

### 3.3 Mandatory financial requirements

As with medical requirements, LifeCENTRAL+ will automatically calculate the mandatory financial requirements for your client. This calculation is based on:

- the benefit amount being applied for
- the client's age, and
- any existing cover the client may have – this includes policies with us and any other insurer that are not being replaced.

The following tables show the financial information that must be supplied to support the type of cover and total sum insured being applied for.

There are a number of abbreviations used in this section which are explained below.

<b>BETR</b>	Last 2 years Business Entities Taxation Returns, including Profit and Loss and Balance Sheets for each entity.
<b>Buy-Sell Agreement</b>	Partnership or Buy-Sell agreement.
<b>Evidence of Loan</b>	Signed letter of offer from the financial institution, or a loan schedule (including details of the lender, borrower, purpose, type, amount, term, interest rate and credit rating).
<b>FINQ</b>	Financial Questionnaire (which can be signed by the Insured Person, Policy Owner(s), Accountant or Business Banking Manager).
<b>Key Person Statement</b>	For a key person who is an employee, a statement from Employer/ Accountant regarding salary package, role, skills and duties which makes them a key person, and how the potential loss was calculated in determining the benefit amount.  For a key person who is self-employed, a statement outlining skills and duties, loss of earnings, in addition to the length of time it is anticipated for the key person to be replaced, and the cost of training and recruiting for a replacement.
<b>Letter from employer</b>	A letter from employer confirming: <ul style="list-style-type: none"> <li>– base salary</li> <li>– superannuation</li> <li>– fringe benefits (eg motor vehicle, travel, or education allowances), and</li> <li>– commissions and bonuses.</li> </ul>
<b>PTR</b>	Last 2 years Personal Taxation Returns.
<b>Reason for cover</b>	Statement outlining the reason for cover, and how benefit was calculated if not already supplied in the SOA or FINQ.
<b>SOA</b>	Statement of Advice
<b>Valuation</b>	A copy of the most recent business valuation, partnership/share purchase agreement, or buy/sell agreement. This document needs to outline the valuation methodology used to determine the business value and the level of cover.

## Lump sum financial requirements

Death Benefit	Personal	Business		
		Asset protection	Key person (revenue or capital)	Transfer of ownership protection
\$0 – \$3,000,000	Nil	Nil	Nil	Nil
\$3,000,001 – \$5,000,000	Nil	– FINQ or SOA	– FINQ or SOA	– FINQ or SOA
\$5,000,001 – \$10,000,000	Nil	– FINQ or SOA – BETR – Evidence of Loan	– FINQ or SOA – BETR – Key Person Statement	– FINQ or SOA – BETR – Valuation – Buy-Sell Agreement
\$10,000,001 +	– FINQ or SOA – Reason for cover – BETR – PTR	As above	As above	As above

TPD Benefit	Personal	Business		
		Asset protection	Key person (revenue or capital)	Transfer of ownership protection
\$0 – \$3,000,000	Nil	Nil	Nil	Nil
\$3,000,001 – \$5,000,000	Nil	– FINQ or SOA – BETR – Evidence of Loan	– FINQ or SOA – BETR – Key Person Statement – Evidence of Loan (key person capital)	– FINQ or SOA – BETR – Valuation

Living Benefit	Personal	Business		
		Asset protection	Key person (revenue or capital)	Transfer of ownership protection
\$0 – \$1,500,000	Nil	Nil	Nil	Nil
\$1,500,001 – \$2,000,000	Nil	– FINQ or SOA – Evidence of Loan	– FINQ or SOA – Key Person Statement – Evidence of Loan (key person capital)	– FINQ or SOA – Valuation

## **Income product requirements**

There are no mandatory financial requirements up to the maximum monthly benefit for Income Protection Assured and Income Protection Assured as Superannuation.

For Business Overheads Assured, mandatory financial requirements apply for cover greater than \$30,000 per month. Any sum insureds over \$30,000 per month will require BETR.

## **3.4 Other financial underwriting guidelines**

### **Limited policy term**

In cases where business loans are of a short term nature, we may not be able to provide cover to your clients for the usual policy term, but we may be able to offer cover for a shorter period of time. 'Limited term' contracts simply mean the benefit ends when the specified term ends. Where the limited term is applied in a business loan situation, the revised contract conditions will include a continuation option triggered at the end of the limited term that enables the client to apply to continue their benefits for another period of time subject to financial assessment.

We are also able to apply 'split' benefit terms on a single policy – for example issuing some benefit amounts on standard policy terms, and others with a limited term. This will accommodate those clients who have a combination of both short and long term business debt. The need to apply a limited term to a benefit or policy will be determined during the underwriting process and does not need to be established at the time of submitting your client's application.

### **Bankruptcy/Administration/Receivership/Liquidation**

Careful consideration is required in the financial underwriting assessment where the client has been declared bankrupt or an entity owned or controlled by the client has been placed under administration, into receivership or in liquidation.

In considering clients who have disclosed a history of bankruptcy, administration, receivership or liquidation, we will require the completion of a Bankruptcy Questionnaire. Depending on the information provided, and the situation of your client, we may be able to provide the cover.

## Estate equalisation

Estate equalisation allows the business or farm to be inherited by chosen beneficiaries while the other beneficiaries will receive funds from the life insurance proceeds. This is to ensure a fair distribution of the estate to all beneficiaries.

Normal mandatory financial requirements in addition to a copy of a fully executed will and a copy of the independent valuation report of the estate will be required to assess the application.

## Liquidity in super

This type of cover is to ensure that there are sufficient liquid funds available for distribution at the time of death, or in the event of permanent disability, without the need to sell illiquid assets (such as property). Insurance taken out for this purpose may require changes to the Trust Deed in relation to the proceeds from insurance, in which case these changes need to be clearly specified.

Strategies that use insurance inside super to alleviate liquidity issues may be limited, depending on circumstances. Alternative strategies such as insuring outside super may be suitable.

## 3.5 Professionals Package

The Professionals Package is a financial underwriting solution for qualified, registered (or licensed), practising/working professionals. This offer provides higher benefit limits on Death Benefits, TPD and Living Benefits without the need for financial assessment.

This offer applies to professionals in the occupational groups listed in the following table who are:

- recent graduates or professionals currently registered or licensed to practise with the appropriate State, Territory, or National authority, and who have worked for less than 3 years (or less than 10 years if they are a Medical Registrar in Training for a Specialty), and
- currently working or practising in this field on a full time, permanent basis.

The following table shows the maximum amounts available under the Professionals Package for Death Benefits, TPD and Living Benefits.

Applications under the Professionals Package remain otherwise subject to underwriting and disclosures on the application.

Profession	Maximum Death Benefit	Maximum TPD Benefit	Maximum Living Benefit
Accountant – CPA/CA	\$5,000,000	\$3,000,000	\$2,000,000
Accounting Graduate	\$4,000,000	\$2,000,000	\$1,250,000
Actuarial Fellow	\$4,000,000	\$4,000,000	\$2,000,000
Actuarial Graduate	\$3,000,000	\$2,500,000	\$1,750,000
Architect	\$3,000,000	\$2,500,000	\$1,750,000
Barrister	\$4,000,000	\$3,000,000	\$2,000,000
Chiropractor	\$3,000,000	\$3,000,000	\$2,000,000
Dental Specialist	\$10,000,000	\$5,000,000	\$2,000,000
Dentist	\$5,000,000	\$5,000,000	\$2,000,000
Doctor (GP)	\$5,000,000	\$5,000,000	\$2,000,000
Doctor (Specialist)	\$10,000,000	\$5,000,000	\$2,000,000
Engineer	\$3,000,000	\$2,500,000	\$1,750,000
Medical Intern/Resident/Registrar	\$5,000,000	\$5,000,000	\$2,000,000
Medical Registrar – in Training (for a specialty)	\$7,500,000	\$5,000,000	\$2,000,000
Optometrist	\$3,000,000	\$3,000,000	\$2,000,000
Pharmacist	\$3,000,000	\$3,000,000	\$2,000,000
Physiotherapist	\$3,000,000	\$2,000,000	\$1,250,000
Quantity Surveyor	\$3,000,000	\$2,500,000	\$1,750,000
Solicitor	\$3,000,000	\$2,500,000	\$1,750,000
Veterinarian	\$3,000,000	\$3,000,000	\$2,000,000

The following table outlines the list of eligible professional occupations and the relevant eligibility criteria.

<p><b>Medical Interns/ Residents/ Registrars</b></p>	<p>Includes all:</p> <ul style="list-style-type: none"> <li>– medical interns</li> <li>– residents, and</li> <li>– registrars,</li> <li>– who are currently generating an income, and practising on a full time basis.</li> </ul> <p>These clients must have graduated within the last 3 years with the appropriate medical degree (or higher qualification) and completed (or, for medical interns, in the process of completing) the approved training program and practical experience requirements. In addition, they must be registered to practise with the:</p> <ul style="list-style-type: none"> <li>– Australian Medical Council (AMC), and</li> <li>– appropriate State or Territory medical board,</li> </ul> <p>and have been working for less than 3 years.</p> <p>Alternatively, clients who are qualified overseas and working as a trained practitioner in Australia for less than 3 years may also apply. The client must:</p> <ul style="list-style-type: none"> <li>– have graduated with the appropriate medical degree (or higher qualification)</li> <li>– completed the requirements for the AMC and the appropriate State or Territory registration, and</li> <li>– satisfy our residency guidelines.</li> </ul>
<p><b>Medical Registrars – in Training (for a specialty)</b></p>	<p>Includes all:</p> <ul style="list-style-type: none"> <li>– medical registrars in training for a specialty, who are currently generating an income, and practising on a full time basis.</li> </ul> <p>These clients must have:</p> <ul style="list-style-type: none"> <li>– graduated in Australia within the last 10 years with the appropriate medical degree (or higher qualification) and completed the approved training program and practical experience requirements, or</li> <li>– qualified overseas with the appropriate medical (or higher qualification), have completed the requirements for the Australian Medical Council (AMC) and the appropriate State and/or Territory registration, and working as a trained practitioner in Australia for less than 10 years (and satisfies the usual underwriting residency guidelines).</li> </ul> <p>In addition, they must:</p> <ul style="list-style-type: none"> <li>– be registered to practise with the Australian Medical Council (AMC), and appropriate State or Territory medical board</li> <li>– been working for less than 10 years</li> <li>– accepted into an AMC accredited specialist medical college training program.</li> </ul> <p><i>Note: this category excludes General Practitioners in Training.</i></p>



<p><b>General Practitioners and Dentists</b></p>	<p>Includes all:</p> <ul style="list-style-type: none"> <li>– General Practitioners, and</li> <li>– Dentists,</li> </ul> <p>who are currently generating an income, and practising on a full time basis.</p> <p>These clients must have graduated from an Australian medical or dental school with the appropriate medical or dental degree (or higher qualification) and completed the approved training program and practical experience requirements. In addition, they must be registered to practise with the:</p> <ul style="list-style-type: none"> <li>– Australian Medical Council (AMC) or Australian Dental Council (ADC), and</li> <li>– appropriate State or Territory medical or dental board,</li> </ul> <p>and have been working for less than 3 years.</p> <p>Alternatively, clients who are qualified overseas and working as a trained practitioner in Australia for less than 3 years may also apply. The client must:</p> <ul style="list-style-type: none"> <li>– be qualified as a fellow of the appropriate school</li> <li>– have completed the requirements for the AMC or ADC and the appropriate State or Territory registration, and</li> <li>– satisfy our residency guidelines.</li> </ul>
<p><b>Medical and Dental Specialists</b></p>	<p>Includes all Specialist Medical and Dental Practitioners who are currently generating an income, and practising on a full time basis.</p> <p>These clients must have graduated from an Australian medical or dental school with the appropriate medical or dental degree (or higher qualification) and completed the approved training program and practical experience requirements to be a specialist. In addition, they must be:</p> <ul style="list-style-type: none"> <li>– a qualified fellow of a specialty college</li> <li>– registered to practise with either the Australian Medical Council (AMC) or Australian Dental Council (ADC), and</li> <li>– registered to practise with the appropriate State or Territory medical or dental board,</li> </ul> <p>and have been working for less than 3 years.</p> <p>Alternatively, clients who are qualified overseas and working as a trained practitioner in Australia for less than 3 years may also apply. The client must:</p> <ul style="list-style-type: none"> <li>– be qualified as a fellow of an Australian specialty college</li> <li>– have completed the requirements for the AMC or ADC and the appropriate State or Territory registration, and</li> <li>– satisfy our residency guidelines.</li> </ul>

<b>Barristers and Solicitors</b>	<p>Includes all Barristers and Solicitors who are currently generating an income, and working/practising on a full time basis.</p> <p>These clients must have graduated from an Australian law school with the appropriate law degree (or higher qualification) and completed the approved program of practical legal training. In addition, the client must be registered to practise:</p> <ul style="list-style-type: none"> <li>– as a Barrister with the appropriate State or Territory Bar Association, or</li> <li>– as a Solicitor with the appropriate State or Territory Law Society, and have been working for less than 3 years.</li> </ul> <p>Alternatively, clients who are qualified overseas and working as a trained Barrister or Solicitor in Australia for less than 3 years may also apply. The client must be registered to practise:</p> <ul style="list-style-type: none"> <li>– as a Barrister with the appropriate State or Territory Bar Association, or</li> <li>– as a Solicitor with the appropriate State or Territory Law Society, and</li> <li>– satisfy our residency guidelines.</li> </ul>
<b>CPA/CA Accountants and Actuarial Fellows</b>	<p>Includes all:</p> <ul style="list-style-type: none"> <li>– CPA's</li> <li>– CA's, and</li> <li>– Actuarial Fellows,</li> </ul> <p>who are currently generating an income, and working on a full time basis.</p> <p>These clients must have:</p> <ul style="list-style-type: none"> <li>– graduated with the appropriate bachelor degree (or higher qualification)</li> <li>– completed the approved training program and practical experience requirements for qualification as a CPA, CA or FIAA, and</li> <li>– be registered to practise as a CPA, CA or FIAA in Australia, and have been working for less than 3 years.</li> </ul> <p>Alternatively, clients who are qualified overseas and working as a trained Accountant or Actuary in Australia for less than 3 years may also apply. The client must:</p> <ul style="list-style-type: none"> <li>– have completed the approved training program and practical experience requirements for qualification as a CPA, CA or FIAA</li> <li>– be registered to practise as a CPA, CA or FIAA in Australia, and</li> <li>– satisfy our residency guidelines.</li> </ul>

**Other Graduates and Professionals**

Includes all other graduates and professionals listed who are currently generating an income, and working on a full time basis.

These clients must have graduated from an Australian tertiary institution with the appropriate bachelor degree (or higher qualification), be registered to practise with the appropriate State, Territory or National registration board, and:

- have completed the appropriate training program and practical experience requirements, or
- in the case of Legal, Accounting and Actuarial graduates, be in the process of completing the appropriate training program and practical experience requirements,

and have been working for less than 3 years.

Alternatively, clients who are qualified overseas and working as a trained practitioner in their field of study in Australia for less than 3 years may also apply. The client must:

- have completed the appropriate Australian accreditation as set out by the appropriate Australian authority
- be registered to practise with the appropriate State, Territory or National registration board, and
- satisfy our residency guidelines.

**Other conditions of this offer include:**

Where this special offer is taken as a 'top up' to an existing Death, TPD and/or Living benefit cover with another insurer, the total must not exceed the maximum levels of cover outlined in the table, otherwise usual financial underwriting will apply.



## 4. Occupation guidelines

The assessment of an occupation is based on the actual duties performed by the particular client, rather than their job title.

It is important that your client provides a full description of the duties they perform in their occupation.

Many self-employed tradespeople are the 'company director' of their own business, and the duties they actually perform will provide the basis of determining their occupation category. So if a client is a 'business owner' or 'company director', but 90% of their duties are as a plumber, then they should be rated as a plumber.

Some occupation titles may appear to be similar but have different ratings. Often the difference may be due to the environment in which duties are carried out or qualifications that are required for a specific role (eg carers who tend to work in private homes, nurse assistants/aides who work in medical facilities).

A comprehensive list of occupations and their relevant ratings for Term Life, Living, TPD, Income Protection Assured and Needlestick cover is provided in LifeCENTRAL+.



### *Tip*

If you are having difficulty understanding a client's particular duties, it is sometimes a good idea to ask them what they wear to work, how they get to work, or where their worksite is. This will also help the underwriter obtain a clear picture of the client's role when you call for a pre-assessment number.

## 4.1 Occupation categories

### **Death Benefit**

Most occupations do not generally affect an application for a Death Benefit, except those of a hazardous nature where an extra increase in premium of a \$ amount per \$1,000 sum insured normally applies (eg underground miners, professional divers, oil riggers).

### **Living Benefit**

The same occupational rating will generally apply for the Death Benefit and Living Benefit, except for those occupations of a hazardous nature. For some occupations there may be an increased risk of suffering one of the specified conditions, such as head trauma (major) – resulting in significant permanent impairment, paralysis or burns (severe) – covering specified surface area (eg occupations exposed to explosives). For these occupations, a possible exclusion of the specific trauma condition may apply. Please refer to our underwriting team for individual consideration.

### **TPD Benefit, Income Protection Assured and Business Overheads Assured**

Own occupation TPD Benefits, own occupation Income Protection Assured and Business Overheads Assured cover provide financial protection if a client is unable to perform their occupation due to sickness or injury. Any occupation TPD Benefits provide financial protection if a client is unable to work in any occupation for which they are reasonably suited due to sickness and injury. Because of this, occupations are classified into occupation categories to determine what cover can be offered and at what premium rate. These occupation categories are provided in the table below. Please note for TPD Benefits, only the first letter of the occupation category is used (eg 'AA' occupation classification for Income Protection Assured is shown as 'A' for TPD).

Non occupational TPD Benefits may also be available under general cover and home duties definitions.

Occupation category	Description
P	University degree qualified medical, dental or legal professional (eg MBBS or BDS).
AA	University degree qualified white collar professional (excluding medical, dental or legal professional), eg chartered or associate accountant.
S	Executive or senior manager or white collar office worker, earning an average of \$180,000 over the last three years and performing no more than 20% manual work.
A	White collar office worker performing no more than 20% manual work.
BB	Blue collar worker performing specialised or technical tasks and performing no more than 20% manual work (eg a retail shop owner or business proprietor who performs no more than 20% manual work (no deliveries), a supervisor of TAFE qualified licensed tradespeople performing no more than 20% manual work).
B	Fully qualified and licensed tradespeople who have completed a minimum of 3 years TAFE qualification (eg carpenter, electrician) or non qualified tradespeople with a minimum of 10 years experience working in a trade where the above TAFE trade qualifications and licensing is mandatory for new tradespeople.  Qualified skilled workers (eg registered nurse). For certain occupations, a maximum benefit period of 2 or 5 years will apply (shown as B2 or B5 in LifeCENTRAL+).
C	Tradespeople who have completed less than 3 years of TAFE or equivalent or skilled or semi skilled workers in occupations with entry level requirements in terms of experience, qualifications and training (eg bricklayer, welder). For certain occupations, a maximum benefit period of 2 or 5 years will apply (shown as C2 or C5 in LifeCENTRAL+). Note: Category C occupations are not eligible for 'own occupation' TPD.
E	Semi skilled or non-qualified workers performing heavy manual work or operating heavy machine or plant equipment or exposed to hazardous conditions or activities. A maximum benefit period of 2 or 5 years will apply (shown as E2 or E5 in LifeCENTRAL+). Note: Category E occupations are not eligible for 'own occupation' TPD, 'any occupation' TPD and Business Overheads Assured.
D	Declined occupations.

## 4.2 Special consideration

There are a number of other factors and specific duties that need to be considered when assessing the occupation and eligibility for Income Protection Assured, Business Overheads Assured or TPD Benefits. We have explored a number of these in the following section, including:

- the number of hours worked
- apprentices
- unqualified tradespeople
- newly self-employed
- recent change of occupation
- second occupation
- seasonal work

If you require further information on any of these items, or wish to discuss your client's case, please contact the underwriting team.

### Number of hours worked

#### TPD and Income Protection Assured

The tables below provide a snapshot of the required number of hours needed to be worked for eligibility for all TPD and IP benefits.

Definition	TPD	
	Number of hours worked	
	0-19	20+
Own/Any	✘	✓
General	✓	✓
Home duties	✓	✘

Definition	Income Protection Assured	
	Number of hours worked	
	0-19	20+
Own	✘	✓
Home duties	✓	✘

Those with more than one part-time position must work at least 20 hours in their main occupation for income protection cover to be available.

We will review clients with excessive working hours, taking into account the industry in which the insured person works.

## **Apprentices**

Income Protection Assured and TPD benefits can be considered for apprentices in their final apprenticeship year and will be based on their chosen trade's occupation classification.

For apprentices not in their final year:

- Income Protection Assured can be offered on an E2 occupation category, and
- TPD can be offered on a general cover definition basis.

## **Unqualified tradespeople**

If your client has been working in a trade (eg as a carpenter) but has no formal trade certificate or qualifications, cover can be considered if they have at least 3 years continuous experience in that occupation.

## **Newly self-employed**

The reality of small business in Australia is that a high percentage of small businesses fail in the first 2 years after set up.

From an underwriting perspective this creates an additional layer of risk in the overall financial assessment of the application.

Clients who have commenced self-employment in the 12 months prior to application will generally be considered for income protection cover on the following terms:

- Monthly benefit based on a reasonable projection of income for the business and industry and with consideration of previous income
- A newly self-employed clause will be applied so that the benefit payable in the event of an early claim will be based on earnings since policy commencement.

Considerations include the following:

- Is the client operating in the same occupation/industry as previously?
- Is the business a new start up?
- Has the client purchased or bought into a successful ongoing concern?
- Is the client contracting back to their previous employer?

Please contact our underwriting team for more information and an individualised assessment for your client.



## Employment status

### For Income Protection Assured and Income Protection Assured as Superannuation only

For Income Protection Assured, employment status affects the premium payable, as well as the definition of monthly earnings and pre-disability monthly earnings that apply at claim. This means that a different premium will apply depending on whether your client is self-employed or an employee. The premium payable will be based upon the employment status that is shown on the most recent policy schedule, membership certificate or renewal summary.

If your client works in roles both as a self-employed person and as an employee, their employment status will generally be classified as self-employed. For example, a medical practitioner who is self-employed and is also a PAYG employee in a hospital will be defined as self-employed. There may be exceptions, for example a teacher employed full-time in a school as their main occupation who supplements their income as a cosmetics consultant on a small scale may be considered as an employee. If you are unsure which employment status will apply for your client, please check with our underwriting team.

It is important that your clients notify us if their employment status changes so that the appropriate BT Income Protection Assured premium is paid. There is a dedicated employment status change form on LifeCENTRAL that can be used to notify us of this change. Their policy schedule or membership certificate will be updated to reflect the amended employment status. If your clients do not notify us, it may impact the amount payable at claim.

At claim, if your client's employment status doesn't match what is recorded on the most recent policy schedule, membership certificate or renewal summary, they may have their cover adjusted according to their actual employment status. This may result in a lower monthly benefit being payable.

### Change of occupation

Where a client has completely changed their type of occupation within the last 12 months, the monthly benefit, waiting period, benefit period and occupation category may be restricted. In determining whether policy terms are available, consideration will be based on whether the:

- new occupation is similar in duties/industry to the previous occupation
- previous occupation was a different occupation category than the new position, and
- client has had previous experience in the new occupation.

Terms may be reviewed upon request, 12 months after the client has been in their new occupation.

## Second occupation

The insured monthly benefit allowable will generally be based on income from the insured person's main occupation. Income derived from a second occupation may not reflect future ongoing earnings as an individual will often work in a second occupation for a short period of time to provide additional income. For this reason, we may not allow income from a second occupation to be included as insurance income for the purposes of income protection.

Generally, if your client is working in two jobs that are the same or similar, we will consider including the income from both jobs as insurable income. We will also consider the number of hours worked in each job, total hours overall, length of time working in both jobs and if income has remained reasonably consistent. If this allowed and your client is self-employed in either of these jobs, their employment status will be self-employed.

If your client works in more than one occupation that is not the same or similar, this will require individual consideration by our underwriters.

Please contact our underwriting team for individual consideration.

Please note that if we agree to include the income from both occupations as insurable income and your client is self-employed in either of these occupations, their employment status, for the purposes of insurance, will be self-employed (please refer to the section 'Employment status').

If the duties of a second occupation are more hazardous than the duties of the main occupation, we may alter the occupation category. If the client stops working in the second occupation for at least a year, review of the occupation category may be requested.

## Seasonal work

Seasonal work does not generally offer the client continuous employment. It is usually unreliable and depends on conditions outside the control of the client. It would also be difficult to know at the time of claim whether the client is supposed to be working or what their income is at any given time. For these reasons, we are unable to offer TPD or Income Protection Assured benefits.

**Note:** Some circumstances may warrant individual consideration. Please contact our underwriting team for more information.



## 5. Other underwriting guidelines

There are a number of other aspects of the insured person's situation which we must consider when they apply for insurance, including their residency, overseas travel plans, and activities they perform as a pastime.

### 5.1 Residency

People who have been granted permanent residency in Australia can apply for Death Benefits, TPD Benefits, Living Benefits and Income Protection Assured.

In certain situations, cover can be considered for non-residents, such as holders of certain visas.

#### Lump sum residency requirements

For Death Benefits, TPD Benefits and Living Benefits, the insured person must meet the following criteria:

Insured person	Requirements
Application for loan protection cover	The insurance must be for business or personal debt, financed by a recognised financial institution. This does not include investment or gearing loans.
Spouse/Partner of an Australian citizen/ permanent resident	<ul style="list-style-type: none"><li>– A statement declaring intention to stay in Australia.</li><li>– Confirmation of visa type and expiry.</li></ul>
On a work visa	<ul style="list-style-type: none"><li>– Confirmation of visa type and expiry.</li><li>– Copy of employment contract stating details of the work contract, work location(s), remuneration package and duties.</li></ul>

**Note:** Cover for non-permanent residents may be limited so that a claim is payable only while the life insured remains resident in Australia.

## Income Protection Assured residency requirements

Income Protection Assured will be considered if the insured person meets the following criteria.

The insured person:

- holds a long term visa (3 years and over or employer sponsored visa) or has applied for permanent residency
- has resided in Australia for at least 6 months, and
- has a good work history in their current occupation.

**Note:** Cover for non-permanent residents may be limited so that a claim is payable only while the life insured remains resident in Australia.

## 5.2 Overseas travel

Australian citizens and residents who intend to reside overseas temporarily may apply for cover. This is subject to the PDS being received while in Australia.

There are three types of travellers – personal or holiday, business (ie travel associated with occupation), and a combination of personal and business.

We will take into consideration the following factors in determining the impact, if any, on the contract of insurance we will offer your client:

- duration
- location, and
- reason or activities to be undertaken whilst overseas.

In the current global environment, it is important that underwriters ensure that all the risk factors are taken into account when assessing an application.

The Department of Foreign Affairs and Trade (DFAT) provides recommendations for Australians potentially travelling outside Australia. It is important to know the exact details of where the client will be spending most of their time and the duration of their stay in each location. The following table provides guidelines of our underwriting approach.

DFAT alert level	Travel advice	Underwriting approach
1	Exercise normal safety precautions	Generally no restrictions
2	Exercise a high degree of caution	Generally no restrictions
3	Reconsider your need to travel	Exclusion
4	Do not travel	Decline <sup>1</sup>

<sup>1</sup> Refer to underwriting for further advice.

Please note that the countries under each DFAT alert level may change from time to time. For further details, refer to the DFAT website at [www.smarttraveller.gov.au](http://www.smarttraveller.gov.au).

It is recommended that you call an underwriter to obtain a pre-assessment number if a client has plans to travel outside Australia soon after submitting an application. In some cases, if we are unable to obtain a signed agreement to the imposition of a 'territorial exclusion', we may be required to decline the application. The client will then need to re-apply upon return to Australia.



*Tip*

If the client has a travel exclusion in place and returns to Australia with no specific plans to travel in the future, they can contact us and request to have the travel exclusion removed.

### 5.3 Pursuits and pastimes guide

The Pursuits and Pastimes Guide sets out the possible classification of pursuits and pastimes for particular types of insurance cover. Completion of a Pursuits and Pastimes Questionnaire is necessary with full and precise descriptions.

If your client's circumstances are not covered in this guide, please contact our underwriting team to discuss. A quote reference number can be provided to confirm the underwriting advice provided. This reference number should be displayed on the application form when submitted.

Note: Most social pursuits and pastimes, such as squash, tennis and golf, are accepted at standard rates unless otherwise shown.

Abbreviations used in the Pursuits and Pastimes Guide:

<b>EXC</b>	Exclusion
<b>IC</b>	Individual consideration
<b>NA</b>	Cover is not available
<b>OR</b>	Standard rates of premium
<b>\$2.00, \$5.00 etc</b>	Extra premium or loading per \$1,000 of sum insured pa
<b>Loading%</b>	Extra premium or loading by the nominated percentage
<b>90 day</b>	90 day waiting period applies to the relevant pursuit/pastime
<b>90 day (B,C,E occs)</b>	90 day waiting period for occupation categories 'B', 'C' and 'E' applies to the relevant pursuit/pastime

**Note:** In some cases, it may be possible to offer an option of an exclusion instead of a loading.

Pursuit/Pastime		Death	Living	TPD	IP
<b>Abseiling</b>	Less than 10 metres	OR	OR	OR	90 day (B,C,E occs)
	More than 10 metres	\$2.50 or EXC	EXC	EXC	EXC
<b>Acrobat</b>	Professional	OR	OR	NA	NA
<b>Archery</b>	Amateur	OR	OR	OR	OR
<b>Athletics</b>	Amateur	OR	OR	OR	OR
	Coach	OR	OR	IC	IC
	Professional	OR	OR	IC	IC
<b>Aviation</b>					
<i>Aerobatics</i>		IC	NA	NA	NA
<i>Ballooning</i>	Competition	\$2.00 or EXC	\$2.00 or EXC	EXC	EXC
	Pleasure	OR	OR	OR	OR
<i>Gliding</i>	Up to 100 hours pa	OR	OR	OR	OR
	Over 100 hours pa	OR	OR	EXC	EXC
<i>Hang gliding</i>	Powered	\$2.50 or EXC	\$2.50 or EXC	EXC	EXC
	Non-powered	\$5.00 or EXC	\$5.00 or EXC	EXC	EXC
<i>Paragliding</i>		\$2.00 or EXC	\$2.00 or EXC	EXC	EXC
<i>Crop dusting, cattle mustering</i>		\$15.00 or EXC	\$15.00 or EXC	NA	NA
<i>Instructor (other than full time occupation)</i>		\$2.00 or EXC	\$2.00 or EXC	NA	NA
<i>Microlite/Ultralite</i>	Up to 50 hours pa	\$2.50 or EXC	\$2.50 or EXC	EXC	EXC
	Over 50 hours pa	\$5.00 or EXC	\$5.00 or EXC	EXC	EXC

Pursuit/Pastime		Death	Living	TPD	IP
<b>Aviation (continued)</b> <i>Parachuting</i>	Static line, up to 25 jumps per annum	OR	OR	OR	90 day (B,C,E occs)
	Static line, more than 25 jumps pa	\$2.00 or EXC	\$2.00 or EXC	EXC	EXC
	Free fall or competition, up to 25 jumps pa	\$2.00 or EXC	\$2.00 or EXC	EXC	EXC
	Free fall or competition, more than 25 jumps pa	\$3.50 or EXC	\$3.50 or EXC	EXC	EXC
	Wingsuit	EXC	EXC	EXC	NA
<i>Private flying (including helicopters)</i>	Up to 100 hours pa	OR	OR	OR	OR
	101–200 hours pa	\$2.00 or EXC	\$2.00 or EXC	EXC	EXC
	201–300 hours pa	\$2.50 or EXC	\$2.50 or EXC	EXC	EXC
	301+ hours pa	\$3.50 or EXC	\$3.50 or EXC	EXC	EXC
<i>Student pilots</i>		OR	OR	OR	OR
<b>Badminton</b>		OR	OR	OR	OR
<b>Base jumping</b>		NA	NA	NA	NA
<b>Baseball/ Softball</b>	Amateur	OR	OR	OR	OR
	Coach	OR	OR	IC	IC
	Professional	OR	OR	NA	NA
<b>Basketball</b>	Amateur	OR	OR	OR	OR
	Coach	OR	OR	IC	IC
	Professional	OR	OR	NA	NA
<b>Bowling</b>	Indoor/Lawn/Ten-pin	OR	OR	OR	OR
<b>Boxing</b>	Amateur – competition	\$2.00 or EXC	EXC	EXC	EXC
	Pleasure/Recreation only	OR	OR	OR	90 day
	Coach	OR	OR	NA	NA
	Professional	NA	NA	NA	NA



Pursuit/Pastime		Death	Living	TPD	IP
<b>Bungee jumping</b>	Amateur	\$5.00 or EXC	EXC	EXC	EXC
	Amateur – one off with no future plans	OR	OR	OR	OR
	Professional/Instructor	\$5.00 or EXC	EXC	NA	NA
<b>Bush walking</b>		OR	OR	OR	OR
<b>Cricket</b>	Amateur	OR	OR	OR	OR
	Coach	OR	OR	IC	IC
	Professional	OR	OR	NA	NA
<b>Cyclist</b>	Amateur	OR	OR	OR	OR
	Coach	OR	OR	IC	IC
	Professional	OR	EXC	IC	IC
<b>Fencing</b>		OR	OR	OR	OR
<b>Football</b>					
<i>Soccer – indoor</i>	Amateur	OR	OR	OR	OR
<i>Soccer – outdoor</i>	Amateur	OR	OR	OR	25% or 90 day (B, C, E occs)
	Coach	OR	OR	IC	IC
	Professional	OR	OR	NA	NA
<i>Touch football</i>		OR	OR	OR	OR
<i>Union, League, Aussie Rules/ AFL</i>	Amateur	OR	OR	OR	25% or 90 day (B, C, E occs)
	Coach	OR	OR	IC	IC
	Professional	OR	OR	NA	NA
<b>Golf</b>	Amateur	OR	OR	OR	OR
	Coach	OR	OR	IC	IC
	Professional	OR	OR	NA	NA

Pursuit/Pastime		Death	Living	TPD	IP
<b>Gymnastics</b>	Amateur	OR	OR	OR	OR
	Coach	OR	OR	IC	IC
	Professional	OR	OR	IC	IC
<b>Hockey</b>	Field – amateur	OR	OR	OR	OR
	Ice – amateur	OR	OR	EXC	EXC
	Professional	OR	OR	NA	NA
<b>Horse riding</b>	Competition (including polo, show jumping)	OR	OR	EXC	EXC
	Pleasure/Recreation only	OR	OR	OR	OR
	Rodeo	\$2.00 or EXC	\$2.00 or EXC	EXC	EXC
<b>Hunting – no aviation</b>	Amateur	OR	OR	OR	OR
	Professional	OR	OR	NA	NA
<b>Kayaking/ canoeing/ rafting</b>					
<i>Still water</i>	Pleasure/Recreational	OR	OR	OR	OR
	Competition	OR	OR	EXC	EXC
<i>White water</i>	Recreation only – less than 10 times pa	OR	OR	OR	OR
	Recreation only – more than 10 times pa	OR	OR	EXC	EXC
	Competition	\$2.00 or EXC	\$2.00 or EXC	EXC	EXC
<b>Kickboxing</b>	Amateur – competition	OR	OR	EXC	EXC
	Pleasure/Recreation only	OR	OR	OR	90 day
	Professional	NA	NA	NA	NA
<b>Kitesurfing</b>	Amateur	OR	OR	OR	OR
<b>Lacrosse</b>		OR	OR	OR	OR
<b>Marathon running</b>		OR	OR	OR	OR

Pursuit/Pastime		Death	Living	TPD	IP
<b>Martial arts</b>	Amateur – competition	OR	OR	EXC	EXC
	Pleasure/Recreation only	OR	OR	OR	90 day
	Professional	NA	NA	NA	NA
<b>Motor car racing</b>	Amateur – competitive racing (eg drag racing, sports cars, karting, endurance, off-road events, rallies, stock cars etc)	IC	IC	EXC	EXC
	Amateur – no internationals, social participation only. Include go karts, vintage cars, off roads, time trails, rallies, hill climbs events	OR	OR	OR	OR
	Professional	IC	IC	NA	NA
<b>Motor cycle racing</b>	Acrobats	\$10.00 or EXC	EXC	EXC	EXC
	Circuit racing/speedway	\$5.00 or EXC	\$5.00 or EXC	EXC	EXC
	Moto cross – international	EXC	EXC	NA	NA
	Professional	\$10.00 or EXC	\$10.00 or EXC	NA	NA
	Scrambles, hillclimbs	OR	OR	EXC	EXC
	Trail bike riding – competition	OR	OR	EXC	EXC
	Trail bike riding – no competition	OR	OR	OR	90 day
<b>Mountain climbing/ mountaineering</b>	Above 6,000m	NA	NA	NA	NA
	Australia and New Zealand only	\$2.00 or EXC	\$2.00 or EXC	EXC	EXC
	Outside Australia and New Zealand	\$5.00 or EXC	EXC	EXC	EXC
<b>Netball</b>	Amateur	OR	OR	OR	OR
	Professional	OR	OR	NA	NA

Pursuit/Pastime		Death	Living	TPD	IP
<b>Rock climbing</b>	Indoor	OR	OR	OR	OR
	Outdoor	\$2.00 or EXC	\$2.00 or EXC	EXC	EXC
<b>Rowing</b>	Amateur	OR	OR	OR	OR
<b>Sailboarding</b>		OR	OR	OR	OR
<b>Sailing</b>	Amateur – Australian waters, daytime only	OR	OR	OR	OR
	Amateur – offshore/advanced competition	OR	OR	EXC	EXC
	Instructor	OR	OR	NA	NA
<b>Scuba diving</b>					
<i>Diving depths less than 40 metres</i>	No caving, potholing, solo diving or wreck dives	OR	OR	OR	OR
	Some caving, potholing, solo diving or wreck drives	\$2.00 or EXC	EXC	EXC	EXC
<i>Diving depths more than 40 metres</i>	No caving, potholing, solo diving or wreck dives	\$2.00 or EXC	\$2.00 or EXC	EXC	EXC
	Some caving, potholing, solo diving or wreck drives	\$5.00 or EXC	EXC	EXC	EXC
<i>Instructor</i>		OR	OR	NA	NA
<b>Shooting</b>	Amateur	OR	OR	OR	OR
	Professional	OR	OR	IC	IC
	Making ammunitions	EXC	EXC	EXC	EXC
<b>Skating – skateboarding, ice skating, roller skating</b>	Amateur – competition	OR	OR	EXC	EXC
	Pleasure/Recreation only	OR	OR	OR	OR
	Professional	OR	OR	EXC	EXC
<b>Skiing – snow/water/ grass/snow boarding</b>	Amateur – competition	OR	OR	EXC	EXC
	Pleasure/Recreation only	OR	OR	OR	OR
	Professional	OR	OR	EXC	EXC
<b>Squash</b>	Amateur	OR	OR	OR	OR

Pursuit/Pastime		Death	Living	TPD	IP
<b>Surfing</b>	Amateur – competition	OR	OR	OR	OR
	Pleasure/Recreation only	OR	OR	OR	OR
	Professional	OR	OR	NA	NA
<b>Swimming</b>	Amateur	OR	OR	OR	OR
	Professional – pool only	OR	OR	NA	NA
<b>Tennis</b>	Amateur	OR	OR	OR	OR
	Coach – no touring or professional playing	OR	OR	50%	IC
	Professional	OR	OR	NA	NA
<b>Triathlons</b>		OR	OR	OR	OR
<b>Volleyball</b>		OR	OR	OR	OR
<b>Waterskiing</b>	Amateur with competition	OR	OR	EXC	EXC
<b>Weightlifting</b>	Competition	OR	OR	EXC	EXC
	Pleasure/Recreation only	OR	OR	OR	OR
<b>Wind surfing/ Wind sailing</b>		OR	OR	OR	OR
<b>Wrestling</b>	Amateur – competition	OR	OR	EXC	EXC
	Pleasure/Recreation only	OR	OR	OR	90 day
	Professional	NA	NA	NA	NA



## 6. Replacements and transfers

### 6.1 Replacing existing Protection Plans policies

Please note that all forms cited below are available on LifeCENTRAL.

We may perform a target market assessment prior to the issue of a replacement policy. This is not applicable for any replacement policies distributed by a financial adviser because the adviser will conduct their own assessment.

#### **Replacing Protection Plans policies issued under a PDS dated on or after 28 April 2006**

Where the client already has an existing Protection Plans policy, we can replace their policy provided they are not on claim or intend to claim for a previous period and subject to the following:

Scenario	Requirements
Benefit sum insured is less than or equal to existing cover	<ul style="list-style-type: none"><li>– ‘Cancellation and Replacement Simple Application’ form</li><li>– LifeCENTRAL+ quote<sup>2</sup></li></ul>
Benefit sum insured is greater than the existing cover <sup>1</sup>	<ul style="list-style-type: none"><li>– ‘Application’ form including ‘Personal Statement’ form</li><li>– LifeCENTRAL+ quote<sup>2</sup></li><li>– Signed request from the existing policy owner to cancel the existing policy.</li></ul>
Benefit type is different to existing cover <sup>1</sup>	<ul style="list-style-type: none"><li>– ‘Application’ form including ‘Personal Statement’ form</li><li>– LifeCENTRAL+ quote</li><li>– Signed request from the existing policy owner to cancel the existing policy.</li></ul>

<sup>1</sup> Underwriting process will assess only increases in risk through this process.

<sup>2</sup> For level-to-level replacement policies where the benefit sum insured is equal to existing cover, a quote is not required as premiums will be calculated once the application has been submitted. Where you are proposing to make changes to the current policy, including the benefits or sum insured, an ‘In Force Quote’ must also be submitted to illustrate the benefits and level of cover being applied for. Please note, the premium disclosed in the ‘In Force Quote’ will not reflect the actual premium and is for illustrative purposes only. For further information regarding level-to-level replacements, please see section ‘Level premium policy replacement’.

If you are replacing an existing Protection Plans Income Protection, Income Protection as Superannuation or Income Protection Plus policy under a stepped premium structure a LifeCENTRAL+ quote is required. In order to request a quote, please download and complete the Manual Quote Template from LifeCENTRAL and submit it to [lifemanualquotes@btfinancialgroup.com](mailto:lifemanualquotes@btfinancialgroup.com). A replacement quote will be issued to you.

Your client's existing policy will be cancelled at the time the replacement policy is issued.

The commission structure including any dial down percentage on the replacement policy must be the same as the original replaced policy. Refer to 'Adviser remuneration' in section 1.4 for more information on the commission and responsibility period for replacement policies.

## **Replacing Protection Plans policies issued under a PDS dated prior to 28 April 2006**

For Protection Plans policies issued under a PDS dated prior to 28 April 2006, a 'Cancellation and Replacement Application' form is required where the sum insured is less than or equal to existing cover. The application will be underwritten.

Where the benefit type is different or the benefit sum insured is greater than the existing cover, an 'Application' form, LifeCENTRAL+ quote, 'Personal Statement' form and signed request from the existing policy owner to cancel the existing policy is required.

### **Level premium policy replacement**

The level premium policy replacement process for BT Protection Plans range ensures your clients can retain their entry age premium rates from when they took out the policy – even if they replace their cover. Level premium policy replacements mean that your clients can now access a truly flexible life insurance solution.

With level premium policy replacements, clients can adjust the way that they fund their insurance premiums (such as moving cover from Platform Super to a SMSF), without adversely impacting their insurance premiums because they are older than when they had originally taken out their policy (and as a result of cancelling and replacing their cover). It also allows customers to retain their existing loyalty benefits. Level premium policy replacements are just another way in which we are continually enhancing their life insurance offer to provide greater levels of service and genuine value for your clients.

Although the entry age premium rates may be honoured, the premium payable may be subject to change. For example, if there is a change to the funding method involving Platforms or if there has been policy repricing since inception. Entry age premium rates may not be applicable depending on any additional policy changes.

The following are common scenarios where a policy will retain entry age premium rates:

- ownership change via cancel and replace
- move off Platform
- move on Platform
- increase to existing benefit (See 'General alterations' in section 8)
- addition of flexi-linked policy (See 'General alterations's in section 8)
- addition of rider and optional benefits (See 'General alterations' in section 8).

The following are common scenarios where a policy will not retain entry age premium rates:

- change between TPD/Living benefits as rider benefits (within a Term Life or flexi-linked policy) and TPD/Living under a Standalone TPD or Standalone Living Insurance policy
- moving from another insurer
- replacing a non Protection Plan Policy.

Listed below are some possible transfer scenarios and the general guidelines as to whether transfer of ownership is acceptable and where a like for like replacement policy is required for Protection Plans policies. This means that the benefit type is the same, the benefit sum insured is the same or less than the original policy and with no increased risk. Please refer to sections 6.1 and 6.2 for more information about replacement rules.

Like for like replacements <sup>1</sup>		
Previous ownership	Proposed ownership	Requirements
<ul style="list-style-type: none"> <li>– Retirement Wrap</li> <li>– Platform Super</li> <li>– SMSF</li> </ul>	Non-Superannuation	<ul style="list-style-type: none"> <li>– ‘Cancellation and Replacement Simple Application’ form (ownership structure Form A)</li> </ul>
<ul style="list-style-type: none"> <li>– Non-Superannuation</li> <li>– Retirement Wrap</li> <li>– Platform Super</li> </ul>	SMSF	<ul style="list-style-type: none"> <li>– ‘Cancellation and Replacement Simple Application’ form (ownership structure Form B)</li> </ul>
<ul style="list-style-type: none"> <li>– Non-Superannuation</li> <li>– Platform Super</li> <li>– SMSF</li> </ul>	Retirement Wrap	<ul style="list-style-type: none"> <li>– ‘Cancellation and Replacement Simple Application’ form (ownership structure Form C)</li> <li>– ‘Ongoing Partial Rollover Request’</li> </ul>
<ul style="list-style-type: none"> <li>– Non-Superannuation</li> <li>– Retirement Wrap</li> <li>– SMSF</li> </ul>	Platform Super (Panorama)	<ul style="list-style-type: none"> <li>– ‘Cancellation and Replacement Simple Application’ form (ownership structure Form D)</li> </ul>

For level-to-level replacement policies where the benefit sum insured is equal to existing cover, a quote is not required as premiums will be calculated once the application has been submitted. Where you are proposing to make changes to the current policy, including the benefits or sum insured, an ‘In Force Quote’ must also be submitted to illustrate the benefits and level of cover being applied for. Please note, the premium disclosed in the ‘In Force Quote’ will not reflect the actual premium and is for illustrative purposes only.

<sup>1</sup> A ‘Personal Statement’ form is not required when benefit sum insured is less than or equal to existing cover.



For Protection Plans policies issued prior to 28 April 2006, a 'Cancellation and Replacement Application' form and LifeCENTRAL+ quote is required. The application will be underwritten.

### **Replacing agreed value and endorsed agreed value Protection Plans Income Protection policies**

In accordance with APRA's guidance, Protection Plans agreed value and endorsed agreed value Income Protection policies can be replaced in certain circumstances such as a change in ownership or a change to the funding method involving Platforms. This ensures your clients can retain the agreed value or endorsed agreed value policy type they took out, even when they replace their cover.

The replacement policy will be issued under current PDS terms. Your client's existing policy will be cancelled at the time the replacement policy is issued.

### **Replacing Income Protection, Income Protection as Superannuation and Income Protection Plus policies**

Income Protection, Income Protection as Superannuation and Income Protection Plus policies can also be replaced with a new policy within the same product in certain circumstances such as a change in ownership or a change to the funding method involving Platforms. This ensures your clients can retain their benefits when they replace their cover.

If you are replacing an existing Protection Plans Income Protection, Income Protection as Superannuation or Income Protection Plus policy under a stepped premium structure a LifeCENTRAL+ quote is required. In order to request a quote, please download and complete the Manual Quote Template from LifeCENTRAL and submit it to [lifemanualquotes@btfinancialgroup.com](mailto:lifemanualquotes@btfinancialgroup.com). A replacement quote will be issued to you.

Income Protection, Income Protection as Superannuation and Income Protection Plus can be replaced with an Income Protection Assured or Income Protection Assured as Superannuation policy. Replacement on a like for like basis or with a decrease in sum insured will not be underwritten however eligibility rules for the new Assured policy will need to be met. This includes maximum monthly benefit based on the customers current income as well as pricing based on current occupation and employment status at time of replacement. The new business maximum entry age limit of 59 will apply for these replacements.

### **Altering agreed value and endorsed agreed value Protection Plans policies**

In accordance with APRA's guidance, Protection Plans agreed value and endorsed agreed value Income Protection policies can be altered in certain circumstances, such as:

- increase to existing benefit (additional cover will be underwritten)
- addition of rider and optional benefits to an existing policy (additional cover will be underwritten).<sup>1</sup>

---

<sup>1</sup> The addition of a new flexi linked benefit to an existing policy is not allowed.

## 6.2 Replacing existing St.George Protection Choices policies

Where the client already has an existing St.George Protection Choices policy, we can replace their policy provided they are not on claim or intend to claim for a previous period and subject to the following:

	Death Benefit	TPD & Living Benefit	Income Protection and Business Overheads <sup>1</sup>
Maximum takeover benefit limit	\$1,500,000	\$1,500,000	\$10,000 per month
Maximum loadings	200%	100%	100%
Maximum exclusions	3	3	3
<b>Requirements and commission payable</b>			
Policy commenced after 1 January 2008	– ‘Cancellation and Replacement Simple Application’ form (including LifeCENTRAL+ quote). 50% of initial and 100% of ongoing commission payable.		
Policy commenced before 1 January 2008 AND fully underwritten in the last 5 years	– ‘Cancellation and Replacement Application’ form (including LifeCENTRAL+ quote). This application will be underwritten. Full commission is payable.		

For policies where Death Benefit is up to \$3,000,000 and/or where loadings/exclusions are greater than those specified above:

	Death Benefit	TPD & Living Benefit	Income Protection and Business Overheads <sup>1</sup>
Maximum takeover benefit limit	Up to \$3,000,000	\$1,500,000	\$10,000 per month
Maximum loadings	No maximum		
Maximum exclusions	No maximum		
<b>Requirements and commission payable</b>			
Policy commenced before 1/1/2008 AND fully underwritten in the last 5 years	– ‘Cancellation and Replacement Application’ form (including LifeCENTRAL+ quote). This application will be underwritten. Full commission is payable.		

For all other business (including policies fully underwritten more than 5 years ago or where benefit is more than existing cover), normal underwriting applies and full commission is payable.

<sup>1</sup> Policies will be issued under Income Protection Assured or Business Overheads Assured, and only under an indemnity structure.

## 6.3 Transfer of ownership in and out of superannuation

Transfer of policy ownership into and out of a superannuation environment may be a complex area. Listed below are some possible transfer scenarios and the general guidelines as to whether transfer of ownership is acceptable, and where a like for like replacement policy is required for Protection Plans policies. These rules are to be used as a guideline only. For more detailed information, please contact the Life Technical team (lifetechnical@btfinancialgroup.com).

A like for like replacement means that the product type and benefit type is the same, the benefit sum insured is the same or less than the original policy and with no increased risk. Please refer to sections 6.1 and 6.2 for more information about replacement rules.

Like for like replacements <sup>1</sup>		
Previous ownership	Proposed ownership	Requirements
<ul style="list-style-type: none"> <li>- Retirement Wrap</li> <li>- Platform Super</li> <li>- SMSF</li> </ul>	Non-Superannuation <sup>2</sup>	<ul style="list-style-type: none"> <li>- 'Cancellation and Replacement Simple Application' form (ownership structure Form A)</li> <li>- LifeCENTRAL+ quote</li> </ul>
<ul style="list-style-type: none"> <li>- Non-Superannuation<sup>2</sup></li> <li>- Retirement Wrap</li> <li>- Platform Super</li> </ul>	SMSF <sup>3</sup>	<ul style="list-style-type: none"> <li>- 'Cancellation and Replacement Simple Application' form (ownership structure Form B)</li> <li>- LifeCENTRAL+ quote</li> </ul>
<ul style="list-style-type: none"> <li>- Non-Superannuation<sup>2</sup></li> <li>- Platform Super</li> <li>- SMSF</li> </ul>	Retirement Wrap	<ul style="list-style-type: none"> <li>- 'Cancellation and Replacement Simple Application' form (ownership structure Form C)</li> <li>- LifeCENTRAL+ quote</li> <li>- 'Ongoing Partial Rollover Request'</li> </ul>
<ul style="list-style-type: none"> <li>- Non-Superannuation<sup>2</sup></li> <li>- Retirement Wrap</li> <li>- SMSF</li> </ul>	Platform Super (Panorama)	<ul style="list-style-type: none"> <li>- 'Cancellation and Replacement Simple Application' form (ownership structure Form D)</li> <li>- LifeCENTRAL+ quote</li> </ul>
	Platform Super (Asgard, LifeFocus, PCP)	<ul style="list-style-type: none"> <li>- 'Cancellation and Replacement Simple Application' form (ownership structure Form E)</li> <li>- LifeCENTRAL+ quote</li> </ul>

1 A 'Personal Statement' form is not required when the benefit sum insured is less than or equal to existing cover.

2 Non-Superannuation ownership includes Platform Investment ownership.

3 Life policy ownership cannot be transferred from a member of the SMSF or a relative of a member of the SMSF, however transfers from other parties may be possible. Note: The trustee(s) must ensure that all trustee obligations and duties are complied within making the decision to transfer or acquire a life policy.

Please note: if you are applying for the platform discount, please follow the process that aligns with the proposed ownership of the replacement policy.

For level-to-level replacement policies where the benefit sum insured is equal to existing cover, a quote is not required as premiums will be calculated once the application has been submitted. Please note, the premium disclosed in the 'In Force Quote' will not reflect the actual premium and is for illustrative purposes only. For further information regarding level-to-level replacements, please see section 'Level premium policy replacement'.

If you are replacing an existing Protection Plans Income Protection, Income Protection as Superannuation or Income Protection Plus policy under a stepped premium structure a LifeCENTRAL+ quote is required. In order to request a quote, please download and complete the Manual Quote Template from LifeCENTRAL and submit it to [lifemanualquotes@btfinancialgroup.com](mailto:lifemanualquotes@btfinancialgroup.com). A replacement quote will be issued to you.

For Protection Plans policies issued under a PDS dated prior to 28 April 2006, a 'Cancellation and Replacement' form and LifeCENTRAL+ quote will be required where the sum insured is less than or equal to existing cover. This application will be underwritten.

## 6.4 Continuing insurance after a Platform Investment or Platform Super account is closed

If you decide to terminate your client's Platform Investment or Platform Super account, life insurance policies funded through the account as well as linked policies will also be terminated.

Your client can transfer the policies they have to a new policy/policies paid outside a Platform Investment or Platform Super account without any further underwriting within 30 days of terminating the platform account provided they are not on claim or intend to claim for a previous period. This includes transferring Income Protection and Income Protection Plus policies.

We can replace their policy subject to the following requirements:

- 'Panorama Investment Application for Continuation Option' form or 'Panorama Super Application for Continuation Option' form.
- LifeCENTRAL+ quote<sup>1</sup>.

Premiums for the replacement policy/policies can be different due to many factors, some of which are listed below:

- the new ownership structure does not support the 10% platform discount.
- your client has had a birthday since the policy renewal.

Please ask your client to consult with their tax accountant to consider their tax implications and liabilities before finalising any transfer.

We may perform a target market assessment prior to the issue of a replacement policy. This is not applicable for any replacement policies distributed by a financial adviser because the adviser will conduct their own assessment.

---

<sup>1</sup> If you are replacing an existing Protection Plans Income Protection, Income Protection as Superannuation or Income Protection Plus policy under a stepped premium structure a LifeCENTRAL+ quote is required. In order to request a quote, please download and complete the Manual Quote Template from LifeCENTRAL and submit it to [lifemanualquotes@btfinancialgroup.com](mailto:lifemanualquotes@btfinancialgroup.com). A replacement quote will be issued to you.



# 7. Reinstating Protection Plans policies

Please note that all forms cited below are available on LifeCENTRAL.

We will perform a target market assessment for Income Protection (own occupation and general cover), Business Overheads, Key Person Income and Needlestick Benefit based on information provided by your client when they apply for a reinstatement. If we have determined that it is likely that your client is outside of the target market for the product, we will request consent that your client wishes to proceed by email or letter before reinstating the policy. If we have determined that your client is in an excluded class of consumers for the product, e.g. it is unlikely the benefits which the product is designed to provide will be available to your client, reinstatement will not be available.

## Protection Plans policies issued under a PDS dated on or after 28 April 2006

Where your client has an existing Protection Plans policy issued under a PDS dated on or after 28 April 2006 that is no longer in force, we may be able to reinstate subject to underwriting (unless specified below).

The requirements for reinstatement are outlined below.

Scenario	Reinstatement rules
<b>Auto lapse reinstatement</b>	
(0–60 days since lapse <sup>1</sup> )	<ul style="list-style-type: none"> <li>– Payment of outstanding premiums due since the lapse date, and either:               <ul style="list-style-type: none"> <li>– Request to reinstate policy by phone, letter or email,</li> </ul> </li> <li>or</li> <li>– If one or more of the following benefits are being reinstated, ‘Reinstatement Simple Application’ form will be required:               <ul style="list-style-type: none"> <li>– Income Protection own occupation or general cover</li> <li>– Business Overheads</li> <li>– Key Person Income</li> <li>– Needlestick Benefit.</li> </ul> </li> </ul>
(61 days–12 months since lapse <sup>1</sup> )	<ul style="list-style-type: none"> <li>– ‘Reinstatement Application’ form (underwritten).</li> <li>– Payment of outstanding premiums since the lapse date if reinstatement is approved.</li> </ul>
(over 12 months since lapse <sup>1</sup> )	<ul style="list-style-type: none"> <li>– Reinstatement not available.</li> <li>– New ‘Application’ form (including LifeCENTRAL+ quote) and ‘Personal Statement’ required.</li> </ul>

Scenario	Reinstatement rules
<b>Cancellation reinstatement</b>	
Reinstatement of a cancelled policy (0–12 months since cancellation <sup>2</sup> )	<ul style="list-style-type: none"> <li>– ‘Reinstatement Application’ form (underwritten).</li> <li>– Payment of outstanding premiums due since the cancellation date.</li> </ul>
Reinstatement of a cancelled policy (over 12 months since cancellation <sup>2</sup> )	<ul style="list-style-type: none"> <li>– Reinstatement not available.</li> <li>– New ‘Application’ form (including LifeCENTRAL+ quote) and ‘Personal Statement’ form is required.</li> </ul>
<b>Protecting Your Super (PYS) and Putting Members Interest First (PMIF) reinstatement</b>	
Reinstatement of a policy cancelled due to PYS or PMIF legislation (0–60 days since cancellation <sup>3</sup> )	<ul style="list-style-type: none"> <li>– Payment of outstanding premiums due since the cancellation date, and</li> <li>– ‘Reinstatement Simple Application’ form.</li> </ul>
Reinstatement of a policy cancelled due to PYS or PMIF legislation (61 days–12 months since cancellation <sup>3</sup> )	<ul style="list-style-type: none"> <li>– Payment of outstanding premiums since the cancellation date if reinstatement is approved,</li> <li>– ‘Reinstatement Application’ form (underwritten), and</li> <li>– If cancelled due to PMIF, request to reinstate cover page (provided as part of the PMIF cancellation letter).</li> </ul>
Reinstatement of a policy cancelled due to PYS or PMIF legislation (over 12 months since cancellation <sup>3</sup> )	<ul style="list-style-type: none"> <li>– Reinstatement not available.</li> <li>– New ‘Application’ form (including LifeCENTRAL+ quote), and ‘Personal Statement’ form is required.</li> </ul>

## Policies issued under a PDS dated prior to 28 April 2006

Where your client has a Protection Plans policy issued under a PDS dated prior to 28 April 2006 which is no longer in force, they may apply for a new Protection Plans policy, issued under the current PDS. Reinstatement is not available. Normal underwriting applies and initial upfront commission is not payable.

- 1 Lapse is where we have cancelled the policy due to non-payment of premiums or any other amounts related to the policy, as defined in the ‘When does my Policy end’ section of the PDS.
- 2 Cancellation is where we have received written notice to end the policy, as defined in the ‘When does my Policy end’ section of the PDS.
- 3 Policy funded from the client’s superannuation account has been cancelled due to the Protecting Your Super Legislation because:
  - a. the client has not made a contribution or rollover into their superannuation account for a continuous 16 month period, and
  - b. the client has not elected to maintain their cover by ‘Opting-in’.



## 8. General alterations

A general overview of what is required to alter a policy is provided below. Please note that all forms cited below are available on LifeCENTRAL in the 'Forms & Tools' tab. Refer to the form for options to submit completed documents.

Alterations/ Request to change	Requirements	Exclusions
<b>Client details:</b>		
– Change of address/ contact details	– Signed letter or by phone.	
– Change of smoker status	– 'Application for Non-Smoker Rates' form.	
– Update beneficiary details (for Term Life and Term Life as Superannuation)	– 'Nomination of Beneficiaries' form.	
– Transfer of policy from one portfolio into another	– Portfolio Transfer Request.	
– Change of employment status (for Income Protection Assured and Income Protection Assured as Superannuation)	– 'Change of Employment Form for Income Protection Assured and Income Protection Assured as Superannuation' form	
<b>Cover and sum insured:</b>		
– Increases to cover <sup>1</sup> (or addition of new cover/ insured person)	– Application for Additional Benefits' form or 'Alteration Request' form, and – 'In Force Quote' available on LifeCENTRAL, and – 'Personal Statement' form.	
– Increases to cover (Future Insurability Benefit or Business Cover Benefit)	– 'Future Insurability Benefit and Business Cover Benefit' form, and – 'In Force Quote' available on LifeCENTRAL.	Please refer to the PDS for more information.



Alterations/ Request to change	Requirements	Exclusions
– Addition of the Children's Benefit	– 'Children's Benefit Application' form.	<p>The Children's Benefit and Needlestick Benefit are not available under:</p> <ul style="list-style-type: none"> <li>– BT Protection Plans policies underwritten prior to 24 September 2007,</li> <li>– Westpac Protection Plans policies underwritten prior to 28 April 2006, and</li> <li>– St.George Protection Choices policies.</li> </ul>
– Reduction of cover	– 'Reduction of Cover Form' or signed letter from the policy owner detailing the request.	
<b>Premium structure/payment method/frequency:</b>		
– Update direct debit/ billing details	– 'Direct Debit Request' form or by phone.	
– Change of payment frequency	– 'Direct Debit Request' form, or – 'Alteration Request' form.	
– Change of premium structure between stepped and level	– 'Alteration Request' form or signed letter from the policy owner detailing the request that results in a refund of premiums.	– Level premium is not available for Income Protection Assured, Income Protection Assured as Superannuation and Business Overheads Assured
<b>Policy owner details:</b>		
– Change of policy owner (non-superannuation)	– 'Memorandum of Transfer' form, and – Original policy document (if applicable).	
	<b>Note:</b> Additional requirements may apply to change the policy on a Key Person Income policy.	

Alterations/ Request to change	Requirements	Exclusions
<ul style="list-style-type: none"> <li>– Change of policy owner (superannuation)</li> </ul>	<ul style="list-style-type: none"> <li>– ‘Cancellation and Replacement Simple Application’ form (including LifeCENTRAL+ quote).</li> </ul> <p>Additional requirements may apply for replacement of Protection Plans policies underwritten before 28 April 2006. Refer to section 6.1 for further information on replacement policies.</p>	
<ul style="list-style-type: none"> <li>– Child insured (under a Children’s Benefit) taking up a full policy</li> </ul>	<ul style="list-style-type: none"> <li>– Application for ‘Children’s Benefit Continuation’ form.</li> </ul>	
<b>Loadings/Exclusions:</b>		
<ul style="list-style-type: none"> <li>– Review of existing loadings/ exclusions</li> </ul>	<ul style="list-style-type: none"> <li>– ‘Alteration Request’ form or signed letter from the policy owner detailing the request.</li> <li>– A ‘Personal Statement’ form and/or Medical/ Pastimes Questionnaire will generally be required. Contact your underwriting team to confirm requirements.</li> </ul>	
<b>Benefit period/Waiting period (for Income Protection Standard, Plus and Assured)</b>		
<ul style="list-style-type: none"> <li>– Change of benefit period – resulting in a shorter benefit period.</li> </ul>	<ul style="list-style-type: none"> <li>– ‘Alteration Request’ form.</li> </ul>	
<ul style="list-style-type: none"> <li>– Change of benefit period – resulting in a longer benefit period.</li> </ul>	<ul style="list-style-type: none"> <li>– ‘Alteration Request’ form, and</li> <li>– ‘Personal Statement’ form.</li> </ul>	
<ul style="list-style-type: none"> <li>– Change of waiting period under the ‘Change of Waiting Period Benefit’ (only applicable to ‘own occupation’ Income Protection policies which have the ‘Change of Benefit Period Benefit’ included)</li> </ul>	<ul style="list-style-type: none"> <li>– ‘Change of Waiting Period Benefit Application’ form.</li> </ul>	<p>Change of waiting period to 360 days is not available for:</p> <ul style="list-style-type: none"> <li>– BT Protection Plans policies underwritten prior to 21 February 2011, and</li> <li>– Westpac Protection Plans policies underwritten prior to 15 October 2010.</li> </ul>

Alterations/ Request to change	Requirements	Exclusions
<ul style="list-style-type: none"> <li>- Change of waiting period</li> <li style="padding-left: 20px;">- resulting in a longer waiting period</li> </ul>	<ul style="list-style-type: none"> <li>- 'Alteration Request' form.</li> </ul>	<p>Change of waiting period to 360 days is not available for:</p> <ul style="list-style-type: none"> <li>- BT Protection Plans policies underwritten prior to 21 February 2011, and</li> <li>- Westpac Protection Plans policies underwritten prior to 15 October 2010.</li> <li>- Westpac Protection Plans policies underwritten prior to 15 October 2010.</li> </ul> <p>Please refer to the PDS for more information on the waiting periods available for each BT Protection Plans product.</p>
<ul style="list-style-type: none"> <li>- Change of waiting period</li> <li style="padding-left: 20px;">- resulting in a shorter waiting period</li> </ul>	<ul style="list-style-type: none"> <li>- 'Alteration Request' form, and</li> <li>- 'Personal Statement' form.</li> </ul>	<p>Change of waiting period to 360 days is not available for:</p> <ul style="list-style-type: none"> <li>- BT Protection Plans policies underwritten prior to 21 February 2011, and</li> <li>- Westpac Protection Plans policies underwritten prior to 15 October 2010.</li> </ul> <p>Please refer to the PDS for more information on the waiting periods available for each BT Protection Plans product.</p>

**Note:** If a policy is being replaced as part of an increase or addition to existing cover, an 'Application' form (including LifeCENTRAL+ quote) and 'Personal Statement' form is required. Refer to section 6.1 for further information on 'Replacing existing Protection Plans policies'.



## 9. Claims

We have a strong track record for assessing claims fairly and paying claims in a timely manner.

### Our claims team

Our claims team is thoroughly trained and empowered to assess claims promptly and provide honest and helpful advice. We understand the importance of the claims assessment and payment processes to your client and view our responsibilities in this regard as an essential aspect of our business.

### Our claims philosophy

When it comes to claims, our philosophy is to put your client at the centre of everything we do. We also ensure that our claims process complies with the Life Insurance Code of Conduct. We achieve this in many ways, as discussed below.

#### **We believe in fairness**

We believe in honouring the intent of the policy by referring precisely to the policy. If the circumstances of the claim remain unclear according to the policy we will apply the common understanding of fairness and include consideration of what the policy was designed and priced for.

Wherever we accept there is ambiguity we will favour the policyholder.

When we assess “fairness” we refer to all policyholders not just policyholders making a current claim. Part of our role is to protect policyholders from non-genuine claims being paid.

#### **We believe in promptness**

We understand people often make Life Insurance claims in a time of great need and that administrative delays can cause harm. We will always seek to pay genuine claims promptly and endeavour to continually improve our responsiveness. We will provide you with regular updates so that you can keep your client informed.

### **We believe every customer and claim circumstance is unique**

We know that to resolve claims effectively for your client's benefit we need to treat people with empathy and consider their situation holistically. Our Claims People are allowed to adapt their service to meet customer needs.

### **We believe that transparency leads to better claim outcomes**

When we ask for evidence of claim we understand that we must be able to explain why we need it. We know that your clients do not always understand policy documents and we have a role in educating them – always ensuring they receive their maximum entitlements even if they are not aware they have a particular claim.

### **We are responsible with private information**

We maintain our records as a responsible and ethical corporate citizen. This includes maintaining the privacy, accuracy and security of sensitive personal information.

### **We aspire to have our policyholders achieve better health outcomes than those without insurance, following a disabling event**

We understand that long term worklessness is a serious health risk and we will use our expertise and resources to help customers get back on their feet and achieve maximum recovery following an accident or sickness. We want to support your clients back to sustainable work for their long term health.

### **We respect and work with stakeholders openly and with humility**

We are only part of a process that can deliver the best customer experience. We value the role of the adviser, the treating doctor, customer family support and any partners providing services for your clients.

## Health Outcome Measure

Our Health Outcome Measure (HOM) is an industry first tool that tracks the improvement in overall health of customers who have engaged in a program of support offered by our Health Support (HS) team. Their HOM score is captured at three points in time – pre-disability, at the time of claim (if applicable) and when the Health Support program ends – based on the following six domains of functioning as defined by the World Health Organisation Disability Assessment Schedule (as shown in the diagram below).

Information about these aspects of their life is obtained during initial conversations with the Health Support team, which in turn is used to develop a tailored support program. By understanding where they have the greatest impairments, we can ensure the support we provide is the most meaningful for them.



## Health Support Program

Our goal is to integrate our support services into your client's current treatment plan, in conjunction with their treating health professionals, to achieve a streamlined, holistic approach to recovery and wellness – taking into account their physical, psychological or return to work needs.

These services are coordinated by our Health Support consultants to make the process easy and seamless for your client.

### A holistic approach to recovery



Physical

If your client has been physically impacted by an illness or injury, physical recovery interventions can help them manage their incapacity and return to activity and work. These services can be offered locally or in some cases via Skype.

- Work conditioning program
- Fatigue management plans
- Provision of assistive devices and equipment
- Ergonomic assessment of your workspace



Psychological

Our psychological recovery services have been developed to help your client achieve their personal and career goals. These services can be offered locally or in some cases via Skype.

- Mindfulness programs
- Relaxation programs
- Life goal coaching
- Adjustment to disability counselling
- Return to work counselling



Return to work

Our return to work services are designed to help your client return to the same or a different occupation. In consultation with their treating health professionals, their program may consist of vocational planning, coaching or retraining to enable them to secure and retain gainful employment.

- Graded return to work plans
- Worksite assessment
- Redeployment advice and support
- Business coaching
- Job seeking assistance
- Short training courses

## Tele-claims make it easy

Our award-winning tele-claims service for Income Protection clients came out of market research which highlighted the importance of making the process as easy as possible for your client. We have also introduced this service for trauma, terminal illness and death claims.

This initiative requires a claims assessment to be conducted over the phone for eligible claims. We decide in our initial phone call with the client if a claim can be considered under our tele-claim initiative. If that is the case, we have reduced requirements specific to each medical condition to allow us to make a decision on the claim in the minimum amount of time as possible. We explain the requirements and will inform the client in that initial phone call what they need to submit. If the claim is successful, the life claims team deposits a payment in your client's account the same day following receipt of requirements.

Between 1 October 2010 to 30 September 2020 we have seen tele-claims make up approximately 29% of claims processed. The following is a breakdown of claims paid under tele-claims:

- 27.44% of Income Protection claims
- 38.44% of Trauma claims
- 21.09% of Terminal Illness claims
- 19.93% of Death claims
- 29.03% of total claims.

The average time spent on processing a tele-claim cumulatively is 45 minutes.

For all claims queries or notifications, please contact the claims team by:

<b>Phone:</b>	1800 025 127
<b>Claims email:</b>	<a href="mailto:lifecclaims@btfinancialgroup.com">lifecclaims@btfinancialgroup.com</a>
<b>Technical claims support/ hypothetical email:</b>	<a href="mailto:asklifecclaims@btfinancialgroup.com">asklifecclaims@btfinancialgroup.com</a>

Please refer to 'Chapter 6: Making a claim' section of the PDS for more information.





# 10. Retention strategies

## Life insurance retention reference card

### Strategies to adjust or reduce your clients' premiums.

The table below provides a range of options which you can use to adjust your client's premium, as their life changes, if they are finding it difficult to pay their premiums, or when they ask you to cancel their cover due to affordability reasons. For more in-depth client engagement and retention support, please refer to the Retention Strategies Guide and materials available on LifeCENTRAL. To access the forms for the change requests (outlined below), please refer to the 'Forms & Tools' tab in LifeCENTRAL.

Product	Feature	Discussion point
<b>All Products</b> – Death Benefit – Total and Permanent Disability Benefit – Living Benefit – Income Protection Benefit	CPI	<ul style="list-style-type: none"> <li>– Unless CPI has been removed previously, your client's sum insured increases in line with CPI every year. Please note, the CPI rate will vary depending on the product. Please refer to the PDS for more information.</li> <li>-- Remove this to reduce this premium increase in future years. Please note, if your client chose a level premium for the initial sum insured, then the premium of CPI increases is calculated at current age.</li> </ul>
	Health loading	<ul style="list-style-type: none"> <li>– If your client's health has improved due to lifestyle changes/weight loss/medication, initiate an underwriting review for policies with a health loading.</li> </ul>
	Loyalty benefit	<ul style="list-style-type: none"> <li>– After your client has held their policy for 3 years, your client will receive an extra 5% to their sum insured to any Death Benefit, TPD Benefit, Living Benefit or Children's Benefit amount payable at the time of claim, without additional charge.</li> <li>– For Income Protection, Income Protection as Superannuation, Income Protection Plus, Business Overheads and Key Person Income, after your client has held their policy for 3 years, we will add a Death Benefit of \$50,000 to their policy without additional charge. The loyalty benefit is not available on Income Protection Assured, Income Protection Assured as Superannuation or Business Overheads Assured policies.</li> </ul>

Product	Feature	Discussion point
<b>All Products</b> <i>(continued)</i>	Loyalty benefit <i>(continued)</i>	<ul style="list-style-type: none"> <li>– Clients are not charged for this cover. Please ensure you consider this when comparing cover and price with other insurers.</li> </ul>
	Large sum insureds discount	<ul style="list-style-type: none"> <li>– Understanding the large sum insured discount tiers may help a customer reduce their premium.</li> </ul>
	Payment method	<ul style="list-style-type: none"> <li>– A 10% platform discount applies if premium is paid via a Platform Super or Platform Investment account.</li> <li>– A 15% upfront tax rebate applies if premium is paid via an ongoing partial rollover (TLAS and IPAS policies).</li> </ul>
	Premium frequency	<ul style="list-style-type: none"> <li>– Payment options are monthly, quarterly, half yearly and annual. If a client pays annually, they pay approximately 9% less premiums as compared to all other payment frequencies.</li> </ul>
	Premium Holiday	<ul style="list-style-type: none"> <li>– The Premium Holiday option enables premiums to be paused for up to 12 months, to give your client a break until they are able to pay their premiums regularly again. Conditions apply.</li> </ul>
	Smoking and/or vaping status	<ul style="list-style-type: none"> <li>– Premiums are significantly less if a customer does not smoke and/or vape. Clients who have stopped smoking and/or vaping for 12 months or more and have not used a nicotine replacement product for 3 months or more can apply for non-smoker rates.</li> </ul>
	Staff discount	<ul style="list-style-type: none"> <li>– If your client or their spouse is a Westpac Group employee, they may be eligible to receive a staff discount of 20%.</li> <li>– Please note, this is a combination of a 10% policy discount and a 10% reduction in commission payable on their Protection Plan policies.</li> </ul>
	Sum insured benefit amount	<ul style="list-style-type: none"> <li>– Generally, a higher sum insured results in a larger policy premium. Ask your client if their financial circumstances have changed, to check if their level of cover should be reduced.</li> </ul>

Product	Feature	Discussion point
<b>Income Protection (IP) Benefit</b>	Benefit period	<ul style="list-style-type: none"> <li>– The longer the benefit period, the higher the premium.</li> <li>– There are a range of benefit periods available, and you can discuss these with your client to perhaps change the benefit period and reduce premiums.</li> </ul>
	Benefit type agreed value to indemnity	<ul style="list-style-type: none"> <li>– Your client's Income Protection policy may have an agreed value benefit. This provides a specific amount to be paid if they need to claim, based on their income at the time they applied for the benefit.</li> <li>– Changing cover from agreed value/endorsed agreed value to indemnity will reduce the premium. Note that this may also reduce the benefit your client receives if they ever need to make a claim.</li> </ul>
	IP60 discount (10% discount for 2 years)	<ul style="list-style-type: none"> <li>– If your client's income replacement ratio is 60% or less, they may be eligible for the IP60 discount. Alternatively, IP60 may be an option if your clients reduce the monthly benefit to meet the IP60 discount criteria.</li> </ul>
	Optional benefits	<ul style="list-style-type: none"> <li>– Your client's income protection policy may have optional benefits. These provide additional protection at claim time but come with a higher cost. You could remove these benefits to reduce premiums.</li> <li>– Optional benefits include: Superannuation Contribution Option, Super Plus IP Benefit, Accident Benefit, Needlestick Benefit, Children's Benefit.</li> <li>– Please note, future changes to the policy will be subject to underwriting and eligibility.</li> </ul>
	Policy type	<ul style="list-style-type: none"> <li>– Income Protection Plus or Income Linking Plus provides more comprehensive cover by offering several extra benefits which provide additional protection at claim time which come at an additional cost.</li> <li>– Changing cover from Income Protection Plus or Income Linking Plus to Income Protection can reduce your client's premium.</li> <li>– Please note, we are no longer issuing contracts for Income Protection or Income Protection Plus, including Income Linking Plus.</li> </ul>

Product	Feature	Discussion point
<b>Income Protection (IP) Benefit</b> <i>(continued)</i>	Waiting period	<ul style="list-style-type: none"> <li>– Generally, the shorter the waiting period, the higher the premium will be. Discuss this with your client to make sure they are financially able to pay all their bills and meet living requirements if the waiting period is extended.</li> </ul>
<b>Income Protection (IP) Benefit and Total and Permanent Disability (TPD) Benefit</b>	Occupation class	<ul style="list-style-type: none"> <li>– Talk to your client at renewal time and ask them if they have moved careers, changed jobs or acquired additional qualifications - as this could result in a premium reduction.</li> </ul>
	Occupation definition	<ul style="list-style-type: none"> <li>– Occupation definitions are based on a client's ability to perform their occupation or duties as defined in the PDS. Own occupation TPD definition generally incurs higher premiums than any occupation, home duties and general cover definitions.</li> <li>– Please discuss with your client if their current TPD or IP definition is still suitable for them.</li> </ul>
<b>Term Life Cover</b> <ul style="list-style-type: none"> <li>– Death Benefit</li> <li>– Total and Permanent Disability Benefit</li> <li>– Living Benefit</li> </ul>	Optional extras	<ul style="list-style-type: none"> <li>– Your client's Term Life Protection Plans policy may have optional benefits. These provide additional protection at claim time but come with a higher cost. You could remove these benefits to reduce premiums.</li> <li>– Optional benefits include: Needlestick Benefit, Children's Benefit</li> <li>– Please note, we are no longer issuing contracts for Income Protection or Income Protection Plus, including Income Linking Plus.</li> </ul>
	My Wellbeing Reward	<ul style="list-style-type: none"> <li>– If your client's BMI has improved due to lifestyle changes/weight loss, and your client's age is between 30 and 55, they may be eligible for the My Wellbeing Reward discount.</li> </ul>



## 11. Contact us

An overview of our contact information is provided below. These details and other contact information are also available in the PDS and on LifeCENTRAL.

Business areas	Contact details
<b>Adviser services</b>	
<ul style="list-style-type: none"><li>– General enquiries for procedures and product features</li><li>– Reset your LifeCENTRAL password</li><li>– Update your LifeCENTRAL+ details</li><li>– Update your client's details</li></ul>	<ul style="list-style-type: none"><li>– Phone: 1800 025 127</li><li>– Email: <a href="mailto:lifeenquiry@btfinancialgroup.com">lifeenquiry@btfinancialgroup.com</a></li></ul>
<b>Underwriting</b>	
<ul style="list-style-type: none"><li>– To speak to an underwriter</li><li>– Enquiries relating to underwriting assessment and requirements</li><li>– Guidance on explaining underwriting outcomes</li><li>– Pre-assessment service</li></ul>	<ul style="list-style-type: none"><li>– Phone: 1800 025 127</li></ul> <p>Please refer to the 'Contact Us' tab in LifeCENTRAL for more information.</p>
<ul style="list-style-type: none"><li>– Book a tele-interview</li></ul>	<ul style="list-style-type: none"><li>– Please refer to the 'Contact Us' tab in LifeCENTRAL for more information</li></ul>
<b>New business</b>	
<ul style="list-style-type: none"><li>– Support during the new business application, including forms required</li><li>– Email enquiries relating to underwriting assessment &amp; requirements</li><li>– Proposal progress</li><li>– General new business enquiries</li><li>– Cancel and replacement of policy due to change of ownership</li></ul>	<ul style="list-style-type: none"><li>– Phone: 1800 025 127</li><li>– Email: <a href="mailto:Gold.Life@btfinancialgroup.com">Gold.Life@btfinancialgroup.com</a></li></ul> <p>Please refer to 'Application Progress Tracker' in LifeCENTRAL for more information.</p>

Business areas	Contact details
<b>In force policies and servicing</b>	
<ul style="list-style-type: none"> <li>– Support with policy alterations process and forms</li> <li>– Quotes for increasing and decreasing of cover</li> </ul>	<ul style="list-style-type: none"> <li>– Email: <a href="mailto:Life.Insurance@btfinancialgroup.com">Life.Insurance@btfinancialgroup.com</a> Please refer to 'LifeCENTRAL+ In Force Quote Request' or 'Manual In Force Quote Request' in LifeCENTRAL.</li> </ul>
<ul style="list-style-type: none"> <li>– In force quote request for changes to existing policies</li> </ul>	<ul style="list-style-type: none"> <li>– Email: <a href="mailto:Btep.Inforcequotes@btfinancialgroup.com">Btep.Inforcequotes@btfinancialgroup.com</a> Please refer to 'LifeCENTRAL+ In Force Quote Request' or 'Manual In Force Quote Request' in LifeCENTRAL.</li> </ul>
<b>Claims</b>	
<ul style="list-style-type: none"> <li>– Understanding our claims process</li> <li>– Claims training</li> </ul>	<ul style="list-style-type: none"> <li>– Phone: 1800 025 127 Please refer to the 'Contact Us' tab in LifeCENTRAL for more information</li> </ul>
<ul style="list-style-type: none"> <li>– New and existing claims enquiries</li> </ul>	<ul style="list-style-type: none"> <li>– Email: <a href="mailto:Lifecclaims@btfinancialgroup.com">Lifecclaims@btfinancialgroup.com</a> (please include policy number)</li> </ul>
<ul style="list-style-type: none"> <li>– Hypothetical claims questions</li> </ul>	<ul style="list-style-type: none"> <li>– Email: <a href="mailto:asklifeclaims@btfinancialgroup.com">asklifeclaims@btfinancialgroup.com</a></li> </ul>
<ul style="list-style-type: none"> <li>– Making a claim</li> </ul>	<ul style="list-style-type: none"> <li>– Please refer to 'Chapter 6: Making a Claim' section in the PDS for more information</li> </ul>
<b>Product technical</b>	
<ul style="list-style-type: none"> <li>– Product queries</li> <li>– Tax implications</li> <li>– Business strategies</li> <li>– Insurance strategies</li> <li>– Superannuation</li> </ul>	<ul style="list-style-type: none"> <li>– Email: <a href="mailto:lifetechnical@btfinancialgroup.com">lifetechnical@btfinancialgroup.com</a><sup>1</sup></li> </ul>
<b>Technology</b>	
<ul style="list-style-type: none"> <li>– For any issues or technical support with LifeCENTRAL &amp; LifeCENTRAL+</li> </ul>	<ul style="list-style-type: none"> <li>– Phone: 1800 025 127</li> </ul>

1 Please be advised this inbox is for adviser enquiries only.

Business areas	Contact details
<b>Commissions</b>	
– For any commission enquiries	– Email: <a href="mailto:ifacommissions@btfinancialgroup.com">ifacommissions@btfinancialgroup.com</a>
<b>Client transfers</b>	
– Request to transfer clients	– Email: <a href="mailto:LifelnuranceReallocations@btfinancialgroup.com">LifelnuranceReallocations@btfinancialgroup.com</a>
<b>Feedback and complaints</b>	
– Enquiries or complaints	– Phone: 1800 025 127 – Form: <a href="https://www.bt.com.au/personal/contact-us/feedback-complaints.html">https://www.bt.com.au/personal/contact-us/feedback-complaints.html</a> Please refer to the 'Complaints' section in the PDS for more information

This page is intentionally left blank



This page is intentionally left blank



## For more information

[lifecentral.com.au](http://lifecentral.com.au)

1800 025 127

---



**FOR ADVISER USE ONLY:** This material has been prepared for advisers only. It must not be copied, used, reproduced or otherwise distributed or circulated to any retail client or other party. The information provided is a brief overview only, is general in nature, and is not intended to be the only source of readers' knowledge and should be read together with the relevant Product Disclosure Statement (PDS). The PDS should be read before making a decision to purchase or continue to hold a product. A PDS can be obtained by visiting [bt.com.au](http://bt.com.au) or calling 1800 025 127.

The Insurer and Issuer is TAL Life Insurance Services Limited ABN 31 003 149 157 AFSL 233728 (TLISL), except for Term Life as Superannuation, Income Protection as Superannuation, and Income Protection Assured as Superannuation which are issued by BT Funds Management Limited ABN 63 002 916 458 AFSL 233724 (BTFM) as Trustee of the Retirement Wrap ABN 39 827 542 991. BTFM is a subsidiary of Westpac Banking Corporation ABN 33 007 457 141 AFSL 233714 (Westpac). Westpac does not guarantee the insurance. TLISL is part of the TAL Dai-ichi Life Australia Pty Limited ABN 97 150 070 483 group of companies (TAL). TAL companies are not part of the Westpac Group. BT is a trade mark of BT Financial Group Pty Limited ABN 38 087 480 331 and is used by TLISL under licence.

A target market determination has been made for Protection Plans products. Please visit [bt.com.au/tmd](http://bt.com.au/tmd) for any of our target market determinations.