
BT Life Insurance

BT Protection Plans Reserve

Adviser Guide

21 August 2023



Contents

	BT Reserve Adviser Guide	1
	1 Introduction	2
	1.1 BT Reserve design	2
	1.2 Higher benefits	2
	1.3 Special features	6
	1.4 How BT Reserve works	6
	2 Medical underwriting	7
	2.1 Calculating medical requirements	7
	2.2 Mandatory medical requirements	8
	2.3 Arranging mandatory medical requirements	10
	3 Financial underwriting	11
	3.1 Assessing financials for multiple benefits	11
	3.2 Assessing asset and investment income	12
	3.3 Ongoing business income	13
	3.4 Mandatory financial requirements	14
	4. Replacement of existing business	16

BT Reserve Adviser Guide

In this guide, 'Protection Plans' means 'BT Protection Plans' specified in the BT Protection Plans Product Disclosure Statement and Policy Document (PDS) dated 1 April 2023, unless otherwise specified.

This guide will provide you with the latest information to use with clients. It includes a product summary, benefit options and information to help you understand our occupational, medical and financial underwriting.

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 about us and the Life Insurance Code of Practice, please visit btlifeinsurance.tal.com.au.

Important information

On 1 August 2022 Westpac completed the sale of Westpac Life Insurance Services Limited ('WLISL') to TAL Dai-ichi Life Australia Pty Limited ('TAL') and entered into an exclusive 20 year strategic alliance for the provision of life insurance products to Westpac's Australian clients. WLISL was subsequently renamed TAL Life Insurance Services Limited ('TLISL') from 1 August 2022.

BT Reserve is closed to new clients effective 1 August 2022.

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 target market determination has been made for the product;
- to take reasonable steps to ensure that the distribution of the product is consistent with the target market determination;
- 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.



1. Introduction

1.1 BT Reserve design

BT Protection Plans Reserve (BT Reserve) was designed specifically to meet the needs of high net worth clients.

1.2 Higher benefits

The maximum levels available via BT Reserve for each type of cover are outlined in the table below:

Protection type	Maximum cover
Death Benefit	Any financially justifiable amount ¹
TPD Benefit	\$15 million ²
Living (Trauma) Benefit	\$10 million ³
Income Protection, Income Protection Plus	\$60,000 per month ⁴

1 Please contact the underwriting team for any amounts over \$25m.

2 TPD Benefit amounts above \$5 million are subject to additional terms and conditions outlined in BT Protection Plans Reserve Reference Document.

3 Living Benefit amounts above \$2 million are subject to additional terms and conditions outlined in BT Protection Plans Reserve Reference Document.

4 Income Protection and Income Protection Plus Benefits above \$30,000 per month are limited to a maximum 10 year benefit period.

Note that amendments to the terms and conditions apply to the benefit amounts over those provided in standard BT Protection Plans. Not all policy options are available on BT Reserve Benefits.

Death Benefit

BT Reserve is structured so that the existing unlimited Death Benefit as part of BT Protection Plans, is combined with the higher TPD, Living and Income Protection benefits available under BT Reserve.

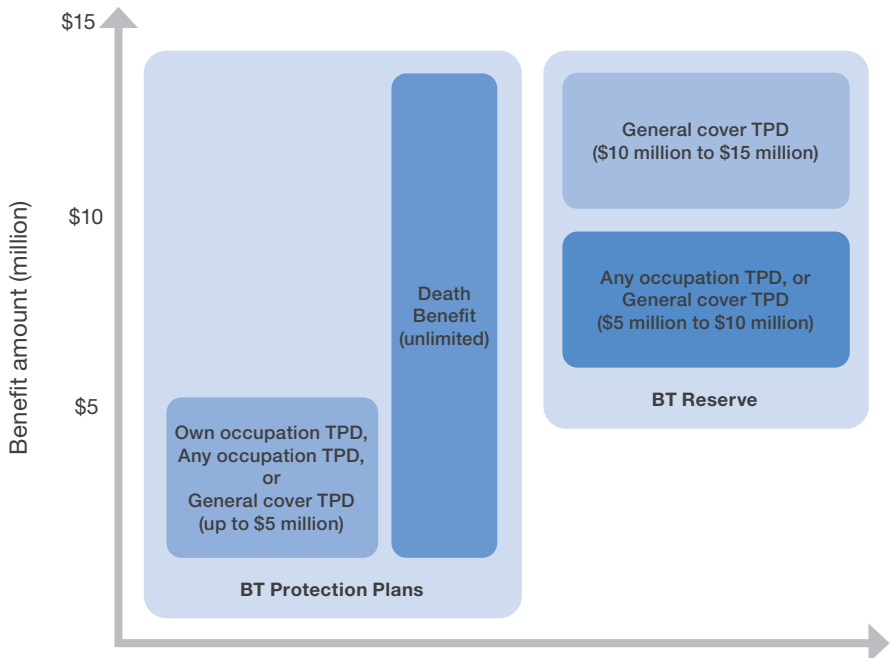
TPD Benefit

As the illustration below shows, BT Reserve allows a maximum TPD Benefit of up to \$15 million. This cover is structured as follows:

- a TPD Benefit of up to \$5 million under BT Protection Plans
- a TPD Benefit between \$5 million and \$10 million under BT Reserve cover that is restricted to an any occupation, or general cover TPD definition
- a TPD Benefit above \$10 million and up to the limit of \$15 million under BT Reserve cover that is restricted to a general cover TPD definition.

Any BT Reserve TPD Benefit must be an additional benefit on a Term Life policy or linked to a Term Life policy through Flexible Linking Plus. The total of the TPD sum insured cannot exceed the total Death benefit sum insured.

The BT Reserve TPD Benefit excludes claims as a result of alcohol abuse, alcohol dependence, drug use, mental illness or fatigue syndromes.



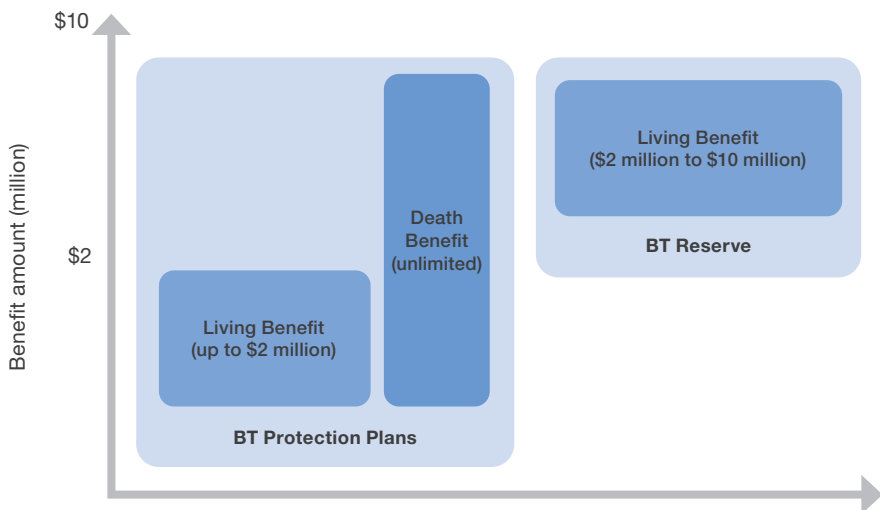
Living (Trauma) Benefit

The Illustration below shows how BT Reserve allows a maximum Living Benefit of up to \$10 million. This cover is structured as follows:

- a Living Benefit of up to \$2 million under BT Protection Plans (your client can still choose between Living Benefit and Living Benefit Plus)
- a Living Benefit between \$2 million and \$10 million under BT Reserve. The BT Reserve Living Benefit is restricted to the definitions for cancer (severe) with specified requirements, paralysis, heart attack (severe) with specified requirements and loss of independent existence – with a specified level of impairment. These definitions may differ to those offered under BT Protection Plans.

Any BT Reserve Living Benefit must be an additional benefit on a Term Life policy or linked to a Term Life policy through Flexible Linking Plus. The total of the Living Benefit sum insured cannot exceed the total Death benefit sum insured.

The BT Reserve Living Benefit excludes claims as a result of alcohol abuse, alcohol dependence or drug use.



BT Reserve Living and BT Reserve TPD Protection policies are available for existing clients replacing an existing BT Reserve Living and BT Reserve TPD Protection policy, where the replacement is first approved by us.

Income Protection

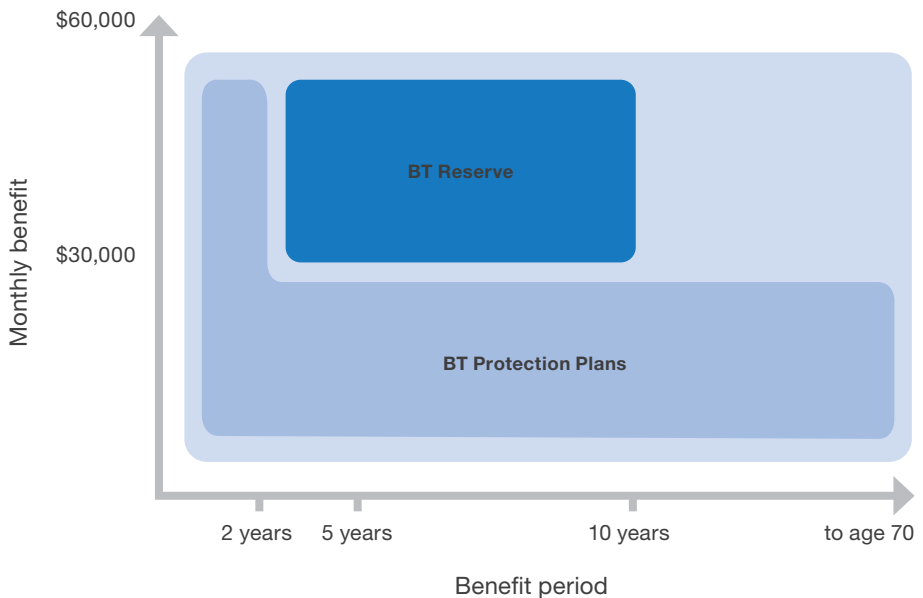
New business applications for BT Reserve Income Protection policies closed 30 September 2021.

BT Reserve maximum Income Protection Benefit is \$60,000 per month. BT Reserve also allows for longer benefit periods and is structured as follows:

- an Income Protection Benefit of \$30,000 per month with a maximum benefit period of to age 70
- an additional Income Protection Benefit of \$30,000 per month with a maximum 10 year benefit period
- after 2 years on claim, monthly benefits exceeding \$30,000 per month are paid under the BT Reserve terms and conditions.

BT Reserve Income Protection Benefit excludes claims as a result of alcohol abuse, alcohol dependence, drug use, mental illness or fatigue syndromes.

BT Reserve Income Protection policies are available for existing clients replacing an existing BT Reserve Income Protection policy, where the replacement is first approved by us.



1.3 Special features

Policy flexibility

In addition to higher benefits, BT Reserve maintains all of the flexibility built into the overall BT Protection Plans offers. Clients are also still eligible for multi-policy and platform discounts as well as holding their cover off platform or via eligible platform investment and platform super accounts.

1.4 How BT Reserve works

Two policies, one insurance portfolio

Clients are insured under BT Protection Plans, with cover being split into:

- cover provided under the existing BT Protection Plans terms and conditions, and
- cover provided under BT Reserve terms and conditions for the higher levels of cover.

To ensure it is clear to you and your client, the insurance is issued under multiple policies but linked into a single insurance portfolio for each client. Policy documentation — such as the policy schedules and renewal letters — will display the parts of the cover that are covered under BT Protection Plans and BT Reserve.

Your client will receive a single welcome pack and a single renewal pack that covers all of their policies.

Adviser remuneration

BT Reserve offers the same remuneration options as BT Protection Plans policies.

Please refer to the Protection Plans Adviser Guide, dated 21 August 2023, for further information.

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%

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.



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.

2.1 Calculating medical requirements

Medical requirements will be based on the benefit amount being applied for and the age of your client. These requirements are set out in section 2.2.

Costs for the medical requirements will be covered by us, unless otherwise advised.

Should you wish to use medical information previously obtained, the evidence must be no more than 6 months old for the purposes of assessing benefits applied for under BT Reserve.

Lump sum benefits

For Term Life Policies, calculation of requirements for the Death Benefit, TPD Benefit, and Living Benefit will be based on the total Death Benefit.

Note: The Business Cover Benefit is not available under BT Reserve as increases under this option would exceed the maximum covers allowable.

Income Protection benefits

Requirements for Income Protection benefits over \$30,000 per month are the same irrespective of the client's age.

2.2 Mandatory medical requirements

The following tables outlines the mandatory medical requirements.

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

Lump sum requirements

Sum insured	Age next birthday					
	Up to 45	46–50	51–55	56–60	61–65	66–70
Death \$5,000,001 – \$10,000,000	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	MBA20, FBC, SPX, EMAR, ECG_EX, MSU, PSA
Living \$2,000,001 – \$5,000,000	As per Death \$5,000,001 – \$10,000,000, however MAM or PSA is also required.					
Death \$10,000,000 +	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
TPD & Living \$5,000,000 +						

Income Protection requirements

Monthly benefit	Income Protection and Income Protection Plus requirements
\$30,000 +	MBA20, FBC, HEP B & C, HIV, SPX, EMAR, ECG_EX, MSU

2.3 Arranging mandatory medical requirements

It is important to arrange the medical evidence only once the financial pre-assessment has been approved.

The illustration provided will give an indication of medical requirements for your client based on the information entered and will be confirmed by your underwriter. Subject to underwriting, there may be further requirements based on the disclosures within the personal statement.

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

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



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, wherever possible.

This section outlines some standard considerations made when assessing benefit limits under different circumstances.

Given the higher level of cover offered under BT Reserve, additional consideration is given to information provided at application, in particular when:

- the potential exists that the client may not suffer a financial loss to the extent of the cover applied for, in the event of a claim
- the client has accumulated assets or large amounts of ongoing investment income
- the client has ongoing business income.

3.1 Assessing financials for multiple benefits

The underwriting principles applied to the financial assessment of BT Reserve applications will predominately depend on the purpose of the cover, and the rationale applied during the advice process. Other variables will include the net asset position, the type of assets held, and the amount of investment or ongoing income that will continue to be received post disablement.

It is important that we fully understand the basis on which the financial advice was made when assessing the financial information provided. This will assist us in securing support for the cover requested. There may be instances where the benefits are reduced to ensure that over-insurance is not a factor.

For the underwriting process to be transparent, the following principles will generally apply:

- if the purpose of all benefits is clear, and there is no association between business cover and personal cover, no aggregation will occur
- if there is a crossover of personal TPD, Living and Income Protection benefits, there may be a reduction in some of the cover to ensure that no more than 100% of income is covered from all sources.

3.2 Assessing asset and 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.

Calculating net investment income

Example: Rental investment income

Rental income		\$4,000
Less expenses	Interest, maintenance, etc	-\$2,500
	Council rates and other expenses	-\$240
	Building allowances (depreciation)	-\$150
Net rental investment income		\$1,110

Example: Dividend investment income

Total value of share portfolio		\$2,000,000
Dividends received		\$130,000
Less interest		-\$100,000
Net dividend investment income		\$30,000

For an investment asset that is not producing an income (such as art, a wine collection or hobby farm) it will be assumed 5% of the asset value is the potential investment income for that asset. The assumed earning rate may differ depending on individual circumstances.

Example: Non income producing asset

Total value of non income producing asset		\$5,000,000
Potential net investment income (using 5% earning)		\$250,000

The income used to determine the level of cover will need to be reduced by the net investment income.

Where the net investment income exceeds \$250,000 per annum, an offset formula will apply to Income Protection. This is to ensure that income from all sources does not exceed the maximum replacement ratios.

Example

Earnings from personal exertion	\$2,200,000
Net investment income	\$300,000
Net asset position (excluding family home)	\$5,500,000
Assumed earning rate of investments of 5%	\$275,000

Therefore, the higher figure is the net investment income.

The formula used is:

Income from personal exertion + net investment income = total income

Replacement ratios calculated on total income – net investment income / 12 = maximum monthly benefit.

Step 1	$\$2,200,000 + \$300,000 = \$2,500,000$
Step 2	$75\% \text{ of } \$320,000 = \$240,000$ $50\% \text{ of } \$240,000 = \$120,000$ $20\% \text{ of } \$1,940,000 = \$388,000$ Replacement ratio on total income = \$748,000
Step 3	$\$748,000 - \$300,000 = \$448,000$
Step 4	$\$448,000 / 12 = \$37,334$ maximum monthly benefit

3.3 Ongoing business income

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 no longer be able to work.

In assessing your client's insurable income in these circumstances, consideration will be given to any dividends, salary, wages and profit participation that will be received or is entitled to be received.

Should the amount of ongoing business income be greater than 25%, cover may be issued with an ongoing business income offset clause, or in some circumstances where business income will continue indefinitely, consideration will be given as to whether any increases in cover are available.

3.4 Mandatory financial requirements

The following table shows the descriptions used when we request financial requirements, and their respective meaning.

BETR	Last 2 years Business Entities Taxation Returns, including Profit and Loss and Balance Sheets for each entity.
Buy-Sell Agreement (if available)	Partnership or Buy-Sell agreement.
Evidence of loan	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).
FINQ	Financial Questionnaire (which can be signed by the Insured Person, Accountant or Business Banking Manager).
Key Person Statement	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.
Letter from employer	A letter from employer confirming: <ul style="list-style-type: none"> – base salary – superannuation – fringe benefits (eg motor vehicle, travel, or education allowances), and – commissions and bonuses.
PTR	Last 2 years Personal Taxation Returns.
Reason for cover	Statement outlining the reason for cover, and how benefit was calculated if not already supplied in the SOA or FINQ.
SOA	Statement of Advice.
Valuation (if available)	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.

Financial requirements

- Fully completed Financial Questionnaire or Statement of Advice.
- Last 2 years full Personal Income Tax returns.
- Last 2 years full company/partnership/trust accounts, to include profit and loss accounts, balance sheets and tax for all associated entities in which the applicant has a share or equity (greater than 15%) or is a beneficiary. Also require details of number of partners and/or applicant's shareholding.
- For those clients who are involved in partnerships, copies of the partnership agreements will need to be provided.
- Full details will need to be supplied of the client's unearned or investment income. There may be instances where this income will need to be offset.
- Full details will need to be supplied of the client's assets and liabilities, and we may need to offset potential income derived from these assets.

To qualify for the income benefit level proposed, the client must have earned at least the required income for the last 2 years. Income will not be averaged.

What you know about your client is critical in the success of the BT Reserve application and it is important that you help us understand the full financial situation of your client, their business structures and any other relevant information that could impact the assessment. Other requirements may be requested subject to individual consideration.



4. Replacement of existing business

Replacing existing BT Reserve policies

A replacement is where a new policy is issued to an existing client. For example, this could be due to a change in ownership. The new policy is issued under the PDS current as at the date of application. Requirements to process the replacement will depend on the changes being applied for. You can find all forms on the TAL Adviser Centre (TAC). Completed replacement applications and requirements are to be emailed to gold.life@btfinancialgroup.com.

Existing policies must be paid up to date at the time the application for replacement is submitted. If your client's existing policies are not paid up to date, we may ask them to make additional premium payments on the existing policies before any replacement policies can be issued. For example, if the existing policy is paid up to 5 March and they apply for a replacement policy on 15 March, we will require additional premium payment to pay the existing policy up to 5 April. The replacement policy would then be effective from 6 April to ensure continuous cover across the policies.

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.

For more information

adviser.tal.com.au

1300 553 764



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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 Asgard Independence Plan Division Two ABN 90 194 410 365. 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 for any of our Target Market Determinations.

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