

Police and Families Credit Union Group Life Insurance Policy



Te Uniana Whakanama Pirihimana

**AIA International Limited
trading as AIA New Zealand**

**POLICE AND FAMILIES CREDIT UNION
GROUP LIFE INSURANCE POLICY
NO. GL AIA 0315**

**FOR THE PROVISION OF LIFE AND TOTAL AND
PERMANENT DISABLEMENT INSURANCE TO
INSURED PERSONS**

The *Policy* is issued by the *Company* to the *Policy Owner* described in the *Policy Schedule*.

In consideration of the *Policy Owner* paying the *Premium* the *Company* agrees, subject to the *Policy's* terms, conditions and exclusions, to pay the *Benefit* due upon proof being given, to the satisfaction of the *Company*, of:

- 1. the happening of an *Event* for which a *Benefit* is payable;
- 2. the identity of the *Insured Person* concerned; and
- 3. proof of the age of the *Insured Person*.

The *Policy* is issued in New Zealand and governed in accordance with the laws of New Zealand. All amounts referred to in the *Policy* are stated in New Zealand currency and all monies payable whether by or to the *Company* shall be payable in New Zealand currency.

Words that are in *italics* are words that have had their meaning defined. These meanings are found under the Definitions, or within a section or Schedule of the *Policy*. Any word or expression defined under the *Policy* will have the same meaning wherever it appears.

The headings used in the *Policy* are purely descriptive in nature and are not to be used for interpretive purposes.

The *Company* has caused the *Policy* to be executed as at the *Commencement Date*.



SIGNED on behalf of
AIA International Limited trading as AIA New Zealand

Definitions

Whenever the following words or phrases are used in the Policy this is what they mean:

Amount Insured

The amount determined in accordance with Schedule 2.

Amount Payable

The *Amount Insured* as at the date of an *Event*.

Benefit

The *Amount Payable* upon the happening of an *Event*.

Claim

Written notice given to the *Company* by the *Policy Owner*, of an *Event* that may give rise to payment of a *Benefit* under the *Policy*.

Company

AIA International Limited, trading as AIA New Zealand. We or us or AIA New Zealand shall also mean the *Company*.

Credit Union

The Police and Families Credit Union.

Day

Any *Day* of the week including a weekend or public holiday in New Zealand.

Diagnosis / Diagnosed

The first definitive *Diagnosis* made in writing by a *Medical Practitioner* based upon specific evidence, or in the absence of such specific evidence, based upon radiological, clinical, histological or laboratory evidence, acceptable to the *Company*. In the event of any doubt regarding the appropriateness or correctness of the *Diagnosis*, the *Company* will have the right to have an independent acknowledged expert in the relevant field of medicine, selected by the *Company* and at the *Company's* expense, examine the *Insured Person* or the evidence used at arriving at the *Diagnosis*. The opinion of such expert as to the *Diagnosis* will be binding on the *Policy Owner*, the *Insured Person* and the *Company*.

Employer

The Crown acting for the New Zealand Commissioner of Police and where the context so permits shall include any New Zealand Police Service organisation or other employer as may be agreed from time to time between the *Policy Owner* and the *Company*.

Employment/Employed

Formal engagement on a paid, permanent basis.

Event

In relation to:

- a. the *Life or Terminal Illness Benefit*: the death or *Diagnosis* of a *Terminal Illness* of an *Insured Person*.
- b. the *Total and Permanent Disablement Benefit*: the *Total and Permanent Disablement* of an *Insured Person*.

Evidence of Insurability

Information (including but not limited to health information) material to the *Insurance Cover* sought, together with such other particulars as required by the *Company*, to enable the *Company* to determine whether to accept an *Insured Person* for *Insurance Cover* (or a variation of such) and if so, what the terms, conditions and exclusions of such *Insurance Cover* will be.

Illness

Illness, sickness, disease or debilitating or degenerative condition that is not an *Injury*.

Injury

External or internal bodily *Injury* caused, independently of any other cause, solely and directly by violent, accidental, external and visible means.

Insurance Cover

The *Benefits* under the *Policy* for a particular *Insured Person*.

Insurance Profit

The amount determined in accordance with Schedule 3.

Insured Person

A person who is:

- a. Aged from 18 years to 64 years (inclusive); and
- b. A member of the *Credit Union*; and
- c. Has an outstanding loan(s) from the *Credit Union*; and
- d. Is either *Employed* by the *Employer* or is the natural or legally adopted son / daughter of a person *Employed* by the *Employer*.

Last Day of Active Employment

The last *Day of Employment* on which an *Insured Person* is actively at work and performing the normal duties of his / her *Employment*.

Medical Practitioner

A person approved by the *Company*, registered with the Medical Council of New Zealand to render medical or surgical services, and who holds an Annual Practising Certificate. For *Diagnoses* made outside New Zealand, the definition of *Medical Practitioner* shall mean any appropriately qualified *Medical Practitioner* approved by the *Company*. It does not include an *Insured Person*, *Partner* or any immediate family member, colleague or business partner of the *Insured Person*.

Policy

The Police and Families Credit Union Group Life Insurance Policy No. GL AIA 0315, together with the Schedules attached, the *Policy Schedule*, the application of the *Policy Owner* and any amendments.

Premium

The monthly amount calculated in accordance with the formula on the *Policy Schedule*.

Profit Share

The division of the *Insurance Profit* from the *Policy* between the *Company* and the *Policy Owner*, as calculated by the formula set out in Schedule 3.

Terminal Illness

An *Illness*, *Diagnosed* by a *Medical Practitioner*, as being likely to result in the death of an *Insured Person* within twelve (12) months of *Diagnosis*.

Total and Permanent Disablement

For *Insured Persons* aged sixty four (64) years or younger either:

- a. the loss of two limbs or the sight of both eyes or the loss of one limb and the sight of one eye (where limb is defined as the whole hand or the whole foot and loss means loss by permanent severance or irrecoverable use); or
- b. a disability suffered solely through *Injury* or *Illness* which has prevented the *Insured Person* from engaging in the normal duties of his / her *Employment* for a continuous period of three (3) months and which in the opinion of the *Company*, after the *Insured Person* having undergone all reasonable treatment, including rehabilitation, and after consideration of all medical evidence, has rendered the *Insured Person* incapable of ever again attending to any occupation which has the potential to generate income.

General Conditions

1. Provision of Cover

- 1.1 *Insurance Cover* is provided in respect of an *Insured Person* for so long as there is an outstanding loan(s) for that particular *Insured Person*.

2. Advice of Personal Loan Balance

- 2.1 At the end of each month the *Policy Owner* will notify the *Company* in writing of the grand total of all outstanding loans in respect of all *Insured Persons*.
- 2.2 At the time the *Policy Owner* gives notice to the *Company* of an *Event* which may give rise to a *Claim* under the *Policy*, the *Policy Owner* will notify the *Company* in writing of the amount of all outstanding loans in respect of the relevant *Insured Person*.

3. Premium Payment

- 3.1 The *Premium* is payable by the *Policy Owner* to the *Company* quarterly in arrears, on each 1 July, 1 October, 1 January and 1 April (**Due Dates**).

4. Default

- 4.1 If the *Premium* is not paid on a *Due Date* (**Default**), the *Policy Owner* has thirty (30) *Days* during which to rectify the *Default* (**Default Period**). If, during the *Default Period* a *Claim* arises, no *Benefit* will be payable until the *Default* is rectified.
- 4.2 If the *Default* is not rectified within thirty (30) *Days* from the *Due Date*, the *Company* will give the *Policy Owner* notice of intention to lapse the *Policy*. If the

Premium in Default has not been paid within thirty (30) *Days* from the date of the notice of intention to lapse the *Policy*, the *Policy* will automatically lapse and all *Benefits* will be deemed forfeited from the date of the *Default*. Any *Claims* arising after the *Day of Default* will not be payable.

- 4.3 Within ninety (90) *Days* of the *Policy* lapsing, the *Policy* may be reinstated on the same terms and conditions as prior to the *Default*, subject to:
 - a. the *Company's* written consent to reinstatement; and
 - b. payment of the total amount of *Premium* outstanding for the period from *Default* to reinstatement; and
 - c. any such *Evidence of Insurability* as the *Company* may require from the *Policy Owner* as to the health and eligibility for *Insurance Cover* of any or all *Insured Persons*; and
 - d. the *Company* applying any such special terms, conditions, exclusions and / or *Premium* in regards to any alteration in the circumstances or health of any *Insured Person* since the *Default*; and
 - e. any *Claims* arising between the *Default* and reinstatement of the *Policy* being payable.

5. Termination of Cover

- 5.1 The *Insurance Cover* for an *Insured Person* will automatically terminate on the earlier of:
 - a. the date the *Policy Owner* receives full repayment of an *Insured Person's* loan; or
 - b. the date on which a *Benefit* is paid for an *Event* involving the *Insured Person*; or
 - c. the sixty-fifth (65th) birthday of the *Insured Person*; or
 - d. the date of termination of the *Policy*.
- 5.2 With effect from the date of termination:
 - a. no further *Premium* will be payable for the *Insured Person's Insurance Cover* from the next in time *Due Date*; and
 - b. all *Benefits* of the *Insurance Cover* will become nil; and
 - c. a *Benefit* will only be payable for an *Event* which occurred prior to the date of termination, subject to the death of an *Insured Person* being the reason for termination.

6. Claims

- 6.1 The *Policy Owner* will give notice to the *Company*, in the form prescribed by the *Company*, of any *Event* which may give rise to a *Claim* under the *Policy*, within six (6) months of the occurrence of such *Event*.
- 6.2 If a *Claim* is made under the *Policy*, the *Policy Owner* and / or the *Insured Person* must provide the *Company* with any information and / or assistance it requires in assessing the *Claim*. This may include the *Company* instructing a *Medical Practitioner* and / or an independent acknowledged expert in

the relevant field of medicine, to examine at its expense, the *Insured Person* or any information provided in support of a *Claim*.

7. Fraud

- 7.1 If any *Claim* is in any respect fraudulent or if any false declaration is made or false or incorrect information is used in support of a *Claim*, the *Company* will not pay the *Claim* and the *Insured Person's Insurance Cover* will be immediately terminated.

8. Claims Discharge

- 8.1 Every *Benefit* payable hereunder will be paid by the *Company* to the *Policy Owner* at its Head Office or at such other Branch Office of the *Policy Owner* as may be selected by the *Policy Owner* or to such person or persons as the *Policy Owner* may by notice in writing to the *Company* direct, and the receipt by the *Policy Owner* or any such person or persons of the *Amount Payable* will be an absolute discharge to the *Company* and shall be final and conclusive evidence for all purposes that the *Benefit* has been duly paid to and received by the person lawfully entitled thereto and all claims and demands whatsoever against the *Company* in respect of such money have been fully and truly satisfied and discharged.

9. Policy Amendment

- 9.1 The *Company* reserves the right to amend, from time to time, the terms, conditions and / or exclusions of the *Policy* including those contained in the *Policy Schedule* and Schedules to the *Policy*, upon giving ninety (90) *Days* notice in writing to the *Policy Owner* of its intention to do so.

10. Worldwide Cover

- 10.1 The *Insurance Cover* provided by the *Policy* is 24-hour worldwide cover for all *Insured Persons* normally residing in New Zealand.
- 10.2 If an *Insured Person* is temporarily residing outside New Zealand, then subject to the *Premium* continuing to be paid, the *Insurance Cover* will continue for up to five (5) years from the date of first departure from New Zealand. Temporary visits back to New Zealand of less than sixty (60) *Days* will not constitute an *Insured Person* returning to reside in New Zealand.
- 10.3 If an *Insured Person* is temporarily residing outside New Zealand for longer than five (5) years, the *Company* will be entitled to (including retrospectively) apply such special terms, conditions, exclusions and / or additional *Premium* or *Premium* loading to the *Insurance Cover* as it sees fit in the circumstances, having regard to the nature and location of the overseas residency.

11. War Provision

- 11.1 In the event of war (whether declared or undeclared) or any act of invasion, in any way involving a country in which an *Insured Person* is

located due to his / her *Employment*, the *Insurance Cover* will continue subject to the *Company* being entitled to (including retrospectively) apply such special *Premium* on the *Insurance Cover* as it sees fit in the circumstances, having regard to the nature and location of the war or act of invasion. If the increased *Premium* is not paid when required by the *Company*, any *Claim* directly or indirectly arising out of or in any way connected to such war or invasion will not be payable.

- 11.2 Notwithstanding clause 11.1, should an *Insured Person* be located in a country for less than seven (7) *Days* following the initial outbreak of war (whether declared or undeclared) or any act of invasion, the *Insurance Cover* will continue without any special *Premium* being applied.

12. Policy Termination

- 12.1 The *Company* or the *Policy Owner* may terminate the *Policy* by giving the other party ninety (90) *Days* notice in writing. At the date of termination of the *Policy*:
- a. the *Company* will prepare a statement of *Premium* detailing all *Premium* payable by or refundable to the *Policy Owner*; and
 - b. all *Benefits* under the *Policy* will cease and no *Insurance Cover* will be provided by the *Policy* on any ongoing basis; and
 - c. the *Company* will prepare a statement of the *Profit Share* for the period from the *Policy Commencement Date* (or any subsequent *Renewal Date*) to the date of termination detailing the *Profit Share* payable by, or refundable to, the *Company* in accordance with the formula set out in Schedule 3.

13. Rates Guarantee

- 13.1 The *Company* guarantees the *Premium* rates for a period of two (2) years from the later of the *Policy Commencement Date* or the last relevant *Renewal Date* from which the *Premium* rates were adjusted, provided that the insurance formula for cover does not change.

14. Exclusions

- 14.1 A *Total and Permanent Disablement Benefit* is not payable for any *Claim* where an *Insured Person* is ceasing *Employment* directly or indirectly resulting from or caused by:
- a. any intentionally self-inflicted *Injury* or attempt at suicide within 13 months from the commencement of the *Insured Person's* cover, whether the *Insured Person* is sane or insane; or
 - b. subject to General Condition 11, war, whether declared or not, or any act of war or invasion.

15. Statutory Fund

- 15.1 This *Policy* is part of the AIA New Zealand Statutory Fund, effective 1 September 2013. This is a requirement under the Insurance (Prudential Supervision) Act 2010, for policy holder protection.

SCHEDULE 1

Benefits

1. Life or Terminal Illness

If an *Insured Person* dies or develops a *Terminal Illness* while their *Insurance Cover* under the *Policy* is in force, the *Company* will pay the *Amount Insured* as at the date of the death or date of *Diagnosis* of the *Terminal Illness*.

The *Company* has the right to have an independent acknowledged expert in the relevant field of medicine, selected by the *Company*, examine at its expense, the *Insured Person* or the evidence used at arriving at the *Terminal Illness Diagnosis*. The opinion of the expert as to the *Terminal Illness Diagnosis* will be binding on the *Policy Owner*, the *Insured Person* and the *Company*.

Death will not be presumed by the unexplained disappearance of an *Insured Person* unless the *Insured Person* has been gone for at least two (2) years in circumstances which the *Company* is satisfied indicate that the disappearance is due to death by *Injury*. A Coroner's report may be used to evidence an explanation of the disappearance of an *Insured Person*.

On payment of a *Life* or a *Terminal Illness Claim* in respect of an *Insured Person*, all *Benefits* under the *Insured Person's Insurance Cover* will cease. In no circumstances will the *Company* pay both a *Life* and a *Terminal Illness Benefit*.

2. Total and Permanent Disablement

If an *Insured Person* becomes Totally and Permanently Disabled while their *Insurance Cover* under the *Policy* is in force, the *Company* will pay the *Amount Insured* as at the date of the *Insured Person's Last Day of Active Employment* subject to the *Company* being satisfied that:

- a. the *Total and Permanent Disablement* has directly caused or resulted in the *Insured Person* ceasing *Employment*; and
- b. the *Total and Permanent Disablement Claim* was made within six (6) months of the *Last Day of Active Employment* of the *Insured Person*.

On payment of a *Total and Permanent Disablement Claim*, all *Benefits* under the *Insured Person's Insurance Cover* will cease. In no circumstances will the *Company* pay both a *Total and Permanent Disablement Benefit* and any other *Benefit* under the *Insurance Cover*.

SCHEDULE 2

Amount Insured

The *Amount Insured* in respect of an *Insured Person* is determined at any date as the then total amount of all outstanding loans that an *Insured Person* has with the *Credit Union* (subject to a maximum total insurable amount of \$75,000).

SCHEDULE 3

Profit Share

- 1. The *Profit Share* will be calculated as at 1 April each year, based on the *Policy* year ended each 31 March (the **Profit Share Period**).

- 2. At the end of each *Profit Share Period*, the *Policy Owner* will advise the *Company* of the number of *Insured Persons* covered under the *Policy*. The *Insurance Profit* will then be calculated for the *Profit Share Period* in accordance with clause 3 of this Schedule. The *Policy Owner's Profit Share Entitlement* will be the *Insurance Profit* for the entire *Profit Share Period* (**Profit Share Entitlement**).

- 3. **Insurance Profit**

The *Insurance Profit* arising from the operation of this *Policy* will be determined according to the following formula:

$$90\% \times (80\% \times P - C)$$

Where P = Gross *Premiums* received by the *Company* less:

- i. any commission payable to the *Policy Owner*;
 - ii. any administration fee payable to the *Policy Owner*; and
 - iii. GST;
- and C = *Claims* (actual and incurred).

The *Insurance Profit* arising from this formula will be set to a minimum of nil.

- 4. If any *Event*, which gives rise to a *Claim* under this *Policy*, occurs during a *Profit Share Period* and the *Claim* is not made until the subsequent *Profit Share Period*, the *Company* reserves the right to recalculate the *Profit Share* of the former *Profit Share Period* and the *Policy Owner* will pay the *Company* any difference between the original *Profit Share Entitlement* and the revised *Profit Share Entitlement*.
- 5. Any payments due and owing in accordance with clause 2 of the Schedule will be deemed in default if not paid within 30 *Days* of the date of *Profit Share* calculation.

POLICY SCHEDULE

POLICY OWNER:	The Police and Families Credit Union as owner of the Police and Families Credit Union Group Life Insurance Policy established for the benefit of <i>Insured Persons</i> .
POLICY COMMENCEMENT DATE:	1 April 2015
RENEWAL DATE:	Biennially on 1 April while the <i>Policy</i> is in force or such other date as may be agreed between the <i>Company</i> and the <i>Policy Owner</i> from time to time.
BENEFITS (see SCHEDULE 1):	When payable:
<i>Life or Terminal Illness Benefit:</i>	Upon the death or <i>Diagnosis</i> of a <i>Terminal Illness</i> of an <i>Insured Person</i> while insured under the <i>Policy</i> .
<i>Total and Permanent Disablement Benefit:</i>	Upon the <i>Total and Permanent Disablement</i> of an <i>Insured Person</i> while insured under the <i>Policy</i> .
	Amount payable: The <i>Amount Insured</i> as at the date of an <i>Event</i> .
PREMIUM:	
Frequency of Premium:	Payable quarterly in arrears, calculated monthly.
Amount of Premium:	Each monthly premium is calculated at a rate of 0.016% of the grand total of all outstanding loans in respect of all <i>Insured Persons</i> .
PROFIT SHARING BASIS:	Self Experience



Administered by
Police and Families Credit Union
PO Box 12 344, Wellington, 6144
0800 429 000
www.policecu.org.nz



Underwritten by
AIA New Zealand
Private Bag 300981, Albany 0752

AAGR-071-01
03/15