

PLATINUM PLUS PLAN

A & B Engineering Ltd

Prepared for:

Mr Andrew ShareHolder A

Mr Bert ShareHolder B

Date of Illustration:

11/04/2011

Presented by:



Richard Hurley
Auckland City Brokers Ltd
216 Gt South Rd
Greenlane
Auckland
New Zealand 1446

Presented on behalf of:

FIDELITY LIFE ASSURANCE COMPANY LIMITED

100% NEW ZEALAND OWNED

This illustration is subject to underwriting. Fidelity Life does not give legal or accounting advice. The policy is issued to the policy owner(s) who are responsible for the completion of appropriate documentation in respect of the use and purpose of the policy.

FIDELITY LIFE ASSURANCE COMPANY LIMITED

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Leukaemia & Blood Foundation
Vision to Cure - Mission to Care

PLAN INFORMATION	
Company	A & B Engineering Ltd
Life Cover expiry age	No expiry age limit
TPD - Accelerated expiry age	100 years
TPD - Standalone expiry age	100 years
Key Person expiry age	65 years
Waiver of Premium expiry age	65 years
Benefit indexation rate	3.00 %

BENEFITS SELECTED	PREMIUM	LOADING
Mr Andrew ShareHolder A		
Established Proprietor (self-employed 3yrs+), Engineers - Supervisory Duties, IP Class 2, TPD Class 1		
Male, Non Smoker, Aged 45		
Buy/Sell - Owner: Independant Trustee		
Life Cover - Indexed	\$400,000	\$45.12
Includes Free Future Insurability Options		
TPD - Accelerated - Indexed	\$400,000	\$35.06
Own Occupation		
Key Person - Owner: The Business		
Life Cover - Indexed	\$100,000	\$11.28
Includes Free Future Insurability Options		
TPD - Standalone - Indexed	\$100,000	\$15.08
Own Occupation		
Key Person - Indexed		\$122.55
Monthly Benefit	\$5,000	
Benefit Period	1 year	
Waiting Period	4 weeks	
Bank Loan - Owner: The Business		
Life Cover - Indexed	\$100,000	\$11.28
Includes Free Future Insurability Options		
Waiver of Premium		\$19.30
Waiting Period	4 weeks	
Total for Mr Andrew ShareHolder A		\$259.67
Mr Bert ShareHolder B		
Established Proprietor (self-employed 3yrs+), Engineers - Office/Consulting (Degree Qualified), IP Class 1, TPD Class 1		
Male, Non Smoker, Aged 49		
Buy/Sell - Owner: Independant Trustee		
Life Cover - Indexed	\$400,000	\$71.73

Includes Free Future Insurability Options			
TPD - Accelerated - Indexed	\$400,000	\$49.76	
Any Occupation			
Key Person - Owner: The Business			
Life Cover - Indexed	\$100,000	\$17.93	
Includes Free Future Insurability Options			
TPD - Standalone - Indexed	\$100,000	\$20.22	
Any Occupation			
Key Person - Indexed		\$124.45	
Monthly Benefit	\$5,000		
Benefit Period	1 year		
Waiting Period	4 weeks		
Bank Loan - Owner: The Business			
Life Cover - Indexed	\$100,000	\$17.93	
Includes Free Future Insurability Options			
Total for Mr Bert ShareHolder B		\$302.02	
Policy Fee		\$8.25	
TOTAL MONTHLY PREMIUM		\$569.94	
GST included	(\$50.40)		

UNDERWRITING REQUIREMENTS

Mr Andrew ShareHolder A

Established Proprietor (self-employed 3yrs+), Engineers - Supervisory Duties, IP Class 2, TPD Class 1

Male, Non Smoker, Aged 45

Medical Requirements likely to be asked for:

Full Application Form

Mr Bert ShareHolder B

Established Proprietor (self-employed 3yrs+), Engineers - Office/Consulting (Degree Qualified), IP Class 1, TPD Class 1

Male, Non Smoker, Aged 49

Medical Requirements likely to be asked for:

Full Application Form

PROJECTIONS

Year	Monthly Premiums Payable	Total Annual Premium	Total Premium Paid	Total Potential Claim FIRST LIFE	
				Life Assurance	Income Protection
1	\$569.94	\$6,839.28	\$6,839.28	\$600,000	\$1,195,000
2	\$682.86	\$8,194.32	\$15,033.60	\$618,000	\$1,170,850
3	\$813.94	\$9,767.28	\$24,800.88	\$636,540	\$1,145,856
4	\$973.40	\$11,680.80	\$36,481.68	\$655,637	\$1,120,209
5	\$1,123.68	\$13,484.16	\$49,965.84	\$675,306	\$1,093,849
6	\$1,238.80	\$14,865.54	\$64,831.38	\$695,566	\$1,066,716
7	\$1,440.36	\$17,284.26	\$82,115.64	\$716,433	\$1,038,750
8	\$1,680.11	\$20,161.26	\$102,276.90	\$737,926	\$1,009,891
9	\$1,939.24	\$23,270.82	\$125,547.72	\$760,064	\$980,079
10	\$2,279.32	\$27,351.78	\$152,899.50	\$782,865	\$949,493

The average premium for the term of the projection is \$1,274.16 per month.

Potential Claim is in respect of Mr Andrew ShareHolder A.

COMPANY MINUTES

At a meeting of the Directors of A & B Engineering Ltd on the above date, it was agreed that the death (or total disablement)

**of Mr Andrew ShareHolder A
and/or Mr Bert ShareHolder B**

would severely affect the viability and profitability of the Company and for this reason it was decided to insure the above with the Policy(ies) owned by the Company.

It was further agreed that should the Company at some time have no further requirement for the Life Assurance Policy, that in consideration for allowing any of the above mentioned persons' lives to be insured, those person(s) whose lives are to be insured could purchase the Life Assurance Policy from the Company, at the time of disposal, for the Surrender Value of the Life Assurance Policy on a basis determined by the Company in consultation with the Insurance Company where the Life Insurance was effected.

_____ Director

_____ Director

Dated this _____ day of _____ 20 _____

OWNER SIGNATURES

Owners Signatures:

Independent Trustee

The Business

Date:

Life Cover

Features

- Available from age 17 to 74 inclusive
- A lump sum payable on death
- Excludes death by suicide within first 13 months of policy commencement
- Includes a Terminal Illness Benefit whereby sum assured will be paid on diagnosis of terminal illness likely to cause death within 12 months
- **Bereavement benefit** – an advance payment to assist with funeral related costs
- **Future Insurability** for special events: Marriage, divorce, birth or adoption of a child, increase in mortgage or increase in business shareholding. No additional medical evidence required
- **Financial Planning benefit** – an additional payment to reimburse the cost of a fully documented financial plan
- **Premium Holiday** – allows premiums and cover to be suspended for up to 12 months in the event of redundancy, bankruptcy, study leave, overseas travel or for a valid reason approved by Fidelity Life. Maximum sum assured is \$500,000

Options

- **Business Future Insurability** – guarantees insurability in the event of an increase in business loans, increase in the value of shareholding or increase in the value of a key person to a business
- No additional medical evidence is required

Whilst every effort has been made to provide an up-to-date summary, Fidelity life makes no warranties that the information above is complete or definitive.

These descriptions are indicative of the benefits offered. There may be special provisions applying to any specific case. For a definitive description of the policy benefits, please refer to the policy wording.

Total & Permanent Disability

Summary points

- Maximum sum assured is \$3,000,000
- 'Any' and 'Own' occupation available
 - Own occupation only available to Income Protection classes 1 & 2 **and** TPD class 1
- Occupation includes unpaid home duties – this policy can include unpaid home duties as an occupation, therefore a house-person can also be covered. The policy requires
- Entry and expiry ages:
 - Minimum age at entry is 16
 - Maximum entry is age 64 next birthday
 - expires at age 100

Automatically included features:

Future insurability

- You can increase your Total and Permanent Disability cover without further medical evidence by up to:
 - 25% of original cover up to \$250,000 on marriage, birth or adoption of a child; or
 - If you take out or increase a mortgage on your own home, the lesser of 50% of original cover or the increase in the value of an existing mortgage or a new first mortgage, or \$250,000.
 - The value of any equity increase in your business over the past three years with a maximum of the lesser of \$250,000 or 25% of your original cover.

Special events increases

- Available up to age 55 next birthday (standard lives only)

Financial Planning benefit

- If a benefit greater than \$100,000 is paid, a further benefit of up to \$2,000 may also be payable.
- We will reimburse the reasonable costs of a fully documented financial plan prepared by a qualified financial adviser as approved by Fidelity Life.

Premium holiday

- Option to suspend cover and premiums in the event of redundancy, bankruptcy, tertiary studies, overseas travel or any other reasonable event.
- Cover can be reinstated without evidence of health within one year from the start of this option.
- The maximum sum assured under this option is \$500,000.
- This option may be exercised once in the lifetime of the policy.

Additional options (additional premium required)**Life cover buy-back**

- Full life cover buy back cover on policy anniversary following an accelerated TPD claim

Future insurability

- For business events, underwritten for full potential sum assured with insurability guaranteed subject to future financial underwriting

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Key Person

- Pays a maximum monthly benefit of \$8,000 for up to two years if a key person is totally disabled because of sickness or injury.
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- This benefit is suitable for small to medium size businesses.
- Cover is available for occupation classes 1, 2 and 3.

Summary points

- Two types of policy – employer or employee.
- A business can insure a number of key people in the same business.
- The policy must be owned by the business and the business can use the benefit any way it chooses.
- Entry ages:
 - Minimum age at entry 17
 - Maximum age at entry 59
 - Expiry age: 65.

Automatically included features:

Agreed monthly benefit

- After the waiting period expiry an agreed monthly benefit is paid in advance for up to 12 months to the business.
- If cover is for two years and the insured person is still disabled after the first 12 months, the business will be paid:
 - The agreed monthly benefit for up to a further 12 months if the insured person is described as an Employer in the schedule, or
 - 50% of the agreed monthly benefit for up to a further 12 months if the insured person is described as an Employee in the schedule.

Waiting period

- Waiting period of 2, 4, 8, 13, 26, 52 or 104 weeks.
- Waiver of Waiting Period – waiver of the waiting period will apply if a new claim results from a sickness or injury unrelated to a previous claim – certain conditions apply.
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Waiver of premium

- Fidelity Life will pay the premiums on the policy which a disability claim is being paid.
- This benefit expires at age 65.

Recurrent disability

- If the insured person suffers a relapse within 6 months this will be treated as a continuation of the previous claim.

Optional features:

Inflation proofing

- You can choose to have your cover increase – to a maximum of \$8,000 per month, in line with the Consumer Price Index, regardless of health, to ensure your benefit keeps pace with inflation.

Other relevant information:

Impact on a key person

- If a key person is insured under both Key Person Cover and a personal income protection cover, then:
 - Key Person Cover is not affected by the personal income protection cover.
 - The personal income cover may be reduced if a key person continues to receive income or profit share from the business.
 - Key Person Cover is not reduced by any other benefit or monies received.

Underwriting requirements

- Completion of an application form – an application form is required for each key person.
- Confirmation of the person's income (recent payslip or remuneration letter from the accountant or financial controller), if they do not have any ownership interest in the business.
- A copy of the latest financial statements.
- Percentage shareholding if the person has an ownership interest.

Note: We do not require financial underwriting proofs if the proposed monthly benefit is not more than the following:

Class 1 – \$5,000 per month

Class 2 – \$4,000 per month

Class 3 – \$3,000 per month

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