

Income Protection, Life and Total and Permanent Disablement Insurance **for Young Doctors**

Combined Financial Services Guide and
Product Disclosure Statement

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Financial Services Guide

About this financial services guide

This financial services guide (FSG) is intended to assist you in deciding whether to obtain the financial services that Avant Insurance Limited ABN 82 003 707 471 provides under its Australian Financial Services (AFS) Licence 238765.

When reading this FSG a reference to 'we', 'our' and 'us' will mean Avant Insurance Limited.

Our contact details are as follows:

Avant Insurance Limited
Level 28 HSBC Centre,
580 George Street Sydney NSW 2000
PO Box 746, Queen Victoria Building NSW 1230

DX 11583 Sydney Downtown

Phone: Freecall 1800 128 268

Fax: Freefax 1800 228 268

Email: memberservices@avant.org.au

Website: www.avant.org.au

The FSG is designed to:

- inform you about the financial services outlined in this FSG that we are authorised under our AFS licence to provide;

- provide information about our role when providing financial services;
- advise you about the remuneration we, our staff and any other related persons receive in connection with the financial services we provide;
- describe how we deal with any complaints; and
- provide you with key contact details and information about how to lodge a complaint.

What financial services do we offer?

We are authorised under our AFS Licence to advise on and deal in relation to general and life risk insurance products and provide custodial and depository services.

This FSG relates to financial services we provide for life risk insurance products and the incidental custody services that we provide in relation to that insurance cover.

Life risk insurance products arranged by us are issued and underwritten by Hannover Life Re Insurance of Australasia Ltd ABN 37 062 395 484 (the insurer), a member of the Hannover Re Group.

We have entered into an arrangement with the insurer that enables us to arrange for the

issue of life risk insurance cover directly to you. When we do this, we will be acting for you, not the insurer.

We may provide you with general advice about the life risk insurance cover, but we will not provide you with advice that is tailored to your specific circumstances or needs.

When you apply for life insurance cover through us, we provide you with information about the product and collect necessary information from you to allow the insurer to determine whether to issue you with cover. When we do this we will be acting for you, not the insurer.

We provide these products and related services through our trained employees.

How are we and our staff remunerated?

When you purchase life risk insurance cover from us you must pay a premium payable for the insurance cover provided. We will agree with you on the amount before you purchase the cover.

For any cover that we arrange, the insurer will pay us an administration fee. This fee is calculated as a percentage (approximately 11%) of the premium for the policy. This fee is included in the premium, it is not an additional cost to you.

We may also be entitled to receive from the insurer an amount generated from the distribution arrangement for life risk insurance cover. The amount will be based on a percentage (from zero to 84%) of part (77%) of the premiums paid to the insurer, less any claims costs paid or incurred by the insurer in a 12 month period. The insurer will receive the remainder of the premium collected. This amount is included in the premium you pay and does not cost you extra.

All staff employed by us receive salaries. Our staff do not receive commissions in relation to the financial services provided by us. Some of our staff may receive an incentive or bonus payment based on meeting individual and overall corporate performance.

We may pay referral fees or commissions to others who refer you to us.

Related documents you may receive

You may also receive other documents when we provide you with financial services in relation to the life risk insurance cover.

Product disclosure statement (PDS)

A PDS for the life risk insurance cover will be provided to you when we arrange for cover to

be issued to you.

The PDS will contain information about the life risk insurance cover, including its features, benefits, risks, exclusions and any fees or costs associated with the product to enable you to make an informed decision about it.

How is my personal information dealt with?

We collect personal information from you in order to provide you with the financial services we offer. We will need to share this information with the insurer in so far as the information relates to your application for life risk insurance cover or administration of the cover provided. We may also share this information with other companies within the Avant group of companies.

In addition, we may be required to provide information to federal or state governments. We will maintain records of your personal information.

The privacy of your personal information is important to us. We will ensure that all your personal information collected by us is treated in accordance with the *Privacy Act 1988* (Cth). Our privacy policy is posted on our website at www.avant.org.au. If you wish, you can request a printed copy of the policy by

contacting our Member Services team on 1800 128 268.

What if I have a complaint?

If you have any complaints about the service provided to you, then you should inform us immediately. Our service staff should be able to resolve the issues you raise satisfactorily. However, if the matter has not been resolved to your satisfaction you may, under our internal dispute resolution (IDR) process, forward a complaint to us.

A copy of our dispute resolution procedure can be obtained either from our website or by contacting our Member Services team on 1800 128 268.

If your complaint is not satisfactorily resolved or answered by our IDR process you may refer the matter to the Financial Ombudsman Service (FOS). We are a member of the independent dispute resolutions service the FOS provides.

If you wish to make a complaint to the FOS please contact our Member Services team on 1800 128 268.

We are committed to resolving any dispute in a timely fashion. However, if we have not resolved a complaint after 45 days, or our decision is not satisfactory, you may contact the FOS.

Product Disclosure Statement

Introduction

What is a product disclosure statement (PDS)?

This PDS describes the terms and conditions of the insurance cover that is available under **our** Income Protection and Life and Total and Permanent Disablement Insurance (**insurance package**) and will assist **you** in making an informed choice about whether the **insurance package** is right for **you**.

It is important that **you** carefully read the PDS and any other documentation **we** send or direct **you** to on **our** website (www.avant.org.au) before **you** decide if this **insurance package** is appropriate for **your** needs.

We will only provide general financial product advice about this **insurance package**. That advice will not take into consideration **your** objectives, financial situation and needs.

We recommend **you** seek professional financial and taxation advice before making any decisions regarding this **insurance package** and its appropriateness for **your** personal circumstances.

Who is the insurer?

Avant Insurance Limited, ABN 82 003 707 471 and AFS Licence 238765, has entered into an arrangement with Hannover Life Re of Australasia Ltd, ABN 37 062 395 484, to provide eligible members of Avant Mutual Group Limited, ABN 58 123 154 898 (Avant), with the **insurance package**.

When reading this PDS:

- a reference to '**the insurer**' means Hannover Life Re of Australasia Ltd, ABN 37 062 395 484;
- a reference to '**we**', '**our**' and '**us**' means Avant Insurance Limited, ABN 82 003 707 471 and AFS Licence 238765; and
- a reference to '**you**' or '**your**' means the **insured person**.

Our contact details are as follows:

Avant Insurance Limited
Level 28 HSBC Centre,
580 George Street, Sydney NSW 2000
PO Box 746, Queen Victoria Building NSW 1230
DX 11583 Sydney Downtown

Phone: Freecall 1800 128 268

Fax: Freefax 1800 228 268

Email: memberservices@avant.org.au

Website: www.avant.org.au

The **insurance package** is issued and underwritten by **the insurer** who has sole responsibility for this PDS, the insurance cover terms and conditions, eligibility for cover and the assessment and payment of claims. Cover is issued out of **the insurer's** Australian Statutory Fund. It does not acquire a surrender value.

The **insurance package** available from **us** is not issued or guaranteed by **us** and **we** are not liable, in any manner, in respect of the assessment and payment of benefits under the cover.

We are responsible for arranging insurance cover for eligible members of Avant and **we** are the contact between **you** and **the insurer**. **We** collect premium from **you**, attend to the administrative requirements for the **insurance package** on behalf of **the insurer** and forward claims payments accepted and paid by **the insurer**, as directed.

A number of statements, including general product advice, are made in the PDS by **us**. **We** have consented to these statements being included in this PDS, in the form and content in which they appear and **we** have not withdrawn this consent before the date of this PDS.

Section 1 – Insurance cover overview

Who is eligible?

To apply for cover under this **insurance package** or obtain an increase in cover, **you** must be:

- a registered medical practitioner currently employed by an Australian public teaching hospital or enrolled in a specialist training program;
- at the 'entry age' (between the ages of 20 and 40 years old) at the time the insurance cover starts; and
- a member of Avant.

Cover available under the insurance package

This insurance is offered as a package with all three types of cover – income protection and life and total and permanent disablement (TPD) cover. The following overview should be read in conjunction with the Sections 2 and 3 in this PDS, as applicable.

Income protection cover

This cover provides **you** with a **monthly income** (after the expiration of the **waiting period**) for the **benefit period** if **you** are not able to work due to **illness** or **injury**. **Your agreed benefit** will be the amount specified in **your** certificate of insurance. **You** must have income protection cover to have life and TPD cover.

The current maximum annual **agreed benefit** **you** can apply for is \$100,000.

Life cover

This cover will pay a lump sum on **your** death or diagnosis of **terminal illness**. If **you** have life cover **you** must also have TPD cover. **Your agreed benefit** will be the amount specified in **your** certificate of insurance.

The **agreed benefit** applies to the life and TPD cover, together. This means that if **you** are paid the **agreed benefit** under the TPD cover, **your** life cover will cease. This also means if **you** are paid for a **terminal illness** benefit, **your** life and TPD cover will cease and no further **agreed benefit** is payable on **your** death.

The current maximum **agreed benefit** **you** can apply for is \$300,000.

TPD cover

This cover will pay a lump sum if **you** suffer a **total and permanent disablement** as a result of an **injury** or **illness** and can no longer work. **Your agreed benefit** will be the amount specified in **your** certificate of insurance.

The **agreed benefit** applies to the life and TPD cover, together. This means that if **you** are paid the **agreed benefit** under the life cover, **your** TPD cover will cease.

The current maximum **agreed benefit** **you** can apply for is \$300,000.

Selecting the level of income protection cover

You are able to choose a **waiting period** of either 30 or 90 days.

Once **you** have decided on the **waiting period** **you** would like, **you** need to choose an annual benefit. The table below represents the annual benefit that **you** are able to select – note that **you** may only select an annual benefit amount that corresponds with **your** annual income.

For example, if **you** have a benefit limit of \$100,000 in **your** certificate of insurance, for every month **you** are entitled to payment of a **monthly benefit**, **you** will receive around \$8,300 (1/12th of \$100,000), less any deductions allowable under the insurance cover.

Automatic increase of income protection benefit

The income protection benefit will automatically increase without reassessment of **your** health, one annual benefit band every second year of **your** cover, up to age 40 and subject to **your** annual income being at the time of the benefit increase, within the relevant band in the table set out above. This benefit does not apply if **you** are receiving a benefit or are entitled to receive a benefit, or if **your** premium is being waived.

We will send **you** an updated certificate of insurance each year **your** insurance cover remains in force and at least 30 days prior to **your** anniversary date setting out **your** updated benefit amount as applicable, and premium. **You** can decline the automatic increase by emailing **our** Member Services team at memberservices@avant.org.au or contacting **us** on 1800 128 268.

Exclusions

There are a number of situations in which the **insurance package** does not apply or provide cover. They are contained within this PDS. Please read these carefully and if **you** have any queries please contact **our** Member Services team on 1800 128 268.

When does the insurance cover start and end?

Cover starts

You cover will start when **your** application has been accepted.

You will need to meet the eligibility criteria (as per 'Who is eligible?' section above).

We will write to **you** to confirm that cover has started. The start date will be recorded on **your** certificate of insurance.

Cover ends

Your cover under **your** insurance package will end:

- when **you** reach the **expiry age**; or
- on the date **the insurer** admits a death, **total and permanent disablement** or **terminal illness** claim for a benefit for **you**; or

- **you** advise **us** in writing that **you** wish cover to cease. Cover will cease from the date that **your** request is processed; or
- when cover is cancelled due to non-payment of **your** premium; or
- when cover is cancelled due to any other reason available to **the insurer** under the *Insurance Contracts Act 1984* (Cth) or the *Life Insurance Act 1995* (Cth); or
- for income protection cover, if **you** reach the expiry of the **benefit period** but only in relation to income protection cover; or
- when **you** retire permanently from the workforce; or
- when **you** cease to be a member of Avant. Cover will cease on the last day of **your** current insurance cover (from 11.59 pm Eastern Australian time); or
- if the arrangement between **the insurer** and **us** ends or is cancelled by **the insurer** whichever occurs first, as applicable.

We will write to **you** and tell **you** when **your** cover ends.

Annual Benefit	If your annual income:
\$40,000	is up to \$65,000 then you are entitled to an income protection annual benefit of \$40,000
\$50,000	is \$65,000 or more and less than \$80,000 then you are entitled to an income protection annual benefit of \$50,000
\$60,000	is \$80,000 or more and less than \$95,000 then you are entitled to an income protection annual benefit of \$60,000
\$70,000	is \$95,000 or more and less than \$105,000 then you are entitled to an income protection annual benefit of \$70,000
\$80,000	is \$105,000 or more and less than \$115,000 then you are entitled to an income protection annual benefit of \$80,000
\$90,000	is \$115,000 or more and less than \$130,000 then you are entitled to an income protection annual benefit of \$90,000
\$100,000	is \$130,000 or more then you are entitled to an income protection annual benefit of \$100,000

What happens on the cessation of cover?

No benefit is payable by **the insurer** in respect of the death, **total and permanent disablement** or **terminal illness** of **you** that occurs after the date that cover for **you** has ceased.

No benefit is payable by **the insurer** to **you** in respect of a **terminal illness** where the claim is lodged after the date that the insurance cover ceased.

If **your waiting period** began before cover ceased, **the insurer** will be liable to pay a benefit to **you** as a result of that **injury** or **illness**, subject to the conditions of the insurance cover as if it were still in force until **you** are once again **at work**. All cover will cease once **you** are **at work**.

If **your cover** has ceased, **total and permanent disablement** will only be treated as having occurred before the cessation of **your** cover if:

- **you** commenced **your** initial period of six (6) consecutive months absence from work before the cessation of cover; or
- **you** commenced **your** initial period of six (6) consecutive months inability to perform the **activities of daily living** before the cessation of cover; and

- **you** have not performed any form of work whatsoever since the cessation of the cover.
- In all other circumstances, no benefit is payable for **total and permanent disablement** that occurs after **your** cover has ceased.

Section 2 – Income protection cover

The insurer will pay you a monthly income benefit while you suffer a disability and are not able to work, subject to the terms and conditions set out below.

When you suffer a total disability

The insurer will pay you the monthly benefit while you are disabled and suffer a loss of income as a result of a total disability, which has been caused solely as a result of injury or illness.

The insurer will only pay you this monthly benefit after the expiry of the waiting period and only for the benefit period.

When you suffer a partial disability

The insurer will pay you a partial disability income benefit while you are disabled and suffer a loss of income as a result of a partial disability that you are suffering from where you:

- resume employment in your own occupation or are capable of returning to partial employment duties in your own

occupation after 14 consecutive days of total disability within the waiting period;

- are under the continuous and regular care of a medical practitioner and undergoing appropriate treatment and care; or
- as a result of the injury or illness that caused your total disability, receive or would in the insurer's opinion receive a post-disability income that is less than your monthly income.

The insurer will only pay you this partial disability income benefit after the expiry of the waiting period and only for the benefit period.

Benefit payments

The benefit will be paid to you after the conclusion of the waiting period. The insurer will pay all benefits in arrears during the month following the month in which the entitlement to the benefit arose. The following conditions also apply:

- if a benefit is payable for less than the whole month, the insurer will pay 1/30th of the benefit for each day the benefit is payable;

- the benefit will be transferred to your nominated bank account via electronic transfer; and
- if the insurer is required by law to deduct any amount from a benefit (including but not limited to PAYG), the insurer will deduct the amount the insurer considers they are obliged to deduct and pay it to the relevant collection authority. The insurer's liability to pay the relevant benefit under this contract will be discharged to the extent of the insurer's payment.

Benefit limits

Despite any other provision of this insurance cover:

- the income protection benefit payable under your cover will never be more than the agreed benefit that applies to you as recorded in the certificate of insurance;
- the insurer is not liable to continue to pay a benefit once you attain the expiry age; and
- the entitlement to receive payment of the monthly benefit will not exceed the benefit period listed in the certificate of insurance for the same or related injury or illness.

Benefit offsets

The **monthly benefit you** receive will be reduced by any **other disability income** that accrues to **you** during that month.

If **you** are receiving or entitled to **other disability income** and this exceeds 75% of **your monthly income**, then **the insurer** is not liable to pay the **monthly benefit**.

If **your** entitlement to **other disability income** is in dispute, **the insurer** will at its discretion pay the full amount of the benefits due under this insurance cover on a conditional basis until the dispute is resolved. If **the insurer** chooses to pay and **you** receive **other disability income**, **the insurer** may offset the amount of **other disability income** from future benefits or recover the amount of **other disability income** that **the insurer** has paid which would have been offset.

Other benefits

Recurring disablement

If **you** return to work for less than six (6) months after receiving **your** most recent total or partial disablement benefit and suffer a recurrence from the same or related cause, the claim will be treated as a continuation of

the original claim. If the claim is deemed to be a continuation, the **waiting period** does not apply.

Your usual hours of work prior to the **total disability** or **partial disability** will be considered as **your** full-time work.

Waiver of premium

The insurer will waive the portion of the annual premium in respect of income protection otherwise due to **the insurer** for **you** cover for the period during which **the insurer** is paying a **monthly benefit** for **total disability** or **partial disability**.

Benefit indexation

Where **you** have been in receipt of a **total disability** or a **partial disability** benefit for 12 continuous months, **the insurer** will increase the **monthly benefit** amount from that date by the lesser of the annual CPI percentage increase or 5%.

Future insurability benefit

The **agreed benefit** will automatically increase one benefit band, as per the table set out in this PDS, every second anniversary of **your** cover, subject to **your** annual income at the

time of this benefit being within the relevant band, without reassessment of **your** health.

Rehabilitation and retraining

If **the insurer** is paying a **total disability** benefit or a **partial disability** benefit **the insurer** may, at its discretion, reimburse the costs of **your** rehabilitation or retraining. **The insurer** must approve the expenses in writing prior to them being incurred and this benefit will not apply if these expenses could be paid by another source.

24 hour cover

Once it has come into force and while it remains in force, the cover **the insurer** provides under this insurance cover for **you** operates 24 hours a day.

Worldwide cover

Once it has come into force and while it remains in force, the cover **the insurer** provides under this insurance cover for **you** operates regardless of **your** geographical location, subject to the following paragraph.

If **your** entitlement to a claim under **your** insurance cover arises:

- while **you** are living in Australia and **you** subsequently travel and/or reside overseas; or
- while **you** are overseas; and
- **you** are able to meet **the insurer's** claim requirements,

the insurer will continue to pay the **agreed benefits** while **you** remain outside Australia for up to 3 months.

The insurer will not be liable to pay benefits for more than a total of 3 months while **you** remain overseas. However, if the entitlement to the benefit is continuing, **the insurer** will start to pay the benefit again with effect from the date **you** return to Australia.

When you will not receive an income benefit

No benefit will be payable when a claim arises directly or indirectly as a result of:

Self-inflicted harm

Intentional self-inflicted harm or attempted suicide, regardless of whether **you** were sane or insane at the time.

Pregnancy

Normal and uncomplicated pregnancy or childbirth. For the purposes of this exclusion

multiple pregnancy, threatened or actual miscarriage, participation in an IVF or similar programme, and discomfort commonly associated with pregnancy such as morning sickness, backache, varicose veins, ankle swelling, and bladder problems are not considered abnormal or complications of pregnancy.

Criminal act

Participation in a criminal act.

Alcohol or drug use

The abuse of alcohol, illegal drugs or controlled substances (except when legally prescribed by a **medical practitioner** and taken or used as prescribed).

Other exclusions

Any other exclusion imposed on **your** cover at the time it was accepted. These will be set out in **your** certificate of insurance.

Section 3 – Life and TPD and terminal illness cover

The insurer will pay the agreed benefit if you die, suffer a **total and permanent disablement** or are diagnosed with a **terminal illness** based on the terms and conditions set out below.

Life cover benefit

The insurer will pay the agreed benefit for life cover if:

- you die; or
- you are diagnosed with a **terminal illness**.

Terminal illness benefit

Where the insurer is satisfied that you have been diagnosed with a **terminal illness**, the insurer will pay the **terminal illness** benefit, subject to the following:

- the date of diagnosis of the **terminal illness** is on or after the date your cover commenced. No **terminal illness** benefit will be considered where the date of diagnosis is prior to this date;

- the **terminal illness** benefit will not be paid in addition to the **agreed benefit** for life cover or TPD cover;
- if a benefit is paid as a result of a **terminal illness**, all life and TPD cover under this insurance cover will cease from that date;
- if your cover is terminated, cancelled or ends, you will no longer be eligible for a **terminal illness** benefit from that date; and
- you must supply, at your own expense, supporting medical evidence from your treating **medical practitioner**. The insurer will require this information in a form of their choosing and reserve the right to ask for any additional information that the insurer feels is appropriate. If the insurer asks for additional information, the insurer will incur the cost of obtaining this information, subject to the requirements under 'Information about claims' in Section 5 of this PDS.

TPD cover benefit

The insurer will pay the agreed benefit for TPD cover if you suffer **total and permanent disablement**. The **total and permanent disablement** will be treated as having occurred on the **date of disablement**.

The **total and permanent disablement** must be certified by a **medical practitioner** and confirmed by the insurer.

The life and **terminal illness** cover benefit will cease in the event that a **total and permanent disablement** benefit is paid.

Other benefits

Funeral advancement benefit

The insurer will advance part of your life cover benefit towards the payment of funeral expenses to your estate.

To receive this benefit your estate, beneficiary or beneficiaries must provide written evidence of your death and the funeral home invoice. If the insurer is satisfied with the written evidence the insurer will advance up to \$10,000 or the **agreed benefit**, whichever is the lesser.

Where a funeral advancement benefit is paid it will be offset against any death benefits that are payable under your life cover.

24 hour cover

Once it has come into force and while it remains in force, the cover the insurer provides under this insurance cover for you operates 24 hours a day.

Worldwide cover

Once it has come into force and while it remains in force, the cover provided by **the insurer** under **your insurance package** operates regardless of **your** geographical location, subject to the following paragraph.

If **your** entitlement to a claim under **your** insurance cover arises:

- while **you** are living in Australia and **you** subsequently travel and/or reside overseas; or
- while **you** are overseas; and
- **you** are able to meet **the insurer's** claim requirements,

the insurer will pay the **agreed benefit** for either life, **total and permanent disablement** or **terminal illness** cover, as applicable.

When you are not covered for life and TPD and terminal illness

No benefit will be payable when a claim arises directly or indirectly as a result of:

Self-inflicted harm

- For life cover, an intentional self-inflicted act within 13 months of the date that life cover commences, or from the date any additional life cover sought commences or from the

date of any reinstatement of such cover or additional cover; or

- For **total and permanent disablement**, self-inflicted harm or attempted suicide whether **you** were sane or insane at the time.

Criminal act

Participation in a criminal act.

Other exclusions

Any other exclusion imposed on **your** cover at the time it was accepted. These will be set out in **your** certificate of insurance.

Amount of benefit for life and TPD and terminal illness

The **agreed benefit** that **the insurer** must pay under the insurance cover is the amount of cover that is in force, as recorded in **your** certificate of insurance:

- on the date of death, if the claim is for life cover; or
- on the **date of disablement**, if the claim is for **total and permanent disablement**; or
- on the date **terminal illness** is diagnosed, if the claim is for **terminal illness**.

Section 4 – General information

Insurance risks

There are a number of insurance risks **you** should be aware of, including:

- **You** need to consider whether the cover provided by the **insurance package** is appropriate to **your** needs. **Your** needs will differ at various stages of **your** life and career so **you** need to ensure that the insurance **you** have in place is appropriate for those changes.
- If **you** are replacing a contract, policy or cover with the **insurance package**, **you** should consider all the terms and conditions of each insurance cover before making a decision to change.
- If **we** do not receive the premiums within the due date, **your insurance package** may be cancelled and any claims which arise after the termination date may not be paid.
- If **you** cease to be a member of Avant, **your** cover will end at 11.59 pm Eastern Australian time on the last day of **your** current year of insurance cover.

- The **insurance package** is issued by the **insurer** under an arrangement with **us**. If this arrangement ends and **we** are not able to source another life insurance partner, **your** insurance cover may end. This arrangement could end for a number of reasons, including if legal proceedings are commenced for **our** winding up or **we** fail to pass over premium to the **insurer** within 30 days of it falling due under **our** arrangement with the **insurer**.
- If **your insurance package** or cover under it ends any change in **your** personal circumstances, including **your** health, may impact negatively on **your** ability to obtain replacement cover or the terms or cost of any replacement cover.
- This **insurance package** is designed purely for risk protection, unlike some other types of life insurance that have savings and investments components. This means that if **you** cancel **your** insurance cover under the **insurance package** (after the 21 day cooling off period) **you** will not receive anything back other than premium that **you** have paid in advance.

How to apply for cover

Read the PDS terms and conditions carefully and consider **your** personal circumstances and whether this product is appropriate to **your** needs and situation.

Once **you** have determined that this product is appropriate for **you** please complete the relevant application form and return it to Avant Insurance. **Your** application will be assessed and **we** will advise **you** if **your** application has been approved, declined or if further information and/or documents are required.

Cooling off period

If **you** decide that the **insurance package** is not appropriate for **your** needs after it has commenced, **you** have a 21 day cooling off period in which **you** may cancel **your** cover. The cooling off period starts on the day the insurance cover commences as stated in **your** certificate of insurance.

If **you** want to cancel **your** cover in the cooling off period, **you** must notify **us** in writing within that period. **The insurer** will then refund **your** premium (other than any government taxes or charges which it is unable to recover).

This cooling off period does not apply if there has been a claim, or potential claim, for a benefit under the **insurance package**.

How much will my cover cost?

The cost of this **insurance package** will depend on a number of rating factors such as **your** age, gender, the type of cover **you** require, the **waiting period** and benefit amounts.

Current premium rates are available at www.avant.org.au, and contain details about premiums that are relevant for the type of cover that **you** request. **We** will provide **you** with a copy of the premium rates at no charge if **you** call us on 1800 128 268. The premium rates are inclusive of all government charges and levies.

Future premiums may vary from the current premiums. In future years **your** premium will increase should **you** purchase additional cover or benefit levels. **Your** premium will also increase in line with age band increases up to age 40. After age 40 **your** premium will increase annually.

In addition to the above, **the insurer** may from time to time change the premium rate applying to all (or the same group of **insured persons**). If this occurs, **we** will notify **you** in

writing using **your** preferred contact method (either by email or post to **your** last notified address) at least 60 days before the effective date of the change.

Additional premiums and special conditions

If **you** fall outside the standard rating factors or **you** require cover that falls outside the standard cover, **the insurer** may apply additional premium and special conditions to **your insurance package**. Any additional premium will be calculated based on **your** specific risk profile.

When you are required to pay

You are required to pay for **your insurance package** annually or by monthly instalments.

If **you** choose to pay annually, **we** will take payment on the date **your** application is accepted, and at each anniversary of **your** cover.

If **you** choose to pay **your** premium by monthly instalments, **we** will take the first payment on the date that **your** application is accepted and then monthly on that day.

We will pass **your** premium on to **the insurer** at regular agreed intervals.

Taxation

Income protection insurance premiums are generally tax deductible – **you** will need to seek taxation advice from **your** accountant to see whether this applies to **your** situation and circumstances.

Your cover

The contract of insurance for **your** insurance cover comprises:

- this PDS, any supplementary PDS or any special conditions, amendments or endorsements which may be issued to **you**;
- **your** current certificate of insurance; and
- **your** application.

Any changes made to **your** insurance cover will only take place once **we** have confirmed in writing that there has been an amendment and issued **you** an amended certificate of insurance and other amended documents (if applicable).

Cancellation of your cover

You may cancel **your insurance package** at any time by notice in writing. **The insurer** may provide **you** with a refund (less any government charges) if **you** paid the premium annually. If **you** have made a claim for a benefit under **your**

cover there will be no refund of premium.

If **you** have not paid **your** premium or an instalment of **your** premium, as applicable, within 28 days of it falling due or within 28 days of receiving written notice from **us**, whichever is the later date, **your insurance package** may be cancelled.

If **your** cover is cancelled due to non-payment of the premium, **your** cover may be reinstated at **your** previous type and level of cover provided that payment of any outstanding premium is received by **us** within 31 days of **your** cover being cancelled. In all other circumstances reinstatement of insurance cover is subject to approval by **the insurer** and may include additional terms and conditions.

There are also a number of other situations that the insurance cover under **your insurance package** may be cancelled or come to an end. Please refer to the terms and conditions of cover in this PDS which provide further details.

Information provided to the insurer

The insurer relies on the information **you** provide to **the insurer** to determine if insurance cover is available and, if so, on what terms. If the information provided is not correct, **the insurer** may be legally entitled not

to pay benefits to **you**.

The insurer may be legally entitled to vary the benefit limits if **your** date of birth that was given to **the insurer** was incorrect.

If there is a failure to comply with the duty of disclosure or any misrepresentation is made by **you**, **the insurer** may be legally entitled to avoid **your** cover in relation to the benefit payable.

The duty of disclosure

Under the *Insurance Contracts Act 1984* (Cth), before **you** enter into a contract of insurance **you** have a duty to disclose every matter that **you** know – or could reasonably be expected to know – which is relevant to **the insurer's** decision to accept the risk of the insurance and, if so, on what terms.

You have the same duty to disclose those matters to **the insurer** before this insurance cover is extended, varied or reinstated. Any disclosures made to **us** will be considered to have been made to **the insurer**.

You do not have to tell **the insurer** about:

- a matter that diminishes the risk undertaken by **the insurer**; or
- a matter that is considered to be common knowledge; or

- facts that **the insurer** knows or should know in the ordinary course of their business; or
- matters that **the insurer** tells **you** they do not need to know.

If in doubt **you** should disclose a matter to **the insurer**.

Non-disclosure

If **you** fail to comply with **your** duty of disclosure and **the insurer** would not have entered into the contract on any terms had **the insurer** known about the matter **you** failed to disclose then **the insurer** may avoid the contract within 3 years from the date **your** insurance commenced. If **your** non-disclosure is fraudulent **the insurer** can avoid the contract at any time.

If **you** have failed to comply with **your** duty of disclosure and **the insurer** is entitled to avoid the contract but elects not to avoid the contract, **the insurer** may within 3 years from the date **the insurer** entered the contract reduce the insured amount in accordance with a formula which takes into account the premium **the insurer** would have charged had **you** not failed to comply with **your** duty of disclosure.

Personal information and privacy

The **insurer** may require **you** to provide certain personal information to determine eligibility for insurance and for the provision of ongoing services. **We** will ask **you** for that information when required. **We** may provide **your** personal information to other entities in the Avant group of companies.

Due to **our** partnership with **the insurer**, **we** are required to provide **your** personal information to that entity and entities within that group of companies.

This information may be used to offer, provide, develop and improve products. **We** may use this information to satisfy insurance queries at the time of application for insurance cover, changes in the type of level of cover or in relation to the notification, acceptance or management of a claim made by **you**.

We are committed to supporting **our** legal obligations regarding privacy. A copy of **our** privacy policy can be viewed on **our** website at www.avant.org.au, or obtained by contacting **our** Member Services team on 1800 128 268.

What to do if you have a complaint

Our services

If **you** have any complaints about **our** services, then **you** should inform **us** immediately. **Our** service staff should be able to resolve the issues **you** raise satisfactorily.

However, if the matter has not been resolved to **your** satisfaction **you** may, under **our** internal dispute resolution (IDR) process, forward a complaint to **us**.

A copy of **our** dispute resolution procedure can be obtained either from **our** website or by contacting **our** Member Services team on 1800 128 268.

If **your** complaint is not satisfactorily resolved or answered by **our** IDR process **you** may refer the matter to the Financial Ombudsman Service (FOS). **We** are a member of the independent dispute resolutions service the FOS provides. A decision of the FOS is binding on **us**.

If **you** wish to make a complaint to the FOS please contact **our** Member Services team on 1800 128 268.

The insurer

If **you** have any complaint about **your** insurance package and the services the

insurer provides, **you** can take that complaint to **the insurer**. **Our** service staff will provide **you** with the appropriate contact information for **the insurer's** Complaints Officer.

The Complaints Officer will seek whatever information is required to resolve the dispute.

If the dispute is not resolved to **your** satisfaction or within 45 days of being lodged, **you** can direct the complaint to FOS.

If **you** wish to make a complaint to the FOS please contact **our** Member Services team on 1800 128 268.

The decision of the FOS is binding on **the insurer**.

Outbreak of war

The insurer may increase the premiums applying to all (or the same group of **insured persons**) at any time by giving written notice in the event of any invasion or outbreak of war (whether declared or not) which involves Australia or New Zealand.

If **the insurer** gives this notice and the premium increase is not paid, **the insurer** is not liable to pay a benefit, where the event giving rise to a claim arose either directly or indirectly from the invasion or war.

Section 5 – Information about claims

Notice of claim

You must provide initial notice to us of a potential claim as soon as possible after the incident that caused the claim. If you do not do so **the insurer** may not be able to effectively manage the claim. **The insurer** will only consider a claim where the delay in notification does not prejudice its ability to assess the claim.

Proof of claim

The obligation of **the insurer** to pay a benefit under this cover is subject to the following evidence being provided by you to us:

- written notice of any claim or potential claim being given to us as soon as reasonably possible. This notice must be in the approved claim form, unless we tell you otherwise;
- proof that the relevant event has happened being provided to **the insurer's** satisfaction;
- you, at **the insurer's** discretion, attending any medical examinations which **the insurer**

may arrange and providing any other information **the insurer** may require;

- in so far as a claimed event involves proof of ongoing **total disability** or **partial disability** from month to month **the insurer** is entitled to such information as **the insurer** reasonably requires;
- such other proofs relating to the claim that **the insurer** may request;
- if the evidence is required by **the insurer**, it will pay the costs of obtaining the evidence unless the evidence falls within the exceptions noted below;
- records of income and other personal or business financial documentation of yours being provided, if **the insurer** requires them;
- you agreeing to provide information of the claim and to being interviewed by us, **the insurer** or someone appointed by **the insurer**, if **the insurer** requires it; and
- any other proofs relating to the claim that **the insurer** may reasonably request.

What evidence does the insurer pay for?

If **the insurer** requires evidence to assess whether **the insurer** is liable to pay a claim **the insurer** must pay the costs of obtaining that

evidence, except for the following which you are liable to pay:

- proof of your date of birth;
- the initial medical report which must be supplied in support of any claim for **total and permanent disablement** or **total disability** or **partial disability**. **The insurer** may require this report to be given in a form of their choosing;
- an original or certified copy of a death certificate which must be supplied in support of any claim for life cover;
- an original or certified copy of the funeral home invoice where a funeral advancement benefit is sought;
- an initial **medical practitioner** report which must be supplied in support of any claim for **terminal illness**. **The insurer** may require this report to be given in a form of their choosing;
- travelling expenses associated with the proof of claim or providing evidence as may be required by **the insurer**, unless otherwise agreed in writing by **the insurer**; and
- travel accommodation expenses incurred in obtaining medical evidence.

Independent medical examination

The **insurer** may arrange for **you** to be medically examined in connection with a claim.

If **the insurer** does so:

- the person who examines **you** may be any appropriate registered **medical practitioner** or other healthcare practitioner chosen by **the insurer** in their discretion;
- **you** must attend the examination;
- **the insurer** must pay the practitioner's fees; and
- **the insurer** may treat the report as being confidential.

If **the insurer** arranges for **you** to be medically examined and **you** fail to attend the examination;

- **the insurer** will not proceed with the assessment of **your** claim until **you** attend;
- **the insurer** may suspend further payments of any benefit payable in respect of **you** until such time as **you** attend; and
- if **the insurer** incurs a non-attendance fee **the insurer** will deduct that fee from the amount of the benefit **the insurer** pays in respect of **you**.

Payment of claim money

All payments will be in Australian currency.

Reviewing claims

The insurer will not pay costs incurred by **you** in obtaining evidence to support a request for a review of a claim **the insurer** has declined.

Who does the insurer pay the benefit to?

All benefit payments are paid to **you** or, in the case of a life cover benefit in the event of **your** death, to **your** legal personal representative or **your** nominated beneficiary or beneficiaries (as allowable at law). Benefit payments will be directed to **us**, to pass on to **you**.

When **the insurer** follows **your** instruction to pay a benefit, payment by **the insurer** is a full and final discharge of **the insurer's** liability with respect to any entitlement due to **you**, in relation to the claim.

Section 6 – Definitions

Activities of daily living means:

- bathing and showering;
- dressing and undressing;
- eating and drinking;
- using a toilet to maintain personal hygiene;
- getting in and out of bed, a chair or wheelchair; and
- moving from place to place by walking, wheelchair or walking aid.

Agreed benefit means the amount of benefit which applies to **your** cover in accordance with **your** certificate of insurance.

At work means **you** are actively performing all of the duties of **your own occupation** and **you** are not in receipt of and/or entitled to claim income support benefits from any source including but not limited to workers compensation benefits, statutory transport accident benefits and disability income benefits.

Benefit period means the maximum period (2 years), as specified in the certificate of insurance, that a claim can be paid, including any previous claim where the cause of the

claim is directly or indirectly related. The **benefit period** commences as soon as the **waiting period** is completed.

Disability means either of **total disability** or **partial disability** in relation to income protection.

Date of disablement means the earlier of:

- the date on which the six (6) months consecutive absence from work that results in **total and permanent disablement** began;
- the date on which the six (6) months consecutive inability to perform the **activities of daily living** that results in **total and permanent disablement** began;
- the date **you** suffer the loss of the sight in both eyes, or the use of both limbs, or the sight in one eye and the use of one limb; or
- the date **you** suffer the loss of the sight of another eye, or the use of another limb, having already suffered the loss of the sight of an eye or the use of a limb.

Expiry age means the next anniversary date of **your** cover after **you** reach 65 years of age.

Illness means a sickness, disease or disorder.

Injury means bodily **injury** caused by violent, external and visible means.

Insurance package means Income Protection and Life and Total Permanent Disablement (TPD) cover offered to Avant members through Avant Insurance.

Insured person means an eligible person for whom cover is in force and who is named in the certificate of insurance as the insured under this insurance cover.

Loss of independent existence means:

- as a result of an **injury** or **illness** **you** are unable to perform two (2) of the **activities of daily living** without the assistance of another person for at least six (6) consecutive months and in **the insurer's** opinion:
 - there is a permanent and irreversible inability for **you** to perform two (2) of the **activities of daily living** without the assistance of another person; and
 - since **you** suffered the **injury** or **illness**, **you** have been under the regular care and attention of a **medical practitioner**; or
- **you** suffer cognitive impairment that results in **you** requiring permanent and constant care and supervision by another person for a period of at least six (6) consecutive months, and at the end of that six (6) months **you**

are likely to require permanent ongoing and continuous care and supervision by another person. The impairment must be established by a **medical practitioner** nominated by the **insurer**.

Loss of limbs or sight means the total and permanent loss of use of:

- both hands; or
- both feet; or
- one hand and one foot; or
- the sight of one eye and the use of either one hand or one foot; or
- the sight of both eyes.

Medical practitioner means a qualified, practicing medical practitioner, licensed to practise his or her specialty within Australia or New Zealand, and whose specialty in the **insurer's** opinion qualifies him or her to make a prognosis of **your terminal illness, injury, illness or disability**. The medical practitioner must not be the **insured person** under this insurance cover, **your** spouse, relative or business associate.

Monthly benefit means 1/12 of the **agreed benefit** in **your** certificate of insurance.

Monthly income means **your** pre-disability income.

Other disability income means any income (other than income under this insurance cover) which **you** may derive during a month for which the amount of the benefit that applies to **you** is being assessed, whether that income was actually received or not; and includes:

- any other income derived as a result of incapacity under any other insurance contract; and
- any benefit under any workers compensation, motor accident compensation or other similar state, federal or territory legislation;

but does not include:

- income earned from investments; or
- any lump sum **total and permanent disablement** benefit, lump sum superannuation benefit, lump sum trauma or **terminal illness** style of benefit; or
- annual leave, sick leave or long service leave entitlements.

Any other disability income that is in the form of a lump sum or is commuted for lump sum, has a monthly equivalent of 1% of the lump sum for each month a disability benefit is paid.

If it can be shown that a portion of the lump sum represents compensation for pain and

suffering, or the loss of use of a part of the body, **the insurer** will not take that portion into account as other disability income.

Where a common law, workers compensation or statute payment is received as a lump sum and pain and suffering cannot be isolated from loss of earnings, **the insurer** will convert this to income on the basis of 1% of the lump sum for each month a **disability** benefit is paid.

Own occupation means the last occupation **you** were engaged in at the time **you** became disabled.

Partial disability means that **you** have suffered total disablement for at least fourteen (14) consecutive days:

- **you** are no longer totally disabled because **you** are capable of returning to returning to work in **your own occupation**, or capable of performing, or working in another occupation or **you** are capable of returning to work in **your own occupation** on a partial basis but are not working; and
- **you** receive, or would, in **the insurer's** opinion, receive a **post-disability income** which is less than **your monthly income**; and

- **you** are under the regular care of and following the advice of a **medical practitioner**.

Partial disability income benefit means a proportion of the benefit amount calculated in accordance with the following formula:

$$\frac{A - B}{A} \times C$$

Where,

- A is **your pre-disability monthly income**,
- B is **your actual monthly income** earned during the month of **partial disability**, and
- C is the income benefit which would be otherwise payable if **you** had suffered a **total disability**.

As an example, if **your** pre-disability income is \$9,500 per month, **your** actual income earned during a month of **partial disability** is \$4,000, and **your monthly benefit** is \$6,666 (1/12 of an annual benefit of \$80,000 per annum), **your** partial disability income benefit will be \$3,859 per month.

Post-disability income means any income (other than income under this contract) that **you** may derive after the commencement of

the **waiting period** during a month for which the amount of the benefit that applies to **you** under this contract is being assessed.

However, if in **the insurer's** opinion **you** are suffering a **partial disability** but have not received such income, **the insurer** will estimate **your** capacity to earn by substituting an amount for partial earnings with regard to the extent of **your partial disability** to enable **the insurer** to calculate the benefit.

Terminal illness means a confirmed diagnosis by a **medical practitioner** who is a specialist in the field, of a terminal illness where life expectancy is 12 months or less as a direct result of acquiring the **illness**.

The insurer means Hannover Life Re of Australasia Ltd (ABN 37 062 395 484).

Total disability means that solely because of **injury or illness**:

- **you** are not capable of performing at least one of the income-producing duties of **your own occupation**; and
- **you** are not engaged in any occupation whether for reward or not for reward; and
- **you** are under the regular care of and following the advice of a **medical practitioner**

where an income-producing duty is a duty of **your own occupation** immediately before **you** became disabled which generated 20% or more of **your monthly income**.

Total and permanent disablement (TPD) is where as a result of **injury or illness you**:

- suffer **loss of independent existence**; or
- are **unable to work in your own occupation**; or
- suffer the **loss of limbs or sight**.

Unable to work means a state of physical or mental incapacity which:

- results in **you** being disabled and unable to work in **your own occupation** for at least six (6) consecutive months; and
- at the end of the six (6) months **you** continue to be so disabled that in **the insurer's** opinion, after considering medical evidence and/or other evidence, results in **you** being unlikely ever to work in **your own occupation**.

Us, we and **our** means Avant Insurance Limited ABN 82003707471 and AFS Licence 238765.

Waiting period is the period **you** select to wait before the **benefit period** begins. The applicable **waiting period** on **your** cover is either a 30 or 90 day period, whichever **you** selected in **your** insurance application.

This period will be set out on **your** certificate of insurance. The **waiting period** begins on the date **you** first receive medical attention from a registered **medical practitioner** who examines **you** and certifies **you** are suffering from a **total disability**. Where **you** return to work during the **waiting period** and this return to work proves unsuccessful due to the **injury** or **illness** causing **total disability** and the number of days **you** return to work for is no more than 10% of the **waiting period** then the original **waiting period** will continue. **The insurer** will not extend the **waiting period** by the number of days **you** unsuccessfully returned to work.

You, your means the **insured person** under this insurance cover.

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