

Loan Protection Plan

Product Disclosure Statement

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Issued By: Hannover Life Re of Australasia Ltd
and QBE Insurance (Australia) Limited

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About this document

The information in this PDS will help you to decide if Loan Protection Plan will meet your needs. You should read it carefully, along with any other documents we provide to you.

The information we provide is general information only and any advice does not take into account your individual objectives, financial situation or personal needs. You may wish to seek professional financial advice if you are unsure if this product will meet your personal circumstances and needs.

Important information

Loan Protection Plan is a life insurance policy that provides a lump sum payment in the event of death, diagnosis of terminal illness or any one of 11 serious medical conditions during the term of cover. The policy also provides a benefit for involuntary unemployment during the first 12 months of the policy. It is not a savings plan. You will not get any money back on termination of the policy.

Meaning of words

Throughout this PDS, “us”, “our” and “we” means Hannover when referring to the Death, Terminal Illness or Living Benefit, QBE when referring to the Involuntary Unemployment Benefit, or both when referring to the insurers generally.

“You” and “Your” means either the Insured Person or the Policy Owner, as the context allows.

We use various other terms (for example, *Terminal Illness*, *Involuntary Unemployment*, *Heart Attack*) which are defined in the policy document available at www.aligroup.com.au/policydocument.

About us

Loan Protection Plan is distributed by Australian Life Insurance Distribution Pty Ltd ABN 31 103 157 811 AFSL 226403 (“ALI Group”).

Loan Protection Plan is jointly issued by Hannover Life Re of Australasia Ltd ABN 37 062 395 484 (“Hannover”) (Death, Terminal Illness and Living Benefit) and QBE Insurance (Australia) Limited ABN 78 003 191 035 AFSL 239545 (“QBE”) (Involuntary Unemployment Benefit). Hannover and QBE are jointly responsible for the contents of this PDS.

ALI Group does not underwrite or guarantee the insurers’ obligations under the policy.

What are the benefits?

The detailed terms and conditions relating to all benefits are contained in the policy document available at www.aligroup.com.au/policydocument.

Death Benefit

We will pay a Death Benefit if the insured person dies. The amount of the benefit may differ over the term of the insurance and we will pay the amount that applies on the date of the insured person's death. The Death Benefit at the commencement of the policy must be between \$50,000 and \$750,000.

Upon payment of the Death Benefit the policy ends automatically.

Terminal Illness Benefit

We will pay a Terminal Illness Benefit if the insured person suffers from a terminal illness. We will pay the amount of Death Benefit that applies on the date the terminal illness is suffered.

If the insured person dies before the payment of the Terminal Illness Benefit, the policy pays a Death Benefit instead.

The policy automatically ends on the payment of the Terminal Illness Benefit as it is an acceleration of the Death Benefit.

Living Benefit

We will pay a Living Benefit if the insured person first suffers from one of the following insured conditions during the term of the insurance:

- Alzheimer's Disease – Dementia
- Cancer *
- Coronary Artery Bypass Surgery *
- Heart Attack *
- Kidney Failure
- Loss of Independent Existence
- Paralysis
- Severe Burn
- Stroke *
- Total Loss of Hearing
- Total Loss of Sight

*A three month exclusion period from the commencement of the policy applies to these conditions.

The amount of the benefit may differ over the term of the insurance and we will pay the amount that applies on the date the insured condition is suffered. At commencement of the policy, the Living Benefit is equal to 30% of your Death Benefit.

The Living Benefit is payable only once for each insured person. On payment, the Death and Terminal Illness Benefit is reduced by the amount of the Living Benefit and premiums are reduced accordingly.

Involuntary Unemployment Benefit

We will pay an Involuntary Unemployment Benefit if the insured person becomes involuntarily unemployed within the first year of the policy and can't find work during the first 30 days (the "waiting period") of involuntary unemployment. The amount of the benefit is one percent (1%) of your Death Benefit for each month of involuntary unemployment, up to a maximum \$2,500 per month for up to three months.

The payment of an Involuntary Unemployment Benefit has no effect on the level or continuation of other benefits.

When might benefits not be paid?

When a benefit won't be paid

We will not pay any benefit for an event suffered prior to the date the cover commenced or was reinstated. Full details about when benefits will not be paid are contained in the policy document available at www.aligroup.com.au/policydocument.

We will not pay a Death or Terminal Illness Benefit if the death or terminal illness is caused by:

- an intentional self-inflicted act within 13 months of the date the policy commenced or the most recent date we agreed to reinstate the policy; or
- a terminal illness resultant from a condition:
 - from which the insured person had suffered or had sought or had intended to seek advice from a health professional before the commencement of the policy; and
 - which is a listed Type A pre-existing condition (see section Type A pre-existing condition exclusion).

We will not pay a Living Benefit if:

- the event giving rise to the insured condition is caused by an intentional act of the insured person or policy owner; or
- the insured person had suffered or had sought or intended to seek advice from a health professional about the insured condition before the commencement of the policy for all 11 covered conditions, or within three months of the commencement of the policy for cancer, coronary artery bypass surgery, heart attack or stroke.

We will not pay an Involuntary Unemployment Benefit if:

- the unemployment was voluntary or occurred as a result of the conduct of the insured person; or
- the employment ceased under a contractual, seasonal or specified agreement; or
- a self-employed person ceased to trade unless their business has been placed in the hands of an insolvency or bankruptcy administrator; or
- the insured person was aware at the date of commencement or reinstatement of the policy of their pending termination of employment.

Pre-existing conditions

We will not pay a Death, Terminal Illness or Living Benefit if the insured condition is resultant from certain pre-existing conditions. If your policy covers two people, a pre-existing condition exclusion is extended only to the insured person to whom it applies.

Type A pre-existing condition exclusion

A Type A exclusion will apply if the insured person had suffered or sought or intended to seek advice from a health professional about any of the following conditions before the commencement of the policy:

- a) diabetes (excluding diabetes only during pregnancy), chest pain, heart condition, stroke or a circulatory condition (excluding controlled high blood pressure);
- b) a lump or growth that has not been confirmed benign (non-cancerous) or any form of cancer, leukaemia, lymphoma or melanoma (excluding other skin cancer);
- c) any chronic condition of the kidney;
- d) any chronic condition of the bladder;
- e) any chronic condition of the liver (including hepatitis);
- f) any chronic lung condition (excluding controlled asthma);
- g) paralysis;
- h) multiple sclerosis or other nervous system condition;
- i) serious mental condition (including schizophrenia, bi-polar disorder, psychosis, Post Traumatic Stress Disorder, drug or alcohol dependency, suicide attempt or major depressive disorder);
- j) any sight impairment (excluding long or short sightedness corrected by glasses or contact lenses);
- k) any hearing impairment; or
- l) any blood condition (including but not limited to HIV or AIDS).

Where a Type A exclusion applies, the insured person is excluded for all conditions contained in the subparagraph and no benefits will be payable for any event which is in any way caused by or contributed to any of those excluded conditions or any complication arising from the treatment of those conditions.

Examples:

1. If the insured person previously suffered from cancer, all conditions in (b) are excluded conditions.
2. If the insured person previously suffered from a heart condition, no benefits would be payable for a subsequent event caused by or contributed to by a stroke.

Type B pre-existing condition exclusion

A Type B exclusion will apply if two or more of the insured person's natural parents, brothers or sisters had been diagnosed before the age of 55 years with bowel cancer (all insured persons) or breast or ovarian cancer (female insured persons only).

Where a Type B exclusion applies, no benefits will be payable for any event which is in any way caused by or contributed to by cancer or any complication arising from the treatment of cancer.

Example: If the insured person's natural mother had previously been diagnosed with bowel cancer at age 52 years and their natural father had previously been diagnosed with bowel cancer at age 54 years, no benefit will be payable for an event which is caused by or contributed to by cancer or any complication arising from the treatment of cancer.

Certainty around pre-existing conditions exclusions

If you want clarity around which pre-existing conditions apply to your policy, the insured person may elect to answer a series of personal medical history questions within 30 days of the commencement of the policy. Depending on the answers to those questions, we may then remove the Type A and Type B exclusions from your policy schedule or replace them with agreed exclusions.

It is important that the questions are answered honestly and accurately as we rely on this information to determine the terms and conditions of your cover. **If the questions are not answered honestly and you later make a claim, we may reduce the benefit payable or avoid paying the claim altogether.**

What are the eligibility requirements?

We may provide you with a Loan Protection Plan policy if you are:

- A person who:
 - is an applicant for a loan (or loan increase) in the last 12 months or an existing borrower who has participated in a loan review with your mortgage broker; or
 - has been nominated by a company that is a borrower on a loan (or loan increase) application as a person associated with the company (including a shareholder, officer or employee of the company); or
 - is the spouse of a first insured person; and
- An Australian or New Zealand citizen or permanent resident, residing in Australia and have received this PDS in Australia; and
- No younger than 18 years and no older than 59 years at the date the policy commences; and
- Not the insured person under two or more Loan Protection Plan policies where at the date the policy commences, the total of the Death and Terminal Illness Benefit amounts under all of those policies is greater than \$750,000.

A policy may be established for two people as long as both meet the above requirements.

If the insured person(s) do not meet these requirements, or if you are unsure, please contact us without delay.

We may waive any of these eligibility requirements as we see fit. If we have done so, this will be recorded on your policy schedule. If you believe we have waived a requirement but it is not recorded on your policy schedule, please contact us without delay.

How much does it cost?

Your premiums are calculated taking into consideration your level of cover, the insured person's age and gender and whether they smoke tobacco or any other substance (or whether they have done so over the past 12 months). Premiums are recalculated annually and generally increase with age. They may also be impacted by any change in your levels of cover. Your premium includes a flat monthly policy fee which covers the cost of administering your policy. If your policy covers two people, your premium is combined into one amount.

We will provide you with a table of premium rates and calculation methods on request. If the premium rates or policy fee change, we will provide you with advance notice. Any change will affect all Loan Protection Plan policies established under this version of the PDS.

You don't currently have to pay any government duties or charges. If this changes, we will let you know.

Your annual premium is listed in your policy schedule. Premiums are payable in instalments in advance via automatic deduction from your bank, building society or credit union account or MasterCard, Visa or American Express. You (or the holder of the account to be debited) will be authorising Hannover to deduct the premium amount from the nominated account in accordance with the terms of the Direct Debit Agreement which is included in the policy document.

Complimentary cover for the first 30 days

Your first 30 days of cover is complimentary with your first premium due at the end of the complimentary period of cover.

When does cover start?

Your policy starts on the commencement date shown in your policy schedule. The policy schedule outlines the specific details of your cover. You will also receive a policy document which sets out the full terms and conditions of your cover. These are important documents and should be read carefully and retained by you. Please keep them in a safe place as you may need them to make a claim.

When does cover end?

Your policy is not tied to your loan, so your cover continues even if your loan does not proceed or after you have paid your loan off.

Loan Protection Plan is guaranteed renewable until age 99 years (for the Death and Terminal Illness Benefit) and age 65 years (for the Living Benefit) unless the policy has ended earlier because:

- the insured person has died;
- we've paid the Terminal Illness Benefit;
- we've paid a Living Benefit which has reduced the Death Benefit to zero;
- your policy has been cancelled due to your failure to pay the premium when due;
- you have not met the eligibility requirements for Loan Protection Plan;
- you have cancelled the policy; or
- you fail to provide us with an effective authorisation for automatic premium deductions from your bank, building society or credit union account or MasterCard, Visa or American Express within 30 days of the date of the commencement of the policy.

The policy ceases to provide an Involuntary Unemployment Benefit at the earlier of:

- the payment of three months Involuntary Unemployment Benefits; or
- unemployment that begins one year or more after your policy commenced.

Changing the benefit amounts

Automatic benefit increases

At each anniversary of your policy, we increase the amount of your benefits by the Consumer Price Index (CPI) to help protect against the impact of inflation. If the CPI is less than 3%, we apply a 3% increase to your benefits. If the CPI is more than 10%, we apply an increase not exceeding 10%. Your premiums will be increased to reflect the increase in your benefits. Full details are in the policy document.

You may choose to decline an automatic increase and/or decline all future automatic increases by contacting us.

Requesting changes to your benefit amounts

You can ask us to increase or decrease your benefit amounts (within the minimum and maximum amounts of cover) at any time after the policy starts by contacting us. The Type A and Type B exclusions will apply from the date of the increase, to the amount of the increase in benefit only. Full details are in the policy document.

If your policy provides cover for two people, the benefit amounts applying to each person do not need to be the same.

Making a claim

If you need to make a claim you should contact us as soon as possible by telephone, email or mail. Our professional claims assistance team is here to support you. Further details about the claims process are in the policy document.

Who receives benefits?

All benefits are paid directly to the owner of the policy, except for the Death Benefit in the following circumstances:

- If the deceased is the sole policy owner, the Death Benefit will be paid to their estate.
- If the deceased is a joint policy owner, the Death Benefit will be paid to the surviving policy owner.

Other important information

Are there any risks?

There may be some risks associated with holding a Loan Protection Plan policy:

- Failure to pay the premiums when due may result in the policy lapsing or being cancelled leaving you without cover and unable to make a claim.
- The type and amount of cover may not be sufficient for your circumstances.
- The information used to establish your policy is incorrect resulting in payment of only a portion of your claim or cancellation of your cover.
- Your cover will end if you fail to provide us with an effective authorisation for automatic premium deductions from your bank, building society or credit union account or MasterCard, Visa or American Express within 30 days from the commencement of the policy.

Taxation

Generally, lump sum Death, Terminal Illness or Living Benefit payments to individuals will not be assessable for income tax, and the premium is not tax deductible. This may not be the case if the policy is held by a business. Involuntary Unemployment Benefit payments may be assessable for income tax and the premiums tax deductible.

GST currently only applies to the Involuntary Unemployment Benefit component of the premium.

Please note: This information is a guide only and is based on the current interpretation of taxation laws which are subject to change. For information about your individual circumstances, please contact your tax adviser.

How we will communicate with you

We will send correspondence to you via email if we have an email address for you and where law permits. If we do not have an email address, or you have specified we don't email you, we will send correspondence to you at the address you last told us. We may also send certain correspondence, such as overdue premium reminders, via SMS to your mobile telephone.

It is important that you tell us of any change in your contact details.

Protection of your privacy

Hannover, QBE and ALI Group are committed to protecting the privacy of the personal information we collect. All collected personal information is handled in accordance with the Australian Privacy Principles and the Privacy Act 1988 (Cth).

Collecting personal information

Your information is collected to enable:

- the provision of premium quotes;
- the assessment of your application for insurance;
- issuance and administration of your insurance;
- the assessment of claims under the insurance;
- improvement in our insurance products;
- the provision of information on our products to our customers.

In most instances, your personal information is collected when you apply for a loan or loan increase or complete a personal statement. It may be collected face to face, or over the telephone or internet.

It may also be collected from a third party, such as your loan consultant, financial adviser, health professional, accountant or another organisation with whom an arrangement is in place for the promotion and sale of products offered or distributed by ALI Group or the insurers.

Disclosure of your personal information

Without your consent, your personal information will not be disclosed to any person outside of ALI Group and the insurers other than:

- anyone to whom tasks are outsourced. This includes our authorised representatives, the administrators and their representatives;
- medical practitioners, reinsurers, legal advisers and claims investigators;
- other insurers to which the insurance policy has been transferred; and
- where disclosure is required (or allowed) by law.

These third parties may be located outside Australia. Lists of countries in which recipients of your information are likely to be located are available at our respective websites.

All persons to whom tasks are outsourced will be required to ensure that our privacy requirements are met when using this information. Importantly, they will only be permitted to use the information for the tasks outsourced.

If you wish to access a copy of your personal information, or update your personal information that we hold, or you have a complaint or want more information about how we manage your personal information, please refer to the privacy policies on our respective websites or contact:

- ALI Group's Privacy Officer,
ALI Group, GPO Box 4737,
Sydney NSW 2001
or email: service@aligroup.com.au
- Hannover's Privacy Officer,
Hannover Life Re of Australasia,
Level 7, 70 Phillip St,
Sydney NSW 2000
or email: privacyofficer@hlra.com.au
- QBE's Privacy Officer,
QBE Insurance (Australia) Limited,
GPO Box 219, Parramatta NSW 2124
or email: complaints@qbe.com

Financial Claims Scheme and compensation arrangements

The involuntary unemployment cover is a protected policy under the Financial Claims Scheme (FCS), which protects certain insureds and claimants in the event of a general insurer becoming insolvent. In the unlikely event of QBE becoming insolvent you may be entitled to access the FCS. More information is available from the Australian Prudential Regulation Authority at www.apra.gov.au or telephone 1300 13 10 60.

Hannover has compensation arrangements in place in accordance with the Corporations Act 2001.

Contact us

If you have any questions about your Loan Protection Plan policy or our service, please contact ALI Group on:

- Telephone – 1800 006 776 (toll free)
- Email – service@aligroup.com.au
- Mail – GPO Box 4737, Sydney NSW 2001
- Our website is www.aligroup.com.au.

A copy of the Loan Protection Plan policy document is available at www.aligroup.com.au/policydocument.

If you have a complaint

We and ALI Group are committed to providing you with quality products and delivering the highest quality of service. If you have a complaint about our service, your insurance or the way we or ALI Group have handled your personal information, please contact ALI Group. ALI Group will assist you with any complaints, manage those which relate to the financial services provided to you and/or redirect complaints about your insurance to Hannover and/or QBE as appropriate.

We and ALI Group will try to resolve the matter as soon as possible and will seek to provide you with a resolution within 45 days. If we or ALI Group can't resolve the matter to your satisfaction, or we or ALI Group take more than 45 days to respond to you from the date you first made your complaint, you may raise the matter directly with the Financial Ombudsman Service (FOS).

FOS is an independent complaints resolution scheme approved by the financial services regulator, the Australian Securities and Investments Commission. FOS has been established to provide free advice and assistance to consumers to help them resolve disputes with members of the financial services industry such as us and ALI Group.

FOS may attempt to settle the matter by conciliation but it also has the power to arrange a formal hearing if the matter cannot be resolved. Before you ask FOS to help, you must first try to resolve the issue with us and ALI Group. FOS can then be contacted as follows:

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Telephone 1300 780 808 (toll free)

Further details about our resolution procedures are available by contacting ALI Group.

