

# AIA LIVING - PERSONAL OPTIONAL BENEFIT APPENDIX



## Redundancy Benefit

This *appendix* only applies if cover under *the schedule* for your policy includes the Redundancy Benefit and if you have a current **AIA Living** Mortgage or Income Protection Benefit. This *appendix* forms part of and is incorporated into your **AIA Living** policy, the terms of which apply to this *appendix*.

This is a Redundancy Benefit. Details of the benefit and *life/lives assured* are shown in *the schedule*

### 1. When will AIA pay a Redundancy Benefit?

AIA will pay a Redundancy Benefit if the *life assured* has become *redundant*.

AIA will pay the Redundancy Benefit monthly in arrears to you, with the first payment made one month after the end of the *waiting period*.

Subject to the other terms of this policy, the Redundancy Benefit will be paid until the earliest of the following:

- > Six months after the date the Redundancy Benefit commenced;
- > The *life assured* begins working again as a casual, part-time or full-time employee, a contractor or becomes self employed;
- > The *life assured* is 65 years old; or
- > The *life assured* dies.

### 2. What amount will AIA pay for a Redundancy Benefit?

The amount that AIA will pay monthly is:

- > The redundancy sum assured shown in *the schedule*; minus
- > Any other mortgage or income protection benefits that the *life assured* receives or is entitled to receive from any other sources in connection with the same *redundancy*, excluding any unemployment benefit paid by Work and Income New Zealand (WINZ) or equivalent.

### 3. Exclusions – When AIA will not pay a redundancy benefit

AIA will not pay any benefit under this *appendix*:

- > If the *life assured* is made *redundant* within six months following the *risk commencement date*;
- > If the *life assured* was not an *earner* for the six months immediately prior to the *life assured's redundancy*;
- > While the *life assured* is completing a sentence of imprisonment or home detention;
- > If the *life assured* is made *redundant* whilst outside of New Zealand and does not return to New Zealand within

28 days of the *redundancy*; or

- > If you or the *life assured* knew or ought to have known at the *risk commencement date* that the *life assured* could be made *redundant*.

### 4. When AIA may cease to pay a Redundancy Benefit

AIA may cease to pay a Redundancy Benefit:

- > If, while you are receiving a Redundancy Benefit, you do not provide any information requested by AIA within the time reasonably specified by AIA;
- > If, in AIA's opinion, the *life assured* does not make reasonable efforts to obtain employment – this includes but is not limited to registering with a recruitment agency, WINZ or any equivalent government agency; or
- > If the *life assured* leaves New Zealand for a continuous period of 28 days or more.

### 5. How to make a claim

To make a claim, you must follow the relevant procedures in the section of your **AIA Living** policy entitled "How to make a claim".

In addition, for a Redundancy Benefit claim, AIA will require evidence of:

- > *Redundancy*;
- > Income received by the *life assured* for the six weeks immediately prior to the *redundancy*;
- > The *life assured's* continuing *unemployment*;
- > Any earnings received by the *life assured* during the claim period;
- > Any work completed by the *life assured* during the claim period (e.g. remunerated or non-remunerated); and
- > Income received by the *life assured* from all other sources.

## 6. Key Terms

### ***earner***

A person who is employed for financial reward in a permanent position for an average of at least 20 hours per week.

### ***redundant or redundancy***

A situation where an employer ends the *life assured's* employment wholly or mainly because the position filled by the *life assured* has become surplus to the needs of the employer (including where the employer is going into liquidation).

Redundancy does not include a situation where the *life assured* voluntarily elects redundancy or where the employer is owned or controlled by you, the *life assured*, or a *close relative* of yours or the *life assured*.

### ***unemployment***

A person who is not engaged in remunerated work or business activities, for 10 hours or more a week.

### ***waiting period***

The waiting period will commence on the date the *life assured's redundancy* takes effect.

The waiting period will be the greater of the following:

- > Four weeks; or
- > The number of weeks (up to a maximum of 13 weeks) for which any *redundancy* payment(s) from the *life assured's* employer could reasonably provide income. Such period is calculated as follows:
  - the total after tax amount of any *redundancy* payment(s) from the *life assured's* employer to the *life assured* in respect of the relevant *redundancy*; divided by
  - the *life assured's* average weekly income, net of tax for the six weeks immediately prior to the date that the relevant *redundancy* took effect.