



# Simply Smarter Income Protection Insurance

Budget Direct Income Protection Cover  
Product Disclosure Statement





## Important Information

Budget Direct Income Protection Cover is issued by Hannover Life Re of Australasia (Hannover) ABN 37 062 395 484 of Tower 1, Level 33, 100 Barangaroo Avenue, Sydney NSW 2000.

Budget Direct Income Protection Cover is distributed and promoted by Auto & General Services Pty Ltd ABN 61 003 617 909, AFSL 241411 of Level 13, Toowong Village, 9 Sherwood Road, Toowong QLD 4066.

Budget Direct is a trading name of Auto & General Services Pty Ltd.

From time to time, this Product Disclosure Statement (PDS) may be updated. Updates or changes which are not materially adverse to you may be found on the Budget Direct website at [www.budgetdirect.com.au](http://www.budgetdirect.com.au). If you request a paper copy, this will be provided to you free of charge.

## About Budget Direct

Budget Direct has been arranging protection for some of Australia's most valued possessions since 2000. Each week, thousands of Budget Direct policies are issued to meet Car, Home and Contents, Life, Travel and Health Insurance needs nationwide.

## About Budget Direct Income Protection Cover

Budget Direct Income Protection Cover can provide you with a monthly payment if you are unable to work for a period of time due to a *serious illness or injury*. You can insure up to 75% of your monthly *income*, up to a maximum amount of \$10,000 per month.

Receiving monthly payments when you are not working can help manage financial commitments, such as mortgage repayments, school fees and general living costs so you can focus on recovering and returning to work if possible.

# Contents

|  |           |
|--|-----------|
| <b>Product Disclosure Statement</b> .....  | <b>3</b>  |
| What is a PDS?.....  | 3         |
| <b>Budget Direct Income Protection Cover at a Glance</b> .....   | <b>4</b>  |
| <b>Budget Direct Income Protection Cover</b> .....   | <b>5</b>  |
| 1. What benefit is provided by Budget Direct Income Protection Cover?.....                                   | 5         |
| 2. Are you eligible to apply for Budget Direct Income Protection Cover?.....                                 | 5         |
| 3. How much does Budget Direct Income Protection Cover Cost?.....  | 5         |
| 4. How much Budget Direct Income Protection Cover can you apply for?.....                                    | 6         |
| 5. How much Budget Direct Income Protection Cover do I need?.....  | 6         |
| 6. How long do you have to wait for Budget Direct Income Protection Cover<br>benefit payments to start?..... | 6         |
| 7. How long will Budget Direct Income Protection Cover benefit payments<br>be paid for?.....                 | 6         |
| 8. What happens if your serious illness or injury returns?.....  | 7         |
| 9. Do limits apply to Budget Direct Income Protection Cover?.....  | 7         |
| 10. Do exclusions apply to Budget Direct Income Protection Cover?.....                                       | 7         |
| 11. When does your Budget Direct Income Protection Cover start and end?.....                                 | 8         |
| 12. What documentation is included in Budget Direct Income Protection Cover?.....                            | 8         |
| <b>General Information</b> .....   | <b>9</b>  |
| 1. Is there a 30-day cooling-off period?.....  | 9         |
| 2. Is there inflation protection?.....   | 9         |
| 3. What should I know about premium changes, payments and deductions?.....                                   | 10        |
| 4. Can I change my cover?.....   | 10        |
| 5. How do I make a claim?.....   | 10        |
| 6. What proof is required to make a claim?.....  | 10        |
| 7. Who will receive the monthly benefit payments?.....   | 11        |
| 8. Can your policy be forfeited or cancelled?.....   | 11        |
| 9. What are the risks of this insurance?.....  | 11        |
| 10. What tax implications are applicable to my policy?.....  | 11        |
| 11. What should I know about privacy?.....   | 12        |
| 12. How do I make a complaint?.....  | 13        |
| <b>Duty of Disclosure</b> .....  | <b>14</b> |
| Your Duty of Disclosure.....   | 14        |
| If you do not tell us something.....   | 14        |
| <b>Definitions</b> .....   | <b>15</b> |



## Why choose Budget Direct?



### Easy to apply, with no medical tests

You can apply for cover by answering a few health, lifestyle and occupation questions over the phone without having to fill in any complicated forms. No medical tests or blood tests are required.



### Flexible Level of Cover

You can choose a level of cover suitable for your needs and budget;

- ▶ Monthly benefit amount can range from \$1,000 to \$10,000
- ▶ Benefit periods of 1 year, 2 years and 5 years
- ▶ 30 and 60 day waiting periods



### Worldwide cover, 24/7

You are covered 24 hours a day, 7 days a week, worldwide, subject to the terms of the *policy*.



### Automatic Inflation Protection

To keep up with the cost of living, your cover is automatically increased each year by the change in the Consumer Price Index (CPI).



### Changes in your health

Your cover, once accepted, can be maintained regardless of changes in your health, occupation and pastimes.



### Maintain Full Control

At any time you can apply to increase or decrease your cover within the *policy* limits.



# Product Disclosure Statement

## What is a PDS?

This Product Disclosure Statement (PDS) will assist you in making an informed decision regarding our Budget Direct Income Protection Cover. Additionally, the PDS explains the terms, conditions and exclusions applicable to Budget Direct Life Income Protection Cover and provides important information about maintaining timely premium payments, requesting *policy* changes, and making claims.

Any words in the PDS that are shown in *italics* are defined terms or definitions and can be found in the Definitions section from page 15.

Any advice given in this PDS is only general and does not take into account your individual objectives, financial situation or needs. You should consider whether this product is right for you, in conjunction with your objectives, financial situation and needs. You should carefully read this PDS and any other documentation we send you.

Budget Direct Income Protection Cover is issued by the life insurer, Hannover Life Re of Australasia Ltd (Hannover). Hannover has sole responsibility for the PDS, the *policy* and the assessment and payment of claims. Hannover is a wholly-owned subsidiary of the Hannover Re Group worldwide, one of the largest reinsurers in the world. The Life Insurance business of Hannover has been operating in the Australian market since 1958. Hannover's strong financial strength is visible in Standard & Poor's rating of 'AA- (very strong)'. Budget Direct Income Protection Cover is written out of the Hannover Australian Statutory Fund.

Budget Direct Income Protection Cover is not issued or guaranteed by Budget Direct, and Budget Direct is not included, or liable, in any manner in respect of the assessment and payment of benefits under the Budget Direct Income Protection Cover.

Budget Direct has consented to being named in this PDS in the form and context in which it appears and has not withdrawn this consent before the date of the PDS. In this PDS, references to we, us and our mean Hannover Life Re of Australasia Ltd.



# Budget Direct Income Protection Cover at a Glance

| Features                | Budget Direct Income Protection Cover            |
|-------------------------|--|
| Minimum age at entry    | 18   |
| Maximum age at entry    | 59   |
| Minimum monthly benefit | \$1,000  |
| Maximum monthly benefit | 75% of your monthly <i>income</i> up to \$10,000 |
| Waiting period          | 30 days or 60 days                               |
| Benefit period          | 1 year, 2 years and 5 years                      |
| Expiry age              | Policy anniversary after 65th birthday           |



# Budget Direct Income Protection Cover

## 1. What benefit is provided by Budget Direct Income Protection Cover?

Budget Direct Income Protection Cover will pay you a *monthly benefit* if you are unable to complete your *usual occupation* due to a *serious illness or injury* for the duration of the *waiting period* and continue to suffer from a *serious illness or injury* after the end of the *waiting period* except in the circumstances explained in 'Do exclusions apply to Budget Direct Income Protection Cover?' in point 10 following.

## 2. Are you eligible to apply for Budget Direct Income Protection Cover?

If you are working a minimum of 20 hours per week in your *usual occupation* for at least 12 months before your *policy* starts you can apply for Budget Direct Income Protection Cover. You also must be an *Australian resident* aged between 18 and 59.

## 3. How much does Budget Direct Income Protection Cover cost?

Premiums are calculated at each *policy anniversary* and are based on;

- ▶ Your age at that time
- ▶ The *monthly benefit*
- ▶ The *benefit period*
- ▶ The *waiting period*
- ▶ Various factors which may affect the premium rating at the time of insurance application such as gender, smoking status, state of health and occupation.

You do not need to pay your premium during any period during which the *monthly benefit* is payable.

You can apply for Budget Direct Income Protection Cover at [www.budgetdirect.com.au](http://www.budgetdirect.com.au) or contact Customer Services on **1800 555 048**.

## 4. How much Budget Direct Income Protection Cover can you apply for?

- ▶ The maximum *monthly benefit* you can apply for is up to 75% of your monthly *income*, capped at a maximum monthly amount of \$10,000.
- ▶ The minimum *monthly benefit* is \$1,000.

## 5. How much Budget Direct Income Protection Cover do I need?

When you consider how much Budget Direct Income Protection Cover you need, you might want to think about:

- ▶ Daily living costs such as food on the table and petrol.
- ▶ Monthly fixed costs such as rent, mortgage repayments and phone bills.
- ▶ Variable costs such as quarterly gas and electricity bills, rates and school fees.

For example:

Nathan is 27, married with a baby and earns \$70,000 as a Builder and wants to insure up to the maximum of 75% of his *income*. This is a *monthly benefit* amount of \$4,375 which will allow him to pay the rent and continue to provide for his family if he was unable to work.

Sarah is 44, single and works as a Marketing Manager earning \$110,000. Having paid off her mortgage, Sarah only wants to insure a portion of her *income* to meet day-to-day living costs if she was unable to work. She has opted to insure for a *monthly benefit* of \$3,000.

Daniel is 51, with two children in high school and earns \$180,000 as an Accountant and wants to insure to the maximum limit, which in this case is capped at \$10,000 a month. These *monthly payments* will allow Daniel to still continue saving for retirement, pay school fees and put food on the table if he was unable to work.

## 6. How long do you have to wait for Budget Direct Income Protection Cover benefit payments to start?

You can choose to have a *waiting period* of either 30 days or 60 days. The *waiting period* is the period you must wait before the *monthly benefit* becomes payable under the *policy*, and is set out in your *policy schedule*.

During the *waiting period*, you must be unable to perform your *usual occupation* due to a *serious illness or injury*. The *waiting period* begins on the date you first consult a registered *medical practitioner* for the *serious illness or injury* giving rise to your claim and when you cease all work due to that *serious illness or injury*. At the end of the *waiting period*, if you are still suffering from a *serious illness or injury*, you will be able to receive *monthly benefit* payments, paid in arrears. No *monthly benefit* is payable for the *waiting period*.

For example, if you have a 30 days *waiting period*, your first *monthly benefit* payment will occur 60 days after you were first unable to complete your *usual occupation*. This is the sum of the 30 days *waiting period* and waiting 30 days for payment in arrears.

## 7. How long will Budget Direct Income Protection Cover benefit payments be paid for?

You can choose to have a *benefit period* of 1 year, 2 years or 5 years. This is the maximum period of time you could receive a *monthly benefit* for the same or related *serious illness or injury*, even if you have not recovered from the *serious illness or injury*.

The *benefit period* starts at the end of the *waiting period* and continues until the earliest of;

- ▶ The end of the *benefit period*
- ▶ The date you are no longer suffering from a *serious illness or injury*
- ▶ The date you return to your *usual occupation* or any gainful occupation in any capacity
- ▶ The date of your death
- ▶ The *policy anniversary* following your 65<sup>th</sup> birthday
- ▶ The date your *policy* ends
- ▶ The date you cease to reside in Australia

## 8. What happens if your serious illness or injury returns?

If your *serious illness or injury* returns within six months and your Budget Direct Income Protection Cover is still in place, you are able to continue your claim for the remaining *benefit period* and we will waive the *waiting period*.

*Monthly benefit* payments for a recurring *serious illness or injury* will be deducted from your original *benefit period*. For example, if you had a 12 months *benefit period* and had already received six payments for the same *serious illness or injury*, you would have another six payments before your *benefit period* ended.

To submit a new claim for the same or related causes, you must return to working at your pre-claim capacity for at least six months and perform all of the usual duties of your *usual occupation* without restriction. A new *waiting period* and *benefit period* will then apply.

## 9. Do limits apply to Budget Direct Income Protection Cover?

The benefits payable to you under the policy cannot exceed:

- ▶ The *monthly benefit* you nominated; or
- ▶ 75% of your *pre-claim income* up to a maximum of \$10,000 *monthly benefit*

If you receive other payments, which along with the *monthly benefit*, are greater than 75% of your *pre-claim income*, then your *monthly benefit* may be reduced so that the total of all payments does not exceed 75% of your *pre-claim income*.

Only one *monthly benefit* is payable at any one time under this policy.

If you are covered under more than one Budget Direct Income Protection Cover *policy*, we will apply these limits to the total of the benefits payable under all Budget Direct Income Protection Cover *policies*. Any reduction in the *monthly benefit* will be applied to the Budget Direct Income Protection Cover most recently commenced and we will refund the premiums paid on the amount that exceeded the maximum limit.

## 10. Do exclusions apply to Budget Direct Income Protection Cover?

We will not pay the *monthly benefit* if the *serious illness or injury* occurred directly or indirectly from;

- ▶ A *mental disorder, illness or condition*.
- ▶ Elective or transplant surgery.
- ▶ Normal pregnancy including common discomforts such as morning sickness, back pain, varicose veins, ankle swelling or bladder problems, participation in an IVF or similar program, giving birth, miscarrying or having a pregnancy terminated.

- ▶ Intentional self-inflicted act, this includes exposing yourself to the risk of illness or injury and attempted suicide.
- ▶ The consumption of drugs (unless it was under the direction of a *medical practitioner* and not in connection with treatment for substance abuse, drug addiction or dependence).
- ▶ The consumption of intoxicating liquor, including having a blood alcohol reading content over the prescribed legal limit whilst driving.
- ▶ War (whether declared or not) or war-like activity, or taking part in a terrorist activity, riot or civil commotion.
- ▶ Engaging in any criminal activities or illegal acts.

We will not pay the *monthly benefit* where we have agreed a special term with you in respect of your cover that specifically excludes the event or condition leading to the claim. Any such special term will be agreed with you before your *policy* is issued and will appear on your *policy schedule*.

## 11. When does your Budget Direct Income Protection Cover start and end?

Cover under Budget Direct Income Protection Cover does not start until your application is accepted. If successful, we will send you a *policy schedule* setting out the *commencement date* when cover starts for you. We guarantee to renew your Budget Direct Income Protection Cover (provided you pay your premiums when due) until it ends.

Budget Direct Income Protection Cover ends when the first of the following occurs;

- ▶ The date of your death
- ▶ The date you cancel the *policy*
- ▶ The date we cancel the *policy* (where permitted by law)
- ▶ The date you cease to reside in Australia
- ▶ The policy anniversary following your 65<sup>th</sup> birthday

## 12. What documentation is included in Budget Direct Income Protection Cover?

If your application is accepted by us, we will issue you a *policy schedule*. Your Budget Direct Income Protection Cover *policy* consists of:

- ▶ the *policy schedule*;
- ▶ this PDS (which includes the terms and conditions applying under your *policy*);
- ▶ the Personal Statement (which includes personal details, including your answers to medical and lifestyle questions and your Declaration that the statements are true and correct); and
- ▶ the Payment Schedule (which outlines your selected premium payment frequency and method).

You should keep your Budget Direct Income Protection Cover *policy* and *policy schedule* in a safe place, as you will need to produce these in the event of a claim being lodged.



## General Information

### 1. Is there a 30-day cooling-off period?

You have 30 days from the *commencement date* to make sure you are happy with the *policy*, and decide whether you want to keep it. This is known as the 'cooling-off' period. Policies may be cancelled within the 30 day period provided a claim has not been made under the *policy*. Please send your *policy schedule* to Budget Direct PO Box 342, Toowong QLD 4066 with a written request for cancellation within the 30-day period. When Customer Services receives your letter and *policy schedule*, the *policy* will be cancelled, and any premiums you may have paid will be refunded.

### 2. Is there inflation protection?

To help your level of insurance keep up with the cost of living Budget Direct Income Protection Cover *monthly benefit* is automatically increased by the change in *CPI* on each *policy anniversary*.

Automatic increases will continue even where the maximum *monthly benefit* is met or exceeded.

A letter will be sent to you 30 days before your *policy anniversary* each year the *policy* remains in force. It will include the updated *monthly benefit* and premium. You can decline the automatic *monthly benefit* increase by writing to Budget Direct PO Box 342, Toowong QLD 4066.

You should decline the automatic increase if the new *monthly benefit* is greater than 75% of your *income*.

The automatic increases to your Budget Direct Income Protection Cover *monthly benefit* will end on the *policy anniversary* after you reach age 65.

### 3. What should I know about premium changes, payments and deductions?

We may change the premium rates applying to your *policy*, but only if we change the premium rate applying to all (or the same group of) Budget Direct Income Protection Cover policy owners. We will send written notice of any change to you (to your last address notified to us) at least 30 days before the effective date of the change. At your *policy anniversary* your premium will generally increase with age and any automatic CPI increases applied to the *monthly benefit* (see page 9 under 'Is there inflation protection?'). This is also known as a *stepped premium*.

**Payment frequency:** Your first premium deduction will occur on the first premium date shown in your *policy schedule*. Your premiums will then be deducted, fortnightly, monthly or annually from the first premium date depending on the frequency you choose. You may only apply to change your payment frequency after receiving the next anniversary notice for your *policy*.

**Payment method:** Payments can be made by automatic direct debit from your bank, credit union, or building society account or by credit card. You may apply at any time by phone to change the method of premium payment.

All payments made in connection with your *policy* must be made in Australian currency.

### 4. Can I change my cover?

Please call Customer Services on 1800 300 592 for applications to:

- ▶ Decrease any cover under your Budget Direct Income Protection Cover
- ▶ Increase any cover under your Budget Direct Income Protection Cover
- ▶ Change your status from a smoker to a non-smoker, for the purpose of determining your Budget Direct Income Protection Cover premium rating. You must successfully complete a non-smoker declaration over the phone with a Customer Services consultant to qualify for a non-smoker premium rate.

Any modifications in the terms and conditions relating to the change are subject to approval and written confirmation by us.

### 5. How do I make a claim?

You can claim under your *policy* by calling **1800 700 349**, emailing **life.claims@budgetdirect.com.au** or writing to Budget Direct Life Insurance, PO Box 342, Toowong QLD 4066. We will send you a claims booklet for you to complete, sign, and return to us. Additionally, we may require your treating *medical practitioner* to complete a form at your expense.

Claims should be made as soon as possible after the event leading to the claim. If we are not notified within a reasonable period of time after the event leading to the claim, and we are disadvantaged by the delay, we may be able to reduce the amount we would otherwise pay, or we may be able to refuse to pay the claim.

### 6. What proof is required to make a claim?

We will require:

- ▶ documentation by one or more appropriate *medical practitioners*;
- ▶ all relevant information, including any test, examination, or laboratory results, must be provided to us;

- ▶ your latest tax return and/or payslips to verify proof of income.
- ▶ any other documentation requested by us to support your claim.

We may refuse a claim under this *policy* if we do not have evidence to our satisfaction that you meet the requirements for the *monthly benefit* to be payable.

We reserve the right to require you to undergo, at our expense, examinations or other reasonable tests to assess the validity of the claim. Additionally, we may conduct investigations which could involve the use of investigation agents and surveillance, legal advisers, and the collection of personal data.

## 7. Who will receive the monthly benefit payments?

We will make all *monthly benefit* payments to you.

All benefits paid in connection with this *policy* will be made in Australian dollars.

## 8. Can your policy be forfeited or cancelled?

If you don't pay your premium when it is due and it remains unpaid for more than 28 days after it was due and we have given you written notice, your *policy* could be cancelled.

You can cancel your *policy* by writing to Budget Direct Life Insurance, PO Box 342, Toowong QLD 4066, and giving 30 days notice.

Your *policy* may be reinstated within 90 days of the date that the *policy* was forfeited or cancelled, but only if we agree and subject to any terms and conditions we might require.

## 9. What are the risks of this insurance?

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

- ▶ It is important to select and apply for the correct Insurance product and appropriate level of cover to suit your individual needs. Insufficient cover might cause you or your family to suffer financial hardship even after receiving the *monthly benefit* payment.
- ▶ If you are replacing a contract or policy with another contract or policy, you should consider all the terms and conditions of each policy before making a decision to change.
- ▶ Budget Direct Income Protection Cover is designed purely for protection, and does not include a savings or investment component. Therefore, if your *policy* is cancelled (after the 30-day cooling-off period), you will not receive anything back unless you have paid premiums more than 30 days in advance.
- ▶ If at the time of claim you have been unemployed or not earned an income from your personal exertion for more than 2 years then a *monthly benefit* may not be payable.

## 10. What tax implications are applicable to my policy?

In most cases, the Budget Direct Income Protection Cover premiums are tax-deductible and the *monthly benefit* will be considered as income and so will be assessable for taxation purposes.

This information is based on present tax laws and our interpretation of those laws. Regardless, you should seek professional advice to understand how tax laws will affect your individual circumstances.

## 11. What should I know about privacy?

We and Budget Direct are bound by the Australian Privacy Principles contained in the Privacy Act 1988 (Cth) and aim to protect the privacy of your personal information:

If you purchase Budget Direct Income Protection Cover, we through Budget Direct need to collect personal information from you so that we and/or Budget Direct can;

- ▶ assess your application
- ▶ set up and administer your *policy*
- ▶ provide you with services
- ▶ assess any claims you may have

The information we or Budget Direct collect may include sensitive information about you, such as health information.

If you fail to provide the personal information we require, we may not be able to provide you with insurance.

Additionally, we may use the information you give us to;

- ▶ improve our and/or Budget Direct financial products and services; and
- ▶ provide you with information about our and/or Budget Direct other products and services

The information is normally collected by Budget Direct or an authorised representative.

In some circumstances this may mean that we will need to share your information with and collect your information from a third party such as our and your medical advisors, claims data collectors, and verify your information with other consultants, experts, and your employer. We may also disclose personal information to other insurance or reinsurance companies for the purpose of obtaining reinsurance support, to our related companies and to other organisations that assist us in supplying our services.

We prohibit third parties to whom we disclose information from disclosing it or using it for any purpose other than the purpose for which it was provided.

We and Budget Direct may also use your information in other ways, but only where permitted or required by law.

You may ask for access to the personal information we hold about you at any time and seek correction of such information.

If we refuse to give you access to, or to correct, the personal information, we will write to you and give you our reasons for declining your request and information about how you may complain about our refusal.

Our Privacy Policy contains information about how you may complain about a possible breach of your privacy and how we will deal with such a complaint.

We may from time to time disclose personal information to overseas recipients, who are most likely to be located in Germany.

For our full Privacy Statement, please visit:

[https://www.hannover-re.com/1094181/australia\\_lh\\_privacy](https://www.hannover-re.com/1094181/australia_lh_privacy)

## 12. How do I make a complaint?

It is always our intention to provide you with the best possible service. However, if you have any cause for complaint, you should:

**Step 1** – Contact our appropriate department manager at the details shown on the Policy Schedule.

**Step 2** – If the matter is not resolved to your satisfaction within 14 days, please contact the Dispute Resolution Manager via our contact details on the back cover.

**Step 3** – If you are still not happy with our answer, we will give you details of independent dispute resolution facilities operated by the Australian Financial Complaints Authority.

Contact details for the Australian Financial Complaints Authority are:

|                |   |
|----------------|---|
| Website:       | <a href="http://www.afca.org.au">www.afca.org.au</a>                        |
| Email:         | <a href="mailto:info@afca.org.au">info@afca.org.au</a>                      |
| Telephone:     | 1800 931 678 (free call)  |
| In writing to: | Australian Financial Complaints Authority,<br>GPO Box 3, Melbourne VIC 3001 |

# Duty of Disclosure

## Your Duty of Disclosure

Before you enter into a life insurance contract, you have a duty to tell us anything that you know, or could reasonably be expected to know, which may affect our decision to insure you and on what terms.

You have this duty until we agree to insure you.

You have the same duty before you extend, vary or reinstate the contract.

You do not need to tell us anything that;

- ▶ reduces the risk we insure you for; or
- ▶ is common knowledge; or
- ▶ we know, or should know as an insurer; or
- ▶ we waive your duty to tell us about.

## If you do not tell us something

If you do not tell us anything you are required to, and we would not have insured you if you had told us, we may avoid the contract within 3 years of entering into it.

If we choose not to avoid the contract, we may, at any time, reduce the amount you have been insured for. This would be worked out using a formula that takes into account the premium that would have been payable if you had told us everything you should have. However, if the contract has a surrender value, or provides cover on death, we may only exercise this right within 3 years of entering into the contract.

If we choose not to avoid the contract or reduce the amount you have been insured for, we may, at any time vary the contract in a way that places us in the same position we would have been in if you had told us everything you should have. However, this right does not apply if the contract has a surrender value or provides cover on death.

If your failure to tell us is fraudulent, we may refuse to pay a claim and treat the contract as if it never existed.



## Definitions

Certain words in this PDS are in *italics*, for example, *monthly benefit*. The meaning of these words can be found below.

**Accident** means an event resulting in bodily *injury* occurring while this *policy* is in force, where the *injury* is directly and solely caused by accidental, violent, external and visible means without any other contributing causes and where the *injury* is not self-inflicted.

**Australian Resident** means a person who resides in Australia at the time of application and either holds Australian or New Zealand citizenship; or holds an Australian permanent residency visa; or has been in Australia continuously for six months or more on a temporary work visa and resides in Australia.

**Benefit Period** means the maximum length of time we will pay the *monthly benefit* for the same or related serious sickness or injury during the life of the *policy* and is shown in the *policy schedule*.

**Commencement Date** means the date your application is accepted by us and cover starts as set out in the *policy schedule*.

**CPI** means the Consumer Price Index (weighted average of eight capital cities combined) published by the Australian Bureau of Statistics. We will use the percentage increase at the end of the 12 month period ending 30 June each year. The *CPI* increase will be applied to policies as they pass through their anniversary from 15 September each year.

**Illness** means *illness*, sickness or disease which first manifests itself after the date on which the applicable Insurance benefit starts.

**Income** means regular *income* earned through personal exertion calculated after the deduction of expenses incurred in producing that *income* and before the deduction of income tax. This does not include superannuation payments. At time of claim we may verify your *income* via tax returns and/or payslips.

**Injury** means a bodily *injury* caused by an *accident*.

**Life Insured** means a person named in the *policy schedule* as the *life insured* and referred to as 'you' or 'your' in the PDS.

**Medical Practitioner** means a qualified, practicing medical specialist, licensed to practice his or her medical specialty within Australia or New Zealand, and whose specialty qualifies him or her to, prescribe drugs or to diagnose a medical condition, *illness*, disability, or *injury* covered under the *policy*. The *medical practitioner* must not be the *life insured* under the *policy*, their spouse, relative, or business associate.

**Mental Disorder, Illness or Condition** means any disorder or *illness* or condition classified in the Diagnostic and Statistical Manual of Mental Disorders, Volume IV, published by the American Psychiatric Association (or such replacement or successor publication we approve, or if none then a comparable publication as selected by us). Such mental disorder conditions include, but are not limited to;

- ▶ Depression
- ▶ Anxiety
- ▶ Post traumatic stress
- ▶ Psychotic, personality, emotional or behavioural disorders
- ▶ Physical symptoms of a psychiatric illness
- ▶ Disorders related to substance abuse or dependency which include alcohol, drug or chemical dependency
- ▶ Psychoneurosis

Mental disorders or illnesses do not include dementia (except where the dementia is related to substance abuse or dependency), Alzheimer's disease or head injuries.

**Monthly Benefit** means the *monthly benefit* amount you are eligible to receive in respect to your Budget Direct Income Protection Cover under the *policy* terms and conditions.

**Other Payments** are;

- ▶ workers compensation
- ▶ compensation for motor vehicle accident
- ▶ payments made under any similar state or federal legislation
- ▶ damages paid under common law
- ▶ payments received from any other insurance policy or superannuation/pension insurance policy that relate to income replacement
- ▶ sick leave or any other approved leave payments received.

If any of the *other payments* are paid in a lump sum we convert this to its equivalent monthly income. We calculate this based on actuarial advice by looking at the circumstances in which the payments were made.

**PDS** is an abbreviation of Product Disclosure Statement.

**Policy** means the legal contract between you and us. Your policy consists of the *policy schedule*, this PDS (which includes the terms and conditions applying under your *policy*), the Personal Statement (which includes personal details, including your answers to medical and lifestyle questions and your Declaration that the statements are true and correct), and the Payment Schedule (which outlines your selected premium payment frequency and method). Your *policy* may not be transferred or assigned to another person.

**Policy Anniversary** means the anniversary of the *commencement date* of your *policy*.

**Policy Schedule** means the schedule issued with your *policy* and updated from time to time. A new policy schedule will be issued at any time we agree with you to change the details under your *policy*. A new policy schedule will replace any previous policy schedules.

**Pre-Claim Income** is the calculation of the highest average amount of monthly *income* for any period of 12 consecutive months during the two years immediately before you suffered a *serious illness or injury*, verified in the form of tax returns or employer issued payslips.

If you are on maternity, paternity or other paid or unpaid leave and you suffer a *serious illness or injury*, your *pre-claim income* will be the highest average amount of monthly *income* for any period of 12 consecutive months during the two years immediately before your leave commenced.

If at the time of claim you have been unemployed or not earned an income from your personal exertion for more than 2 years then a *monthly benefit* may not be payable.

**Serious illness or injury** means due to an *illness* or an *injury* occurring after the *commencement date*, you are;

- ▶ Unable to perform the usual duties of your *usual occupation* necessary to produce *income*.
- ▶ You are under regular care and following advice of a *medical practitioner*, in relation to your *illness or injury* for which you are claiming.
- ▶ Suffering a loss of *income*, and
- ▶ not engaged in your *usual occupation* or any other gainful occupation.

A *serious illness or injury* must be certified by your *medical practitioner* and confirmed by one or more medical specialists nominated by us.

For exclusions refer to the section 'Do exclusions apply to Budget Direct Income Protection Cover?' on page 7.

**Stepped premium** means at your *policy anniversary* your premium will be based on your age and other factors, and is likely to increase as you get older.

**Usual Occupation** means the occupation predominantly performed in the 12 months before the *serious illness or injury* causing the claim. If you are on maternity, paternity or other paid or unpaid leave for more than 12 consecutive months immediately before the *serious illness or injury* causing the claim, then your *usual occupation* is any occupation that you are reasonably capable of performing having regard to your education, training or experience.

**Waiting Period** means the period you must wait before the *monthly benefit* becomes payable under the *policy*, as set out in your *policy schedule*. You can choose a *waiting period* of 30 days or 60 days. During the *waiting period* you must be unable to perform your *usual occupation* due to a serious illness or injury. The *waiting period* begins on the date you first consult a registered *medical practitioner* for the *serious illness or injury* giving rise to your claim and when you cease all work due to that *serious illness or injury*. At the end of the *waiting period*, if you are still suffering from the *serious illness or injury*, you will be able to receive *monthly benefit* payments, paid in arrears. No *monthly benefit* is payable for the *waiting period*.

## How to contact us

Need to get in touch with Budget Direct?  
by email: [life.sales@budgetdirect.com.au](mailto:life.sales@budgetdirect.com.au)  
on the web: [budgetdirect.com.au](http://budgetdirect.com.au)  
on the phone: **1800 555 048**

## Budget Direct Life Insurance

PO Box 342, Toowong QLD 4066

Budget Direct Life Insurance is brought to you by  
Hannover Life Re of Australasia Ltd (Hannover)  
ABN 37 062 395 484

