

BUSINESS OVERHEADS COVER



What is Business Overheads Cover?





Business Overheads Cover is an insurance that pays you a monthly amount as reimbursement of eligible business overheads or the reasonable costs of employing a locum if you are unable to work due to a disability as a result of illness or injury.

Why do you need Business Overheads Cover?

Business Overheads Cover removes some of the operational and financial strain of covering business expenses so you can focus on your recovery.

Overheads include fixed costs like rent, vehicle expenses, electricity etc.

Business Overheads Cover overview

Entry criteria:		Minimum entry age 20 Maximum entry age 60
Cover term:		To age 65
Waiting period:		You can choose a waiting period of: 4, 8 or 13 weeks
Payment terms:		You can choose one of the following payment terms: 1 year or 2 years

Occupation classes: 1-4

Your occupation class is determined by the work you do. Your financial adviser will be able to help you work out what occupation class will apply to you.

Mandatory cover:

Premium Cover

How does it work?

Business Overheads Cover provides a monthly payment that you can use to contribute to the business' monthly expenses or hire a locum to replace you while you focus on your recovery.

The maximum monthly sum insured is \$25,000. The amount payable for the first three months of any claim will be the sum insured, irrespective of the actual costs to the business. The amount payable at the end of the first three months will be the lesser of the sum insured or the actual business overheads costs incurred by the business.

What's not covered?

- › Intentional self-inflicted harm including attempted suicide
- › Participating in a criminal activity
- › Pregnancy or complications thereof lasting less than 90 days after the end of the pregnancy
- › Failure to comply with the advice and treatment recommended by the attending treatment provider.

Premium details

Minimum premium:



\$20 per month (incl. policy fee)

Payment frequency:



Weekly, fortnightly, monthly, half-yearly, annually

Payment method:



Direct debit, credit/debit card

Premium review structure

Under Business Overheads Cover, you will have a one year premium review period. This means your premiums will adjust each year on your policy anniversary in line with your increasing age and underlying premium rate changes that have occurred since your last policy anniversary date.

Some facts to think about



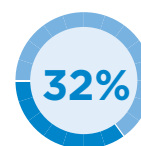
In 2018, the incidence rate was **129 claims per 1,000 FTEs** for self-employed people compared to 98 claims per 1,000 FTEs for employees.

(Statistics New Zealand; Injury statistics - work-related claims: 2018)



4 out of 10 males and **6 out of 10 females** are likely to be off work for 30-90 days due to an illness or accident before they reach 65.

(Davies Financial and Actuarial Limited, Jan 2010)



32% of injured people take longer than 10 weeks to return to work.

(ACC Annual Report 2016/2017)

If you're still not sure, ask yourself.

If an illness or injury prevents you from working, will your business be able to cover its costs and run profitably without you?

If 'no' then now is a good time to talk to your financial adviser.

Eligible business overheads

Your usual customary expenses incurred in the operation of your business can be included.

For example:

- › costs of electricity, gas, water, heating, telephone, laundry and cleaning and security contract costs
- › property rates
- › motor vehicle registration and warrant of fitness for motor vehicles used in your business
- › professional subscriptions
- › business insurance premiums including key person, fire and general and professional indemnity insurance premiums
- › accounting and audit fees
- › regular advertising costs
- › rent (including your share of building operating expenses)
- › interest directly related to business loans
- › the gross amount of salaries and related costs for your employees who do not generate income.

Built-in benefit

Business Overheads Cover provides the following benefit that is built-in:

Benefit	What is it?	How it works	Why it's important
Total Disability Benefit	A monthly benefit if you suffer from a total disability and are unable to work.	A monthly Business Overheads sum insured may be payable if you're totally disabled.	Helps to meet the short to medium term needs of your business while you focus on recovery.
Recurrent Disability Benefit	Waiver of your waiting period if your disability recurs within six months of going off claim.	If you suffer a recurrence of a disability within six months of the end of a claim for the same illness or injury, the waiting period will be waived for the new claim. The recurrent claim will be considered as a continuation of the original claim.	If you suffer a recurrence of the same disability you are not unfairly penalised by having to wait out the waiting period again.

Talk to your financial adviser

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Important information

This brochure is for information purposes and is a summary only. Please refer to the policy wordings for our full requirements and eligibility criteria. The content is intended to be of a general nature, does not take into account your financial situation or goals, and is not a personalised financial adviser service under the Financial Advisers Act 2008. It is recommended you seek advice from a financial adviser which takes into account your individual circumstances before you acquire a financial product. This brochure is based on information current as at November 2020 and is subject to change.

Cigna Life Insurance New Zealand Limited

