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16 March 2020



Adviser Update



A number of advisers have been asking us about our approach to COVID-19 in respect to existing clients and new business. This is to help them with the increasing number of client enquiries they have been receiving.

Below is our explanation for you, the adviser to help inform you of our current approach and also how that approach might evolve over time should the disease prove to have a greater impact on claimable outcomes than currently thought.

Not all of this information is necessary and/or appropriate to share with clients at this stage. We are sharing it with you in keeping with our tradition of being open with our advisers.

We will be creating a section on COVID-19 on our website which you can refer clients to. The words for that client section are included at the end of this Adviser Update should you wish to use them in your own client communications.

Adviser Only Explanation COVID-19
Partners Life's Current Approach as at 14 March 2020

Our existing clients

All of our products provide guaranteed terms and conditions, meaning existing clients maintain their current coverage irrespective of the impact of COVID-19.

In the seemingly unlikely event of a significant deterioration in claims experience as a result of COVID-19, Partners Life would call against its Pandemic Insurance and/or would re-price accordingly. In respect of re-pricing Partners Life could offer an affordability option for clients to voluntarily exclude claims arising from COVID-19 in exchange for a premium discount.

Our understanding of the medical risk of COVID-19

For infants, children and healthy adults, the medical impact of contracting COVID-19 does not appear to be discernibly different from any previously known forms of the flu virus.

The most significant impacts seem to have been occurring in vulnerable adults, being those with serious underlying health issues and/or those that are over the age of 70 with age related frailties.

Our products

Partners Life products are designed to be claimable on in the event of a major health interruption. There is no product in our product suite that would be claimable in the event of a limited respiratory viral infection, which does not result in a major health interruption.

Our potential new clients

Partners Life applicants must be NZ citizens, permanent residents or on long-term work permits. Temporary visitors cannot apply for Partners Life benefits.

The insured population in NZ is largely made up of lives assured who have insurance requirements to support dependent family members and/or employees and/or to repay debt. Older members of the public who no longer have dependents or debt are far less likely to hold insurance benefits. In addition, maximum age limits which apply to all products in the Partners Life range would further prevent an increase of applications for this at risk population.

Applicants for risk benefits with Partners Life are always underwritten to determine their specific health risk profile before being accepted for insurance. It is therefore very unlikely that people with health issues that would make them particularly susceptible to serious consequences resulting from a viral illness (including but not limited to COVID-19) would be accepted for coverage under Partners Life benefits.

Applicants who have contracted COVID-19 prior to applying for cover, and require medical testing or treatment for it, are required to disclose this information as part of their personal statement and will be underwritten accordingly. Anyone who does not disclose correctly will be subject to the usual consequences of non-disclosure should a claim arise.

As a result, Partners Life does not believe that the new business applicant population for Partners Life products will be significantly exposed to any increased risk of health interruption

claims arising from the current COVID-19 pandemic. We do not, therefore, believe anything further than our standard application and health underwriting processes are required at this stage.

We do anticipate an increased risk of Redundancy related claims across a number of industries should life-style restrictions continue for any length of time. As a result, and with immediate effect, we will not be accepting any new applications for the Redundancy Cover option under MRC and HEC benefits until further notice.

Emerging knowledge

Should our understanding of the Medical Risk of COVID-19 as detailed above change, and as a result we determine there could be an increased risk of COVID-19 related claims for new applicants, our initial response would be to automatically exclude COVID-19 related claims from those types of risk benefits where that increased claims risk might apply e.g. Private Medical Cover, or monthly Disability benefits etc. This exclusion would effectively be a "mandatory special term" applied which applicants must agree before cover will be issued.

Once that increased risk has been determined to no longer exist i.e. once the pandemic has run its course, Partners Life would communicate with applicable clients to confirm the COVID-19 exclusion will no longer be applied to their cover.

Advice to existing clients

As existing Partners Life clients are fully protected against any claimable major health interruption arising from COVID-19, and as each Insurer has its own unique approach to managing the COVID-19 pandemic, Partners Life encourages advisers and their clients take a very cautious approach if considering moving existing cover from their current insurer to another at this time. It is important to avoid the chance that COVID-19 may not be fully covered under any replacement benefits which are to be issued during this pandemic.

Client Explanation COVID-19

Partners Life's Current Approach as at 14 March 2020

Our existing clients

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Our potential new clients

Partners Life applicants must be NZ citizens, permanent residents or on long-term work permits. Temporary visitors cannot apply for Partners Life benefits.

Applicants for risk benefits with Partners Life are always underwritten to determine their specific health risk profile before being accepted for insurance. Applicants with health issues that would make them particularly susceptible to serious consequences resulting from a viral illness (including but not limited to COVID-19) might not be accepted for coverage under Partners Life benefits.

Applicants who have contracted COVID-19 prior to applying for cover, and have required medical testing and/or treatment for it, are required to disclose this information as part of their personal statement and their health will be underwritten accordingly.

As a result, Partners Life does not believe that the new business applicant population for Partners Life products will be significantly exposed to any increased risk of claims arising from the current COVID-19 pandemic. Our standard application and underwriting processes remain unchanged at this stage.

Emerging knowledge

Should our understanding of the Medical Risk of COVID-19 as detailed above change, and as a result we determine there could be an increased risk of COVID-19 related claims for new applicants, our current approach to potential new clients may change. Applicants will be made aware of any consequences of such a change in approach, where applicable.

Advice to existing clients

As existing Partners Life clients are fully protected against any claimable major health interruption arising from COVID-19, and as each Insurer has its own unique approach to managing the COVID-19 pandemic, Partners Life encourages advisers and their clients take a very cautious approach if considering moving existing cover from their current insurer to another at this time. It is important to avoid the chance that COVID-19 may not be fully covered under any replacement benefits which are to be issued during this pandemic.

Need Help or Have Other Questions:
Please contact your friendly Adviser Distribution Manager

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