

# Moderate Trauma Cover – FAQs

**Disclaimer:** This overview is a document that explains Moderate Trauma Cover and some issues relating to its use in general terms only. The full terms and conditions that apply to Moderate Trauma Cover and its benefits are detailed in the Policy wordings. Advisers are urged to familiarise themselves with all the Policy provisions. In addition, the content of this document is for information only and is not a substitute for commercial judgement or professional advice, which should be sought prior to acting in reliance on it. To the extent permitted by law, Partners Life and its related companies disclaim liability or responsibility to any person for any direct or indirect loss or damage that may result from any act or omission by any person in relation to, or in reliance on, the information supplied. Where any conflict arises between what is said herein and the policy wording, the policy wording always prevails.

## 1. What is Moderate Trauma Cover?

Moderate Trauma Cover is a lump-sum trauma product designed to give clients cover against trauma conditions of a moderate severity, rather than providing coverage for conditions which do not cause significant financial consequences. Some, but not all, trauma condition definitions require a greater degree of severity under Moderate Trauma Cover than they do under Partners Life's Trauma Cover.

Moderate Trauma Cover has more generous trauma condition definitions than Severe Trauma Cover and consequently costs more than Severe Trauma Cover. **Moderate Trauma Cover is designed to bridge the gap between Trauma Cover and Severe Trauma Cover.**

## 2. Are Moderate Trauma Cover premiums lower than Trauma Cover premiums?

Yes! By covering the trauma conditions of a more moderate severity, those that tend to have a larger financial impact, and by removing claims for trauma conditions that often only have a small or even no financial impact, Moderate Trauma Cover is able to be priced lower than Trauma Cover.

## 3. Why is a product like Moderate Trauma Cover necessary?

Trauma insurance has been getting more and more generous and diagnostic tools have been exponentially improving, leading to trauma products consistently experiencing deteriorating claims trends. As a result, the product has become more and more expensive, to the point that many people cannot afford the levels of trauma cover they actually need or want. Moderate Trauma Cover enables clients to afford higher levels of trauma cover so that they can be more suitably indemnified against significant financial consequences that can be caused by moderately severe trauma conditions.

Moderate Trauma Cover provides an option for clients who do not need, or want to pay for, insurance to cover financially insignificant trauma events.

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## 4. How can advisers use Moderate Trauma Cover to create insurance solutions for clients?

Advisers will no doubt find clients for whom Moderate Trauma Cover, on its own as a product, can provide appropriate solutions. Such clients might be:

- Those who, within the constraints of their budget, value getting more cover for more serious trauma conditions;
- Those for whom insurance against minor trauma events may be unnecessary and unaffordable, for example retired people;
- Business trauma cover clients that do not need cover for less significant financial consequences should a key person or shareholder suffer a relatively minor trauma event;
- Those clients for whom Trauma Cover is becoming too costly and who want a more affordable option without reducing their sums insured. Moderate Trauma Cover can be a steppingstone from Trauma Cover to Severe Trauma Cover, allowing transition to Severe Trauma Cover to be phased-in over time.

### Severity-based trauma solutions

Moderate Trauma Cover is particularly valuable as one of the building blocks of a severity-based trauma solution. The great benefit that good advisers bring their clients is their ability to do more than sell products. It is their ability to build unique solutions using multiple products. Partners Life advisers have been using a combination of Trauma Cover and Severe Trauma Cover to successfully build better trauma cover solutions than either product can provide on its own. Moderate Trauma Cover, fitting between Trauma Cover and Severe Trauma Cover in terms of benefits and price, adds flexibility to the severity-based solutions advisers and their clients can build.

## 5. With Moderate Trauma Cover now available, does Severe Trauma Cover still have a place?

Absolutely! Severe Trauma Cover only covers those severe trauma events likely to have a big financial impact on a client, and, as a result, costs significantly less than Trauma Cover and Moderate Trauma Cover.

Severe Trauma Cover is **the necessary** building block for a severity-based trauma solution that allows clients to afford the high sums insured they need for severe trauma events. Risks with big financial consequences are arguably the most important risks to properly insure because the financial consequences are so great. The problem is that most clients cannot afford enough trauma cover to properly insure these severe trauma risks. This is where Severe Trauma Cover comes into its own, it provides cover for those severe trauma risks at significantly lower premium, making the high sums insured needed far more affordable.

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## 6. Why should advisers consider building severity-based trauma solutions?

One of the difficulties with determining how much trauma cover any person needs is the wide range of financial consequences suffering a trauma event could cause, ranging from none at all to millions of dollars.

Breaking trauma risk into separate risks, those with (relatively) 'minor', 'moderate' and 'severe' financial consequences, helps more easily quantify the risk and makes applying a suitable insurance solution much easier, more understandable for clients and much more cost efficient. As usual, what is 'minor' 'moderate' or 'severe' depends on each client and their circumstances.

To illustrate the point, let us consider a couple of examples of how a severity-based approach may work compared with simply using Trauma Cover. Advisers are free to set the various trauma product sums insured as required, the examples given are simply that, examples.

**Example one:** (for a 40-year-old female non-smoker with relatively high trauma cover need).

NEED IDENTIFIED	TOTAL TRAUMA RISK	SMALL TRAUMA RISK	MODERATE TRAUMA RISK	SEVERE TRAUMA RISK	TOTAL COST
	\$600,000	\$80,000	\$200,000	\$600,000	
INSURANCE SOLUTION	TOTAL TRAUMA RISK	SMALL TRAUMA RISK	MODERATE TRAUMA RISK	SEVERE TRAUMA RISK	TOTAL COST
<b>Trauma Cover</b> (Product-based solution)	\$600,000				<b>\$184.74</b>
<b>Alternative, severity-based solution</b>					
Trauma Cover required		\$80,000			\$24.63
Moderate Trauma Cover required (less Trauma Cover)			\$120,000		\$29.57
Severe Trauma Cover required (less Trauma and Moderate Trauma Covers)				\$400,000	\$43.64
<b>Severity based solution</b> (combined total premium)					<b>\$97.84</b>

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**Example two:** (50-year-old male non-smoker with lower need)

NEED IDENTIFIED	TOTAL TRAUMA RISK	SMALL TRAUMA RISK	MODERATE TRAUMA RISK	SEVERE TRAUMA RISK	TOTAL COST
	\$200,000	\$40,000	\$80,000	\$200,000	
INSURANCE SOLUTION	TOTAL TRAUMA RISK	SMALL TRAUMA RISK	MODERATE TRAUMA RISK	SEVERE TRAUMA RISK	TOTAL COST
<b>Trauma Cover</b> (Product-based solution)	\$200,000				<b>\$217.53</b>
<b>Alternative, severity-based solution</b>					
Trauma Cover required		\$40,000			\$43.51
Moderate Trauma Cover required (less Trauma Cover)			\$40,000		\$34.83
Severe Trauma Cover required (less Trauma and Moderate Trauma Covers)				\$120,000	\$41.44
<b>Severity based solution</b> (combined total premium)					<b>\$119.78</b>

If clients can afford funding all their trauma risk using Trauma Cover, then fine. However, this is not cost efficient, and most people cannot afford the levels of cover they need using current trauma products alone. By breaking trauma risk into separate parts and using Partners Life's various trauma products, advisers can 'build' almost any solution to a client's trauma risk needs and make the large sums insured required to more adequately cover trauma conditions with severe financial consequences, more affordable.

## 7. How is Moderate Trauma Cover different from Trauma Cover?

All the usual great ancillary benefits, like the cover for dependent children and newborn children, and the Special Events Increase Benefit, for example, are included in Moderate Trauma Cover in the same way they are with Trauma Cover.

Moderate Trauma Cover differs from Trauma Cover in that some, not all, trauma condition definitions are less generously defined under Moderate Trauma Cover. In particular, occupational TPD is not a covered condition under Moderate Trauma Cover.

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## 8. Which Moderate Trauma Cover trauma conditions are less generously defined than under Trauma Cover?

The table below very briefly explains the main differences in those Moderate Trauma Cover conditions which are defined more seriously than under Trauma Cover. In some cases, the difference is only in the diagnosis benefit. **For full and complete details of all definitions, please refer to the policy wording.** (Diagnosis Benefits pays 25% of the sum insured up to a maximum of \$100,000.)

TRAUMA CONDITION	TRAUMA COVER DEFINITION	MODERATE TRAUMA COVER DEFINITION
<b>Alzheimer's Disease</b>	Unequivocal diagnosis of Alzheimer's disease.	Alzheimer's disease with accompanying progressive loss of cognitive ability before age 65.
Diagnosis Benefit	Not applicable as full benefit paid on diagnosis.	Unequivocal diagnosis of Alzheimer's disease before age 65.
<b>Angioplasty</b>	Angioplasty involving at least 3 coronary arteries (within 60 days).	Same as Trauma Cover.
Diagnosis Benefit	Angioplasty involving 1 or 2 coronary arteries.	Angioplasty involving 2 coronary arteries.
<b>Aplastic Anaemia</b>	Bone Marrow failure that requires necessary treatment.	Bone Marrow failure that requires at least one of the following: <ul style="list-style-type: none"> <li>• Marrow stimulating agents; or</li> <li>• Bone marrow transplant; or</li> <li>• Peripheral blood stem cell transplantation; or</li> <li>• Blood product transfusions; or</li> <li>• Immunosuppressive agents.</li> </ul>
<b>Blindness</b>	Loss of sight in both eyes (Visual acuity less than 6/36 in both eyes after correction, or field of vision constricted to 20 degrees or less of arc); or <ul style="list-style-type: none"> <li>• Age Related Macular Degeneration with significant central vision loss before age 55; or</li> <li>• Stargardt Disease before age 55; or</li> <li>• Progressive loss of sight due to Glaucoma.</li> </ul>	Loss of sight in both eyes (visual acuity less than 6/60 in both eyes after correction, or field of vision constricted to 20 degrees or less of arc).
Diagnosis Benefit	<ul style="list-style-type: none"> <li>• Loss of sight in 1 eye; or</li> <li>• Loss of sight in both eyes likely to occur in 12 months; or</li> <li>• Diagnosis of Macular Degeneration.</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of sight in 1 eye; or</li> <li>• Loss of sight in both eyes likely to occur in 12 months.</li> </ul>
<b>Cancer</b>	Invasive cancers. Also includes many early-stage cancers, such as Carcinoma-In-Situ, requiring Major Treatment (Radical Surgery, Chemotherapy, Radiotherapy, or Immunotherapy).	Stage 2 or equivalent Cancers: <ul style="list-style-type: none"> <li>• Malignant melanoma Stage 2b, or Clarks Level 3, or where there is evidence of ulceration; or</li> <li>• Prostatic cancers described as: <ul style="list-style-type: none"> <li>◦ TNM Classification T2; or</li> <li>◦ Gleason Score of 7 or more; or</li> </ul> </li> <li>• Chronic Lymphocytic Leukaemia Rai Stage 2; or</li> <li>• Lymphoma classified as Ann Arbor Stage 2; or</li> <li>• Any other tumours classified as Stage 2 based on TNM classification or above.</li> </ul>
Diagnosis Benefit	Early-stage carcinoma-in-situ and certain other early-stage cancers excluded from the full payment definition.	None.

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TRAUMA CONDITION	TRAUMA COVER DEFINITION	MODERATE TRAUMA COVER DEFINITION
<b>Cardiomyopathy</b>	Heart disease resulting in permanent physical impairment to at least Class 3 of the New York Heart Association classification.	Same as Trauma Cover.
Diagnosis Benefit	Unequivocal diagnosis of Cardiomyopathy.	Heart disease resulting in permanent physical impairment to at least Class 2 of the New York Heart Association classification.
<b>Chronic Kidney Failure</b>	End stage kidney failure requiring permanent dialysis.	Same as Trauma Cover.
Diagnosis Benefit	Diagnosis of chronic kidney failure.	Stage 3 chronic kidney failure.
<b>Dementia</b>	Diagnosis of Dementia.	Dementia with significant cognitive impairment before age 65.
Diagnosis Benefit	Not applicable as full benefit paid on diagnosis.	Diagnosis of Dementia before age 65.
<b>Diabetes</b>	Diabetes with at least 1 of the listed complications.	Diabetes with at least 2 of the listed complications.
<b>Heart Attack</b>	Death of a portion of the Heart Muscle due to a lack of blood supply.	Death of a portion of Heart Muscle as evidenced by: <ul style="list-style-type: none"> <li>• typical rise and/or fall of cardiac biomarkers; and</li> <li>• angiographic evidence of blockage of one of the following: <ul style="list-style-type: none"> <li>◦ at least two (2) coronary arteries; or</li> <li>◦ left anterior descending artery (LAD); or</li> <li>◦ left main coronary artery</li> </ul> </li> </ul>
<b>Heart Valve Replacement</b>	Surgical replacement of at least 1 heart valve (or 2 valves via intra-arterial procedure).	Replacement or repair of at least 2 cardiac valves.
Diagnosis Benefit	Replacement or repair of 1 valve.	Same as Trauma Cover.
<b>Intensive Care</b>	Score of 15 points or more - points are based on a severity criteria scale per time spent on life support or in ICU or HDU.	Same definition as Trauma Cover, but with a minimum score of 40 points.
Diagnosis Benefit	Score of 10 to 14 points.	Score of 25 to 39 points.
<b>Loss of Cognitive Function</b>	Cognitive impairment requiring: <ul style="list-style-type: none"> <li>• supervision for at least 4 hours per day; or</li> <li>• mini-mental score of less than 20 out of 30.</li> </ul>	Same definition as Trauma Cover but no alternative mini-mental measure.
<b>Motor Neurone Disease</b>	Diagnosis of Motor Neurone Disease.	Motor Neurone Disease resulting in: <ul style="list-style-type: none"> <li>• 25% Whole Person Impairment; or</li> <li>• inability to perform 1 ADL.</li> </ul>
Diagnosis Benefit	Not applicable as full benefit paid on diagnosis.	Diagnosis of Motor Neurone Disease.
<b>Multiple Sclerosis</b>	Diagnosis of Multiple Sclerosis.	Multiple Sclerosis resulting in: <ul style="list-style-type: none"> <li>• 25% Whole Person Impairment; or</li> <li>• inability to perform 1 ADL; or</li> <li>• restriction of 7.5 or above according to EDSS.</li> </ul>
Diagnosis Benefit	Not applicable as full benefit paid on diagnosis.	Diagnosis of Multiple Sclerosis.

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TRAUMA CONDITION	TRAUMA COVER DEFINITION	MODERATE TRAUMA COVER DEFINITION
<b>Muscular Dystrophy</b>	Diagnosis of Muscular Dystrophy.	Muscular Dystrophy resulting in: <ul style="list-style-type: none"> <li>• 25% Whole Person Impairment; or</li> <li>• inability to perform 1 ADL.</li> </ul>
Diagnosis Benefit	Not applicable as full benefit paid on diagnosis.	Diagnosis of Muscular Dystrophy.
<b>Severe Rheumatoid Arthritis</b>	Progressive Severe Rheumatoid Arthritis.	Same as Trauma Cover but suffered before age 65.
<b>Stroke</b>	Suffering a stroke as evidenced on a scan; or suffering a stroke with permanent neurological damage and/or functional impairment.	Suffering a stroke with neurological damage and functional impairment which lasts for at least 3 months.
<b>Total and Permanent Disability (occupation)</b>	Total and Permanent inability to perform own occupation.	Not included.

## 9. Does Moderate Trauma Cover include TPD?

No, Moderate Trauma Cover does not include TPD, either as a built-in benefit or as an option.

Partners Life **Trauma Cover** and **Income Cover, Mortgage Repayment Cover** and **Household Expenses Cover** do include TPD benefits at no extra cost. Including TPD in Moderate Trauma Cover would result in a higher premium, making it unnecessary and thus price inefficient for clients who do not need additional TPD cover.

Clients who want additional cover for TPD risk can simply take more TPD Cover.

## 10. Does Moderate Trauma Cover include built-in cover for children?

Moderate Trauma Cover does include the built-in free Children's Moderate Trauma Cover of \$50,000. It also includes other valuable Trauma Cover benefits, like Newborn Child's Benefit, Special Events Increase Benefits, Financial and Legal Advice Benefit and Counselling Benefit, to name a few.

## 11. What premium structures are available for Moderate Trauma Cover?

Because Moderate Trauma Cover is designed to be an option particularly valuable to cost conscious clients, the only premium structure offered is Yearly Stepped premiums.

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## 12. Can existing Partners Life Trauma Cover clients who want to reduce premiums, convert some, or all, of their existing Trauma Cover, to Moderate Trauma Cover without underwriting?

Yes, and this is a big benefit because it allows clients to reduce benefits and premiums without the need for underwriting – they are not forever locked due to poor health into an ever-increasing cost product. Essentially, conversion to Moderate Trauma Cover allows an affordability option for clients for whom the more generous Trauma Cover, has become too costly.

Having 'affordable' options for trauma cover, like conversion to Moderate Trauma Cover or Severe Trauma Cover, are good reasons to recommend Partners Life Trauma Cover, because it allows conversion at some time in the future, without the underwriting risk that poor health might pose to an application for new cover (exclusions, loadings, or even complete decline and of course, non-disclosure risk).

An affordable conversion option is a good conservation tool for advisers too.