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PREFSURE
Holdings Limited

Lumley Life Insurance Portfolio

Lumley Term Insurance
Lumley Superannuation Term Insurance
Lumley Medical Catastrophe Insurance
Lumley Critical Illness Insurance

Lumley Life Personal Superannuation Fund

This Product Disclosure Statement (PDS), dated 1 January 2004, is jointly issued by Lumley Life Limited ABN 20 000 017 194 (Australian Financial Service Licence 239632), the issuer of the products in the Lumley Life Insurance Portfolio, and Security & General Nominees Pty Limited ABN 38 079 293 045, the trustee of Lumley Life Personal Superannuation Fund.

About this document

This document is a Product Disclosure Statement and contains important information that you should know before deciding whether to acquire one or more of the following financial products:

Lumley Life Insurance Portfolio

- Lumley Term Insurance
- Lumley Superannuation Term Insurance
- Lumley Medical Catastrophe Insurance
- Lumley Critical Illness Insurance

Lumley Life Personal Superannuation Fund

This PDS consists of this Part 1 document and a Part 2 document in the pocket in the back cover.

Lumley Life Limited (Lumley Life) is the issuer of each of the financial products in the Lumley Life Insurance Portfolio.

Security and General Nominees Pty Limited (Trustee) is the trustee of the Lumley Life Personal Superannuation Fund. If you become a member of the Fund, the Trustee will acquire a Lumley Superannuation Term Insurance policy on your behalf. Any benefit payable under the policy will be paid by Lumley Life to the Trustee and will form part of your superannuation entitlements.

Both Lumley Life and the Trustee take full responsibility for the whole PDS.

Information in this PDS that is not materially adverse information may be subject to change from time to time and may be updated by us. Updated information may be found at any time by calling us on 1800 221 142 or by reference to our website (www.prefsure.com.au). A paper copy of any updated information will be available on request, free of charge.

Cooling off If you acquire a financial product referred to in this PDS, you will have a cooling off period to decide whether the product is suitable for you. Information about the cooling off period can be found on:

- page 25, for a product within the Lumley Life Insurance Portfolio; and
- page 16, for the Lumley Life Personal Superannuation Fund.

Complaints Information about what to do if you have a complaint, including the external dispute resolution scheme that is available to you if you are not happy with the way the issuer deals with your complaint, can be found on:

- page 32, for a product within the Lumley Life Insurance Portfolio; and
- page 16, for the Lumley Life Personal Superannuation Fund.

Product Disclosure Statement

Lumley Life Insurance Portfolio

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Applying for a financial product

The only way to apply for one of the products in this PDS is to complete the application form and Personal Statement in the enclosed application booklet.

All insurance products in this brochure provide cover 24 hours a day, worldwide. A benefit is payable if an insured event occurs in respect of a life insured during the term of the policy.

Each of the Lumley Life Insurance policies are referable to Lumley Life's No 1 Statutory Fund. Each of the policies are non participating – that is, the owner of the policy is not entitled to an allocation of operating profits or distribution of retained profits of the Statutory Fund.

Premiums paid in respect of any Lumley Life Insurance policy are the cost of your insurance and consequently, there is no surrender or cash value at any time. Other than during the cooling off period, if you cancel your policy, you will not get anything back.

Lumley Life Insurance Portfolio Summary

What is the Lumley Life Insurance Portfolio?

The Lumley Life Insurance Portfolio consists of 4 separate policies:

- Lumley Term Insurance
- Lumley Superannuation Term Insurance
- Lumley Medical Catastrophe Insurance
- Lumley Critical Illness Insurance

Lumley Term Insurance	
What is it?	Lumley Term Insurance provides a lump sum benefit in the event of death or Terminal Illness.
Standard Benefits	Death Benefit Terminal Illness Benefit
Optional Benefits (Subject to the payment of an additional premium)	Children's Future Insurability Option Guaranteed Future Insurability Option Total and Permanent Disablement Waiver of Premium Benefit on Total Disability Line of Cover Option
Premium Options	The premium options available are: <ul style="list-style-type: none"> • stepped premiums; and • level premiums (only available to age 65). 'Stepped premiums' change (usually increase) on each policy anniversary based on the life insured's age. 'Level premiums' are based on the life insured's age next birthday at the start of the policy. The premium rate does not change on each policy anniversary.
Where do I get more information?	More information may be found on pages 6-10

Lumley Superannuation Term Insurance	
What is it?	Lumley Superannuation Term Insurance provides a lump sum benefit through your own complying superannuation fund or through the Lumley Life Personal Superannuation Fund in the event of death.
Standard Benefits	Death Benefit Terminal Illness Benefit
Optional Benefits (Subject to the payment of an additional premium)	Guaranteed Future Insurability Option Total and Permanent Disablement Benefit Option Waiver of Premium on Total Disability
Payment of Benefit	The benefit is payable to the Trustee of the superannuation fund.
Premium Options	The premium options available are: <ul style="list-style-type: none"> • stepped premiums; and • level premiums (only available to age 65). 'Stepped premiums' change (usually increase) on each policy anniversary based on the life insured's age. 'Level premiums' are based on the life insured's age next birthday at the start of the policy. The premium rate does not change on each policy anniversary.
Where do I get more information?	More information may be found on pages 11-16.

Lumley Life Insurance Portfolio

Summary (continued)

Lumley Medical Catastrophe Insurance	
Types of cover available What is it?	<p>Medical Catastrophe Insurance is available in two types - Platinum and Silver.</p> <p>Platinum Covers thirty-five specific illnesses/injuries or payment of the sum insured on death.</p> <p>Silver Covers thirty-five specific illnesses/injuries provided you survive for thirty days after you suffer the illness or injury. If you don't, only the death benefit of \$5,000 is payable.</p>
Standard Benefits	<p>Death Benefit (limited for Silver Cover)</p> <p>Medical Catastrophe Benefit</p> <p>Buy Back Facility (Platinum Cover only)</p>
Optional Benefits (Subject to the payment of an additional premium)	<p>Accelerated Buy Back Option (Platinum Cover only)</p> <p>Total and Permanent Disability Benefit Option</p> <p>Children's Medical Catastrophe Option</p> <p>Waiver of Premium on Total Disability</p> <p>Additional Death Benefit Option</p>
Premium Options	<p>The premium options available are:</p> <ul style="list-style-type: none"> • stepped premiums; and • level premiums (only available to age 65). <p>'Stepped premiums' change (usually increase) on each policy anniversary based on the life insured's age.</p> <p>'Level premiums' are based on the life insured's age next birthday at the start of the policy. The premium rate does not change on each policy anniversary.</p>
Where do I get more information?	You can get more information on pages 17-20

Lumley Critical Illness Insurance	
What is it?	Critical Illness Insurance provides a lump sum benefit in the event of death or a specified Critical Illness.
Standard Benefits	Death Benefit Terminal Illness Benefit Critical Illness Benefit
Optional Features (Subject to the payment of an additional premium)	Total and Permanent Disability Benefit Option Buy Back Option
Premium Options	Stepped premiums only 'Stepped premiums' change (usually increase) on each policy anniversary based on the life insured's age.
Where do I get more information?	You can get more information on pages 21-24

Other Information				
Minimum Premium	\$400			
Payment Frequency		Monthly	Half-Yearly	Annually
	Cheque	×	✓	✓
	Credit Card	×	✓	✓
	Direct Debit	✓	✓	✓
A frequency loading applies for payments more frequently than annually. Please refer to page 27 for the loading factors.				

Lumley Life Insurance Portfolio

Lumley Term Insurance

About Lumley Term Insurance

Lumley Term Insurance provides for the payment of a benefit in the event that a life insured, while covered under the policy:

- dies;
- is diagnosed as being terminally ill; or
- becomes Totally and Permanently Disabled (if the optional Total and Permanent Disablement Benefit is selected).

You may apply for Lumley Term Life Insurance if the life to be insured is aged between 16 to 74 next birthday.

If there is only one life insured under the policy, and the optional TPD Benefit is selected, the TPD sum insured may be up to twice the Death Benefit sum insured (up to the maximum TPD sum insured).

You may insure a number of lives under one policy

There is no limit on the number of lives you can insure on the one policy, as long as:

- all lives insured have the same sum insured;
- the sum insured under the Death Benefit and, if applicable, the Total and Permanent Disability Benefit, is the same; and
- all lives insured have the same optional benefits.

Your guide to finding information about Lumley Term Insurance

This section of the PDS contains information about the benefits available under the policy.

There is also other important information you should know before deciding whether to apply for Lumley Term Insurance. The following table shows where you can find that information:

Cooling off period – the short period of time after we issue the policy during which you can cancel the policy and obtain a refund	Page 25
Your duty of disclosure – the things you must tell us before applying for the policy, and the consequences of failing to do so	Application Form
Taxation – how tax impacts on premiums you pay and benefits you receive	Page 28
Enquiries or Complaints – what to do if you have an enquiry or complaint	Page 32

Benefits

This section of the PDS sets out the benefits available under Lumley Term Insurance.

There are some circumstances in which we may not pay a benefit. These circumstances are set out on page 10.

All benefits will be paid in Australian currency.

Standard Benefits

The following benefits are included under the Term Insurance policy and are described below:

- Death Benefit
- Terminal Illness Benefit

Death Benefit

We will pay the Death Benefit if a life insured dies while covered under the policy. The amount we pay under the Death Benefit is the Death Benefit sum insured at the date of death.

Terminal Illness Benefit

Where a life insured is diagnosed as being terminally ill and death is likely to occur within twelve months, the Death Benefit may be paid prior to the date of death with the agreement of the policyowner. Two medical practitioners will be required to certify the extent of the illness (or injury), one being the doctor treating the condition and the other being a doctor nominated by us who must confirm the diagnosis and prognosis.

The amount we pay under the Terminal Illness Benefit is the Death Benefit sum insured at the date of terminal illness. The maximum amount payable under the Terminal Illness Benefit, including all other amounts payable by us, is \$2,000,000 (or such other amount as advised by us from time to time). If the Death Benefit sum insured under the policy is greater than the maximum terminal illness benefit, the unpaid balance of the sum insured will be payable on the life insured's death.

First benefit payable – multiple lives insured

When the Death Benefit, Terminal Illness Benefit or, if applicable, Total and Permanent Disablement Benefit becomes payable for a life insured, the policy will only continue for the remaining lives insured for 60 days. The policyowner may request a new policy with the same level of cover (and the same optional benefits) for the remaining lives insured within 60 days of the benefit becoming payable (by notifying us in writing). We will issue a new policy for the remaining lives insured without the need for evidence of health. The new policy will start 60 days after the benefit became payable.

If there are simultaneous deaths, we will make payment in respect of each life insured (for example, an accident that results in the death of two of the lives insured). We will pay the full benefit in respect of each life insured.

Benefits Which Are Optional

For the payment of an additional premium, the following benefits may be added to the Standard Benefits above:

- Total and Permanent Disability Benefit Option
- Waiver of Premium Option on Total Disability
- Children's Future Insurability Option
- Guaranteed Future Insurability Option
- Line of Cover

Total and Permanent Disability Benefit Option

We will pay the Total and Permanent Disability Benefit if a life insured becomes Totally and Permanently Disabled while covered under the policy.

The amount we pay under the Total and Permanent Disablement Benefit is the TPD Benefit sum insured.

An "any occupation" definition of Total and Permanent Disablement applies unless you choose an "own occupation" definition, which is only available to certain class 1 professionals.

In some circumstances, a "home duties" definition of Total and Permanent Disablement will apply if the life insured was not engaged in a gainful occupation at the time of the event causing Total and Permanent Disability.

Also, on the policy anniversary before the life insured's 65th birthday, the definition of Total and Permanent Disablement will automatically be changed to a "long term care" definition.

What does Total and Permanent Disablement mean?

The meaning of Total and Permanent Disablement differs depending on which of the 4 following definitions applies to the life insured:

- 'any occupation' definition;
- 'own occupation' definition;
- 'home duties' definition;
- 'long term care' definition.

Any occupation definition

If an 'any occupation' definition applies and before the policy anniversary immediately prior to the life insured's 65th birthday, 'Total and Permanent Disability' means that we are satisfied that:

- the life insured has suffered total and irrecoverable loss of the:
 - sight of both eyes, or
 - use of two limbs, or
 - sight of one eye and the loss of the use of one whole hand, or whole foot,

OR

- the life insured has been absent from employment through illness or injury for an uninterrupted period of 6 months and in our opinion becomes so disabled that he or she will never be able to perform his or her own occupation or other occupation for which the life insured is suited by education, training or experience.

However, if the life insured is wholly engaged in full time unpaid home duties at the date of the event causing Total and Permanent Disability, then the 'home duties' definition will apply. Under the 'home duties' definition, for the purposes of determining if the life insured suffers Total and Permanent Disability, 'occupation for which the life insured is suited by education training or experience' will be taken to include unpaid home duties. The life insured must be disabled to such an extent that he or she is confined to his or her place of principal residence.

Own occupation definition

If an 'own occupation' definition applies and before the policy anniversary immediately prior to the life insured's 65th birthday, 'Total and Permanent Disability' means that we are satisfied that:

- the life insured has suffered total and irrecoverable loss of the:
 - sight of both eyes, or
 - use of two limbs, or
 - sight of one eye and the loss of the use of one whole hand, or whole foot,

OR

- The life insured has been absent from employment through injury or illness for an uninterrupted period of six months and, in our opinion after consideration of all the medical evidence and such other evidence as we may require, has become incapacitated to such an extent as to render them unlikely ever to be able to engage in their own occupation. However, if:
 - the life insured's occupation immediately prior to the commencement of Total and Permanent Disability can be described as 'home duties'; or
 - the life insured was not engaged in a gainful occupation at the time of the event causing disablement,then the 'home duties' definition will apply. Under the 'home duties' definition, 'Total and Permanent Disability' means that the life insured has, for an uninterrupted period of six months, been under medical supervision with complete inability to perform any normal duties or to move from the confines of the life insured's home without assistance, and, in our opinion, unlikely ever to recover.

Long term care definition

The definition of Total and Permanent Disability will, on the policy anniversary immediately prior to the life insured's 65th birthday, be replaced by the following definition:

Total and Permanent Disability means that we are satisfied that the life insured becomes so disabled by bodily injury or illness that he or she will never be able to perform at least two of the following numbered activities of daily living:

1. bathing or showering;
2. dressing and undressing;
3. eating and drinking;
4. using a toilet;
5. moving from place to place by walking, wheelchair or with the assistance of a walking aid.

Lumley Life Insurance Portfolio

Lumley Term Insurance (continued)

Single Benefit

Unless you choose 'double benefit' (see below), the Death Benefit sum insured for the life insured who is Totally and Permanently Disabled will be reduced by any amount payable under the TPD Benefit. If the Total and Permanent Disability Benefit sum insured is the same or greater than the Death Benefit sum insured, the policy will end when the TPD Benefit becomes payable.

Double Benefit

'Double Benefit' is not available for policies with more than one life insured.

If you choose 'double benefit' and the TPD Benefit becomes payable:

- the Death Benefit sum insured will not be reduced; and
- all future premiums due in respect of that part of the Death Benefit equal to the TPD Benefit paid will be waived.

Waiver of Premium Option on Total Disability

This option may only be selected in respect of policies that include no other optional benefits.

Under this option, following the occurrence of and the continuation of the Total Disability of a life insured, we will waive all future premiums falling due for that life insured.

Before the policy anniversary immediately prior to the life insured's 65th birthday, Total Disability means we are satisfied that:

- the life insured has suffered total and irrecoverable loss of the:
 - sight of both eyes, or
 - use of two limbs, or
 - sight of one eye and the loss of the use of one whole hand, or whole foot,

OR

- the life insured becomes so disabled by bodily injury or illness that he or she is unable to perform his or her own occupation or any other occupation for which the life insured is suited by education, training or experience for a period of three consecutive months and is not working in any gainful occupation.

However, if the life insured is wholly engaged in full time unpaid home duties at the date of the event causing Total Disability, then for the purposes of determining if the life insured suffers Total Disability, 'occupation for which the life insured is suited by education, training or experience' will be taken to include unpaid home duties. The life insured must be disabled to such an extent that he or she is confined to his or her place of principal residence.

After the policy anniversary prior to the life insured's 65th birthday, premiums will only continue to be waived while the life insured meets the 'activities of daily living' definition of Total Disability, which is:

The life insured becomes so disabled by bodily injury or illness that he or she will never be able to perform at least two of the following numbered activities of daily living:

1. bathing or showering;
2. dressing and undressing;
3. eating and drinking;
4. using a toilet;
5. moving from place to place by walking, wheelchair, or with the assistance of a walking aid.

Children's Future Insurability Option

As long as we have accepted a child as being insurable under this option, we guarantee to issue, on the regular option dates below, Term Insurance cover (death and terminal illness cover only) on any such child up to a total of \$300,000 without further evidence of insurability. The first regular option date is the 21st birthday, followed by the 24th, 27th and 30th birthdays.

Alternate option dates are the date of marriage, date of birth of a child or date of adoption of a child. If insurance is issued on an alternative option date, then the alternative option date will replace the next regular option date. Only one alternate option date is granted with respect to multiple births or adoptions at the same time.

The benefit amount available at each regular option date are:

1st option date	\$100,000
2nd option date	\$100,000
3rd option date	\$50,000
4th option date	\$50,000

Amounts of cover not taken up on the option date(s) cannot be carried forward.

Where the policy ends as a result of the death of the adult life insured, then the only option available will be the first option.

Guaranteed Future Insurability Option

This option is not available for policies with more than one life insured.

This option allows you to increase the Death Benefit for the life insured before the life insured's 55th birthday, without further evidence of health if the following personal or business events happen to the life insured:

Personal Events

- Marriage
- Adoption of a child
- Birth of a child
- Attaining age 25, 30, 35, 40 and 45
The sum insured can be increased by up to 25% of the original sum insured with a maximum increase of \$100,000 for any one event.
- The life insured effecting a first mortgage on a home.
The sum insured may be increased by up to the lesser of:
 - 50% of the original sum insured, or
 - the increase in the value of the first mortgage or a new first mortgage, or
 - \$200,000.

Business Events

Where the life insured is a Key Person in a business, the sum insured may be increased in the same proportion as the life insured's value to the business, averaged over the last three years.

Where the life insured is a Partner in a firm or a shareholder in a company, the sum insured may be increased in the same proportion as the increase in the value of the financial interest, averaged over the last three years.

In all circumstances for business events, the maximum increase for each event is the lesser of 25% of the original sum insured or \$200,000.

The Guaranteed Future Insurability option must be exercised within thirty days of the specified event and during the first six months of effecting any increase the coverage will extend only to death by accident.

Coverage for death by an intentionally self inflicted act will not extend to any increase in cover if death occurs within thirteen calendar months of effecting that increase.

The maximum increase that can be effected under the Guaranteed Future Insurability option from all circumstances is the lesser of the original sum insured or \$1,000,000.

Line of Cover Option

The Line of Cover Option is specifically available for business insurance purposes such as key man insurance, partnership insurance and for loan protection purposes.

It is an option that provides for increases to the death cover (and Total and Permanent Disability cover, if applicable).

No evidence of health will be required in respect of these increases. However, the ability of the business to substantiate the additional cover will be necessary.

Minimum Initial Sum Insured

The sum insured proposed under the policy must be at least \$500,000.

Maximum Increase Available

The sum insured under the policy in respect of death cover may be increased to the lesser of 3 times the original sum insured or \$10 million.

The sum insured in respect of Total and Permanent Disability cover may be increased to the lesser of 3 times the original sum insured and \$2,500,000.

The Automatic Inflation Proofing provisions of the policy do not apply when Line of Cover is included in a policy.

The Option Period

The option to increase the sum insured must be made within 3 years of the start of the policy. This may be extended to 6 years as long as at least one increase is effected in the first 3 years. Where an increase does not occur in the first 3 years, our agreement will be necessary to extend the option period from 3 to 6 years.

Maximum Entry Age

The Line of Cover Option is only available to lives aged less than 59 next birthday.

Exercising the Option

There is no limit on the number of options provided that the maximum sum insured limits are not exceeded.

Payment of a benefit

We will pay the Death Benefit to:

- the policyowner (where the policyowner is the same person as the life insured, the benefit is payable to that person's estate or any other person we are permitted to pay under the Life Insurance Act), or
- the nominated beneficiary(ies). You may, by notice in writing to us, nominate one or more persons to receive payment of the death benefit and in what proportion(s). Any such nomination may be revoked or changed by you by notice in writing to us.

We will pay the TPD Benefit to the policyowner.

Lumley Life Insurance Portfolio

Lumley Term Insurance (continued)

When we will not pay a benefit

We will not pay the Death Benefit or the Terminal Illness Benefit if the life insured dies by his or her intentionally self-inflicted act, which occurs within 13 months of:

- the policy commencement date;
- an increase in cover which you apply for and we accept (but only in respect of the amount of the increase); or
- the most recent re-instatement of the policy.

We will not pay a TPD benefit if Total and Permanent Disability occurs as a result of:

- an intentionally self-inflicted act by the life insured; or
- war or any act of war, whether declared or not.

We will not waive premiums under the Waiver of Premium Option on Total Disability if Total Disability occurs as a result of:

- an intentionally self-inflicted act or injury; or
- war or any act of war, whether declared or not.

When does cover end?

Cover for a life insured will end as soon as one of the following things happen:

- the policy anniversary immediately before the life insured's 99th birthday, or
- when the life insured dies, or
- the Death Benefit sum insured is reduced to nil because the Terminal Illness Benefit or the Total and Permanent Disablement Benefit becomes payable, or
- if there is more than one life insured under the policy, 60 days after a benefit becomes payable because a life insured has died, become terminally ill or suffered Total and Permanent Disablement, or
- the date we receive a written request from the policy owner to cancel the policy, or
- when the policy lapses due to non-payment of premiums.

Lumley Superannuation Term Insurance

About Lumley Superannuation Term Insurance

Lumley Superannuation Term Insurance provides for the payment of a benefit in the event that the life insured, while covered under the policy:

- dies;
- is diagnosed as being terminally ill; or
- becomes Totally and Permanently Disabled (if the optional Total and Permanent Disablement Benefit is selected).

Insurance through superannuation

The trustee of your superannuation fund may take out insurance on your life, as long as the fund is, and remains, a 'complying superannuation fund'. The trustee would be the owner of the policy and you will be the life insured. Any benefits paid under the policy will be paid to the trustee.

If you are unable to arrange insurance through your existing superannuation fund(s), you may apply to become a member of the Lumley Life Personal Superannuation Fund and arrange your insurance through this Fund. Important information about the Lumley Life Personal Superannuation Fund can be found on pages 14-16.

You may apply for Lumley Superannuation Term Life Insurance if you are aged between 16 to 74 next birthday. Only one life insured may be covered under a Lumley Superannuation Term Insurance policy.

If the optional TPD Benefit is selected, the TPD sum insured can be up to twice the Death Benefit sum insured (up to the maximum sum insured).

Your guide to finding information about Lumley Superannuation Term Insurance

This section of the PDS contains information about the benefits available under the policy.

There is also other important information you should know before deciding whether to apply for Lumley Superannuation Term Insurance. The following table shows where you can find that information:

Cooling off period – the short period of time after we issue the policy during which you can cancel the policy and obtain a refund	Page 25
Your duty of disclosure – the things you must tell us before applying for the policy, and the consequences of failing to do so	Application Form
Taxation – how tax impacts on premiums you pay and benefits you receive	Page 28
Enquiries or Complaints – what to do if you have an enquiry or complaint	Page 32

Benefits

This section of the PDS sets out the benefits available under Lumley Superannuation Term Insurance.

There are some circumstances in which we may not pay a benefit. These circumstances are set out on page 13.

All benefits will be paid in Australian currency.

Standard Benefits

The following benefits are included under the Lumley Superannuation Term Insurance policy and are described below:

- Death Benefit
- Terminal Illness Benefit

Death Benefit

We will pay the Death Benefit if the life insured dies while covered under the policy. The amount we pay under the Death Benefit is the sum insured at the date of death.

Terminal Illness Benefit

Where the life insured is diagnosed as being terminally ill and death is likely to occur within twelve months, the Death Benefit may be paid prior to the date of death with the agreement of the policyowner. Two medical practitioners will be required to certify the extent of the illness (or injury), one being the doctor treating the condition and the other being a doctor nominated by us who must confirm the diagnosis and prognosis.

The amount we pay under the Terminal Illness Benefit is the Death Benefit sum insured at the date of Terminal Illness. The maximum amount payable under the Terminal Illness Benefit, including all other amounts payable by us, is \$2,000,000 (or such other amount as advised by us from time to time). In the situation where the sum insured under the policy is greater than the maximum terminal illness benefit, the unpaid balance of the sum insured will be payable on the life insured's death.

Benefits Which Are Optional

For the payment of an additional premium, the following benefits may be added to the Standard Benefits above.

- Total and Permanent Disability Benefit Option
- Waiver of Premium on Total Disability
- Guaranteed Future Insurability Option

Total and Permanent Disability Benefit

We will pay the Total and Permanent Disability (TPD) Benefit if a life insured becomes Totally and Permanently Disabled while covered under the policy.

The amount we pay under the Total and Permanent Disablement Benefit is the TPD Benefit.

An "any occupation" definition of TPD applies.

In some circumstances, a "home duties" definition of TPD will apply if the life insured was not engaged in a gainful occupation at the time of the event causing Total and Permanent Disability.

Lumley Life Insurance Portfolio

Lumley Superannuation Term Insurance

Also, on the policy anniversary before the life insured's 65th birthday, the definition of TPD will automatically be changed to a "long term care" definition (see below).

What does Total and Permanent Disability mean?

The meaning of Total and Permanent Disability differs depending on which of the 3 following definitions applies to the life insured:

- 'any occupation' definition;
- 'home duties' definition;
- 'long term care' definition.

Any occupation definition

Before the policy anniversary immediately prior to the life insured's 65th birthday, 'Total and Permanent Disability' means that we are satisfied that:

- the life insured has suffered total and irrecoverable loss of the:
 - sight of both eyes, or
 - use of two limbs, or
 - sight of one eye and the loss of the use of one whole hand, or whole foot,

OR

- The life insured has been absent from employment through illness or injury for an uninterrupted period of 6 months and in our opinion becomes so disabled that he or she will never be able to perform his or her own occupation or other occupation for which the life insured is suited by education, training or experience.

However, if the life insured is wholly engaged in full time unpaid home duties at the date of the event causing Total and Permanent Disability then the 'home duties' definition will apply. Under the home duties definition, for the purposes of determining if the life insured suffers Total and Permanent Disability, 'occupation for which the life insured is suited by education training or experience' will be taken to include unpaid home duties. The life insured must be disabled to such an extent that he or she is confined to their place of principal residence.

Long term care definition

The definition of Total and Permanent Disability will, on the policy anniversary immediately preceding the life insured's 65th birthday, be replaced by the following definition:

Total and Permanent Disability means that we are satisfied that the life insured becomes so disabled by bodily injury or illness that he or she will never be able to perform at least two of the following numbered activities of daily living:

1. bathing or showering;
2. dressing and undressing;
3. eating and drinking;
4. using a toilet;
5. moving from place to place by walking, wheelchair or with the assistance of a walking aid.

Single Benefit

Unless you choose 'double benefit' (see below), the Death Benefit sum insured will be reduced by any amount payable under the TPD Benefit. If the Total and Permanent Disability sum insured is the same or greater than the Death Benefit sum insured, the policy will end when the TPD Benefit becomes payable.

Double Benefit

If you choose 'double benefit' and the TPD Benefit becomes payable:

- the Death Benefit sum insured will not be reduced; and
- all future premiums due in respect of that part of the Death Benefit equal to the TPD Benefit paid will be waived.

Waiver of Premium Option on Total Disability

This option may only be selected in respect of policies that include no other optional benefits.

Under this option, we will waive all future premiums falling due following the occurrence of and the continuation of the Total Disability of the life insured.

Before the policy anniversary immediately prior to the life insured's 65th birthday, Total Disability means we are satisfied that:

- the life insured has suffered total and irrecoverable loss of the:
 - sight of both eyes, or
 - use of two limbs, or
 - sight of one eye and the loss of the use of one whole hand, or whole foot,

OR

- the life insured becomes so disabled by bodily injury or illness that he or she is unable to perform his or her own occupation or any other occupation for which the life insured is suited by education, training or experience for a period of three consecutive months and is not working in any gainful occupation.

However, if the life insured is wholly engaged in full time unpaid home duties at the date of the event causing Total Disability, then for the purposes of determining if the life insured suffers Total Disability, 'occupation for which the life insured is suited by education, training or experience' will be taken to include unpaid home duties. The life insured must be disabled to such an extent that he or she is confined to his or her place of principal residence.

After the policy anniversary prior to the life insured's 65th birthday, premiums will only continue to be waived while the life insured meets the 'activities of daily living' definition of Total Disability, which is:

The life insured becomes so disabled by bodily injury or illness that he or she will never be able to perform at least two of the following numbered activities of daily living:

1. bathing or showering;
2. dressing and undressing;
3. eating and drinking;
4. using a toilet;
5. moving from place to place by walking, wheelchair or with the assistance of a walking aid.

Guaranteed Future Insurability Option

This option allows the Death Benefit to be increased before the life insured's 55th birthday, without further evidence of health if the following personal or business events happen to the life insured:

Personal Events

- Marriage
- Adoption of a child
- Birth of a child
- Attaining age 25, 30, 35, 40 and 45
The sum insured can be increased by up to 25% of the original sum insured with a maximum increase of \$100,000 for any one event.
- The life insured effecting a first mortgage on a home.
The sum insured may be increased by up to the lesser of:
 - 50% of the original sum insured, or
 - the increase in the value of the first mortgage or a new first mortgage, or
 - \$200,000.

Business Events

Where the life insured is a Key Person in a business, the sum insured may be increased in the same proportion as the life insured's value to the business, averaged over the last three years.

Where the life insured is a Partner in a firm or a shareholder in a company, the sum insured may be increased in the same proportion as the increase in the value of the financial interest, averaged over the last three years.

In all circumstances for business events, the maximum increase for each event is the lesser of 25% of the original sum insured or \$200,000.

The Guaranteed Future Insurability option must be exercised within thirty days of the specified event and during the first six months of effecting any increase the coverage will extend only to death by accident.

Coverage for death by an intentionally self inflicted act will not extend to any increase in cover if death occurs within thirteen calendar months of effecting that increase. The maximum increase that can be effected under the Guaranteed Future Insurability option from all circumstances is the lesser of the original sum insured or \$1,000,000.

Who gets the benefit?

We will pay the benefit to the trustee of the fund (the policy-owner). The trustee will pay the benefit from the fund in accordance with the rules of the fund and relevant legislation.

When we will not pay a benefit

We will not pay the Death Benefit or the Terminal Illness Benefit if the life insured dies by his or her intentionally self-inflicted act, which occurs within 13 months of:

- the policy commencement date;
- an increase in cover which you apply for and we accept (but only in respect of the amount of the increase); or
- the most recent reinstatement of the policy.

We will not pay a TPD benefit if Total and Permanent Disability occurs as a result of:

- an intentionally self-inflicted act by the life insured; or
- war or any act of war, whether declared or not.

We will not waive premiums under the Waiver of Premium Option on Total Disability if Total Disability occurs as a result of:

- an intentionally self-inflicted act or injury; or
- war or any act of war, whether declared or not.

When does cover end?

Cover will end as soon as one of the following things happen:

- the policy anniversary immediately before the life insured's 75th birthday, or
- the life insured dies, or
- the life insured ceases to be a member of the superannuation fund of which the policyowner is trustee (or successor fund); or
- the date we receive a written request from the policy owner to cancel the policy, or
- when the policy lapses due to non-payment of premiums.

Lumley Life Insurance Portfolio

Lumley Life Personal Superannuation Fund

This section of the PDS contains information about the Lumley Life Personal Superannuation Fund (Fund).

Security and General Nominees Pty Limited (Trustee) is the trustee of the Fund. If you become a member of the Fund, the Trustee will acquire a Lumley Superannuation Term Insurance policy on your behalf. Any benefit payable under the policy will be paid by Lumley Life to the Trustee and will form part of your superannuation entitlements.

You should read this section of the PDS if you wish to become a member of the Lumley Life Personal Superannuation Fund and arrange Lumley Superannuation Term Life Insurance through the Fund.

About the Lumley Life Personal Superannuation Fund

The Lumley Life Personal Superannuation Fund is a complying superannuation fund designed to provide benefits in respect of members who die or, if selected by a member, a benefit if that member becomes totally and permanently disabled.

To apply to be admitted as a member of the Lumley Life Personal Superannuation Fund, you must first apply for Lumley Superannuation Term Insurance, and be accepted for cover and, in turn, apply for membership of the Fund.

If your application for Lumley Superannuation Term Insurance is accepted and the Trustee accepts you as a member of the Fund, the owner of the policy will be the Trustee. You will be a member of the fund and the life insured under the insurance policy issued to the Trustee.

Benefits

The benefits provided under Lumley Superannuation Term Life Insurance are set out on pages 11-13. All benefits under the policy are payable to the Trustee, who will pay benefits in accordance with superannuation legislation and regulations and the rules of the fund.

Where Lumley Life accepts a claim made on your life under Lumley Superannuation Term Life Insurance, Lumley Life will pay the benefit amount to the Trustee of the Fund. The Trustee will make payments to you, your estate or to your beneficiaries in accordance with the rules of the fund and the relevant superannuation law.

If you request, the Trustee will purchase an annuity for you using all or some of the benefit otherwise payable to you.

In some situations, a benefit may be paid to the Trustee and the Trustee is not permitted, either by superannuation law or the terms of the trust deed, to pay the benefit out of the Fund at that time. A terminal illness or Total and Permanent Disability benefit may be paid by Lumley Life to the Trustee, but the Trustee may be unable to make payment to you because the illness or injury does not satisfy superannuation law. If this happens, the benefit may be held by the Trustee

until the benefit can be legally paid, or you may elect to transfer the benefit to another complying superannuation fund or roll-over vehicle.

To be eligible to apply for membership of the Fund, you need to be eligible to contribute to the Fund or to have contributions paid on your behalf by your employer.

Nomination of Beneficiaries

When you join the Fund, you may nominate to have your death benefit distributed in one of the following ways:

- Discretionary nomination: You may choose to nominate eligible dependants and/or your estate to receive your lump sum benefit. This nomination is not binding and the Trustee will exercise its discretion, based on the circumstances at the time, as to whom payments are to be made.
- No nomination: The Trustee will exercise its discretion as to whom benefits will be paid.

The Trustee is required to pay benefits in accordance with the rules of the Fund and superannuation law. Specifically, the rules of the Fund provide that if you have not made a nomination within 60 days of the benefit becoming payable, the Trustee may pay your benefit as a lump sum or pay all or a part of it to another fund without the consent of the person entitled to it. The Trustee may only do these things, where it is permitted by superannuation law.

You may make a nomination or alter your nomination at any time. You should note, however, that unless a nomination is expressed to the contrary it will be deemed to have been revoked by your marriage after the date of the notice; to the extent that the notice applies to a dependant, by the death of that dependant; to the extent that the notice applies to a spouse, by the dissolution or annulment of the marriage.

The Trustee must comply with superannuation law in relation to benefits which are unclaimed money or which are required to be transferred to another fund.

The Trustee may deduct from a payment from the Fund any amount which it is required to deduct for tax.

Restrictions on when you can access your benefits

Other than the payment of a death benefit, government regulations restrict the circumstances under which a benefit may be paid from the Fund.

The Trustee may not pay benefits to you until it receives satisfactory proof that you are permanently incapacitated pursuant to superannuation law (ie. you have ceased to be gainfully employed as a result of ill-health (whether physical or mental), where the Trustee is reasonably satisfied that, because of your ill-health, you are unlikely ever again to work in any occupation you are reasonably suited to by education, experience or training) or until you satisfy one of the other conditions of release prescribed by superannuation law.

If you do not satisfy a condition of release, such as permanent incapacity, the Trustee must retain your benefit in the Fund until it is able to release it. If a benefit cannot be paid, the Trustee will write to you, explaining the options in relation to your benefit.

Some other examples of "conditions of release" are:

- You have attained the preservation age or more and have permanently retired from the workforce;
- You attain age 60 and you have stopped working for your last employer; or
- You attain age 65.

Preservation ages are based on your date of birth:

Date of birth	Preservation age
Before 1.7.1960	55
1.7.60 to 30.6.61	56
1.7.61 to 30.6.62	57
1.7.62 to 30.6.63	58
1.7.63 to 30.6.64	59
1.7.64 or later	60

There are other circumstances in which the Trustee may be permitted to release your benefit – refer to your adviser or to the administrator of the Fund (PrefSure Business Solutions) for information. Where you are entitled to receive a benefit prior to attainment of age 65, you may request the Trustee to transfer your benefit to another superannuation fund or roll-over facility of your choice.

What happens if I die?

Should you die, other than in circumstances excluded by the policy, your life insurance benefit is paid by Lumley Life to the Trustee. The Trustee would normally pay this benefit to your legal personal representative for distribution to the beneficiaries of your estate in accordance with your will and/or directly to any dependant(s) (your spouse, children or financial dependants).

To provide the Trustee with guidance or instruction about your preferred payment strategy, you may nominate one or more dependants (eg. spouse, de facto spouse, child or financial dependant) and/or a legal personal representative to receive the death benefit in the event of your death. The Trustee has discretion in distributing any death benefit payable from the Fund.

Contributions

The contribution to the Fund is equal to the cost of your insurance. The Trustee has approved arrangements where contributions may be made directly to Lumley Life. These contributions are referred to as premiums and are the cost of the protection benefits that you require.

The Trustee reserves the right to seek an additional contribution should the Trustee be liable to pay any superannuation surcharge in respect of your membership of the Fund.

Contributions may be made by you as personal contributions or your employer may contribute on your behalf.

To contribute to the Fund, you must meet the eligibility requirements specified under superannuation law:

Before age 65

Contributions may generally be made for, or by, any person who is currently employed, or has been employed at any time in the last two years for at least 10 hours per week. Special provisions apply to people on long term leave (up to 7 years) for the purpose of raising children, provided they have the right to return to their job.

From age 65

Compulsory employer contributions may be made to any age (although Superannuation Guarantee contributions cease at age 70).

Voluntary employer contributions may be made to age 70 provided the member is working at least 10 hours per week when the contribution is made.

Member (after tax) contributions may be made to age 75 provided the member is working at least 10 hours per week when the contribution is made.

Member contributions on behalf of a spouse

Contributions in respect of a spouse may be made until the spouse attains age 65, or to age 70 if the spouse is working at least 10 hours per week when the contribution is made.

If you cease contributions, the Trustee will be unable to pay the premiums for your spouse's insurance cover and your spouse's insurance cover under the fund will cease.

How to pay contributions

Premiums may be paid by cheque, direct debit from a bank account or by credit card. Available options are:

	Monthly	Half Yearly	Yearly
Cheque	x	✓	✓
Direct Debit	✓	✓	✓
Credit Card	x	✓	✓

You may apply at any time (in writing), to change the method and frequency of payment.

Lumley Life Insurance Portfolio

Lumley Life Personal Superannuation Fund (continued)

Lumley Life will notify you and the Trustee if a premium remains unpaid. You have 28 days from the date of such notice to pay the unpaid premium amounts specified in the notice before your insurance cover is withdrawn.

Are there any other charges?

Other than the premiums, there are no direct charges or fees to be a member of the Fund. The expenses of managing the Fund and the fee payable to the Trustee are paid by Lumley Life. The fees associated with the policy are described in the relevant section of this PDS.

Taxation

A summary of the taxation provisions in relation to superannuation contributions and benefits can be found in Part 2 of this PDS enclosed. Taxation limits are changed each year and an up-to-date copy of Part 2 of this PDS can be obtained by calling PrefSure Business Solutions on 1300 134 991 or you may obtain a current copy from the PrefSure website (www.prefsure.com.au).

Cooling off period

After you apply for membership of the Fund, and receive confirmation that the Trustee has approved your membership, you have 28 days to check that the fund membership meets your needs. This period is known as the 'cooling off period'. Within this time, you may cancel your membership by written request. As contributions to the Fund are generally subject to superannuation law, if you cancel your membership of the Fund, contributions will generally need to be rolled over to another eligible superannuation fund or Retirement Savings Account (RSA). Accordingly, your instructions to cancel your membership of the Fund should include the details of the fund to which the Trustee should transfer your entitlements.

The confirmation of your membership is taken to have been received by you 5 days after we send it to you, if we send it to your last known address.

Enquiries and Complaints

Whenever you have a question or complaint, in relation to the Fund, call or write to Member Services. In most cases, you may have the question answered by:

- Contacting your Adviser (a phone call should solve most problems).
- Phoning our Member Services staff on 1300 134 991. We pride ourselves in our customer service standards and will try to solve your concerns quickly and fairly.
- Writing to the administrator, PrefSure Business Solutions, GPO Box 5380 Sydney NSW 2001.

The Trustee will aim to resolve your complaint within 90 days. If you are not satisfied with the handling of your complaint after 90 days, you may contact the Superannuation Complaints Tribunal. The Tribunal is an independent body

established by the Federal Government to assist in the resolution of complaints about certain decisions of Trustees of superannuation funds and insurers. A complaint may only be dealt with by the Tribunal after it has been dealt with by the Trustee.

Superannuation Complaints Tribunal
Locked Bag 3060
GPO Melbourne VIC 3001

Phone: 1300 884 114 or (03) 8663 5588

About PrefSure Business Solutions Pty Ltd ABN 42 098 583 094

The Trustee has appointed PrefSure Business Solutions Pty Ltd ("PrefSure Business Solutions") to provide administration services for the Fund. PrefSure Business Solutions is a wholly owned subsidiary of PrefSure Holdings Limited and is a specialist administrator of individual and group life insurance policies and superannuation funds.

Lumley Medical Catastrophe Insurance

About Lumley Medical Catastrophe Insurance

Lumley Medical Catastrophe Insurance provides for the payment of a benefit in the event that a life insured, while covered under the policy:

- dies; or
- suffers a specified Medical Catastrophe.

You may apply for Lumley Medical Catastrophe Insurance if the life to be insured is aged between 16 to 60 next birthday. The policy is available in two types – Platinum and Silver.

The maximum sum insured is \$1,500,000. If there is only one life insured under the policy and Platinum Cover is selected, death cover can be added for an additional premium.

Otherwise, the sum insured under the Death Benefit and the Medical Catastrophe Benefit must be the same.

You may insure multiple lives under one policy

There is no limit on the number of lives you can insure on the one policy, as long as:

- all lives insured have the same sum insured;
- the sum insured under the Death Benefit (for Platinum Cover) and the Medical Catastrophe Benefit is the same; and
- all lives insured have the same optional benefits.

Your guide to finding information about Lumley Medical Catastrophe Insurance

This section of the PDS contains information about the benefits available under the policy.

There is also other important information you should know before deciding whether to apply for Lumley Medical Catastrophe Insurance. The following table shows where you can find that information:

Cooling off period – the short period of time after we issue the policy during which you can cancel the policy and obtain a refund	Page 25
Your duty of disclosure – the things you must tell us before applying for the policy, and the consequences of failing to do so	Application Form
Taxation – how tax impacts on premiums you pay and benefits you receive	Page 28
Enquiries or Complaints – what to do if you have an enquiry or complaint	Page 32

Benefits

This section of the PDS sets out the benefits available under Lumley Medical Catastrophe Insurance.

There are some circumstances in which we may not pay a benefit. These circumstances are set out on page 20.

All benefits will be paid in Australian currency.

Standard Benefits

The following benefits are included under the Lumley Medical Catastrophe Insurance policy and are described below:

- Death Benefit
- Medical Catastrophe Benefit

Death Benefit

Platinum Cover

If Platinum Cover applies, we will pay the Death Benefit if a life insured dies while covered under the policy. The amount we pay under the Death Benefit is the Death Benefit sum insured at the date of death.

Silver Cover

If Silver Cover applies, we will pay the Death Benefit amount of \$5,000 if a life insured dies while covered under the policy and provided the life insured is not eligible for a Medical Catastrophe Benefit under the policy.

Medical Catastrophe Benefit

When we pay

Platinum Cover

If Platinum Cover applies, we will pay the Medical Catastrophe Benefit if a life insured suffers a Medical Catastrophe while covered under the policy and before the policy anniversary immediately before his or her 70th birthday.

Silver Cover

If Silver Cover applies, we will pay the Medical Catastrophe Benefit if:

- a life insured suffers a Medical Catastrophe while covered under the policy and before the policy anniversary immediately before his or her 70th birthday; and
- he or she survives for at least 30 days after the happening of the Medical Catastrophe.

The amount we pay

The amount we will pay under the Medical Catastrophe Benefit is the Medical Catastrophe Benefit sum insured at the date we receive proof, to our satisfaction, that the life insured has suffered a Medical Catastrophe as defined under the policy.

However, if the event giving rise to the payment of the sum insured was already covered at the policy commencement date by a policy issued by another insurer, the Medical Catastrophe Benefit sum insured will be reduced so that when added to any amount paid or payable under the other policy, the total does not exceed \$1,500,000.

If Platinum Cover applies, when the Medical Catastrophe Benefit becomes payable for a life insured the Death Benefit sum insured will be reduced by the amount payable. If the Death Benefit sum insured is reduced to nil, all cover under the policy for the life insured will end.

Lumley Life Insurance Portfolio

Lumley Medical Catastrophe Insurance (continued)

What is a Medical Catastrophe?

Cover starts for the following conditions immediately after the policy commencement date:

- Alzheimer's Disease
- Aplastic Anaemia
- Benign Brain Tumour
- Cardiomyopathy
- Chronic Liver Failure
- Chronic Lung Failure
- Chronic Renal Failure (Kidney Failure)
- Coma
- Dementia
- Encephalitis
- Loss of Independent Existence
- Loss of Speech
- Major Head Trauma
- Major Organ Transplant
- Motor Neurone Disease
- Multiple Sclerosis
- Muscular Dystrophy
- Occupationally Acquired HIV
- Paralysis:
 - Diplegia
 - Hemiplegia
 - Paraplegia
 - Quadriplegia
 - Tetraplegia
- Parkinson's Disease
- Primary Pulmonary Hypertension
- Severe Burns
- Total Blindness
- Total Deafness

If the Total and Permanent Disability (TPD) Option is selected, Total and Permanent Disability will form part of the above list of Medical Catastrophes. The TPD Option is an additional premium option.

Cover starts for the following conditions:

- Angioplasty
- Cancer
- Cerebrovascular Accident (Stroke)
- Major Abdominal Aortic Surgery
- Myocardial Infarction (Heart Attack)
- Open Chest Surgery:
 - to correct or treat coronary artery disease
 - to repair or replace cardiac valves where symptoms for the condition first manifest after 90 days have elapsed since;
- the policy commencement date;
- the date of an increase in cover which you apply for and we accept (but only in respect of the amount of the increase); or
- the most recent reinstatement of the policy.

However, cover applies immediately for the above events if there was similar cover with another life insurance company (up to the amount of that cover) and this policy replaces that cover.

First benefit payable – multiple lives insured

When the Death Benefit or Medical Catastrophe Benefit becomes payable for a life insured, the policy will only continue for the remaining lives insured for 60 days.

The policyowner may request a new policy with the same level of cover (and the same optional benefits) for the remaining lives insured within 60 days of the benefit becoming payable (by notifying us in writing). We will issue a new policy for the remaining lives insured without the need for evidence of health. The new policy will start 60 days after the benefit became payable.

Buy Back Facility

The Buy Back Facility applies to Platinum Cover only.

Following the payment of a Medical Catastrophe Benefit under this policy, the policyowner may on any option date repurchase (buy back) death cover only, without evidence of insurability of the life insured. Upon exercising this option, we will issue a new policy. The first option date occurs one year after the date of payment of the benefit. Further option dates will occur on the following two anniversaries of the first option date. The maximum amount that can be repurchased at each option date is one third of the benefit paid.

Benefits Which Are Optional

For the payment of an additional premium, the following benefits may be added to the Standard Benefits above.

- Children's Medical Catastrophe Option
- Accelerated Buy Back Option
- Total and Permanent Disablement Option
- Waiver of Premium on Total Disability
- Additional Death Benefit Option

Children's Medical Catastrophe Option (Only available under Platinum Cover)

As long as we have accepted a child for cover under the Children's Medical Catastrophe Option, we will pay \$50,000 if the child suffers any of the following while covered under the policy:

- Benign Brain Tumour
- Cancer*
- Cerebrovascular Accident (Stroke)*
- Chronic Liver Failure
- Chronic Lung Failure
- Chronic Renal Failure (Kidney Failure)
- Encephalitis
- Major Abdominal Aortic Surgery*
- Major Organ Transplant
- Multiple Sclerosis
- Myocardial Infarction (Heart Attack)*
- Open Chest Surgery*:
 - to correct or treat coronary artery disease
 - to repair or replace cardiac valves
- Paralysis:
 - Diplegia
 - Hemiplegia
 - Paraplegia
 - Quadriplegia
 - Tetraplegia

These conditions are covered after ninety days have elapsed since:

- the policy commencement date;
- an increase in cover that you apply for and we accept (but only in respect of the amount of the increase); or
- the most recent reinstatement of the policy.

However, the symptoms must first manifest after the 90 days qualifying period.

Cover applies immediately if there was similar cover with another life insurance company (up to the amount of that cover) and this policy replaces that cover.

Cover will cease on the child's 18th birthday.

Where the policy ceases as a result of the death of the adult life insured, this cover may be continued on the life of the child/children covered in respect of this benefit until the expiry age (i.e. the child's 18th birthday).

Accelerated Buy Back Option (Only available under Platinum Cover)

This option allows the repurchase of the total amount of the death cover (provided under the Medical Catastrophe Coverage) without evidence of insurability one year after the payment of the Medical Catastrophe Benefit or, if applicable, Total and Permanent Disability Benefit.

Upon exercising this option, we will issue a new policy.

Total and Permanent Disability Option (TPD)

If the Total and Permanent Disability Option is selected, Total and Permanent Disability will be included in the list of Medical Catastrophes for the purposes of the Medical Catastrophe Benefit.

An "any occupation" definition of TPD applies unless you choose an "own occupation" definition, which is only available to certain class 1 professionals.

In some circumstances, a "home duties" definition of TPD will apply if the life insured was not engaged in a gainful occupation at the time of the event causing Total and Permanent Disability.

Also, on the policy anniversary before the life insured's 65th birthday, the definition of Total and Permanent Disablement will automatically be changed to a "long term care" definition (see page 20).

What does Total and Permanent Disability mean?

The meaning of Total and Permanent Disability differs depending on which of the 4 following definitions applies to the life insured:

- 'any occupation' definition;
- 'own occupation' definition;
- 'home duties' definition;
- 'long term care' definition.

Any occupation definition

If an 'any occupation' definition applies and before the policy anniversary immediately prior to the life insured's 65th birthday, 'Total and Permanent Disability' means that we are satisfied that:

- the life insured has suffered total and irrecoverable loss of the:
 - sight of both eyes, or
 - use of two limbs, or
 - sight of one eye and the loss of the use of one whole hand, or whole foot,

OR

- the life insured has been absent from employment through illness or injury for an uninterrupted period of 6 months and in our opinion becomes so disabled that he or she will never be able to perform his or her own occupation or other occupation for which the life insured is suited by education, training or experience.

However, if the life insured is wholly engaged in full time unpaid home duties at the date of the event causing Total and Permanent Disability then the 'home duties' definition will apply. Under the 'home duties' definition, for the purposes of determining if the life insured suffers Total and Permanent Disability, 'occupation for which the life insured is suited by education training or experience' will be taken to include unpaid home duties. The life insured must be disabled to such an extent that he or she is confined to his or her place of principal residence.

Own occupation definition

If an 'own occupation' definition applies and before the policy anniversary immediately prior to the life insured's 65th birthday, 'Total and Permanent Disability' means that we are satisfied that:

- the life insured has suffered total and irrecoverable loss of the:
 - sight of both eyes, or
 - use of two limbs, or
 - sight of one eye and the loss of the use of one whole hand, or whole foot,

OR

- the life insured has been absent from employment through injury or illness for an uninterrupted period of six months and, in our opinion after consideration of all the medical evidence and such other evidence as we may require, has become incapacitated to such an extent as to render them unlikely ever to be able to engage in their own occupation.

Lumley Life Insurance Portfolio

Lumley Medical Catastrophe Insurance (continued)

However, if:

- the life insured's occupation immediately prior to the commencement of Total and Permanent Disability can be described as 'Home Duties'; or
 - the life insured was not engaged in a gainful occupation at the time of the event causing disablement,
- then the 'home duties' definition will apply. Under the 'home duties' definition, 'Total and Permanent Disability' means that the life insured has, for an uninterrupted period of six months, been under medical supervision with complete inability to perform any normal duties or to move from the confines of the life insured's home without assistance, and, in our opinion, unlikely ever to recover.

Long term care definition

The definition of Total and Permanent Disability will, on the policy anniversary immediately prior to the life insured's 65th birthday, be replaced by the following definition:

Total and Permanent Disability means that we are satisfied that the life insured becomes so disabled by bodily injury or illness that he or she will never be able to perform at least two of the following numbered activities of daily living:

1. bathing or showering;
2. dressing and undressing;
3. eating and drinking;
4. using a toilet;
5. moving from place to place by walking, wheelchair or with the assistance of a walking aid.

Single Benefit (only applicable to Platinum Cover)

The Death Benefit sum insured for the life insured who is Totally and Permanently Disabled will be reduced by any amount payable under the Medical Catastrophe Benefit for Total and Permanent Disablement. If the Medical Catastrophe Benefit sum insured is the same as the Death Benefit sum insured, the policy will end when the Medical Catastrophe Benefit becomes payable.

Additional Death Benefit Option (Only applicable to Platinum Cover)

For the payment of an additional premium, an additional Death Benefit amount may be added to your policy.

The Additional Death Benefit Option is not available for policies with more than one life insured.

Payment of a benefit

We will pay the Death Benefit to:

- the policyowner (where the policyowner is the same person as the life insured, the benefit is payable to that person's estate or any other person we are permitted to pay under the Life Insurance Act), or
- if Platinum Cover applies, the nominated beneficiary(ies). You may, by notice in writing to us, nominate one or more persons to receive payment of the death benefit and in what proportion(s). Any such nomination may be revoked or changed by you by notice in writing to us.

We will pay the Medical Catastrophe Benefit to the policyowner.

When we will not pay a benefit

We will not pay the Death Benefit if the life insured dies by his or her intentionally self-inflicted act, which occurs within 13 months of:

- the policy commencement date;
- an increase in cover which you apply for and we accept (but only in respect of the amount of the increase); or
- the most recent reinstatement of the policy.

When does cover end?

Cover for a life insured will end as soon as one of the following things happen:

- the policy anniversary immediately before the life insured's 70th birthday, or
- when the life insured dies, or
- when the life insured suffers a Medical Catastrophe and, if Platinum cover applies, the Death Benefit is reduced to nil, or
- if there is more than one life insured under the policy, 60 days after a benefit becomes payable in respect of a life insured, or
- the date we receive a written request from the policy owner to cancel the policy, or
- when the policy lapses due to non-payment of premiums.

Lumley Critical Illness Insurance

About Lumley Critical Illness Insurance

Lumley Critical Illness Insurance provides for the payment of a benefit in the event that the life insured:

- dies; or
- is diagnosed as being terminally ill; or
- suffers a Critical Illness.

You may apply for Lumley Critical Illness Insurance if the life to be insured is aged between 16 to 60 next birthday.

The maximum sum insured is \$1,500,000.

Your guide to finding information about Lumley Critical Illness Insurance

This section of the PDS contains information about the benefits available under the policy. There is also other important information you should know before deciding whether to apply for Lumley Critical Illness Insurance. The following shows where you can find that information:

Cooling off period – the short period of time after we issue the policy during which you can cancel the policy and obtain a refund	Page 25
Your duty of disclosure – the things you must tell us before applying for the policy, and the consequences of failing to do so	Application Form
Taxation – how tax impacts on premiums you pay and benefits you receive	Page 28
Enquiries or Complaints – what to do if you have an enquiry or complaint	Page 32

Benefits

This section of the PDS sets out the benefits available under Lumley Critical Illness Insurance.

There are some circumstances in which we may not pay a benefit or may reduce the benefit we pay. These circumstances are set out on pages 24.

All benefits will be paid in Australian currency.

Standard Benefits

The following benefits are included under the Lumley Critical Illness Insurance policy and are described below:

- Death Benefit
- Terminal Illness Benefit
- Critical Illness Benefit

Death Benefit

We will pay the Death Benefit if a life insured dies while covered under the policy. The amount we pay under the Death Benefit is:

- the Critical Illness Benefit sum insured at the date of death, if we have not previously paid a benefit under the policy; or
- otherwise, the Residual Critical Illness sum insured at the date of death.

Terminal Illness Benefit

Where a life insured is diagnosed as being terminally ill and death is likely to occur within twelve months, the Death Benefit may be paid prior to the date of death with the agreement of the policyowner. Two medical practitioners will be required to certify the extent of the illness (or injury), one being the doctor treating the condition and the other being a doctor nominated by us who must confirm the diagnosis and prognosis.

The amount we pay under the Terminal Illness Benefit is the sum insured at the date of terminal illness. The maximum amount payable under the Terminal Illness Benefit, including all other amounts payable by us in respect of the life insured is \$2,000,000 (or such other amount as advised by us from time to time), with any unpaid balance being payable on death.

All optional cover in respect of the life insured ceases on payment of the terminal illness benefit.

Critical Illness Benefit

We will pay the Critical Illness Benefit if:

- the life insured suffers a Critical Illness before the policy anniversary immediately before his or her 70th birthday; and
- we have not previously paid a benefit under the policy.

The amount we pay under the Critical Illness Benefit is:

- 25% of the Critical Illness Benefit sum insured at the date the Critical Illness Benefit becomes payable, if the life insured is diagnosed with Localised Cancer or Myocardial Infarction or has Open Chest Surgery; or
- otherwise, 100% of the Critical Illness Benefit sum insured at the date the Critical Illness Benefit becomes payable.

The policy will end if 100% of the Critical Illness Benefit sum insured becomes payable under the policy. If 25% of the Critical Illness Benefit sum insured becomes payable, cover under the Critical Illness Benefit will end but the life insured may continue to be covered under the Residual Critical Illness Benefit.

What are the Critical Illnesses and when does cover begin?

Cover starts for the following conditions where symptoms for the condition first manifest after the policy commencement date:

- Alzheimer's Disease
- Aplastic Anaemia
- Benign Brain Tumour
- Cardiomyopathy
- Chronic Liver Failure
- Chronic Lung Failure
- Chronic Renal Failure (Kidney Failure)
- Coma
- Dementia
- Encephalitis
- Loss of Independent Existence
- Loss of Speech
- Major Head Trauma

Lumley Life Insurance Portfolio

Lumley Critical Illness Insurance (continued)

- Major Organ Transplant
- Motor Neurone Disease
- Multiple Sclerosis
- Muscular Dystrophy
- Occupationally Acquired HIV
- Paralysis:
 - Diplegia
 - Hemiplegia
 - Paraplegia
 - Quadriplegia
 - Tetraplegia
- Parkinson's Disease
- Primary Pulmonary Hypertension
- Severe Burns
- Total Blindness
- Total Deafness

If the Total and Permanent Disability (TPD) Option is selected, Total and Permanent Disability will form part of the above list of Critical Illnesses. The TPD Option is an additional premium option.

Cover starts for the following conditions where symptoms for the condition first manifest after 90 days after the policy commencement date, the date of an increase in insurance (other than the result of Automatic Inflation Proofing) or the last reinstatement of the policy. The symptoms for a condition must first manifest after cover starts.

- Cancer, including Localised Cancer and Regional or Distant Cancer
- Cerebrovascular Accident (Stroke)
- Major Abdominal Aortic Surgery
- Myocardial Infarction (Heart Attack)
- Open Chest Surgery

However, cover applies immediately for the events above if you had similar cover with us or another life insurance company (up to the amount of that cover) and the policy replaces that cover.

Definitions of each of the Critical Illnesses are contained in the Definitions section of this PDS on pages 29-31.

Residual Critical Illness Benefit

The Residual Critical Illness Benefit sum insured is 75% of the Critical Illness Benefit sum insured at the date the Critical Illness Benefit became payable, as varied, in accordance with the terms of the policy.

We will pay the Residual Critical Illness Benefit if the life insured:

- suffers a Residual Critical Illness, or
- again suffers a Critical Illness.

The amount we pay under the Residual Critical Illness Benefit is 75% of the Critical Illness Benefit sum insured at the date the Residual Critical Illness Benefit becomes payable.

What does 'Residual Critical Illness' mean?

'Residual Critical Illness' means one of the following:

- We have paid the Critical Illness Benefit because the life insured was diagnosed with Localised Cancer and subsequently, while covered under the policy, the life insured is diagnosed with:
 - a recurrence of the Localised Cancer; or
 - with Regional or Distant Cancer; or
 - with a further Cancer.
- We have paid the Critical Illness Benefit because the life insured was diagnosed with Myocardial Infarction (Heart Attack) and subsequently while covered under the policy, the life insured:
 - is diagnosed with having sustained a severe impairment of cardiac function as evidenced by a left ventricular ejection fraction of under 40% measured by echocardiogram (or other comparable technique) at least three months after the original Myocardial Infarction; or
 - suffers a subsequent Myocardial Infarction at least three months after the original Myocardial Infarction.

OR

- We have paid the Critical Illness Benefit because the life insured has undergone Open Chest Surgery and subsequently, while covered under the policy, the life insured again undergoes Open Chest Surgery.

Multiple Critical Illnesses

If the life insured is diagnosed to our satisfaction as suffering from multiple Critical Illnesses, a Critical Illness Benefit will only be paid for the Critical Illness which gives rise to the largest benefit, but in any event benefits will not exceed the value of the Critical Illness Benefit or the Residual Critical Illness Benefit, whichever is applicable.

Benefits Which Are Optional

For the payment of an additional premium, the following benefits may be added to the Standard Benefits above.

- Buy Back Option
- Total and Permanent Disablement Benefit Option

Buy Back Option

Following the payment of a Critical Illness Benefit the policyowner may, on any option date, repurchase the equivalent Death Benefit (death and terminal illness cover only) without evidence of insurability. Upon exercising this option, we will issue a new policy. The first option date occurs one year after the date of payment of the Critical Illness Benefit. Further option dates will occur on the following two anniversaries of the first option date. The maximum amount that can be repurchased at each option date is one third of the benefit paid.

The option is not exercisable when only 25% of the Critical Illness Benefit has been paid. It is only exercisable when all of the Critical Illness Benefit or Residual Critical Illness Benefit have been paid.

Total and Permanent Disability Benefit Option

If the Total and Permanent Disability Option is selected, Total and Permanent Disability will be included in the list of Critical Illnesses for the purposes of the Critical Illness Benefit.

We will pay the Critical Illness Benefit or Residual Critical Illness Benefit (as applicable) if a life insured becomes Totally and Permanently Disabled before the policy anniversary immediately prior to his or her 70th birthday and while covered under the policy.

An "any occupation" definition of TPD applies unless you choose an "own occupation" definition, which is only available to certain class 1 professionals.

In some circumstances, a "home duties" definition of TPD will apply if the life insured was not engaged in a gainful occupation at the time of the event causing Total and Permanent Disability.

Also, on the policy anniversary before the life insured's 65th birthday, the definition of Total and Permanent Disablement will automatically be changed to a "long term care" definition.

What does Totally and Permanent Disablement mean?

The meaning of Total and Permanent Disablement differs depending on which of the 4 following definitions applies to the life insured:

- 'any occupation' definition;
- 'own occupation' definition;
- 'home duties' definition;
- 'long term care' definition.

Any occupation definition

If an 'any occupation' definition applies and before the policy anniversary immediately prior to the life insured's 65th birthday, 'Total and Permanent Disability' means that we are satisfied that:

- the life insured has suffered total and irrecoverable loss of the:
 - sight of both eyes, or
 - use of two limbs, or
 - sight of one eye and the loss of the use of one whole hand, or whole foot,

OR

- the life insured has been absent from employment through illness or injury for an uninterrupted period of 6 months and in our opinion becomes so disabled that he or she will never be able to perform his or her own occupation or other occupation for which the life insured is suited by education, training or experience.

However, if the life insured is wholly engaged in full time unpaid home duties at the date of the event causing Total and Permanent Disability then the 'home duties' definition will apply. Under the 'home duties' definition, for the purposes of determining if the life insured suffers Total and Permanent Disability, 'occupation for which the life insured is suited by education training or experience' will be taken to include unpaid home duties. The life insured must be disabled to such an extent that he or she is confined to his or her place of principal residence.

Own occupation definition

If an 'own occupation' definition applies and before the policy anniversary immediately prior to the life insured's 65th birthday, 'Total and Permanent Disability' means that we are satisfied that:

- the life insured has suffered total and irrecoverable loss of the:
 - sight of both eyes, or
 - use of two limbs, or
 - sight of one eye and the loss of the use of one whole hand, or whole foot,

OR

- the life insured has been absent from employment through injury or illness for an uninterrupted period of six months and, in our opinion after consideration of all the medical evidence and such other evidence as we may require, has become incapacitated to such an extent as to render them unlikely ever to be able to engage in their own occupation.

However, if:

- the life insured's occupation immediately prior to the commencement of Total and Permanent Disability can be described as 'home duties'; or
- the life insured was not engaged in a gainful occupation at the time of the event causing disablement,

then the 'home duties' definition will apply. Under the 'home duties' definition, 'Total and Permanent Disability' means that the life insured has, for an uninterrupted period of six months, been under medical supervision with complete inability to perform any normal duties or to move from the confines of the life insured's home without assistance, and, in our opinion, unlikely ever to recover.

Long term care definition

The definition of Total and Permanent Disability will, on the policy anniversary immediately prior to the life insured's 65th birthday, be replaced by the following definition:

Total and Permanent Disability means that we are satisfied that the life insured becomes so disabled by bodily injury or illness that he or she will never be able to perform at least two of the following numbered activities of daily living:

1. bathing or showering;
2. dressing and undressing;
3. eating and drinking;
4. using a toilet;
5. moving from place to place by walking, wheelchair or with the assistance of a walking aid.

Lumley Life Insurance Portfolio

Lumley Critical Illness Insurance (continued)

Payment of the benefit

We will pay the Death Benefit to:

- the policyowner (where the policyowner is the same person as the life insured, the benefit is payable to that person's estate or any other person we are permitted to pay under the Life Insurance Act), or
- the nominated beneficiary(ies). You may, by notice in writing to us, nominate one or more persons to receive payment of the death benefit and in what proportion(s). Any such nomination may be revoked or changed by you by notice in writing to us.

The Critical Illness Benefit and the Residual Critical Illness Benefit are payable to the policyowner.

When we reduce the benefit we pay

The benefit payable under this policy is the lesser of:

- the Death Benefit, the Critical Illness Benefit or the Residual Critical Illness Benefit (as applicable); and
- the difference between \$1,500,000 and the total amount payable under any existing policies, where an existing policy is defined as a policy issued by another insurer that:
 - was in force at the policy commencement date; and
 - results in a payment being made as a result of the event giving rise to the payment of the Death Benefit, the Critical Illness Benefit or the Residual Critical Illness Benefit.

When we will not pay a benefit

We will not pay the Death Benefit if the life insured dies by his or her intentionally self-inflicted act, which occurs within 13 months of:

- the policy commencement date;
- an increase in cover which you apply for and we accept (but only in respect of the amount of the increase); or
- the most recent reinstatement of the policy.

When does cover end?

Cover will end as soon as one of the following things happen:

- the policy anniversary immediately before the life insured's 70th birthday, or
- the life insured dies, or
- 100% of the Critical Illness Benefit is payable, or
- the Residual Critical Illness Benefit is payable, or
- the date we receive a written request from the policyowner to cancel the policy, or
- when the policy lapses due to non-payment of premiums.

Additional Features

Cooling off period

If the trustee of the Lumley Personal Superannuation Fund acquires the Lumley Superannuation Term Insurance policy on your behalf, please refer to page 16 for details of the cooling off rights.

If for any reason you are dissatisfied with the policy once it is issued, or if you feel it does not meet your needs, you may return it to us within twenty eight days from the day you receive your Policy Information Statement and Schedule and receive a full refund of premium(s) promptly. Your request should be in writing.

Commitment to upgrade your policy

We will always seek to upgrade existing policies with future developments and improvements to benefits. When improvements to benefits are made to new policies without increasing the premium rates, then those improvements will be offered to existing policyholders wherever possible. Should a situation arise where a policyholder is disadvantaged in any way as a result of an upgrade, then the previous conditions will prevail.

Guaranteed Renewal of Cover

We guarantee to offer renewal of the policy each year until the expiry date of the cover selected.

Guaranteed Non-Cancellable

Provided you have complied with the Duty of Disclosure, the application and other forms are completed accurately and completely and pay premiums when due, we cannot cancel your policy. This guarantee applies regardless of any change in the health or personal circumstances of the life insured.

Notice of cancellation

Before we cancel a policy for non-payment of premium, we will notify you in writing. The cancellation will take effect on 4pm on the twentieth business day after the day on which the notice was given (or, if a replacement policy is issued during that period, when the replacement policy is issued).

Automatic increases in insurance

Unless otherwise stated in the Policy Information Statement and Schedule, we will, on each policy anniversary date before the life insured's 65th birthday, increase the sum insured at an annual rate determined by us based on the Consumer Price Index published by the Australian Statistician from time to time (or such other index as we consider appropriate).

You have the option of not effecting any increase provided such option is exercised in writing. Once the sum insured under all term insurance policies issued by us on the life of the life insured reaches \$1,000,000 (or such amount as determined by us from time to time), then all subsequent indexation increases shall be based on this amount.

Premiums

Premiums

You will receive a quotation

The first premium you pay under the policy will be set out in a quotation that your adviser will provide to you and attach to your application form. You can also ask us to provide you with a quote, or request our premium rates, by calling us on 1800 221 142.

The quotation will set out the amount of your premium. All fees and charges associated with the issue and management of the policy are included in the premium you pay.

How we calculate the premium

When you apply for a policy within the Lumley Life Insurance Portfolio, you select the level of cover and any additional premium optional benefits. The premiums will depend on:

- the amount of insurance selected - a discount applies where the sum insured exceeds \$500,000
- the life insured's age - the premium rate generally increases with increases in age
- the life insured's gender
- whether the life insured smokes - a higher premium rate applies to smokers

Also, we may apply a premium 'loading' (usually a percentage on top of the 'standard' premium rate):

- if the life insured participates in certain pastimes that involve increased risk of death or injury (eg hang gliding, professional sports)
- having regard to the life insured's current state of health and family history.

Premium options available

• Stepped premium rates

Stepped premiums are based on the then current age next birthday. On each policy anniversary date, the premium rate changes (usually increases) as the life insured gets older.

• Level premium rates

Level premium rates only apply to Lumley Term Insurance, Lumley Superannuation Term Insurance and Lumley Medical Catastrophe policies. Level premiums are based on the life insured's age next birthday at the commencement of the policy. On each policy anniversary date, the premium rate remains unchanged.

However, the premium you pay will increase if you increase the sum insured (for example, through automatic increases). The premium rate for the amount of the increase will be based on the life insured's age next birthday at the commencement of the increase.

For level premium rates, the premiums you pay over the shorter term may be greater than if you choose stepped premium rates. If you choose stepped premium rates, the premiums you pay over the longer term may be greater than if you choose level premium rates.

Lumley Life Insurance Portfolio

Premiums (continued)

Sample premiums

Below are sample monthly premium amounts for the Standard Benefits included in each of the policies described in this PDS. Your adviser can provide you with a personal illustration of premiums for your specific circumstances.

The premiums below are samples only and demonstrate the effect of changing some of the factors that impact on the premium calculation.

Lumley Term Insurance/Lumley Superannuation Term				
37 next birthday Male non-smoker No Optional Benefits \$500,000 sum insured Stepped Premium	Female non-smoker	Level premium	Include TPD cover of \$500,000	\$1m sum insured
\$ 35.48 per month	\$ 29.07 per month	\$ 38.47 per month	\$ 54.29 per month	\$ 65.36 per month

Lumley Medical Catastrophe (Platinum)				
37 next birthday Male non-smoker No Optional Benefits \$500,000 sum insured Stepped Premium	Female non-smoker	Level premium	Include TPD cover of \$500,000	\$1m sum insured
\$ 106.45 per month	\$ 109.44 per month	\$ 190.71 per month	\$ 115.85 per month	\$ 201.69 per month

Lumley Critical Illness Insurance				
37 next birthday Male non-smoker No Optional Benefits \$500,000 sum insured Stepped Premium	Female non-smoker	Include Buy Back Option	Include TPD cover of \$500,000	\$1m sum insured
\$ 97.47 per month	\$ 99.61 per month	\$ 104.31 per month	\$ 106.45 per month	\$ 184.68 per month

Can we change the premium rates?

Level premium rates are guaranteed not to increase for the currency of the policy.

If stepped premium rates apply, we can increase the rates. We will only do this if we have provided you with 3 months' notice in writing. No one individual policy can be singled out for an increase in premium rates because of an adverse change in the health or circumstances of the life insured, once the risk is accepted.

You should note that the above guarantees do not apply to Total and Permanent Disability, Medical Catastrophe and Critical Illness cover, nor to any increase due to any tax, duty or charge introduced by Government.

What are the premium frequency options?

Premiums are payable in advance and can be paid:

- yearly,
- half-yearly, or
- monthly.

If premiums are paid half-yearly or monthly, a frequency loading will apply (refer to page 27).

How we pay benefits

Premiums may be paid by cheque, direct debit from a bank account or by credit card. Available options are:

	Monthly	Half Yearly	Yearly
Cheque	X	✓	✓
Direct Debit	✓	✓	✓
Credit Card	X	✓	✓

You may apply at any time (in writing), to change the method and frequency of payment. If you pay by direct debit or credit card, your financial institution may charge you a fee for a transaction.

Premium payments

Premiums are due and payable in advance on each anniversary of the policy commencement date. The amount of the premium will be shown in a Policy Schedule we send to you each year before the policy anniversary date. A period of grace of 30 days beyond the anniversary date will be allowed for payment, without interest, of each premium and during this period the policy will continue.

Critical Illness Policy

In the event that 25% of the Critical Illness Benefit is paid, the Critical Illness Benefit will be reduced by 25%. Premiums will continue to be payable but will be based on the amount of the Residual Critical Illness Benefit.

Fees and charges

The only fees and charges associated with the issue and management of the policy are the premiums you pay. Where premiums are paid more frequently than yearly, a frequency loading will be applied.

Frequency	Loading of Premium
Monthly	8%
Half Yearly	6%

Any increases to these loadings will be advised to the policyowner in writing at least ninety days prior to the increase taking place.

Commission

Commission may be paid to your adviser. Any amounts paid to your adviser are paid by us and are not additional amounts you have to pay.

Notification of Claim

We must be notified in writing within thirty days or as soon as practically possible after you become aware of any claim or potential claim under this contract.

Extension of Time

If it can be shown that it was not possible to meet the time requirement for notification of the claim, then it must be provided as soon as is reasonably possible.

Our Requirements

When making a claim under this contract, we must be satisfied of any liability for payment of a benefit. For claims other than a death benefit, we may require the life insured to undergo a medical or other examination by a doctor of our choice.

When submitting a claim, we will require:

- satisfactory proof of the insured event
- the policy document
- proof of ownership of the policy
- proof of age of the life insured
- any requirement we reasonably consider is necessary to properly assess the claim.

All amounts payable under this policy shall be paid in Australian currency.

Medical Catastrophe and Critical Illness

The Medical Catastrophe or Critical Illness benefit is payable at the date that we receive proof, to our satisfaction, that the Medical Catastrophe or Critical Illness definition under the policy has been satisfied.

Lumley Life Insurance Portfolio

Taxation

Taxation

The taxation information provided in this section is based on the continuation of present laws and rulings and their interpretation and are general statements only. Individual circumstances may be quite different. For additional information or clarification, it is recommended that you seek professional taxation advice. Unless stated otherwise, it is assumed that the benefits are paid as a lump sum.

Life insurance benefits

Where you are the policyowner

Your premium is not normally tax deductible and benefits paid on death are normally not assessable for income tax.

Exceptions:

- If the policy is purchased by another party, the new owner may be subject to capital gains tax on the benefits paid, only if a gain is made.
- If your employer pays premiums on your behalf, the premiums may be tax deductible to your employer and may also be subject to fringe benefits tax. The benefit paid to your estate is not assessable income for your estate or your employer.

Where the policyowner is a trustee of a superannuation fund

- Contributions to the fund may be tax deductible.
- The fund pays premiums from the fund to the insurer and these premiums are tax deductible to the fund.
- A benefit payable from the insurer to the fund is not assessable for income tax purposes to the fund.
- Where policy conditions are satisfied and the benefit is paid from the fund to a dependant of the member (as defined in tax legislation), the amount up to that member's pension reasonable benefit limit (PRBL) is tax free, with the excess over the PRBL assessable for income tax at the then current highest marginal tax rate. #
- Where the benefit is paid to a non-dependant, the amount up to the member's reasonable benefit limit (RBL) is taxed as an eligible termination payment (ETP). Any excess over the RBL is assessable for tax at the then highest marginal tax rate. #

Where the policyowner is a company or trust

(E.g. Key person/buy sell business insurance.)

Tax liabilities need to be assessed based on all the facts of the arrangements that are put in place. Specialist tax advice on a case-by-case basis is recommended.

Medical Catastrophe/Critical Illness insurance benefits

Where you are the policyowner

Your premium is not normally tax deductible and benefits paid under the policy are normally not assessable for income tax.

Exception:

- If your employer pays premiums on your behalf, the premiums may be tax deductible to your employer and may also be subject to fringe benefits tax. The benefit paid to you is not assessable income for you or for your employer.

Where the policyowner is a company or trust

(E.g. Key person/buy sell business insurance.)

Tax liabilities need to be assessed based on all the facts of the arrangements that are put in place. Specialist tax advice on a case-by-case basis is recommended.

Total and permanent disablement (TPD) and terminal illness benefits

Where you are the policyowner

Your premium is not normally tax deductible and benefits paid as a result of TPD or terminal illness are normally not assessable for income tax.

Exception:

- If your employer pays premiums on your behalf, the premiums may be tax deductible to your employer and may also be subject to fringe benefits tax. The benefit paid to you is not assessable income for you or for your employer.

Where the policyowner is a Trustee of a superannuation fund

- Contributions to the fund may be tax deductible.
- The fund pays premiums from the fund to the insurer and these premiums are tax deductible to the fund.
- A benefit payable from the insurer to the fund is not assessable for income tax purposes to the fund.
- Where policy conditions are satisfied and the benefit is paid from the fund to you, the amount up to your reasonable benefit limit (RBL) is taxed as an eligible termination payment (ETP). Any excess over the RBL is assessable for tax at the then highest marginal tax rate.
- However, if your employment is terminated and your disablement satisfies the "invalidity" definition of the tax legislation, part of the ETP is tax free (the post June 1994 Invalidity Component) and the balance of the benefit is taxed as an ETP. ##

Where the policyowner is a company or trust

(E.g. Key person/buy sell business insurance.)

Tax liabilities need to be assessed based on all the facts of the arrangements that are put in place. Specialist tax advice on a case-by-case basis is recommended.

Taxation Notes

If benefits from other superannuation funds are also payable, these amounts need to be aggregated to assess tax liability.

For a Member whose disability condition satisfies the chosen TPD definition in the policy, the insurer can pay the benefit into an account for that Member in the fund. To pay the benefit from the fund to the Member, a "condition of release" must be met. Prior to age 55, the 'condition of release' for a disabled Member consists of that Member also meeting the definition of "permanent incapacity" under superannuation legislation. Note that the definition is not the same as the definitions used in insurance policies. Hence, it is possible that a Member meets the definition of TPD under the policy, but not the definition for the benefit to be "released" from the fund. In these circumstances, the amount credited to the fund by the insurer must remain in the fund until a "condition of release" is met.

Definitions

Medical Catastrophe and Critical Illness definitions

Alzheimer's Disease

Means the diagnosis of Alzheimer's Disease by a consultant neurologist confirming dementia due to failure of the brain function with significant cognitive impairment for which no other recognisable cause has been identified. Significant cognitive impairment is defined as a deterioration or loss of intellectual capacity as measured by clinical evidence and standardised testing, and which results in a requirement for continual supervision to protect you or others.

Angioplasty (Medical Catastrophe cover only)

Means the undergoing of angioplasty, insertion of a stent or keyhole cardiac surgery to the coronary arteries that is considered necessary by a cardiologist to correct or treat coronary artery disease. Payment is limited to 10% of the sum insured, subject to a minimum of \$10,000 and a maximum of \$25,000. The sum insured under the Medical Catastrophe policy is then reduced by the amount paid and the premium is reduced accordingly.

Aplastic Anaemia

Means bone marrow failure which results in anaemia, neutropenia and thrombocytopenia requiring treatment, with at least one of the following:

- bone marrow transfusions
- marrow stimulating agents
- immunosuppressive agents
- bone marrow transplantation.

Benign Brain Tumour

Means a life threatening non-cancerous tumour in the brain which gives rise to characteristic symptoms of intracranial pressure such as papilledema, mental symptoms, seizures and sensory impairment resulting in at least 25% permanent impairment of whole person function. The presence of the underlying tumour must be confirmed by imaging studies such as CT scan or MRI (Magnetic Resonance Imaging). Excluded are acoustic neuromas, cysts, granulomas and malformations in or of the arteries or veins of the brain, haematomas and tumours on the pituitary gland or spine.

Cancer (Medical Catastrophe)

Means the presence of one or more malignant tumours, including leukaemia, malignant bone marrow disorders and malignant lymphomas. The following tumours are excluded:

- Tumours showing the malignant changes of "carcinoma-in-situ" (including cervical dysplasia, CIN1, CIN2 and CIN3) unless leading to radical surgery or tumours which are histologically described as premalignant.
- Malignant melanomas Clark Level 1 or 2 depth of invasion which are less than 1.5mm in thickness, as determined by histological examination.
- All hyperkeratoses or basal cell carcinomas of the skin.
- All squamous cell carcinomas of the skin unless they have spread to other organs.

Cancer (Critical Illness)

Means the first diagnosis of one or more malignant invasive tumours, including leukaemia and myeloma but excluding other myeloproliferative disorders. The following tumours are excluded:

- Tumours showing the changes of 'carcinoma in situ' (including cervical dysplasia, CIN1, CIN2 and CIN3) without stromal invasion.
- Malignant melanomas Clark Level 1 or 2 depth of invasion which are less than 1.5mm in thickness, as determined by histological examination
- All hyperkeratoses or basal cell carcinomas of the skin
- All squamous cell carcinomas of the skin unless they have spread to other organs
- Prostatic cancers which are histologically described as TNM Classifications T1 (including T1a, T1b and T1c) or are of another equivalent or lesser classification
- Chronic lymphocytic leukaemia Binet Stages A and B or Rai Stages 0, I and II.

Localised Cancer

Means Cancer which when first diagnosed and made the subject of a claim under this policy is contained within the organ or structure of origin (the part of the body in which the cancer began), irrespective of its size, grade or any other histological feature such as vascular invasion and has not spread to adjacent organs or structures or to other parts of the body either nearby or distant.

Regional or Distant Cancer

Means the tumour has spread outside the part of the body (or organ) where it began either to adjacent or nearby structures (regional spread) or distant organs (metastases).

Verification of occurrence or recurrence of disease outside the tissue of origin (regional lymph nodes or distant spread) would normally require histological confirmation as for the diagnosis of the primary tumour.

However, under certain circumstances, information based only on clinical findings, imaging or laboratory tests may be acceptable if agreed by Lumley Life's Chief Medical Officer.

Cardiomyopathy

Means impaired ventricular function of variable aetiology, resulting in physical impairments to the degree of at least class 3 of the New York Heart Association Classification of cardiac impairment. Cardiomyopathy directly related to alcohol abuse is excluded.

Cerebrovascular Accident (Stroke)

Means any cerebrovascular incident producing neurological sequelae, including infarction of brain tissue, intracranial or subarachnoid haemorrhage, embolisation from an extracranial source, but excluding transient ischaemic attacks, migraine and reversible ischaemic neurological deficits.

Lumley Life Insurance Portfolio

Definitions (continued)

Chronic Liver Failure

Means end stage liver failure. The diagnosis must be based on the following criteria:

- a rapidly decreasing liver size
- necrosis involving entire lobules
- rapid degeneration of liver function tests
- deepening jaundice

Liver disease secondary to alcohol usage or intravenous drug use is excluded.

Chronic Lung Failure

Means end stage lung disease requiring permanent oxygen therapy. The diagnosis will include an FEV1 test result of less than one litre.

Chronic Renal Failure (Kidney Failure)

Means end stage renal failure presenting as chronic irreversible failure of both kidneys to function, as a result of which regular renal dialysis is instituted.

Coma

Means total failure of cerebral function characterised by total unarousable unresponsiveness to all external stimuli, persisting continuously with the use of a life support system for a period of at least four days. Coma directly related to alcohol abuse is excluded.

Dementia

Means the clinical confirmation of dementia (including Alzheimer's Disease) due to failing brain functions, resulting in the need for continual assistance in the activities of daily living, as confirmed by a medical practitioner specialising in neurology, psychogeriatrics, psychiatry or geriatrics. Dementia directly related to alcohol abuse is excluded.

Encephalitis

Means severe inflammation of brain substance which results in significant and permanent neurological sequelae as certified by a consultant neurologist.

Loss of Independent Existence

Means a condition as a result of a disease, illness or injury whereby you are totally and irreversibly unable to perform at least two of the following five 'Activities of Daily Living'.

- bathing or showering;
- dressing and undressing;
- eating and drinking;
- using a toilet;
- moving from place to place by walking, wheelchair or with the assistance of a walking aid.

Loss of Speech

Means the total and permanent loss of the ability to produce intelligible speech as a result of permanent damage to the larynx or its nerve supply, or to the speech centres of the brain whether caused by injury, tumour or sickness. The above must be certified by two appropriate medical specialists not less than ninety days after the ability to speak was first lost.

Major Abdominal Aortic Surgery

Means the actual undergoing of surgery via a thoracotomy or laparotomy to repair or correct an aortic aneurysm, an obstruction of the aorta or a coarctation of the aorta. For the purpose of this definition aorta shall mean the thoracic and abdominal aorta but not its branches. Surgery performed using catheter techniques only are specifically excluded.

Major Head Trauma

Means neurological deficit resulting from trauma, causing at least 25% impairment of whole person function lasting more than three weeks from the date of the trauma, and likely to persist, as certified by a consultant neurologist.

Major Organ Transplant

Means the transplant to the Life Insured of one or more of the following organs:

- kidney
- heart
- lung
- liver
- pancreas
- the transplantation of bone marrow.

Motor Neurone Disease

Means amyotrophic lateral sclerosis with significant persistent neurological deficit resulting in at least 25% permanent impairment of whole person function as certified by a consultant neurologist.

Multiple Sclerosis

Means demyelination of nervous tissue. The diagnosis has to be made by a consultant neurologist confirming more than one episode of well defined neurological deficit with persisting permanent neurological abnormalities and with at least 25% impairment of whole person function (but not necessarily confined to a wheelchair). The diagnosis will be based on confirmatory neurological investigations eg. lumbar puncture, evoked visual responses, evoked auditory responses and NMR (Nuclear Magnetic Resonance) evidence of lesions of the central nervous system.

Muscular Dystrophy

Means the unequivocal diagnosis of muscular dystrophy by a consultant neurologist resulting in a permanent impairment of whole body function of at least 25%.

Myocardial Infarction - Heart Attack (Medical Catastrophe)

Means death of a portion of heart muscle as a result of inadequate blood supply to the relevant area. The basis for diagnosis shall include:

- electrocardiographic changes associated with Myocardial Infarction
- elevation of cardiac enzymes consistent with a Myocardial Infarction

If ECG or enzyme evidence of infarction are unavailable or inconclusive, then Lumley will consider any other test results provided in support of the diagnosis.

Myocardial Infarction - Heart Attack (Critical Illness)

Means the occurrence of an acute myocardial infarction (that is the death of a portion of the heart muscle due to inadequate blood supply) as evidenced by new electrocardiograph changes associated with Myocardial Infarction and by the elevation of biochemical markers (such as Troponin or cardiac enzymes) of myocardial necrosis.

Lesser Acute Coronary Syndromes including unstable angina and acute coronary insufficiency are excluded as part of this definition.

Occupationally Acquired HIV

Means infection by the Human Immunodeficiency Virus (HIV), acquired only via blood transfusion or accidental means during the course of carrying out the Life Insured's normal occupation with seroconversion to HIV infection occurring within six months of the accident. Any accident giving rise to a potential claim must be reported to the Company within thirty days of the incident and be supported by a negative HIV antibody test within seven days of the incident. Transmission via any form of sexual activity or deliberate injection of a drug not prescribed by a medical practitioner is specifically excluded.

Open Chest Surgery

In respect of any of the following:

- coronary artery: being open chest surgery to correct or treat coronary artery disease. Angioplasty, intra-arterial procedures and other non-surgical techniques are excluded
- repair or replacement of valves: being open chest surgery to replace or repair cardiac valves as a consequence of heart valve defects or abnormalities.

Paralysis

- Diplegia: means the permanent and total loss of function of both sides of the body due to injury or disease.
- Hemiplegia: means the permanent and total loss of function of one side of the body due to injury or disease.
- Paraplegia: means the permanent and total loss of use of both legs resulting from injury or disease.
- Quadriplegia: means the permanent and total loss of use of both arms and both legs resulting from injury or disease.
- Tetraplegia: means the permanent and total loss of use of the head, both arms and both legs resulting from injury or disease.

Parkinson's Disease

Means fully developed, moderately disabling disease of the extrapyramidal system clinically confirmed by a consultant neurologist, and requiring continual assistance in the activities of daily living.

Idiopathic Parkinson's supranuclear palsy and cortico-basal degeneration are included. Iatrogenic parkinsonism and parkinsonism secondary to infection or trauma are excluded.

Primary Pulmonary Hypertension

Means primary pulmonary hypertension with right ventricular enlargement established by investigations including cardiac catheterisation.

Severe Burns

Means tissue injury caused by thermal, electrical or chemical agents causing third degree burns to 20% or more of the Body Surface Area as measured by the 'rule of 9' of the Lund and Browder Body Surface Chart.

Total Blindness

Means the complete and irrecoverable loss of sight in both eyes as currently defined by the Royal Blind Society and confirmed by an ophthalmologist.

Total Deafness

Means total, irreversible and irreparable loss of hearing both natural and assisted, in both ears as a result of disease, illness or injury.

Enquiries and complaints

If you are a member of the Lumley Life Personal Superannuation Fund and the Trustee has acquired a Lumley Superannuation Term Insurance policy on your behalf, please refer to page 16 about what to do if you have an enquiry or complaint.

We will always seek to resolve complaints quickly and efficiently and with the fairest possible result. If you have any queries, please telephone Lumley Life on 1800 221 142 or write to:

Complaints Officer,
Lumley Life Limited,
Level 9, 1 O'Connell Street,
Sydney, NSW, 2000.

Every effort will be made to assist you. However if you are not satisfied you may then refer a complaint to:

Manager of the Financial Industry Complaints Service,
PO Box 579, Collins West,
Melbourne 8007 or
Telephone 1300 780 808
Facsimile (03) 9621 2291

The Financial Industry Complaints Service Limited is an industry sponsored company that has been set up to advise and assist policyholders to resolve complaints with their life insurance company. It is an independent and impartial company.

Before seeking to use the Service, a policyholder must try to resolve the complaint directly.

Death By Accident Cover Interim Certificate Of Insurance

No Cost Death Cover on the terms set out below is hereby given by Lumley Life Limited (Lumley Life) to the person from whom it receives a fully completed application (and personal statement) for death cover (the Application) and payment of the first premium or instalment premium (the Premium). The first premium or instalment premium is deemed to have been paid if Lumley Life has received an authorisation to collect the first premium from a financial institution.



The Cover

- An accidental event which causes the death prior to age 60 of the Life Insured named in the Application
- The total amount of cover applied for, or two hundred thousand dollars (\$200,000), whichever is the lesser amount. (This is the maximum cover applicable on any one Life Insured irrespective of the number of applications received.)
- Cover only applies if you have disclosed to Lumley Life all information required by your duty of disclosure as set out in the application form
- This Interim Accident Cover is a benefit of the policies prescribed in this PDS (with the exception of Medical Catastrophe - Silver Policy). It does not represent a separate insurance policy. The remaining benefits of your policy will be issued after your application has been assessed

Cover under this Interim Certificate of Insurance is referable to Lumley Life's No.1 Statutory Fund.

Duration of the Cover

- Commences when Lumley Life receives the Application and the Premium (the Commencement Date)
- Terminates
 - When Lumley Life accepts or declines the Application or cancels the Cover
 - If the Life Insured dies or leaves Australia
 - 60 days from the Commencement Date whichever happens first.

Exclusions

Cover will not apply if death is caused by or results from:

- Intentionally self-inflicted act or injury
- Any medical or physical condition of the Life Insured existing at the Commencement Date
- Engaging in any sport, pastime or occupation for which Lumley Life would not offer cover at standard rates
- War or any acts of war whether declared or not.

Lumley Life Limited
A member of the PrefSure Holdings Group
Level 9, 1 O'Connell Street, Sydney NSW 2000
Telephone (02) 8258 8740 Facsimile (02) 8258 8746
Freecall 1800 221 142

Privacy Statement

At Lumley Life Limited* your right to privacy has always been important to us. This document explains why we collect your personal information and how we may use or disclose that information.

We collect information about you to provide our insurance products and services to you. We usually collect personal information such as name, age, contact details, payment details, occupation, family and medical history, and employment information. The full details of the types of personal information we collect can be found in the questions we ask and/or in the forms we ask you to complete.

In some situations we may collect your personal information from a third party such as your insurance representative, medical practitioner or health professional, accountant or employer. We will only do so with your consent.

If you do not provide information sought by Lumley from time to time, it may affect Lumley's ability to provide you with and administer our products or services. You are required by insurance law to disclose all relevant information to us when you apply for insurance. Please refer to your application form for further details of this duty, and the consequences of not complying with this duty.

We use your personal information to manage and administer all products and services we provide to you, including to assess and process your application for

insurance, process and investigate claims made against your insurance, provide you with information about other products or services that may be of benefit to you; and to ensure our internal business operations are running smoothly (which may include fulfilling regulatory and legal requirements and confidential system testing).

Depending on the type of product or service we provide to you, we may need to disclose your information to certain third parties. If we do this we require these parties to protect your information in the same way we do. The types of organisations we may need to disclose your personal information to (as necessary only) include:

- external service providers that provide financial, legal, administrative or other services in connection with the operation of our business (for example our reinsurers, auditors, claims investigators, compliance consultants or mailing/archiving services for document mailing services and secure storage);
- medical practitioners or health professionals for the purpose of assessing your application or claim;
- government agencies (as part of our regulatory or statutory obligations);
- where we collect your information from someone else or another entity (such as a superannuation fund or employer), then we may disclose your personal information to that person or entity; and
- your insurance representative.

Your health or medical information will only be disclosed (as necessary only) to service providers or authorised personnel who are directly involved in the assessment or administration of your application or claim.

Your personal information will not be used or disclosed for any purpose without your consent, except where required by law.

By completing an application form or any other form, you consent to Lumley collecting, using, disclosing and handling your personal information as set out in this document.

You can request access to the personal information we hold about you. You may ask us at any time to correct this information where you believe it is incorrect or out of

date. There will be no fee for requesting access to your information, however we may charge you the reasonable cost of processing your request. To access personal

information we hold about you, or to obtain more information about your rights or our Privacy Policy, please contact Lumley's Privacy Officer at:

Lumley Life Limited
Level 9
1 O'Connell Street
Sydney NSW 2000
Phone (02) 8258 8740 or
Fax (02) 8258 8746

** Includes Security and General Nominees Pty Limited as trustee for Lumley Life Personal Superannuation Fund.*

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Lumley Life Insurance Portfolio Directory

The Company:

Lumley Life Limited

ABN 20 000 017 194

A member of the PrefSure Holdings Group

Head Office:

1 O'Connell Street

Sydney NSW 2000

Telephone: (02) 8258 8740

Freecall: 1800 221 142

Facsimile: (02) 8258 8746

Directors:

S R Swil

R H Howden

G M Black

G Z Burg

B A Edwards

I M Kirk

L M Nestadt

T B Thomas

**Trustee of Lumley Life Personal
Superannuation Fund:**

Security and General Nominees Pty Limited

R H Howden

G M Black

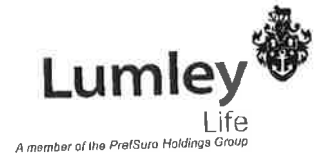
A D Betts

F Smith

B A Edwards

Product Disclosure Statement - Part 2

Lumley Life Personal Superannuation Fund



This Product Disclosure Statement Part 2 document forms part of the Lumley Life Personal Superannuation Fund Product Disclosure Statement issued on 1 January 2004. This Part 2 document should be read in conjunction with the Part 1 of the PDS.

Superannuation - Taxation (2003/2004 tax year)

A Lumley Term Insurance policy may be held through any complying superannuation fund. If you do not have access to a superannuation fund, you may arrange your insurance through the Lumley Life Personal Superannuation Fund (LPSF). This Part 2 document outlines the taxation position for the 2003/2004 tax year.

CONTRIBUTIONS AND TAXATION

The premium payments for the policy will be made via contributions to Lumley Life Personal Superannuation Fund.

If the premium is paid by your employer, your employer is generally entitled to claim a tax deduction for that premium, subject to maximum deduction amounts based on your age. The maximum deductions for contributions are indexed each year in line with the Average Weekly Ordinary Time Earnings Index. For the 2003/2004 tax year, the maximum deductions for contributions to all plans of which you are a member are:

- \$13,233 if you are less than 35
- \$36,754 if you are 35 to 49
- \$91,149 if you are 50 or older.

If the premium is paid by you, you may generally claim a tax deduction if you are substantially self-employed (broadly, you earn less than 10% of your assessable income and reportable fringe benefits from an employer).

In such cases, you may claim a personal tax deduction equal to the lesser of:

- the amount of your premium in the tax year,
- \$5,000 plus 75% of any premiums over \$5,000, and
- the maximum deductions shown above.

At the time of publishing this Part 2 of the PDS, legislation to introduce a Government co-contribution scheme has been presented to Parliament but has not been enacted. The co-contribution scheme will apply to low income earners (assessable income below \$32,500, although the Government may increase this upper threshold to \$40,000). The co-contribution by the Government will match the eligible personal superannuation contributions up to a maximum of \$1,000 per annum. We suggest you check the status and applicability of this legislation with your financial or taxation adviser.

You should consult your tax adviser or financial adviser to determine your eligibility to claim a deduction or rebate.

SPOUSE SUPERANNUATION REBATE

Eligibility for a rebate for contributions in relation to a spouse is subject to the following conditions:

- both the taxpayer and spouse must be Australian residents at the time the contribution is made,
- the spouse's assessable income (plus reportable fringe benefits) must be less than \$13,800 in the financial year in which the contribution is made, and
- the taxpayer must not be the employer of the spouse member.

The amount of the rebate will be 18% of the lesser of:

- \$3,000 reduced by \$1 for every \$1 of the amount (if any) by which the spouse's assessable income (plus reportable fringe benefits) of the year exceeds \$10,800, and
- the total of the eligible spouse contributions made in relation to the spouse by the taxpayer in that year.

TAX ON CONTRIBUTIONS

All contributions made by your employer and all contributions that you personally claim as a tax deduction, less the cost of insurance cover, are currently taxed at a rate of 15%.

If you are a member of the Lumley Life Personal Superannuation Fund, no contribution tax is generally payable in respect of your contribution, as this tax can be offset against a deduction that applies for the premium payments.

SUPERANNUATION CONTRIBUTIONS TAX (SURCHARGE)

An additional tax on contributions may apply if your adjusted taxable income (ATI) exceeds \$94,691, up to a current maximum of 15% if your ATI exceeds \$114,981. These 2003/2004 thresholds are subject to indexation each year.

If the Trustee is issued with an assessment from the Australian Taxation Office for the Surcharge, the Trustee will levy an amount equivalent to the assessment on the member.

Product Disclosure Statement - Part 2

Lumley Life Personal Superannuation Fund



TAX ON DEATH AND DISABLEMENT BENEFITS

In the event of your death, no lump sum tax is payable on your benefit if it is paid to your spouse or other dependants, and does not exceed your pension Reasonable Benefit Limit (RBL). Otherwise, Lump Sum Tax is payable. Children aged 18 and over that are not financially dependent are not dependants for this purpose.

For benefits above the pension RBL, the excess amount is subject to tax at the top marginal tax rate (currently 47% plus Medicare Levy for 2003/2004 tax year).

In the event of your total and permanent disablement, a concessional rate of tax may apply to your benefit.

We suggest that you consult with your financial adviser about your RBL position and the tax position of any benefits that may become payable.

INVESTMENT EARNINGS

The assets of LPSF are life insurance policies, which generate no investment income in the Fund. However, where a preserved benefit needs to be retained in the Fund, the benefit amount will be invested in cash deposits with a bank. In such circumstances, interest may be received on these cash deposits and tax at a rate of 15% would be payable.

PROPOSED SUPERANNUATION CHANGES

The Government has proposed some changes to superannuation and taxation law that may impact on your membership of a superannuation fund. These include:

- bills providing for reduction in the superannuation and termination payments surcharge rates. It is proposed that the surcharge rate be reduced from 15% in 1.5% increments over 3 years, commencing with the 2002/2003 tax year. The bills providing for this change in law were passed by the House of Representatives but have, subsequently, been rejected in the Senate.
- draft regulations providing the option for fund members to split their superannuation contributions (personal and employer contributions) between themselves and their spouse.

We suggest you check the status and applicability of these changes with your financial or taxation adviser.

YOUR TAX FILE NUMBER (TFN)

The fund Trustee is required to request that you provide the Trustee with your tax file number. If you do not provide your tax file number, the Trustee is required to deduct tax at the highest marginal tax rate (plus Medicare Levy) on any benefit paid from the fund. If you choose to join LPSF, you may provide your TFN on the form provided in the application booklet.

GENERAL

This taxation information is based on the continuation of present laws and rulings and their interpretation at the date the PDS was issued and is a general statement only. Individual circumstances may be quite different. For further information, it is recommended that you seek your own professional taxation advice.

TO OBTAIN UP-TO-DATE SUPERANNUATION TAXATION INFORMATION, PLEASE VISIT THE PREFSURE WEBSITE (WWW.PREFSURE.COM.AU) OR PHONE US ON 1800 221 142.

