



VIPA Loss of Licence Fund Limited

PRODUCT DISCLOSURE STATEMENT

VIPA Financial Services Pty Ltd

ACN: 168 177 893

AR No: 455638

Authorised Representative of KJ Risk Group Pty Ltd

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PRODUCT DISCLOSURE STATEMENT

1 About this Product Disclosure Statement (PDS)

1.0 This PDS is designed to help you understand what you need to know about the VIPA Loss of Licence Fund Limited (**VLF**) so you can make an informed choice about whether or not to join VLF and apply for the Loss of Licence (**LoL**) Benefits available to members or continue as an existing member.

1.1 Before you decide whether to join VLF, please read this PDS carefully.

The PDS is in two parts:

- *Part 1 - VLF Membership*
- *Part 2 - VLF Loss of Licence Protection Terms*

1.2 Each of these documents when combined together forms the PDS so it is important that you keep each part in a safe place for future reference.

1.3 *Membership* is regulated by the Constitution of VLF and this describes the rights and benefits of Membership. *LoL Benefits* are provided by VLF on the terms contained in the PDS subject to the operation of the Constitution.

1.4 We may update this PDS from time to time. When necessary VLF will issue a supplementary or replacement PDS.

PART 1 – VLF MEMBERSHIP

2 What is VLF?

2.0 VLF is a mutual fund that has been formed by VIPA for the benefit of eligible commercial pilots.

2.1 VLF offers Protection, specifically *LoL Benefits* and associated financial services to the commercial pilots employed by the Virgin Australia Group. Any pilot who holds current Membership with VIPA is eligible to become a member of VLF. The contact details of VLF are in section 18.

2.2 The Protection provided by VLF is a particular type of financial product that is an alternative to insurance – it is known as *Discretionary Protection* or *Protection* and is explained in section 8.

2.3 As a mutual, VLF can use the combined purchasing power of its members to spread the cost of risk and to provide additional coverage within the LoL Protection and other benefits in areas where traditional insurance providers will not provide cover.

- 2.4 The structure of the mutual fund means VLF is owned by its members and only members of VLF are entitled to the LoL Protection and other benefits it provides. The members of VLF are entitled to vote at the Annual General Meeting of VLF. The VLF members are represented by current or former members who are appointed to the VIPA executive and management committee.

3 How is VLF managed?

- 3.0 The VLF Board manages VLF with the assistance of a professional mutual manager, KJ Risk Group Pty Ltd (KJ Risk) and offers for Membership and Protection are made by VIPA Financial Services Pty Ltd (**VIPA Financial Services**). More information about KJ Risk and VIPA Financial Services is contained in section 7.
- 3.1 The VLF Board must abide by the Constitution of VLF and it sets out the objectives of VLF, its powers as a company limited by guarantee, the rules governing its operations, the eligibility criteria of members, the election of Directors and the conduct of members and directors' meetings.
- 3.2 The VLF directors are drawn mainly from the VIPA executive. There are also representative directors from KJ Risk who will offer their knowledge and expertise in managing mutual funds. This gives the VLF Board a very practical understanding of the needs of the members and the risks that they face along with the professional capabilities of a professional mutual manager.

4 What are the benefits of Membership?

- 4.0 The VLF Board operates according to its Constitution and the terms of the PDS to ensure it functions fairly and consistently and in the interests of the members.
- 4.1 Members of VLF have the right to have a LoL claim considered by the VLF Board and the VLF Board will consider a member's claim for LoL Benefits in accordance with the Constitution and the PDS.
- 4.2 A member who holds a current Schedule of Protection for LoL Benefits has the right to have their claim for Protection considered by the VLF Board if they suffer an injury, illness or accident.
- 4.3 *VLF LoL Protection Terms* are fully described in Part 2 of this PDS. Each year member Contributions are used to create an Aggregate. This Aggregate is used to pay accepted member claims throughout the year.
- 4.4 VLF will always be the party paying your accepted claim. What sets VLF apart is that it has in place 'Excess of Loss' insurance, which is used to pay accepted claims in the event the level of claims reach a pre-determined amount. This is a financial safeguard for VLF, and importantly provides members with greater certainty. Please note members are not able to make a direct claim on the 'Excess of Loss' insurer.
- 4.5 Member's rights are entrenched in the Constitution. It describes the VLF Board powers when considering claims made by members who have acquired Protection from VLF.

5 Who can join VLF?

- 5.0 In the interest of all VLF members, the VLF Board ultimately decides who to admit to Membership and whether or not to accept a member's application.
- 5.1 Membership is available to VIPA members who are commercial pilots and are aged less than 65 years of age at the commencement of the Protection Year.
- 5.2 Other pilots of other groups may apply and admission may be granted if the Board approves the application.

6 How does it work?

- 6.0 Applicants for Membership and Protection are sent a membership pack for completion. The answers provided on the form are used to assess the application. It is essential that the application is completed truthfully and in full, and your contact details are current. Even if you are a current VIPA member, you must submit an application form and health questionnaire to be considered as a VLF Member.
- 6.1 Membership enquiries can be directed to VIPA Financial Services using the contact details at the front of this PDS. You will also be provided with a:
- VLF Membership Application Form
 - Health Questionnaire
 - Financial Services Guide.
- 6.2 If the information provided is incorrect, the VLF Board may refuse to grant Membership, expel the person from Membership and/or refuse to pay a claim for Protection.
- 6.3 There is no charge for VLF Membership and each VLF member will receive a *Schedule of Protection* when their application is approved. A copy of the VLF constitution is available on VIPA website at: www.vipa.asn.au.
- 6.4 Protection is available to members in each year when their Contributions for LoL Benefits are paid to VLF.
- 6.5 Each *Protection Year* is from 1 May to 30 April (except for those members who join mid-way through the year in which case the Protection Year commences on the date they join and ends on 30 April).
- 6.6 Your Membership continues automatically until you terminate it or you are no longer eligible for membership: See section 15 of this PDS.
- 6.7 If the Contribution amount is not paid by the required due date, Protection may not be available to that member.
- 6.8 VIPA Financial Services will confirm in writing that Protection is in place for LoL Benefits by issuing a *Schedule of Protection*.

7 VIPA Financial Services Structure

- 7.0 VLF has entered into an alliance with KJ Risk Group Pty Ltd (KJ Risk) to establish and manage the mutual fund. KJ Risk is a professional manager of discretionary mutuals and a specialist insurance broker.
- 7.1 KJ Risk holds an Australian Financial Services Licensee (AFSL No: 388 263) that allows it to provide financial services in relation to general insurance, life insurance and discretionary protection products.
- 7.2 VIPA Financial Services is a subsidiary of VLF and an authorised representative of KJ Risk (AR No: 455638). VIPA Financial Services will offer Membership and Protection.
- 7.3 VIPA Financial Services is your first point of contact for any enquiries about Membership and/or Protection. Their contact details are on the front page of the PDS.

8 What is discretionary Protection?

- 8.0 Discretionary Protection is a legitimate way in which a group of people (like the VLF members) can manage the financial risk of certain events, like LoL, occurring. By working together to fund the LoL Benefits for the group, the group has better buying power and is able to help those members who suffer injuries or illness events that prevent them from holding a Class 1 Medical Certificate issued by the Australian Civil Aviation Safety Authority.
- 8.1 Your entitlement as a VLF member is not an immediate right to have your claim paid. Instead your legal right is to have your claim for Protection considered by VLF. The VLF Board exercises its discretion as to whether it will or will not pay the claim for the benefit of the members.
- 8.2 The VLF Board adheres to its Constitution and terms of the Product Disclosure Statement to ensure they operate fairly and consistently and in the interests of the members when considering the merits of claims
- 8.3 Members are welcome to make a written submission to the VLF Board if their claim is denied and the VLF Board will make a further (and final) determination. See section 16 for details of how to do this.
- 8.4 Discretionary Protection is a financial product but it does not offer the same level of protection that an insurance policy may give you. An insurer is obliged to pay the claim if the claim falls within the policy terms and conditions. That is not the case with VLF. However, VLF must act fairly and consistently when exercising its discretion and always do so in the best interests of the VLF Members.

9 The Financial Strength of VLF

- 9.0 VLF uses the Contributions it collects from VLF Members to fund the payment of the claims for LoL Benefits. However, it also takes other measures to ensure that claims can be paid if the Contributions are used entirely in a Protection Year to pay claims.

- 9.1 KJ Risk has been engaged to professionally manage VLF and to assess the degree to which the aggregate limits are adequate and to advise VLF about the purchase of insurance to protect VLF and its members from a high number of claims in any one Protection Year. This insurance is called *'Excess of Loss' Insurance*.
- 9.2 KJ Risk also has financial requirements attached to its Australian financial services licence, which require it to maintain certain financial resources when managing a mutual and providing other financial services. KJ Risk is required to maintain an adjusted surplus liquid funds requirement of \$50,000 as a buffer for paying claims along with sufficient cash reserves to meet the needs of the VLF business. These financial requirements provide the regulator with a degree of oversight in relation to the way KJ Risk manages a mutual business.
- 9.3 VLF and KJ Risk are not insurance companies and they are not required to maintain the same financial solvency levels that an insurance company does. Neither party are regulated under the *Insurance Act 1973* (Cth). Despite this, VLF is required to submit returns to the Australian Prudential Regulation Authority (**APRA**) in relation to the discretionary Protection in accordance with its obligations under the *Financial Sector (Collection of Data) Act 2001* (Cth). It is not financially supervised by APRA.

10 What are Contributions?

- 10.0 Contributions are the amount that you or your employer pays to VIPA Financial Services in each Protection Year.
- 10.1 Depending on your workplace enterprise bargain agreement, your employer may pay for part or all of your Contribution. If your Contribution exceeds this amount from your employer, you will have to pay the remaining amount yourself. If you wish to access any additional benefits offered from time to time by VLF, you will have to pay those Contributions yourself.
- 10.2 The Contributions are used towards ensuring that VLF, where it is determined that a claim is payable, can make claim payments to members. The claim limits are detailed in the *VLF Loss of Licence Protection* – see Part 2 and your Schedule of Protection.
- 10.3 There may be a waiting period for new members, before you can make a claim for Protection.
- 10.4 Because VLF is a not for profit entity, there is no 'profit factor' built into the calculation of your Contributions.
- 10.5 At the end of a Protection Year, there may be a 'surplus' of Contributions – this is the amount that VLF retains and has not been paid out in claims to VLF members in that Protection Year.

10.6 VLF may in its discretion apply a surplus from a previous Protection Year to help reduce Contributions by VLF members, provide additional cover to members, or for any other use approved by the VLF Board on the grounds that it is considered beneficial to the Membership base (e.g. the development of risk management programs).

10.7 VLF calculates Contributions on the basis that:

- VLF will have adequate financial resources to discharge future claims liabilities and make future claims payments to members. Each year VLF sets a limit, which is the maximum amount for all claims that VLF will fund itself in that Protection Year. This is the *VLF Aggregate Limit*.
- VLF will have sufficient funds to purchase the 'Excess of Loss' Insurance to help support VLF in paying claims if the size of the claims in that Protection Year exceeds the VLF Aggregate Limit.

11 Significant Risks

11.0 As with any financial product, there are risks attached. The key risks for VLF members are:

- *Membership and Protection is at the discretion of the Board.* VLF provides no indemnity to members as it is not insurance. There is no guarantee that a claim will be paid, it must be consistent with the terms of the *VLF LoL Protection Terms* and in the interests of members.
- *Whether the total amount of Contributions plus 'Excess of Loss' insurance is enough to fully protect members.* If a large number of claims are made in any one Protection Year and this exceeds the VLF Aggregate Limit and the Limit of Liability for the 'Excess of Loss' Insurance (currently \$1.6 million for any one event giving rise to a claim), a Protection claim may not be paid. There is no limit on the number of claims that can be made on the 'Excess of Loss' Insurance if the events that cause the claim are different and the VLF Aggregate Limit is exhausted. If there are multiple claims from one event, VLF will exercise its discretion to pay a proportion of each pilot's claim until the Limit of Liability is exhausted. Whilst VLF has taken professional advice as to the adequacy of the Contributions and the levels of insurance to meet likely claims and these estimates are conservative, it cannot guarantee in all cases that all claims would be provided for in every Protection Year.
- *A member could lose their entitlements if they are expelled by the VLF Board.* Because VLF is a mutual for the benefit of all members it reserves the right to expel members and deny them access to Protection in circumstances which are in the best interests of the members as a whole or where a member breaches the rules of Membership.
- *A member may have to serve a waiting period.* Waiting periods may apply when you make a claim for Protection. The details about the relevant waiting period for *LoL Benefits* are in the *VLF LoL Protection Terms (Part 2)*. VLF will determine in each Protection Year what these periods will be. If they change members will be informed before the beginning of the Protection Year.

12 Are there any tax implications?

- 12.0 GST is payable on Contributions. There is no stamp duty or other taxes payable on the Contributions.
- 12.1 VLF does not provide any advice on the individual tax treatment for members of having Membership and the Protection or the treatment of any claims that are paid to members. Members should seek their own advice in this regard.

13 How to notify a claim

- 13.0 You are required to notify VIPA Financial Services as soon as possible if you need to make a claim. You have twenty-one (21) days from the date you become aware of the injury or illness to lodge your claim. Failure to do so may affect your claim.
- 13.1 VIPA Financial Services will send you a claim form. Return your claims form and any other information required to process the claim to VIPA Financial Services.

The contact details are set out below:

VIPA Financial Services

Tel: 1800 116 460 (Option 5)

Fax: 02 8968 2099

Email: vfs@vipa.asn.au

Postal Address: PO Box 2017, Neutral Bay Junction, NSW 2089

- 13.2 VIPA Financial Services will manage claims on behalf of VLF and provide relevant information to the VLF Board for consideration.
- 13.3 The VLF Board will then make a determination on the claim. Members may dispute a decision made by the Board regarding a claim for Protection as set out in section 16.
- 13.4 VIPA Financial Services will advise you as soon as possible after receipt of all information requested by it, as to whether your claim for Protection will be accepted and for what amount.

14 How to ensure you preserve VLF's rights of recovery

- 14.0 In some cases, VLF may want to pursue a legal right of recovery that it has against someone who has caused the injury or illness suffered by a VLF Member. If your claim is paid, VLF has this right immediately upon deciding to pay the claim.
- 14.1 In those circumstances you must ensure that you do not do anything that could interfere with the legal rights to pursue the person who caused the loss. This means you cannot release them from their legal responsibilities or reach a settlement or other arrangement with them under which you hold them harmless for the loss or injury they caused. VLF has full discretion in the conduct of any proceedings in connection with any claim.

- 14.2 VLF has the right to decide whether or not it will control or direct the conduct of any claim and for its own benefit any claim for damages or otherwise and in connection with any litigation conducted by VLF in the member's name or any action taken by VLF in exercise of its rights of subrogation.
- 14.3 If a personal appearance by a VLF member or any other relevant person is necessary at court or elsewhere, the expense of such appearance must be borne or paid by the VLF member.
- 14.4 VLF members must fully cooperate by supplying any information and assistance requested by VLF, VIPA Financial Services or any agent appointed by VIPA Financial Services with respect to the claim.

15 Can I cancel Membership and Protections?

- 15.0 VLF Members can cancel their Membership and Protection. You must notify VIPA Financial Services at least 30 days before the end of the Protection Year if you want leave as a member and purchase your LoL benefit elsewhere. Remember, the Protection Year ends on 30 April in each year so your cancellation notice must be received by VIPA Financial Services by 31 March.
- 15.1 There is no refund of any Contributions paid. The reason is to ensure the stability of the mutual fund for the benefit of all VLF members.
- 15.2 If VLF is no longer willing to allow a person to remain as a member, VIPA Financial Services must advise you that your Membership of VLF will cease.

16 Disputes

- 16.0 If you wish to dispute the decision about a claim made by VLF, you are welcome to make a written submission to VLF and to ask the Board to reconsider their decision. The Board will give full consideration to your submission when deciding the final outcome. However, you must do this within 60 days of the date that you were notified that the claim would not be paid. Send your submission and request for reconsideration to VIPA Financial Services.
- 16.1 If you have a complaint about any of the services provided by VIPA Financial Services or any other person engaged by VLF, please contact VIPA Financial Services. Their details are on the front page of this PDS.
- 16.2 If you are still not satisfied, you can make a complaint to the Financial Ombudsman Service (FOS). You can contact FOS on 1800 367 287 or obtain additional information and contact details at www.fos.org.au

17 Privacy

- 17.0 VLF is committed to protecting the privacy of your personal information in accordance with the *Privacy Act 1988* (Cth) and the Australian Privacy Principles.

- 17.1 VLF and VIPA Financial Services require personal information from you to assess your application for Membership and Protection. If you don't provide the information we may not be able to accept your application or offer Protection products to you.
- 17.2 To provide Membership and Protection and to obtain insurance for VLF, we may need to disclose your personal information to other people. These people will include the insurer of the 'excess of loss insurance' policy, claims adjusters and assessors, medical staff, lawyers and other people involved in providing Protection to you and handling your claim for Protection.
- 17.3 The insurer for the 'Excess of Loss' Insurance is a leading independent insurer operating in the Lloyd's market. The insurer is located in the United Kingdom and the laws that apply to the handling of your personal information in that country are comparable with the laws that apply in Australia. When your information is disclosed to the insurer it will be protected by the Data Protection Act 1998 (UK).
- 17.4 From time to time, VLF and VIPA Financial Services may use your information to send you details about our products and services. We always give you the option of electing not to receive these communications.
- 17.5 You can request access to the personal information we hold about you at any time and if the information is incomplete, inaccurate, misleading, out of date or irrelevant we will correct that information. In some limited cases, we may need to refuse access or refuse a request for correction. For more information about this, see the Privacy Policy at www.vipa.asn.au
- 17.6 If you wish to request access to your personal information or you have complaints about how your personal information has been handled, contact VIPA Financial Services. Their details are on the front page of this PDS.

18 VLF Contact Details

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ACN: 163 594 269
Tel: 1800 116 460 (Option 5)
Fax: (02) 8968 2099
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Street Address: 303/115 Military Rd, Neutral Bay 2089

PART 2 – VLF LOSS OF LICENCE PROTECTION TERMS

Important Note:

Despite anything in this PDS that suggests otherwise, the Protection set out in this PDS is subject to the Constitution of VLF and to the benefit amounts, limits and other conditions specified in your Schedule of Protection.

PROTECTION WORDING

Scope of Protection

For each Protection Year, you are entitled to have any claims for Protection considered by the Board of VLF if you hold a Schedule of Protection for the current Protection Year. Payment of claims for Protection is always at the sole and absolute discretion of the Board.

The Board will consider your claim for Protection in accordance with the:

- terms, conditions, definitions and exclusions and endorsements of the Loss of Licence benefits contained in this Product Disclosure Statement;
- Schedule of Protection issued to you; and
- Constitution of VLF.

DEFINITIONS

The following terms have the meanings given to them in this section.

“Accident” means a sudden, unexpected, unusual, specific event which occurs at an identifiable time and place but shall also include exposure to the elements resulting from such an event.

“At Work” means the person is actively and competently performing all the essential duties of his or her usual occupation without restriction, or is on approved leave.

“Benefit Amount” means the amount for each of the benefits as shown in the Schedule of the Protection.

“Benefit Ceasing Age” Sixty-Five (65) years

“Benefit Period” means the period for Temporary Total Disability benefits as specified in the Schedule of Protection commencing on the expiry of the Waiting Period.

“Benefit Offsets” means Any Benefit payable for a member will be reduced by all income paid or that member is entitled to from any of the following sources;

- a) Workers compensation schemes
- b) Statutory compensation, pension or similar schemes
- c) Income benefits from other policies of insurance, mutual funds and/or superannuation trustees(s); and

- d) Any employer funded sick leave payments or other employer funded benefits

“Bodily Injury” means identifiable physical injury which is caused by an Accident and solely and independently of any other cause (except illness directly resulting from medical or surgical treatment rendered necessary by such Bodily Injury) within twelve (12) months from the date of the Accident.

“by an Accident” means:

- a. by reason of or on the sole grounds of having sustained injury directly resulting from an Accident or injury or illness resulting from medical or surgical treatment rendered necessary by such injury; and
- b. where the injury or illness occurs during the Protection Year.

“CASA” means the Australian Civil Aviation Safety Authority.

“Contribution” means the amount determined by VLF which is payable in each Protection Year in order for you to be entitled to claim against VLF for Protection in relation to Loss of Licence benefits.

“Employer” means any company in the Virgin Australia group or such other employer of an eligible member.

“Illness” means that the person has sustained an illness which manifests itself during the Protection Year and which is not in itself the direct consequence of Bodily Injury.

“Income” means the annual base wages or salary paid to you by your Employer at the beginning of the Protection Year.

“Licence” means an Australian flight crew licence as defined in the Australian Civil Aviation Safety Regulations 1998.

“Loss” means the loss of a Class 1 medical certificate issued by CASA resulting in a loss of the right to exercise the privileges of the Licence.

“Maximum Benefit Amount” means the amount shown as the maximum benefit amount in the Schedule of Protection.

“Medical Practitioner” means a medical practitioner legally qualified and registered to practise medicine in Australia and is a person other than you or your relatives, business partners, shareholders or employees.

“Nuclear Radiation” means the use, existence or escape of nuclear weapons material or ionising radiation from or contamination by radioactivity from any nuclear fuel or nuclear waste from the combustion of nuclear fuel.

“Permanent Total Disability” is the inability to exercise the privileges of the Licence or the Loss of Licence in circumstances where a Class 1 medical certificate issued by CASA is revoked, withdrawn or suspended on medical grounds and in the reasonable opinion of a Medical Practitioner, the Bodily Injury or Illness suffered by you is beyond the hope of improvement resulting in the inability to obtain a Class 1 medical certificate issued by CASA or have the Class 1 medical certificate reinstated by CASA within a period of 24 months from the date of the same.

“Schedule of Protection” means the schedule issued to you that has Loss of Licence benefits for the current Protection Year following payment of the Contribution for the current Protection Year.

“Temporary Total Disability” means the inability to exercise the privileges of the Licence or the Loss of Licence in circumstances where a Class 1 medical certificate issued by CASA is revoked, withdrawn or suspended temporarily and/or totally on medical grounds and in the reasonable opinion of a Medical Practitioner, the Bodily Injury or Illness suffered by you results in:

- a. a state of health that prevents and continues to prevent you from holding a Class 1 medical certificate issued by CASA ; and
- b. an inability to work as a commercial pilot for wages or profit; and
- c. being under the care and following the advice and treatment of a Medical Practitioner until a Class 1 medical certificate can be issued or reinstated by CASA.

“Temporary Total Disability Benefits” means if the member has a continuous period of Temporary Total Disability for longer than the Waiting Period, a Temporary Total Disability Benefit is payable from the first day after the Waiting Period until the earliest of:

- a. The first day upon which the member is not Totally Disabled
- b. The date the member attains the Benefit Ceasing Age
- c. The date of the death of the member; and
- d. The end of the Benefit Period applicable to that Insured Person

“Terrorism” means (regardless of any other contributory cause(s) any event in any way caused or contributed to by an act of terrorism involving the use or release or the threat thereof of any nuclear weapon or device or chemical or biological agent.

For the purpose of this definition, an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes or reasons including the intention to influence any government and/or to put the public, or any section of the public, in fear.

“Waiting Period” means the period specified in the Schedule of Protection which in respect of:

- a. Temporary Total Disability, commences on the date on which the Bodily Injury or Illness resulting in Temporary Total Disability is diagnosed by a Medical Practitioner; and
- b. Permanent Total Disability, commences on the date on which the Bodily Injury or Illness resulting in Permanent Total Disability is diagnosed by a Medical Practitioner, unless you suffered Temporary Total Disability prior to Permanent Total Disability and the waiting period applicable to the Temporary Total Disability has expired, in which case there is no Waiting Period.

“you” means a member of VLF that holds a Licence and has been issued with a Schedule of Protection for Loss of Licence benefits.

LOSS OF LICENCE BENEFITS

Overview

There are two types of Protection you can claim for Loss of Licence events in each Protection Year whilst you hold a Schedule of Protection (and subject to payment of the Contribution by the Member or the Member's Employer):

- *Temporary Total Disability* - a monthly benefit payable to the Member;
- *Permanent Total Disability* - a monthly benefit which may be followed by a single lump sum payment or a series of benefit payments as determined by the VLF Board payable to the Member.

Temporary Total Disability

If you experience a Temporary Total Disability for a continuous period, which is longer than the Waiting Period, you can claim for Temporary Total Disability benefit of 95% of your Income (but no more than the Maximum Benefit Amount). The Benefit Period starts on the first day after the Waiting Period and ends on the earliest of the following dates:

- the date which is the first day the Member ceases to suffer from Temporary Total Disability;
- the date of the death of the Member;
- the date the member attains the Benefit Ceasing Age
- the date which is 24 months after the Waiting Period ends; or
- for claims relating to mental or nervous conditions, the date which is 3 months after the Waiting Period ends.

The amount paid to you under this benefit will be reduced by any amounts you are entitled to claim as defined as Benefit Offsets.

If within twelve (12) months from the date a Temporary Total Disability benefit payment commences, you suffer a Temporary Total Disability due to the same or a related Bodily Injury or Illness, the Waiting Period may be waived. The benefit payments may re-commence as a continuation of the earlier claim payable from the date that you again suffer Bodily Injury or Illness causing Temporary Total Disability.

Permanent Total Disability

If you experience a Permanent Total Disability:

- you can first claim for the Temporary Total Disability benefit; and
- prior to the end of the Temporary Total Disability Benefit Period:
 - if the Permanent Total Disability is not caused by a mental or nervous condition, you can claim for the Loss of Licence benefit minus all of the Temporary Total Disability benefits already paid to you during the Benefit Period; or
 - if the Permanent Total Disability is caused by a mental or nervous condition, you can claim for a benefit of 95% of your Income for 3 months

Examples:

The Loss of Licence benefit limit for the Protection period for these examples is \$800,000 and the annual salary for these examples is \$250,000.

- *Example 1: If your salary is \$250,000 and you are diagnosed with a Permanent Total Disability immediately (with no prior claim for Temporary Total Disability), you will have a waiting period of 90 days and unless you have a mental or nervous condition, then you can claim a monthly benefit of 95% of your income for 24 months which totals \$475,000 (\$237,500 per annum). At the end of the 24 months, unless you have a mental or nervous condition, you can claim the balance of the Loss of the Licence Benefit being \$325,000 (\$800,000 - \$475,000).*
- *Example 2: If your salary is \$250,000 and you are diagnosed with a Permanent Total Disability caused by a mental or nervous condition, you will have a waiting period of 90 days and you can claim 95% of your income as a monthly benefit (\$ 19,791.66 per month) for 3 months. You would receive \$ 59,375 in total which in the example is the maximum entitlement for anyone who suffers a Total Temporary Disability and/or Permanent Total Disability due to a mental or nervous condition.*

If you experience a Permanent Total Disability but you obtain a licence which is similar to the Licence, anywhere in the world, at any time in the 24 months after the date when your Class 1 medical certificate issued by CASA was first revoked, withdrawn or suspended, you can't claim any further Loss of Licence benefit.

WAITING PERIODS

If you return to work with your Employer for five (5) days or less, the Waiting Period for Temporary Total Disability benefits will be extended by those days, without restarting the count of days.

If you return to work with the Employer for more than five (5) days and subsequently cease work again because of Bodily Injury or Illness, the Waiting Period for Temporary Total Disability benefits will be reset to the full count of days specified in the Schedule of Protection and will restart from the first day of your most recent period of leave from work with your Employer due to the Illness or Bodily Injury.

EXCLUSIONS

No benefits are payable to you in the following circumstances:

- Any payments which would result in a breach of the Health Insurance Act 1973 (Cth), the Private Health Insurance Act 2007 (Cth) or the National Health Act 1953 (Cth) or any applicable legislation (whether in Australia or not).
- If Temporary Total Disability or Permanent Total Disability or Loss of Licence results directly or indirectly from:
 - an intentional self-inflicted injury;
 - pregnancy, for the full duration of the pregnancy, including childbirth and for a period of ninety (90) days from the birth of the child.
 - war or acts of war whether declared or not;

- Terrorism or an act of Terrorism;
- Nuclear Radiation;
- elective cosmetic surgery;
- conditions not supported by clinical evidence;
- you are undertaking activities which are prohibited under a Member's contract of employment with the Employer;
- you are committing or attempting to commit a criminal act;
- you are engaging in or taking part in naval, military or air force service or operations, service in the armed forces of any national or international organisation including active service and training exercises within national or international armed reserve units.

OTHER IMPORTANT INFORMATION

Benefit Payments

Any income benefit will be paid monthly in arrears and the amount calculated is 1/365th of the annual benefit for every day of the period for which it is payable. The total of all benefits payable to you in the first year of a Claim will not exceed the Maximum Benefit Amount.

Lump sum benefits will be paid to you in a single payment or series of payments subject to any legal requirement for VLF to deduct tax to comply with the law.

Claims

Your right to have a Claim considered by VLF is subject to you and/or your representative notifying VLF of the Claim or an intention to make a Claim.

When circumstances arise which may give rise to a Claim, you must take all reasonable steps at the time to mitigate the Claim. You are required to take any action reasonably requested by VLF to mitigate the Claim.

You and/or your representative must at all times promptly notify VLF of any information, documents or reports in your and/or your representative's possession or knowledge relevant to any Claim and whenever requested give VLF (or its nominated representatives) reasonable access to such information, documents or reports for the purposes of considering the Claim.

Subrogation

Whenever a payment for a Claim is authorised by VLF, you agree to subrogate, assign or otherwise transfer any and all of its rights of recourse against third parties to VLF. You authorise VLF to use your name in any proceedings relating to the payment.

VLF has the right to control or direct the conduct of any legal or other proceedings involving your Accidental Death, Bodily Injury or Illness if VLF decides to pay a Claim for Loss of Licence benefits and

there is a reasonable prospect of making a legal or financial recovery against a third party involved in causing the event which gave rise to the Claim. In these circumstances, VLF may require you or your representatives to settle, compromise or otherwise dispose of such Claim in such manner and upon such terms as VLF, in its sole and absolute discretion sees fit.

VLF waives any rights, remedies or relief to which it is entitled by subrogation against you or your representative.