



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

Tel: 1800 116 460 (Option 5)

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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 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. *Loss of Licence Benefits* are provided by VLF on the terms contained in the PDS and the Schedule of Protection, 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 *Loss of Licence Benefits* and associated financial services to the commercial pilots employed by the Virgin Australia Group. Any pilot who holds current Membership with VIPA and meets the requirements set out in clause 5.1 below 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 Loss of Licence 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 Loss of Licence 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 Loss of Licence claim considered by the VLF Board and the VLF Board will consider a member's claim for Licence Benefits in accordance with the Constitution and the PDS.

4.2 A member who holds a current Schedule of Protection for Loss of Licence Benefits has the right to have their claim for Protection considered by the VLF Board if they suffer an injury or illness, including certain defined Mental Health Conditions, provided that does not arise as a result of or associated with a Pre-existing Condition. The basis for calculating the amount of the Loss of Licence Benefit will be set out in the Schedule of Protection, as the lesser of a multiple of the member's annual salary, at the time of disability, and the PTD maximum payable as noted on your Schedule of Protection. The multiple of annual salary used will be dependent on the member's age at the commencement of the Protection Year.

4.3 *VLF Loss of Licence 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 Members' 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;
 - are aged less than 65 years of age at the commencement of the Protection Year;
 - are employed on a full time or permanent part time basis by the employer to work at least 15 hours per week;
 - are actively and competently performing all the essential duties of their occupation without restriction and physically capable of doing so;
 - a resident of Australia, New Zealand or certain other countries with our written consent;
 - have met CASA echocardiogram and other medical requirements.
- 5.2 Other pilots of other groups may apply and admission may be granted if the Board approves the application.
- 5.3 A member's entitlement to make a claim on Protection depends on them continuing to meet the eligibility criteria during the Protection Year, including remaining an employee of an eligible Employer and receiving a salary (refer to Part B for details).

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 for the period for which their Contributions for Loss of Licence Benefits are paid to VLF. The Contribution amount, as set out in your Schedule of Protection, will be reduced for members who join part-way through a Protection Year.
- 6.5 Each *Protection Year* is from 12.01am on 1 May to 12.01am on 1 May of the following year (except for those members who join part-way through the year in which case the Protection Year commences on the date they join and ends at 12.01am on 1 May).
- 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 Loss of Licence 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 a Loss of Licence, occurring. By working together to fund the Loss of Licence 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 Loss of Licence 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 Loss of Licence 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, 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 will have no protection or restricted protection if they cease employment, take leave or are Stood Down without pay during the Protection Year.* A member who ceases eligible employment or takes leave without pay during the Protection Year will not be entitled to make a claim on the Temporary Total Disability or Permanent Total Disability for the time that situation continues. A member who is Stood Down for a period, will continue to have Permanent Total Disability protection, but will have no Temporary Total Disability protection during that period.
- *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 *Loss of Licence Benefits* are in the *VLF Loss of Licence 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 Managing your claim

- 13.0 You are required to notify VIPA Financial Services as soon as possible if you need to make a claim. You have fourteen (14) 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. You must return your claim 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)

Email: vfs@vipa.asn.au

Postal Address: Suite 203, 1 York Street, Sydney, NSW, 2000

- 13.2 VIPA Financial Services will manage claims on behalf of VLF and provide relevant information to the VLF Board for consideration.
- 13.3 When you lodge a claim you consent to VIPA Financial Services contacting any relevant authorities and/or doctors and specialists to obtain materials relevant to your claim.
- 13.4 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.
- 13.5 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.
- 13.6 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.
- 13.7 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.
- 13.8 You and/or your representative must at all times promptly notify VLF of any information, documents, reports or knowledge relevant to any claim in your and/or your representative's possession. You must, if requested, give VLF (or its nominated representatives) reasonable access to such information, documents or reports for the purposes of considering the claim.

- 13.9 You and/or your representative must at all times promptly notify VLF of any material changes to your condition, injury or illness.

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 For the 2022-2023 Renewal, our opt-out period operates as follows. All offers will be sent by April 1, 2022. Members have until April 15, 2022 to opt-out. The protection year for 2022-2023 begins 1 May, 2022.
- 15.1 There is no refund of any Contributions paid on your behalf by your employer. 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 Australian Financial Complaints Authority (AFCA). You can contact AFCA on 1800 931 678 or obtain additional information and contact details at afca.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

VIPA Loss of Licence Fund Limited ACN: 163 594 269

Tel: 1800 116 460 (Option 5)

Postal & Street Address: Suite 203, 1 York Street, Sydney, NSW,
2000

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 and terms 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 and remain an eligible member of VLF. You must notify promptly if any information provided to VLF in connection with your membership becomes inaccurate due to a change in circumstances as a failure to do so may impact your claim for Protection. Payment of claims for Protection is always at the sole and absolute discretion of the Board.

In deciding whether to pay a claim for Protection, the Board will give consideration to the terms of:

- this Product Disclosure Statement;
- the Schedule of Protection issued to you; and
- the 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. The term **“by an Accident”** means:

- a. by reason of or on the sole grounds of you having sustained identifiable physical injury or illness directly resulting from such injury or medical or surgical treatment rendered necessary by such injury; and
- b. where such injury or illness is caused by an Accident in a manner which is violent, unforeseen, external and visible;
- c. where the injury or illness occurs during the Protection Year; and
- d. where the injury or illness does not arise as a result of or associated with a Pre-existing Condition.

“Benefit” means a Temporary Total Disability Income Benefit or Loss of Licence Benefit.

“Benefit Offsets” means all income paid or that you are entitled to from any of the following sources;

- a. Workers compensation schemes;

- b. Statutory compensation, pension, social security 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, including but not limited to ongoing salary payments made by the Employer during a period of Illness or Bodily Injury.

Note Benefit Offsets apply to claims for both **Temporary Total Disability & Permanent Total Disability (PTD)**. For PTD claims this means the value of all future payments from the sources outlined above. These payments will be offset against the final PTD claim amount.

“Bodily Injury” means identifiable physical injury which is caused by an Accident and which, solely and independently of any other cause (except illness directly resulting from medical or surgical treatment rendered necessary by such Bodily Injury), results in your disablement within twelve (12) months from the date of the Accident, but which does not arise as a result of or associated with a Pre-existing Condition.

“CASA” means the Australian Civil Aviation Safety Authority (Australia) or any body that may take over their responsibilities.

“Class 1 Medical Certificate” means a Class 1 Medical Certificate issued by CASA, which applies to holders of an Air Transport Pilot Licence, Commercial Pilot Licence (other than balloons), Multi-crew Pilot (aeroplane) Licence, Flight Engineer Licence or Student Flight Engineer Licence.

“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 the Benefits.

“Employer” means Virgin Australia, its subsidiaries, associated airlines, partner airlines, other airlines whose pilots may join VLF, or an employer subsequent to Virgin Australia if you remain a member of VLF after leaving its employ.

“Illness” means an illness sustained by you, including the defined Mental Health Conditions, which manifests itself during the Protection Year and which:

- a. is not in itself the direct consequence of identifiable physical injury caused by an Accident; and
- b. does not arise as a result of or associated with a Pre-existing Condition.

The term **“by Illness”** means on the sole grounds that you have sustained an Illness.

“Licence” means a Class 1 — Commercial Pilot and Professional Pilot licence, issued by CASA, in accordance with the relevant statutory or regulatory provisions.

“Loss” means CASA's withdrawal of your privilege to fly and/or your inability to retain a Class 1 Medical Certificate.

“Loss of Licence Benefit” means the amount shown as the *“Loss of Licence Benefit”* in the Schedule of Protection, less any Temporary Total Disability Income Benefits paid over the Temporary Total Disability Benefit Period.

“Maximum Annual Benefit for Temporary Total Disability Income Benefits” means the amount shown as the "*Maximum Annual Benefit for Temporary Total Disability Income Benefits*" in the Schedule of Protection.

“Medical Practitioner” means a medical practitioner legally qualified and registered to practice medicine in Australia or, where they are outside Australia, who holds qualifications which would allow them to practice medicine in Australia, and who is a person other than you or your relatives, business partners, shareholders or employees.

“Mental Health Conditions” means:

Stress, anxiety, depression, mental anguish, neurosis or the like and which is diagnosed by a medically or other appropriately qualified practitioner. Such an illness shall imply severe and lasting impairment in personal performance and capable of being diagnosed under the internationally-recognised classification system DMS-IV-TR (the Diagnostic and Statistical Manual of Mental Disorders, 2013).

“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” means the prevention of you acting in any capacity for which a Licence or Class 1 Medical Certificate is held due to the Licence or Class 1 Medical Certificate being permanently revoked or a long term unfitness assessment being issued in that respect on medical grounds which in the opinion of a Medical Practitioner are beyond hope of improvement and which entails both of the following consequences:

- a. your inability to obtain a renewal of such Licence or Class 1 Medical Certificate or to obtain withdrawal of the unfitness assessment or revocation within a period of 24 months from the date the Licence or Class 1 Medical Certificate is revoked or unfitness assessment issued; and
- b. your inability to obtain any similar licence or certificate anywhere in the world within a period of 24 months from the date of the issuance of the unfitness assessment or revocation,

provided that nothing in this definition shall impose any obligation on you to seek the withdrawal of any long-term unfitness assessment or permanent revocation of the Licence or Class 1 Medical Certificate.

“Pilot Income” means the annual base wages or salary agreed between you and your Employer to which you are entitled on the first day of your Temporary Total Disability or Permanent Total Disability, provided that:

- if you temporarily reside overseas, Pilot Income will be your equivalent wages or salary in Australia or New Zealand, for your rank and fleet, not those in the overseas country; and
- if you agree with your Employer to take leave without pay, your Pilot Income will be deemed zero during the period of that leave.

“Pre-existing Condition” means an illness or physical injury, including a Mental Health Condition, that you were aware of, a reasonable person in your position would have been aware of, or which had been observed or diagnosed by a medical professional prior to commencement of the Protection Year, whether or not the condition was a formally diagnosed as an illness or physical injury.

“Schedule of Protection” means the schedule issued to you that has details of your Benefits for the current Protection Year following payment of the Contribution for the current Protection Year.

“Stood Down” means, while remaining an employee of the Employer, being compulsorily and temporarily stood down by the Employer from your employment activities due to a catastrophic event.

“Temporary Total Disability” means that, due to you suffering an Illness or Bodily Injury, you:

- a. have a state of health that prevents and continues to prevent you from holding a Licence or Class 1 Medical Certificate; and
- b. are unable to work as a commercial pilot for wages or profit; and
- c. are under the care and following the advice and treatment of a Medical Practitioner.

“Temporary Total Disability Benefit Period” means the period shown as the "*Temporary Total Disability Benefit Period*" in the Schedule of Protection, commencing on the first day that a Benefit begins to accrue upon the expiry of the Waiting Period.

“Temporary Total Disability Income Benefit” means a percentage of your Pilot Income, subject to a limit of the Maximum Annual Benefit for Temporary Total Disability Income Benefits. Please refer to the Schedule of Protection for the percentage that applies to you in your age bracket.

“Terrorism” means 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, and any action taken in controlling, preventing, suppressing or in any way relating to these events.

“Waiting Period” means the period shown as the "*Waiting Period*" in the Schedule of Protection, commencing on the first day of Temporary Total Disability, during which no Temporary Total Disability Income Benefit is payable, provided that, if you return to work with the Employer during a Waiting Period:

- a. for five (5) days or less, the Waiting Period will be extended by those days, without restarting the count of days; and
- b. for more than five (5) days and subsequently cease work again because of Bodily Injury or Illness, the Waiting Period will be reset to the full count of days specified in the Schedule of Protection and will restart from the first day of the most recent period off work with your Employer.

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

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 your Contribution by you or your Employer):

- *Temporary Total Disability* - a monthly benefit payable to you; and
- *Permanent Total Disability* - a single lump sum payable to you.

Temporary Total Disability

If you have a continuous period of Temporary Total Disability for longer than the Waiting Period, you can claim for a Temporary Total Disability Income Benefit from the first day after the Waiting Period until the earliest of:

- the first day upon which you cease to suffer from Temporary Total Disability;
- the date of your death;
- the end of the Temporary Total Disability Benefit Period; or
- for claims relating to Mental Health Conditions, the date, which is 3 months after the Waiting Period ends;
- All benefit payments cease when a pilot reaches 65 years of age,

provided that no claim may be made for a Temporary Total Disability Income Benefit while you are Stood Down (and noting that that would also be the case if you are on leave without pay, as your Pilot Income would be deemed zero during the period of that leave).

The period for claiming a Temporary Total Disability Income Benefit, as set out above, cannot be deferred.

Any Benefit payable to you for Temporary Total Disability will be reduced by the Benefit Offsets.

If within twelve (12) months from the date a Temporary Total Disability Income Benefit payment ceases, you suffer a Temporary Total Disability due to the same or a related Bodily Injury or Illness, the Waiting Period and any application of the Pre-existing Condition exclusion may be waived and the Temporary Total Disability Income Benefit payments recommenced as a continuation of the earlier claim payable from the date that you again suffer.

Permanent Total Disability

If you suffer a Loss of Licence as a result of a Permanent Total Disability, you can claim for a Loss of Licence Benefit, provided that any claim for a Loss of Licence Benefit resulting from or associated with Mental Health Conditions will be limited to an amount equal to 3 months of temporary benefit payments. Please refer to your Schedule of Protection as these limits vary by age.

You are entitled to make a claim for Permanent Total Disability while Stood Down (but note that that would not be the case if you are on leave without pay, as your Pilot Income would be deemed zero during the period of that leave).

Any Benefit payable to you for Permanent Total Disability will be reduced by the Benefit Offsets.

Examples

For the purpose of the following examples, a pilot is 35 years old, the Loss of Licence Benefit is 3 x annual salary or \$600,000 whichever is lesser, the Waiting Period is 90 days, the Temporary Total Disability Benefit Period is 104 weeks and the member's annual salary at the time of disability is \$200,000.

- *Example 1: If the member is diagnosed with a Permanent Total Disability immediately (with no prior claim for Temporary Total Disability), they will be able to claim the Loss of Licence Benefit, being the lesser of 3 times the member's annual salary or \$600,000.*
- *Example 2: If the member suffers a Temporary Total Disability, they will have a waiting period of 90 days and then can claim 85% of their Pilot Income as a monthly benefit (\$14,166.67 per month). If the member is subsequently diagnosed with a Permanent Total Disability arising from the same Bodily Injury or Illness, they would be able to claim the Loss of Licence Benefit. If that occurred after receiving 24 months of payments, the payment under TTD are deducted from the final PTD payment. In this example the pilot would have received \$340,000. \$600,000 is the PTD benefit. The final payment for PTD would be \$260,000.*

EXCLUSIONS

No Benefits are payable to you in the following circumstances:

- As a result of or associated with any World Health Organisation (WHO) designated pandemic, including:
 - Coronavirus disease (COVID-19);
 - Severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2);
 - any mutation or variation of COVID-19 or SARS-CoV-2; and
 - any fear or threat of any of the above.
- As a result of or associated with a Pre-existing Condition.
- As a result of or associated with any mental health or nervous condition, except for schizophrenia and bipolarity which are limited to 3 months of benefits, after observing the relevant waiting period on the member's schedule of protection.
- As a result of or associated with any restriction or limitation applied to your Licence, as a result of a medical examination, which was in place at the commencement of the Protection Year.
- 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 your Temporary Total Disability or Permanent Total Disability or Loss of Licence results directly or indirectly from:
 - an intentional self-inflicted injury;
 - uncomplicated pregnancy or childbirth;
 - war or acts of war whether declared or not, invasion, acts of foreign enemies, hostilities or warlike operations, civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power, and any action taken in controlling, preventing, suppressing or in any way relating these events;
 - or is caused or contributed to by Terrorism (regardless of any other contributory cause(s));
 - Nuclear Radiation, nuclear reaction or radioactive contamination;
 - you undertaking activities which are prohibited under your contract of employment with the Employer;
 - cosmetic surgery, unless the cosmetic surgery provides an opportunity for you to retain or reacquire your Class 1 Medical Certificate;
 - you committing or attempting to commit a criminal act; or
 - you 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.

LIMITATIONS

Limited Benefits are payable to you in the following circumstances:

As a result of or associated with migraines, which are limited to 3 months of benefits, after observing the relevant waiting period on the member's schedule of protection.

OTHER IMPORTANT INFORMATION

Claims

You should notify VIPA Financial Services of any claim as soon as possible after the event giving rise to the claim but, in any case, within twenty-one (21) days.

Benefit Payments

Any Temporary Total Disability Income Benefit will be paid monthly in arrears and the amount calculated will be 1/365th of the annual benefit for every day of the period for which it is payable.

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.

No interest will be payable with respect to any amount claimed by you.

Subrogation

Whenever a payment for a claim is authorised by VLF, you agree to subrogate, assign or otherwise transfer any and all of your rights of recourse against third parties to VLF. You authorise VLF to use your name in any proceedings relating to the payment and agree that VLF has the right to control and direct the conduct of any legal or other proceedings involving your Bodily Injury or Illness if VLF decides 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.