

more give, less take



# Product Disclosure Statement

For NAB Mortgage Protect

**Preparation Date: 23 June 2012**

**Issue No. 1**

This Product Disclosure Statement (PDS) is issued by:  
MLC Limited, ABN 90 000 000 402 AFSL 230694



**You’ve worked hard to buy your home and establish some security for yourself and your family. In fact, for most of us, buying a home is the biggest financial commitment we’ll make during our lifetime. But life doesn’t always go to plan.**

What would happen if you couldn’t make your Loan Repayments because you lost your job, suffered a serious illness or, worst of all, you were to die? How would you and your family cope if you lost your home?

**The NAB Mortgage Protect solution**

With NAB Mortgage Protect you don’t have to worry. It gives you a simple way to help pay your NAB Loan if something happens to you.

**Here are just some of the benefits you’ll get with NAB Mortgage Protect:**

- Security of knowing you have help with your mortgage payments if something happens to you
- Hassle-free application with no medical examinations
- Your Cover can start as soon as you Draw Down your Loan
- Up to \$1m to pay your Loan
- Protection for two people if two people have applied for the Loan
- Peace of mind wherever you are – even if something happens to you overseas, you’re still covered.

**Easy and convenient**

This package includes all of the following insurances:

What’s included?	What does it cover?	Payments to help with your Loan
Life Cover	Death and Terminal Illness	A lump sum up to \$1m
Disablement Cover	Continuous and total inability to perform work or daily living functions	A Monthly benefit up to \$10,000 for up to 24 months
Involuntary Unemployment Cover	Unemployment arising from circumstances outside your control	A Monthly benefit up to \$10,000 for up to 90 days

All you need to do is apply for cover that matches your NAB Loan. If you have multiple NAB Mortgage Protect policies your maximum cover across all policies is \$1m.



**This PDS is designed to help you decide if this insurance suits you.**

**For more information, talk to your banker, mortgage broker or financial adviser, or call us on 13 22 95.**

# 1. Life Cover

Helps you Pay Out your NAB Loan if you die or are diagnosed with a Terminal Illness.

## Benefits of Life Cover

- Security of knowing your home will be protected if you die – a lump sum will be paid to help pay off the Loan
- You receive 100% of the Life Cover on diagnosis of a Terminal Illness
- Your insurance amount will automatically be adjusted to your Loan Amount each year
- If the Cover amount is greater than the Loan Amount, the difference will be paid to you or your estate
- Peace of mind anywhere in the world, so you or your estate will still receive the Life Cover
- Any Disablement or Involuntary Unemployment benefits you receive do not affect your Life Cover.

## How does it work?

Your Loan Amount and your Cover amount should be the same and will be set out in your Policy Schedule. You'll receive a new Policy Schedule each year which will set out your benefit details, premium information and will reflect any changes to your Loan Amount. Your Life Cover is calculated differently for different types of Loans.

Principal and Interest or Interest-Only	Your Loan Amount will always be Paid Out to \$1 million. If your Loan Amount is less than on your Policy Schedule the difference will be paid to you or your estate.
Line of Credit	You will receive your total Loan limit up to \$1 million, even if you owe less. The difference will be paid to you or your estate.

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### Jane takes out a Principal and Interest Loan

for \$350,000 and a NAB Mortgage Protect Policy at the same time. A few years later she is killed in a car accident and her estate makes a claim. The amount on the Policy Schedule is \$284,626 however, the Loan Amount is only \$264,582. NAB is paid \$264,582 to cover the Loan and \$20,044 is paid to Jane's estate.

### Barry takes out a Line of Credit

for \$350,000 and a NAB Mortgage Protect policy. He dies of a heart attack and his estate makes a claim. The Life Cover amount on the Policy Schedule is \$350,000 but the Loan Amount is less – \$264,582. NAB is paid \$264,582 against the Loan and \$85,418 to Barry's estate.

### Jack takes out an Interest Only Loan

for \$400,000 and a NAB Mortgage Protect policy. He is killed in a climbing accident a few years later and his estate makes a claim. The amount on the policy schedule is \$309,683 however, the Loan Amount is larger – \$311,457. The Policy covers the total Loan Amount of \$311,457, even though the amount on the Policy Schedule is less.

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2. Disablement Cover

Helps you pay your NAB Loan if you're unable to work.

Benefits of Disablement Cover

- Security of knowing you have help with your Loan Repayments if you become disabled and can't work
- You will start receiving benefit payments from day 31 (after the Waiting Period)
- You can make as many Disablement claims as you need and receive up to 24 months benefit each time
- Your premiums will be refunded to you while you receive benefits
- Peace of mind anywhere in the world - you'll receive your Disablement benefit for up to 6 months while overseas and up to 24 months in Australia.

**Get to know your insurance**

You'll receive a Policy Document with a Policy Schedule as part of your Welcome Kit. This will confirm details of your insurance.

Your Policy Document and current Policy Schedule will be your insurance contract with MLC.

How does it work?

If you're disabled, and after the Waiting Period, you will receive:

- your Loan Repayments up to \$10,000 per month for principal and interest Loans, or
- 0.75% of your Life Cover up to \$7,500 per month for interest only Loans and line of credit facilities.

We'll continue to pay the benefit while you're Disabled for up to 24 months unless your policy ends.

If you're disabled for only part of a month your benefit will be calculated proportionately, on a daily basis.

For example:

**Michael has NAB Mortgage Protect.** His current Loan Repayments are \$3,000 each month and his premiums are \$50 per month. On 2 July he has a serious accident, becomes disabled and makes a claim. From 1 August, following the 30-day Waiting Period, Michael's Loan Repayments are covered by his policy until he's able to return to work on 15 November as below. He also receives a refund for his premiums.

2 – 31 July	No payment (30 day Waiting Period)
1-31 August	\$3,050
1-30 September	\$3,050
1-31 October	\$3,050
1-15 November	\$1,525

Recurring disablement

If you return to work and the same Disability returns within six months, you can claim and the Waiting Period won't apply. If the Disability returns after six months it will be treated as a new claim.

### 3. Involuntary Unemployment Cover

Helps you pay your NAB Loan if you're unemployed due to circumstances beyond your control.

#### Benefits of Involuntary Unemployment Cover

- Security of knowing you have help with your Loan Repayments if you become unemployed
- Each person insured can make one claim a year and up to three claims over the life of your insurance
- Your premiums will be refunded to you while you receive benefits
- You will start receiving benefit payments from day 31.

#### How does it work?

If you're Involuntarily Unemployed, and after the Waiting Period, you will receive:

- your Loan Repayments up to \$10,000 per month for principal and interest Loans, or
- 0.75% of your Life Cover up to \$7,500 per month for interest only Loans and line of credit facilities.

We'll continue to pay the benefit while you're Involuntarily Unemployed, for up to 90 days unless your policy ends.

If you're Involuntarily Unemployed for only part of a month your benefit will be calculated proportionately, on a daily basis.

You would receive benefits in the same way as the example of Michael on page 7.

### Things to consider about insurance

#### How much insurance you need

The amount of insurance that's right for you is a personal choice. This insurance is designed to cover your home Loan Repayments. For other types of insurance, to help protect your family, you'll need to consider a range of factors including your:

- family commitments
- savings and investments
- financial commitments
- income and lifestyle, and
- age.

#### What you need to tell us

It's important you tell us everything that may be relevant when making our decision to accept your application. See page 18 for more details.

If you don't tell us everything we need to know, your insurance may be affected should you need to make a claim.

#### Insurance Definitions

Some words in insurance have specific meanings such as Involuntary Unemployment and Disablement. Please read more about these terms in the Definitions section as they may impact your insurance benefits.

NAB Mortgage Protect – the details

How to apply

You can apply for this insurance if you’re an Australian permanent resident aged 18 to 59. Simply fill in the Application Form and we’ll do the rest.

You can apply when you organise your Loan or up to 60 days after your Loan is Drawn Down. You don’t need to have NAB Mortgage Protect insurance to be approved for a NAB Home Loan.



When does your insurance start?

If you apply for NAB Mortgage Protect at the same time as your Loan, your insurance will start when you Draw Down your Loan.

If you apply after your Loan has been Drawn Down, your insurance will start on the day your application is accepted.

Your policy start date will be confirmed in your Policy Schedule.

What you’ll receive from us each year

You’ll receive a new Policy Schedule each year to replace the previous one. Each Policy Schedule will set out your benefit details, reflecting any changes to your Loan Amount, how your premiums are calculated and the premiums you will need to pay.

When will your insurance end?

Your insurance ends when:

- your Loan has been Paid Out and closed
- your Loan term has expired
- a variation to your Loan means a new Loan is created
- you reach the anniversary of your start date after you turn 65
- your Life Cover is paid
- your premiums aren’t paid within 60 days of the due date
- you cancel your insurance
- you die, or
- you make a fraudulent claim.

When two people are insured

If two people apply for the Loan their insurance can cover them both. The table below outlines how this works.

	If two people are insured and:
Life Cover	<ul style="list-style-type: none"><li>• one of you dies or becomes Terminally Ill you’ll receive the Life Cover and the policy will end.</li></ul>
Disablement Cover and Involuntary Unemployment Cover	<ul style="list-style-type: none"><li>• one of you becomes Disabled or Involuntarily Unemployed, you’ll receive the monthly benefit</li><li>• you both become Disabled or Involuntarily Unemployed at the same time, you’ll receive just one benefit to cover your Loan Repayments.</li></ul> <p>We’ll only pay one monthly benefit at a time. If you’re receiving a monthly benefit and you die, we’ll pay your Life Cover and the policy will end.</p>

How to make a claim

Just go to **nab.com.au/protect** or give us a call on 13 22 95 to find out what you need to do and request the relevant forms.

Please let us know as soon as possible so we can start working on your claim straight away. Any delay may make it difficult for us to assess your claim and this could impact your benefit. This doesn't apply if you weren't legally capable of providing information about the claim during that time.

How is a claim paid?

Your benefit is paid directly to your NAB Loan account.  
If the Life Cover is more than the outstanding Loan Amount, the difference will be paid to you or your estate.

What Loan payments won't be covered?

NAB Mortgage Protect won't cover:

- any Loan Repayments (including interest) in arrears for more than two months before the claim date
- any accrued interest exceeding two months before the claim date, and
- any part of the Loan balance resulting from Economic Costs, penalty interest charges and statutory charges on the Loan.

When won't a claim be paid?

You can't make a claim as a direct or indirect result of:

Life Cover	<ul style="list-style-type: none"><li>• a Pre-Existing Condition</li><li>• suicide or attempted suicide within 13 months of starting or increasing your Loan (for the increase in the Loan)</li><li>• intentional self-inflicted injury or illness</li><li>• being under the influence of alcohol or drugs, or</li><li>• involvement in criminal activity.</li></ul>
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Disablement Cover	<ul style="list-style-type: none"><li>• a Pre-Existing Condition</li><li>• any sickness, disease or symptoms contracted within the first month of starting or increasing your Loan (for the increase in the Loan)</li><li>• intentional self-inflicted injury or illness</li><li>• engaging in professional racing of any kind except foot racing</li><li>• being under the influence of alcohol or drugs</li><li>• involvement in criminal activity, or</li><li>• war or warlike operations</li></ul>
Involuntary Unemployment Cover	<ul style="list-style-type: none"><li>• being under the influence of alcohol or drugs</li><li>• involvement in criminal activity</li><li>• written or verbal notification of impending unemployment within 60 days of starting or increasing your Loan (for the increase in the Loan)</li><li>• your fixed term contract, seasonal or casual work ending</li><li>• choosing to end your employment</li><li>• your position automatically ceasing under a partnership agreement or law</li><li>• unemployment due to industrial action</li><li>• unemployment due to normal and uncomplicated pregnancy or childbirth</li><li>• becoming unemployed when Employed by your Family, or</li><li>• your business temporarily ceasing to trade if you're Self Employed or in a business partnership.</li></ul>

## Your premium

Your premium calculation is based on:

- your Loan account balance or your Loan limit, depending on your type of Loan
- the size of your minimum Loan Repayment, depending on your type of Loan
- your age (premiums generally increase as you get older), and
- gender.

This information is used to calculate your initial premium and recalculated on each anniversary of the policy. Premiums start at \$150 pa.

If two people are insured, the premium will be the sum of the premium amounts for each person insured.

Your premium will be confirmed in your Policy Schedule.



## How you pay your premiums

You can choose to pay your premiums annually or monthly, by credit card or direct debit from your nominated bank account.

If you haven't paid your premium after 30 days you'll receive a letter reminding you to do so. You then have a further 30 days to pay any outstanding premiums. If you don't pay your outstanding premiums, your insurance will end.

## Will premiums change?

Your premiums will be adjusted on each policy anniversary for any changes to your Loan account balance, Loan Repayments and your age.

We may also make changes to the premium rates which could also increase or decrease your premiums.

Individuals aren't singled out for premium rate changes. You'll be contacted about any changes at least 30 days before they take effect. Most premium changes are implemented on the next anniversary of your start date following the change, unless we notify you otherwise.

We may also pass on to you any costs incurred in implementing government legislation or fees charged by third parties.

## Commission

Up to 20% of your insurance premium may be paid to NAB as commission. This commission is included in the premium and is not an additional cost to you.



## Additional information you need to know

### Welcome pack

You'll receive a welcome pack containing everything you need to know about your policy including the Policy Schedule and the Policy Document. Please keep these documents safe for any future claims.

### Want to change your mind?

You can cancel your insurance at any time by contacting us on 13 22 95 or sending us a written cancellation request. If two people are insured the request must come from both people.

If you cancel within 14 days of the start date, we'll refund any premiums already paid. If you cancel at any other time we'll refund the unused portion of your premium less any government fees and charges.

### Product changes

We'll write to let you know about any changes we make that are materially adverse. Information about any other changes will be available online at **nab.com.au/protect**. You can also call us and we'll send you a paper copy of the changes.

### Resolving complaints

Complaints can usually be resolved over the phone. If this isn't possible or you're not satisfied with the outcome, then please write to us. We'll work to resolve your complaint as quickly as possible.

If you're not satisfied with our decision you can get further advice from the Financial Ombudsman Service by calling 1300 780 808 or by emailing [info@fos.org.au](mailto:info@fos.org.au)

More information is available at **fos.org.au**.

### Transfer of ownership

We don't allow any transfer or assignment of ownership of your policy.

### Tax

The tax treatment of your policy will depend on your personal circumstances and we recommend you seek appropriate tax advice or go to [www.ato.gov.au](http://www.ato.gov.au) for more information.

### Privacy

We respect your privacy. Our privacy policy is available at **nab.com.au/privacy** or you can call us for a paper copy.

Any NAB company may collect, use, disclose and handle your personal information in a manner set out in that policy.

Duty of disclosure

What you must tell us

Before you enter into a contract of insurance with us, you have a duty, under the Insurance Contracts Act 1984, to disclose to us every matter that you know, or could reasonably be expected to know, is relevant to our decision to accept the risk of the insurance and, if so, on what terms.

You have the same duty to disclose those matters to us before such a contract of life insurance is extended, varied or reinstated.

Your duty, however, doesn’t require disclosure of a matter:

- that diminishes the risk to be undertaken by us
- that is of common knowledge
- that we know or, in the ordinary course of business, ought to know, or
- for which your duty of compliance is waived by us.

Non-disclosure

If you fail to comply with your Duty of Disclosure, and we wouldn’t have entered into the contract on any terms if the failure had not occurred, we may avoid the contract within three years of entering into it. If your non-disclosure is fraudulent, we may avoid the contract at any time.

Even if we are entitled to avoid a contract of life insurance, we may, within three years of entering into it, elect not to avoid it but reduce the sum you’ve been insured for. This is in accordance with a formula that takes into account the premium that would have been payable if you’d disclosed all relevant matters to us.

Your Duty of Disclosure continues until the contract of life insurance has been accepted by us (the insurer) and a policy is issued. It also applies if the contract is extended or varied.

Definitions

Insurance terms explained

Here are some technical definitions to help you better understand your insurance and what you’re covered for. You can find the specific details about the terms and conditions of your insurance in the NAB Mortgage Protect Policy Document. Just call us and we’ll send you a copy.

MLC/we/us	Refers to	MLC Limited in its capacity as insurer and issuer of MLC Insurance.
You/your	Refers to	You as both the policy owner(s) and the life/lives insured.

Disablement

The definition of Disablement varies according to your employment status.

**If you’re Gainfully Employed** for at least 15 hours per week and have been so employed on a continuous basis for six months or more immediately prior to the date of your Disablement, then you’ll be assessed as Disabled if:

- as a result of injury or sickness, you’re unable to continuously and totally carry out all the normal duties of your usual occupation, and
- you’re not engaged in any Gainful Employment.

**If you’re unemployed** or not Gainfully Employed for at least 15 hours per week, or have not been so employed on a continuous basis for six months or more immediately prior to the date of your Disablement, then you’ll be assessed as Disabled if, as a result of injury or sickness, you:

- a) are continuously and totally unable to do any two or more of the following groups of activities of daily living without physical help from someone else:
  - bathing or showering
  - dressing

- moving from place to place, into and out of bed, and into and out of a chair
- eating and drinking
- using the toilet, or

b) have severe cognitive impairment (with a score of 15 or less out of 30 in a Mini Mental State Examination) which leads to the need for continuous supervision to protect yourself or other people.

The Disablement must be as a result of you sustaining accidental bodily injury, sickness or disease, which is certified by a Registered Medical Practitioner and confirmed by MLC's medical adviser.

Your Disablement must be regularly confirmed by a Registered Medical Practitioner and you must not be engaged in any Gainful Employment.

Any reference to Disablement should also be read as referring to Disability and Disabled.

### **Draw Down (in relation to a loan)**

Means when your Loan account is activated, eg actually having the money transferred from the bank to your account. You will be charged interest from the date of the Draw Down.

### **Economic Costs (or break costs)**

Means a fee which may be payable if the borrower makes certain changes such as switching the loan from a fixed to variable rate or fully paying out the loan prior to the expiry of the fixed rate period. Economic Cost is the lender's estimated loss resulting from the change.

### **Employed by your Family**

Means employed by an employer which is not a listed public company, or a related body corporate of a listed company, and in which an immediate family member of yours is, or was, either:

- a) a director, majority shareholder or partner of the employer, or
- b) in control of the employer.

### **Gainfully Employed**

Means being in active employment for remuneration, payment or profit.

Any reference to Gainfully Employed should also be read as referring to Gainful Employment.

### **Involuntary Unemployment**

Means a period during which you're not working and are actively seeking employment, and are registered with Centrelink or other Government approved job placement agencies as a job seeker or otherwise actively seeking work, commencing on the date of registration and continuing during such period as you are not working for earnings, payment or profit. The unemployment must be a result of one of the following events:

- the termination of your Gainful Employment by your employer, or
- being made redundant from your Gainful Employment by your employer, or
- if you're Self-Employed or a partner in a business partnership, the business ceasing trading permanently due to actual or imminent insolvency or business factors beyond your reasonable control and being wound up or placed in the control of an insolvency administrator, or
- if you're a partner in a business partnership, your status as a partner is discontinued without your actual or implied consent, agreement or approval (for example, against your consent you're forced out of the partnership) and you cease to work with that business.

### **Loan**

Means a Principal and Interest Loan, Interest Only Loan or Line of Credit provided by NAB.

### **Loan Amount**

Means the total amount you are borrowing, sometimes referred to as the loan principal.

### **Loan Repayment(s)**

Means the regular minimum amount you need to pay NAB for borrowing the Loan Amount, as set out in your Loan Agreement.

### **Mini Mental State Examination**

Means the Mini Mental State Examination (MMSE) test which samples various functions including arithmetic, memory and orientation to assess cognition.

### **Pay Out/Paid Out (in relation to a loan)**

Means to repay the total outstanding Loan Amount. Your Life Cover benefit is paid against your loan amount. This should cover the total loan other than when you are in arrears more than two months or there are Economic Costs, such as extra break costs for paying out a fixed interest loan.

### **Pre-Existing Condition**

Means an injury, illness or symptom(s) that first occurs or appears before the start of your insurance, or for which you have experienced symptom(s) or received medical treatment prior to the start of your insurance leading to a diagnosis after the start of your insurance, unless you were not aware of, or and could not be reasonably expected to be aware of, the condition or symptom(s).

Where the Loan is increased, Pre-Existing Condition also means any injury, illness or symptom(s) that first occurs or appears before the date of increase, or for which you have experienced symptom(s) or received medical treatment prior to the date of increase, unless you were not aware or could not reasonably be expected to be aware of the injury, illness or symptom (for the increase in the Loan).

### **Registered Medical Practitioner**

Means a registered and qualified medical practitioner and includes a specialist medical practitioner who is recognised and qualified to provide a diagnosis as a specialist, who is not the insured person or spouse of, or related to, the insured person.

### **Self-employed**

Means when you're employed by yourself, or an employer, which is not a listed public company or a related body corporate of a listed public company, and you're, or were, either:

- a director, majority shareholder, or
- partner of the employer, or
- in control of the employer.

### **Terminal Illness**

Means any illness that, in our opinion after consideration of medical evidence, is likely to lead to your death within 12 months from the date we are notified in writing.

### **Waiting Period**

Means the initial period of Disability or Involuntary Unemployment for which we don't pay benefits.

**For more information  
call us on**

**13 22 95**

from anywhere in Australia.

MLC is part of the wealth management division of the National Australia Bank Limited (NAB) ABN 12 004 044 937 AFS Licence No 230686. We provide investment, super and insurance solutions and support the provision of quality financial advice, which helps people achieve and protect their lifestyle and financial goals.

NAB Mortgage Protect is not a deposit with or a liability of the NAB, or other related bodies corporate of NAB (other than MLC as insurer). MLC receives your insurance premiums and your claim is paid from MLC's statutory Fund No.1.

NAB Mortgage Protect is offered only in Australia.

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