



PPS Mutual

Underwriting Guide

November 2025



MUTUAL
FOR PROFESSIONALS

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1.

Overview

Our underwriting philosophy

At PPS Mutual, we exist to serve both the member and the membership. Protecting the membership requires sustainable underwriting, delivering fair policy terms that endure throughout the life of the policy, and a focus on building long-term value through responsible growth that maintains our high-quality risk pool.

With a deep understanding of what drives professionals, we aim to make decisions that accurately reflect the unique risk profile of this segment. Our underwriting approach is consistent, evidence-based, and responsive to external influences and innovation.

Five key pillars underpin our underwriting philosophy: Reliability, experience, efficiency, excellence and performance.

PPS Mutual Underwriting Philosophy



To deliver on our commitment to sustainability, we will not engage in practices such as offering takeover terms or discounting/waiving fair and reasonable loadings.



2.

Medical requirements

Medical key and glossary

Our goal is to help you understand the medical information we'll need to assess the application, so you can prepare your client for any potential additional testing or evaluation.

Medical key

Code A	Medical exam (paramedical or GP) + lipids, liver function tests (LFTs), HbA1c
Code B	As per Code A + Hepatitis B, Hepatitis C, HIV, creatinine, eGFR, full blood count (FBC), midstream urine (MSU), Personal Medical Attendant's Report (PMAR)
Code C	As per Code B + Exercise ECG or Calcium Score

Medical requirements glossary

Lipids	Blood test for cholesterol levels
HbA1c	Blood test for glucose levels
LFTs (liver function tests)	Blood test for liver function
Creatinine	Blood test for kidney function
FBC (full blood count)	Blood test to measure blood cells
Exercise ECG	A cardiac stress test to give an indication of heart health
Calcium score	A scan to give an indication of heart health
PMAR	Personal Medical Attendance Report – usually the last 5 years of medical records
PSA	Blood test for screening prostate health
Mammogram	X-ray to examine the breast(s)
MSU (mid-stream urine)	A urine sample to test for presence of blood, protein or infection

Non-medical limits

For non-medical limits, underwriting requirements are based on the total sum insured with PPS Mutual, including both in-force and proposed cover. When determining overall requirements, use the cover type with the highest medical code.

Financial requirements, however, are based on the applicant's total industry-wide coverage.

If you've selected the Optional Business Insurability Feature (OBIF), medical requirements are based on the *total OBIF amount*, not just the initial amount of cover applied for by your client.

E.g. If you apply for \$500,000 cover with a \$2,500,000 OBIF, we'll assess you based on \$2,500,000.



Non-medical limits – Life Cover and Terminal Illness Cover

Age	Code A	Code B	Code C
0–45	\$2,750,001–\$3,500,000	\$3,500,001–\$5,000,000	\$5,000,001+
46–50	\$1,500,001–\$3,000,000	\$3,000,001–\$5,000,000	\$5,000,001+
51–60	\$1,000,001–\$3,000,000	\$3,000,001–\$5,000,000	\$5,000,001+
61+	\$500,001–\$3,000,000	N/A	\$3,000,001+



Non-medical limits – Total and Permanent Disablement Cover

Age	Code A	Code B	Code C
0–45	\$2,750,001–\$3,000,000	\$3,000,001–\$4,000,000	\$4,000,001–\$5,000,000
46–50	\$1,500,001–\$3,000,000	\$3,000,001–\$4,000,000	\$4,000,001–\$5,000,000
51–60	\$1,000,001–\$3,000,000	\$3,000,001–\$4,000,000	\$4,000,001–\$5,000,000
61+	\$500,001–\$3,000,000	N/A	\$3,000,001–\$5,000,000



Non-medical limits – Trauma Cover

Age	Code A	Code B + Mammogram or PSA	Code C + Mammogram or PSA
0–45	N/A	\$1,000,001–\$1,500,000	\$1,500,001–\$5,000,000
46–50	N/A	\$1,000,001–\$1,500,000	\$1,500,001–\$5,000,000
51–60	N/A	N/A	\$1,000,001–\$5,000,000
61+	\$500,001–\$1,000,000	N/A	\$1,000,001–\$5,000,000



Non-medical limits – Income Protection Cover and Key Person Protector Cover

Amount	Code
\$10,001 to \$15,000 per month	Code A
\$15,001 to \$30,000 per month	Code B
\$30,001 to \$60,000 per month	Code C + mammogram or PSA

Approach to additional medical tests

We will pay for medical tests or investigations required for our standard non-medical underwriting limits. Where a client has an existing or suspected health condition, any diagnostic or monitoring tests such as spirometry, cardiac investigations, or other specialist assessments are considered part of the client's routine medical care. These remain the responsibility of the client and their treating health professional.

Our role is to assess insurance risk based on the information provided and any standard requirements, not to diagnose or manage medical conditions. If further information is needed for underwriting, we will request reports or records from the client's existing medical providers rather than commissioning new tests. This ensures that applicants are not placed under unnecessary burden and that their healthcare remains appropriately managed within the doctor–patient relationship.

Height and weight (BMI)

Obesity is a chronic and complex condition which is defined by abnormal or excessive fat accumulation, which negatively impacts health. It raises the likelihood of developing Type 2 Diabetes, heart disease, and can also affect bone health, reproduction, and increase the risk of some cancers.

Overweight and obesity are diagnosed by assessing a person's weight and height and then calculating their body mass index (BMI) using the formula: $\text{weight (kg)} / \text{height (m)}^2 = \text{BMI}$.

BMI serves as a proxy measure of body fat, and other indicators like waist circumference can further assist in diagnosing obesity.

Classification	BMI (kg/m ²)	Risk of Comorbidities	Possible loading
Underweight	< 18.5	Low (but risk of other clinical problems increased)	0–+50%
Normal	18.6–25	Average	Nil
Overweight	25.1–30	Mildly increased	Nil
Obese Class 1	30.1–35	Moderate	0–50%
Obese Class 2	35.1–40	Severe	50–75%
Obese Class 3	> 40	Very Severe	> 75% to defer

A Build Medical Examination and Code A Bloods are the minimum mandatory requirements for any applicant with a BMI of 36 or higher.

Smoking

A non-smoker is someone who has not used any tobacco products, e-cigarettes, or vaporisers (regardless of nicotine content) or utilised any nicotine replacement therapies (such as patches, tablets or chewing gum) in the past 12 months. Individuals who smoke pipes, cigars or marijuana are also classified as smokers and will be charged smoker rates.

Genetic testing and family history

As part of the application, applicants are required to inform us if they are undergoing treatment for or experiencing symptoms of a condition that could be genetic.

We will also enquire about their family history, specifically if any medical conditions are prevalent in their family for which screening has been recommended.

PPS Mutual will never:

- Request or encourage applicants to undergo a genetic test;
- Ask applicants or their doctors for the results of a genetic test if it was conducted as part of medical research and the result was not disclosed to the applicant; or
- Request the results of a genetic test that isn't the clients own, such as a relative's genetic test results.

Transgender and Non-Binary Applicants

Premium rates for male and female customers differ due to variations in health risks linked to biological and physiological characteristics based on sex assigned at birth.

Transgender applicants can choose to be rated based on either their sex assigned at birth or their legally recognised gender, depending on what best reflects their circumstances.

For non-binary applicants who do not identify as male or female, and whose legal gender is recorded as 'X', a blended premium rate is available. 'X' can be selected during the quoting process for pricing purposes.

If you're unsure how to proceed in a specific case, please contact your underwriter for guidance.

Tele-underwriting

Tele-underwriting is our preferred approach for collecting additional information from applicants. If tele-underwriting is necessary, an underwriter will reach out directly to the applicant to collect the required information and will keep you fully updated. All phone conversations are recorded to maintain a record of the disclosure.

Eligibility for selected benefits

Premium loadings and exclusions

Any of our key covers or optional features may be subject to special terms, restrictions, or limited availability — or may not be available at all — if medical underwriting results in a loading greater than 100% or if any 'per mille' loadings are applied. Medical exclusions are treated as equivalent to a 50% loading for these purposes. Pastime loadings do not affect eligibility for cover.

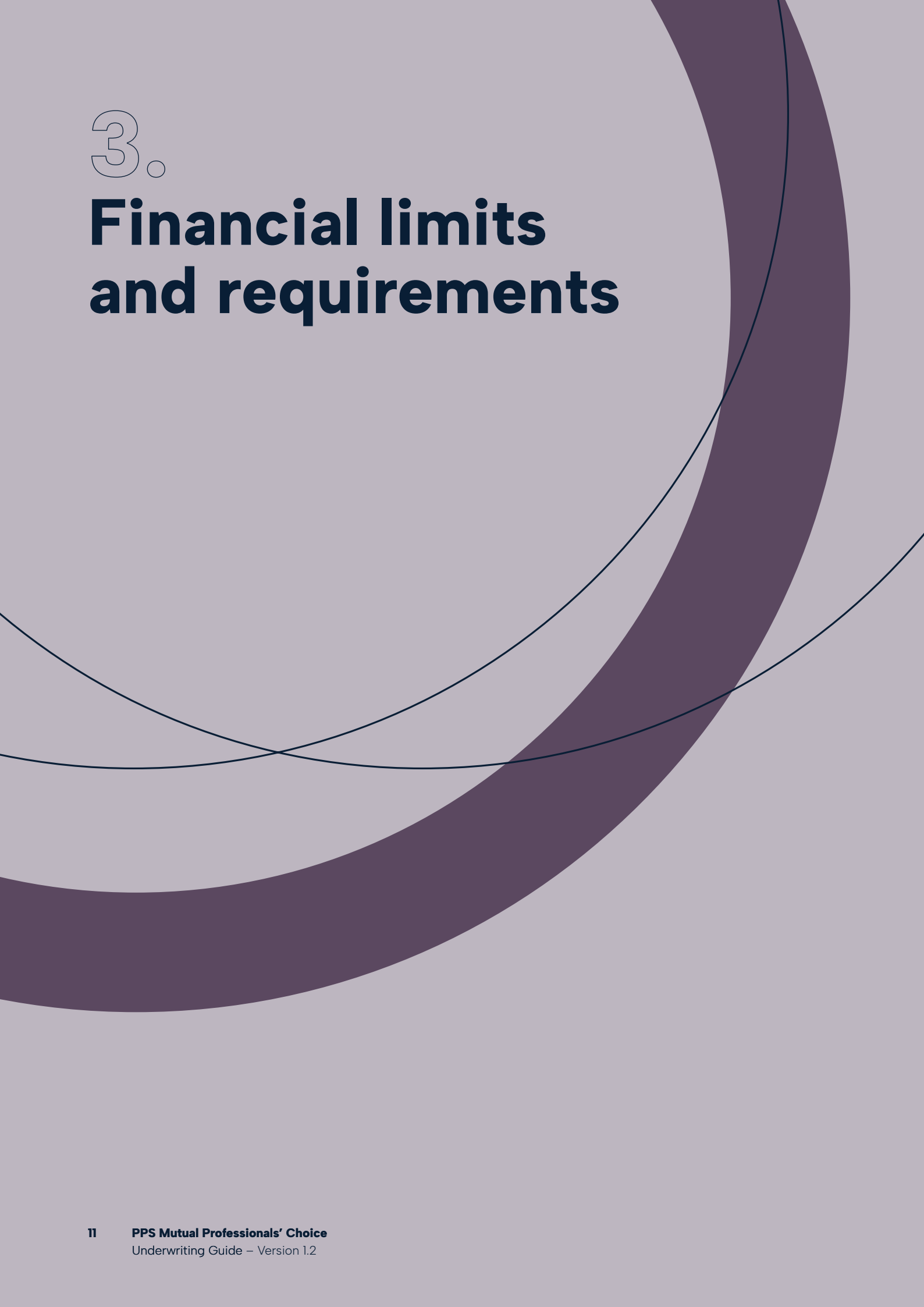
Reviewing premium loadings and exclusions

Review of loadings (% or per mille) for medical reasons	Full underwriting applies, as we need to reassess the overall risk profile and determine whether there's been enough improvement to consider a reduction or removal of the loading.
Review of exclusions and per mille loadings for pastimes	In most cases, a questionnaire or relevant section of the application with an updated disclosure relating to the exclusion or pastime will be sufficient for an exclusion or per mille loading review respectively; however, there will be occasions where a full new application would be required e.g. Mental Health related exclusions.

Please discuss existing terms with your underwriter to understand the likelihood of review and any requirements.

Working hours

People who consistently work long hours present a risk management challenge from both a health and income perspective. Excessive work hours (i.e. over 60 hours per week) are shown to be unsustainable and increase the risk of burnout. Applicants who regularly work over 60 hours per week are unlikely to be eligible for TPD or Income Protection. Please discuss specific cases with your underwriter.



3.

Financial limits and requirements



General requirements

To determine the financial evidence required, PPS Mutual aggregates sums insured across all covers, including cover held with other insurers.

The purpose of financial underwriting is to ensure that the proposed covers meet a specific need and are financially justified, for both business and personal covers.

Our underwriters will always look to ensure that cover is not taken at a level where a claim would result in enrichment, and that premiums are sustainable for both the insured and PPS Mutual.

We may request your Statement of Advice or ask for other appropriate supporting evidence to understand the cover requested, at our reasonable discretion.

Sums insured

Maximum sums insured



Life Cover

No maximum.



Terminal Illness Cover

No maximum.



Total and Permanent Disablement Cover

\$5,000,000 total
(industry wide).



Trauma Cover

\$5,000,000 total
(industry wide).

- Personal: maximum limit = \$3,000,000.
- Business: maximum limit = \$5,000,000 (no Personal Trauma cover can be in place if applying for the full \$5,000,000 under business use).
- If the life insured is also applying for or holds any Personal Trauma cover, the Business cover must be reduced accordingly so that the combined total does not exceed \$5,000,000.



Income Protection Cover

Loss of Earnings Agreed Loss of Earnings Agreed Value

\$60,000 per month
(industry wide).

- \$30,000 per month
(to age 65 or to age 70 benefit terms).
- \$40,000 per month
(5-year benefit terms).
- \$60,000 per month
(2-year benefit terms).



Key Person Protector Cover

- \$60,000 per month
(industry wide)
1- or 2-year benefit terms.
- \$50,000 per month
(industry wide)
3-year benefit terms.
- Where both Key Person Protector and Income Protection covers are taken out, the total combined cover per life cannot exceed \$60,000 per month.

Optional Business Insurability Feature

For the Covers listed below, the lesser of 5 x the underwritten sum insured, or:

- **Life and Terminal Illness:** up to \$10,000,000 (industry wide)
- **Total and Permanent Disablement Cover:** up to \$5,000,000 (industry wide)
- **Trauma Cover:** up to \$5,000,000 (industry wide)

For **Key Person Protector Cover**, the lesser of:

- 2 x the original sum insured; or
- Up to \$50,000 (3-year benefit periods) or \$60,000 per month (1- or 2-year benefit periods) (industry wide).

These caps apply across all increases made under OBIF. Once a cap is reached for a cover type, further increases would require full medical underwriting.

Lump sum

Lump sum financial evidence requirements

Age	Sum insured	Requirement
Life Cover, Terminal Illness or Total and Permanent Disablement Cover	Up to \$3,000,000	Application form/personal statement
Life Cover, Terminal Illness or Total and Permanent Disablement Cover	Over \$3,000,000	Additional financial information (e.g. accounts, adviser's SOA, loan agreements, valuation, buy/sell agreement)
Trauma Cover	Up to \$2,500,000	Application form/personal statement
Trauma Cover	Over \$2,500,000	Additional financial information (e.g. accounts, adviser's SOA, loan agreements, valuation, buy/sell agreement)

Financial evidence

Supplementary financial evidence options

1.

Two years full finalised accounts (drafts not accepted).

2.

Two years Personal Income Tax Returns (PITRs) or IRD tax assessment notices.

3.

Evidence of bank debt if cover is for loan protection.

4.

Business Valuation done within the last 12 months and Buy/Sell Agreement if purpose is purchase of shares or other ownership interests.

Replacement multiples

Income replacement multiples for Personal or Family Protection purposes

For personal or family protection, cover levels are typically assessed using **income replacement multiples** to ensure they align with the client's financial needs. These multiples reflect how many years of income the policy is intended to replace—depending on the client's age and circumstances.

Other factors like debt levels, dependants, and existing assets are also considered to ensure the sum insured is reasonable and justifiable.

Age	Life Cover and Total Permanent Disablement Cover	Trauma Cover
Up to 40	Up to 25x	Up to 15x
41–50	Up to 20x	Up to 10x
51–55	Up to 15x	Up to 8x
56–60	Up to 10x	Up to 5x
> 61	Up to 5x	2–3x

Monthly disability

Monthly disability covers financial requirements

Cover type	Sum insured	Requirements
Loss of Earnings	Up to \$10,000 p/month	Application form/personal statement
Loss of Earnings	\$10,001 to \$60,000 p/month	Employees: copy of payslip that shows either Year to Date (YTD) or annual salary identifying the employer, or a copy of employment contract Self-employed: Last 2 years full finalised accounts and PITRs, or IRD tax assessment notices
Agreed Value / Agreed Loss of Earnings	\$ any to \$60,000 p/month	Employees: copy of payslip that shows either Year to Date (YTD) or annual salary identifying the employer or a copy of employment contract Self-employed: Last 2 years full finalised accounts and PITRs or IRD tax assessment notices
Agreed Value (no offset portion) – if based on mortgage costs	\$ any to \$60,000 p/month	Proof of mortgage amount and repayments
Key Person Protector Cover	\$ any to \$60,000 p/month	<ul style="list-style-type: none">• Last 2 years full finalised accounts• Additional financial info detailing purpose of the cover and any supporting documentation

Personal Income Protection Cover can run concurrently with **Key Person Protector Cover** if financially justified, otherwise an extended wait period that matches the benefit period of the Key Person Protector Cover will apply to the personal Income Protection Cover. Total combined cover per life cannot exceed \$60,000 per month.

Calculating monthly benefits under Income Protection Covers

Income Protection benefits are typically based on the client's **insurable income (gross of tax)** and subject to a **replacement ratio**, which limits how much of that income can be insured.

Income Protection replacement ratios

Agreed Value	The first \$320,000 of insurable income x 62.5% The next \$100,000 of insurable income x 35% Any remaining insurable income over \$420,000 x 20%
Agreed Value (no offset portion)	The client's choice of <ul style="list-style-type: none">• 45% of insurable income (subject to the Agreed Value Income Protection replacement ratios above); or• 115% of mortgage repayments
Loss of Earnings / Agreed Loss of Earnings	The first \$320,000 of insurable income x 75% The next \$100,000 of insurable income x 50% Any remaining insurable income over \$420,000 x 25%
Key Person Protector Cover	The lesser of the life insured's percentage contribution to the Gross Profit of the business as described below, or 80% of Gross Profit

Insurable income

Insurable income refers to the income that is generated from personal exertion before tax.

For employees, insurable income includes salary or wages and with sufficient evidence can also include other additional benefits such as:

- Fringe benefits (e.g. company vehicle if private usage permitted).
- Commissions and bonuses (we require 3 years of consistent earned bonus payments to include)
- Superannuation contributions e.g. KiwiSaver.

For self-employed (e.g. sole trader or a partner in a business), insurable income includes:

- The appropriate share of the net profit (or loss) of the business, derived from the insured's own personal exertion (after deduction of all business expenses), but before tax.
- Director's fees
- Home office
- Depreciation of company assets (up to 20% of the net profit)
- Vehicle (up to 50% of the vehicle expenses)
- Mobile phone (up to 50% of the mobile phone expenses)

Insurable income does not include unearned income such as interest, investment income, rental income, proceeds from the sale of assets, royalties or drawings as further described below.

Unearned income

Unearned income, also referred to as passive income, is income that is generated without personal exertion and is likely to continue in the event of a claim.

If the unearned income for the financial year is greater than 25% of the value of the earned income, it will be included in the calculation of the maximum allowable sum insured and used to reduce (offset) the insured benefit. In some cases, where unearned income is significant relative to earned income, cover may not be available. The objective is to ensure that in the event of a claim, the total income (earned and unearned) is within the maximum replacement ratio. The tables below set out some examples of how this may apply in practice.

Loss of Earnings / Agreed Loss of Earnings

Earned income	\$200,000
Unearned income	\$60,000
Total income	\$260,000
Replacement ratio	$\$260,000 \times 75\% = \$195,000$
Deduct unearned	$\$195,000 - \$60,000 = \$135,000$
Monthly sum insured	$\$135,000/12 = \$11,250$

Agreed Value

Earned income	\$200,000
Unearned income	\$60,000
Total income	\$260,000
Replacement ratio	$\$260,000 \times 62.5\% = \$162,500$
Deduct unearned	$\$162,500 - \$60,000 = \$102,500$
Monthly sum insured	$\$102,500/12 = \$8,542$

Income splitting

Where business owners distribute earned income to direct family members, we may include it in the calculation of the insured's income where it can be demonstrated that the insured generated the income.

Financial underwriting for business policies

Financial underwriting for business covers is tailored to individual client situations, so it's important that context and the basis of cover is provided for underwriting and supported by any financial evidence. For all scenarios, an understanding of the following is central to underwriting assessment:

- How and why the client is key to their business, the loss to the business and how this is calculated.
- The business structure including roles and responsibilities of other owners and employees.
- Details of any key person insurance already in place for the client or others in the business.

Business covers are assessed according to three general scenarios.

1.

Buy/sell or share purchase protection

Enables a business to continue operating with limited disruption in the event of a business partner's death, injury, or illness. To evaluate, we need to understand the following:

- The business's value and the valuation method used, such as a multiple of net profit or EBIT.
- The individual's ownership stake in the business.
- Whether there is a partnership or shareholder agreement, and if so, what it specifies in the event of a partner's death, injury, or illness.

2.

Debt protection

Helps a business safeguard its financial position by covering the value of a loan or debt. In cases where the business may be impacted by the death, illness, or injury of the individual(s) responsible for the debt. The two big considerations for debt protection are proof of debt and demonstrated ability to service the debt.

To evaluate, we will need to understand the following:

- Evidence of debt which must include details of the lender, borrower, amount, term, and interest rate of the outstanding loan or debt. This information can be provided through a signed and dated letter on official letterhead from the bank or a loan schedule.
- Two years' financial accounts to help us establish serviceability and ensure we are underwriting **good** debt and not **bad** debt.

3.

Key person protection

Enables a business to cover any financial losses (including revenue or capital) resulting from the death, injury, or illness of a key person. To evaluate, we will need to understand the following:

- What makes the insured key to the business?
- Can the other owners or employees replace the insured?
- Is the key person coverage a requirement for lending?
- What methodology was used to determine the level of coverage?

Eligibility for Key Person Protector Cover (monthly)

To be eligible for Key Person Protector Cover (monthly):

- the business must have been actively trading for a minimum of 3 years
- the business must be profitable and operating as a going concern
- the business must provide proof of how the key person directly contributes to the gross profit and the percentage of their contribution.

Individual consideration may be available for those who do not meet the standard criteria but have at least 3 years of professional experience and have transitioned from full-time employment to self-employment.

Please speak with your underwriter to discuss specific scenarios and the financial evidence required.

Optional Business Insurability Feature

The Optional Business Insurability Feature allows the life insured to increase their cover at a later date without the need for further medical underwriting. This is also known as “forward underwriting”.

At point of application, the base sum insured is multiplied by a factor of up to x5 (lump sum covers) or x2 (Key Person Protector). The medical requirements are then based on the higher amount.

Financial requirements at the time of application will be calculated on the ‘base sum insured’ and take into account total cover for the business.

Financial requirements when exercising the Optional Business Insurability Feature will follow the method chosen to value the business or the client in accordance with established business valuation practice for that industry along with the appropriate financial evidence.

The Optional Business Insurability Feature is not available if a medical loading greater than 100%, or medical “per mille” loadings apply to any of the covers.

This option allows the client to increase their covers where required, when their financial interests in their business, their loan, or their value to the business increases.

Financial evidence to support future increases

- Valuation of business to support increase in business value
- Loan agreements to support new lending or increase in existing lending and two years’ financial accounts
- Accounts or other evidence to support increase in value of key person
- Financial accounts must be full finalised accounts. Draft accounts or personal accounting software Profit and Loss statements and Balance Sheets such as MYOB are not acceptable.



4.

Other

Validity periods

Medical information provided to us for underwriting purposes will remain valid for the period set out in the table below.

Medical information	Validity period	Comments
Application form / personal statement	Up to 3 months (pre-issue)	DOGH required every 3 months until underwriting is completed
	Over 12 months	New application form required
Medical exams, blood tests, specialist tests	12 months	Unless abnormal or related to a condition requiring more frequent follow up
Declaration of Good Health (DOGH)	3 months	N/A
Offer of terms	Up to 30 days	Duty of disclosure continues until cover is issued

Reinstatements

Policies that have been cancelled at the request of a customer cannot be reinstated. A new application and full underwriting will be required if the life insured wishes to take out cover again.

The process for reinstating a lapsed policy will depend on the how long it has been since the policy lapsed per the table below.

Reinstatement rules

Lapsed ≤ 30 days	Eligible to reinstate without a DOGH subject to payment of arrears and premiums due since the lapse date.
Lapsed 31 – 90 days	Eligible to reinstate with a DOGH and payment of arrears and premiums due since the lapse date. Depending on the medical history or any health changes, other evidence may be necessary before a decision can be made on reinstating cover
Lapsed ≥ 90 days	New application and full underwriting applies

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