

29 May 2020

## About ASB Home Loan Compassionate Care

ASB Home Loan Compassionate Care (“Compassionate Care”) is a complimentary benefit for eligible home lending customers. Under the Compassionate Care benefit, if you were to pass away, an amount is paid to help with around 12 months of the interest costs on your eligible ASB home lending.

Compassionate Care is not a substitute for comprehensive mortgage protection or life insurance and is not intended to replace any existing or future insurance needs. As individual circumstances differ, you should seek appropriate professional advice.

Compassionate Care comes at no cost to you and we have arranged this benefit through an insurance policy held by us with the insurer AIA. You don’t need to sign up for or activate Compassionate Care.

For the purposes of these terms and conditions **ASB/we/us/our** means ASB Bank Limited and **AIA** means AIA New Zealand Limited as the insurer.

Compassionate Care is applicable from 29 May 2020.

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### 1. Eligibility

1.1 To be an eligible home lending customer for Compassionate Care you must:

- be aged between 18 and 64 (inclusive);
- be a natural person borrowing in your own capacity (e.g. not a company or other entity); and
- be a borrower with eligible ASB home lending.

If you have eligible ASB home lending in your personal name, but the home mortgaged to ASB for this lending is owned by someone else (e.g. your family trust, a company), you are still an eligible home lending customer provided you meet the other criteria above.

1.2 Eligible ASB home lending is lending which:

- we determine is owner-occupied; and
- is provided by ASB; and
- doesn’t fall within one of the exclusions below.

This includes lending we treat as bridging or construction finance, as long as it meets the other criteria above.

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### 2. Exclusions

2.1 A borrower who is a natural person but borrowing in the capacity of trustee of a trust, partner of a partnership or sole trader will not be eligible.

2.2 Home lending which is not eligible includes lending that:

- we determine is for investment or other business purposes;
- is not ASB branded (i.e. Sovereign Home Loans or NZHL are not eligible);
- has been repaid or written off prior to your death.

2.3 AIA will not accept a claim, and therefore we will not be able to pay, if your death is directly or indirectly caused by:

- your participation in an act or activity of war, whether war is declared or not, in which New Zealand armed forces are involved, or your country of residence (including temporary residence) is involved, on or after the commencement date of Compassionate Care as specified above. This exclusion does not apply if you pass away while on war service for New Zealand; or
- your engagement or participation in an action that is injurious to the public welfare and is legally prohibited, if the available penalties include home detention and/or imprisonment. This exclusion includes a terrorist act or activity.

2.4 HomePlus lending is also excluded.

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### 3. How the Compassionate Care benefit is claimed and paid

3.1 In the unfortunate event an ASB customer passes away, our Deceased Estates team are usually provided with a death certificate as part of their process. This certificate will also be used to make a Compassionate Care claim for each eligible home lending customer. If we do not receive this death certificate, we will be unable to submit a claim to AIA for Compassionate Care. We will only be able to pay out a Compassionate Care benefit for an eligible home lending customer if AIA accept the claim we have submitted and pay us the benefit amount.

3.2 If you are eligible for Compassionate Care and we are notified of your death, we will make a claim to AIA on your behalf.

3.3 If the claim is accepted by AIA, a lump sum benefit amount will be paid to us by AIA, which we then pay out in the manner set out below:

- If there are surviving joint borrowers on the loan, the benefit amount will be paid to a nominated loan deduction account fortnightly or monthly (depending on the home loan repayment structure) in equal instalments for twelve months, until the entire benefit we’ve received on your behalf is paid out in full.

- If you were the sole borrower, the benefit amount will be paid into the nominated loan deduction account in one lump sum. Payment into the loan deduction account linked to the eligible ASB home lending is satisfaction of ASB's payment obligation.
- 3.4 Until the Compassionate Care benefit for an eligible ASB home lending customer is paid out in full, we will hold any benefit amounts received from AIA in a separate, non-interest-bearing account, together with any benefit amounts held for other ASB Compassionate Care claims.

## 4. How the amount of the Compassionate Care benefit is determined

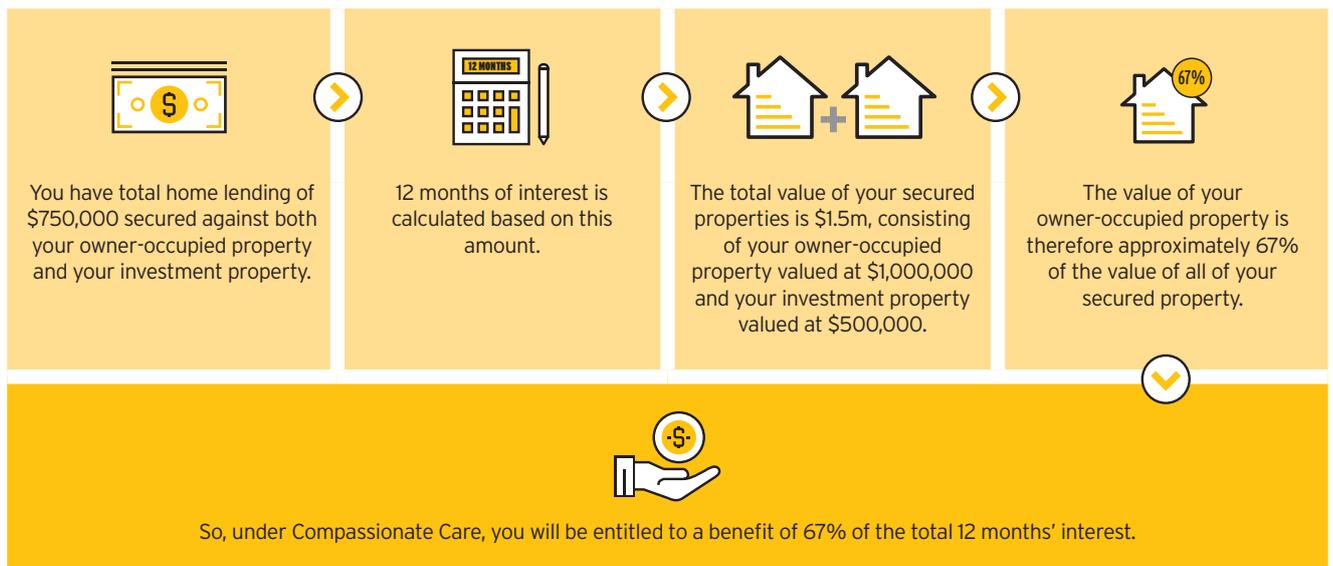
- 4.1 The amount of the Compassionate Care benefit payable will depend on a variety of factors at the time of your death, such as the type of lending, the interest rate and the outstanding loan balance.
- 4.2 The Compassionate Care benefit is calculated by determining an estimate of 12 months of interest costs on your eligible ASB home lending at the date of your death. This is determined as follows:
- Lending which is drawn-down and is solely secured by your owner-occupied home:
 

12 months of interest will be calculated based on the interest rate(s) applicable to your lending and the total outstanding loan balance as at the date of your death.
  - Lending which we have determined is for construction or bridging purposes, or lending which we have determined is committed but is not yet drawn-down, and in each case is solely secured by your owner-occupied home:
 

12 months of interest will be calculated based on the interest rate(s) applicable to your lending and the total amount of the lending made available as if it was fully drawn on the date of your death.
  - Any of the above types of lending but which is secured by both your owner-occupied home and your investment property(ies):
 

The total 12 months of interest will first be calculated based on the total outstanding balance (or total amount available but not drawn-down, as applicable). We will then determine the percentage of the lending which is owner-occupied. This will be determined by calculating the value of all your properties secured by this lending (i.e. both owner-occupied and investment) and then applying the value of your owner-occupied property to get a percentage of this total value. This percentage will be applied to the total 12 months of interest to determine 12 months of interest on eligible ASB home lending.

### Example



We determine property valuations based on the existing valuation records in our system before we make a claim, so it's important you keep us up to date with your property values.

- 4.3 We will pay up to a maximum of \$60,000 per eligible ASB home lending customer under the Compassionate Care benefit.
- 4.4 Interest is calculated as at the date of the eligible home lending customer's death, so if interest rates change in the following 12 months this will not impact the value of the Compassionate Care benefit.

## 5. Termination and variation

- 5.1 Compassionate Care may be varied or terminated at any time. If this happens, we will, to the extent practicable:
- give you written notice of the variation or termination; or
  - otherwise advise you (e.g. through our website or electronic notice) that a variation or termination will occur.

Eligible ASB home lending customers who pass away before Compassionate Care is varied or terminated will still be eligible for this benefit.