

# Avant Retirement Reward Plan

## Allocation Rules

Effective January 2020

### 1. Object

- 1.1 These Allocation Rules reflect the current policy of the Board for the Avant Retirement Reward Plan and for determining Retirement Reward Dividends that may be paid to Retiring Eligible Members. The Allocation Rules are entirely at the discretion of the Board and no person will be eligible to receive a Retirement Reward Dividend until such time as the Board declares a dividend in favour of that Member.
- 1.2 The Allocation Rules are subject to change, suspension or termination by the Board at any time.

### 2. Definitions

- 2.1 Capitalised terms used in these Allocation Rules have the following meaning:

**AIL** means Avant Insurance Limited.

**Avant** means Avant Mutual Group Limited.

**Board** means the board of directors of Avant.

**Contributing Member** means a person who has been issued with a DHF policy and is:

- a) responsible for the payment of contributions referable to the provision of benefits for persons insured under that policy; and
- b) recorded as a contributing member in the records of DHF.

**DHF** means Doctors Health Fund Limited.

**DHF Policy** means a complying private health insurance policy issued by DHF, where the Eligible Member is the Contributing Member for that policy.

**Eligibility Criteria** means the Eligibility Criteria determined by the Board from time to time in its absolute discretion.

**Eligible Member** is determined in accordance with the Eligibility Criteria.

**Life Policy** means a complying life insurance policy issued by Avant.

**Member** is a member of Avant. For the avoidance of doubt, Member also includes a former member of United Medical Protection Limited or The Medical Defence Association of Victoria Limited prior to 1 July 2007.

**Payment Date** is the date for payment of a Dividend determined by the Board.

**Practitioner Policy** means a complying practitioner indemnity insurance policy issued by AIL.

**Record Date** is the date determined by the Board as the record date for determining eligibility under the Eligibility Criteria.

**Retirement Reward Dividend** means a dividend paid by Avant to Retiring Eligible Members in accordance with the Allocation Rules.

**Retiring Eligible Member** is determined in accordance with the Eligibility Criteria.

**Voting Member** has the same meaning as set out in the constitution of Avant.

### 3. Notional allocations and participation in Avant Retirement Reward Plan

- 3.1 Avant may make notional allocations to Eligible Members in accordance with these Allocation Rules and entirely at the discretion of Avant.
- 3.2 The current Avant policy is that notional allocations will be based on each Voting Member's premium contributions to the Avant Group.
- 3.3 Any allocation of amounts is notional only and does not entitle the Member to any dividend or other payment.
- 3.4 If an Avant Member is a Retiring Eligible Member in respect of a Retirement Reward Dividend declared by Avant, then the Avant Member will be allocated a Retirement Reward Dividend in accordance with these Allocation Rules.
- 3.5 Members will have no entitlement to a Retirement Reward Dividend or to any amount notionally allocated under the Avant Retirement Reward Plan until such time as Avant declares a dividend in favour of the Member.

### 4. Explanation of concepts

#### Eligibility

- 4.1 To be eligible for a Retirement Reward Dividend an Avant Member must be a Retiring Eligible Member.
- 4.2 Avant will only make notional allocations for the purposes of the Avant Retirement Reward Plan to Eligible Members.

#### Lapsed or terminated membership

- 4.3 Avant will reduce to zero any notional allocations made for the purposes of the Avant Retirement Reward Plan if a membership lapses or terminates in accordance with these Allocation Rules.

#### Membership lapse

- 4.4 If an Avant Member's premium contribution is in arrears by more than 60 days, the policy and contributing membership may lapse with effect from the paid to date.

## Membership reinstatement after lapse

- 4.5 If a membership lapses due to non-payment of premiums and subsequent to that lapse Avant accepts premium contributions paid in full for the period from the date of lapse, then the membership may be reinstated at Avant's discretion and the Member's tenure may continue unaffected.

## New membership after lapse

- 4.6 If a membership lapses under Avant's usual operating procedures and that person whose membership lapsed subsequently becomes an Avant Member then, even if the membership number is unchanged, the Avant Member's tenure is assessed from the date he or she became an Avant Member after the lapse.

## New membership after termination

- 4.7 If a membership is terminated, then the tenure for that membership ceases. If a person whose membership ceased subsequently becomes an Avant Member then, even if the membership number is unchanged, the Avant Member's tenure is assessed from the date he or she became an Avant Member after the termination.

## Discretion if membership lapses for certain reasons

- 4.8 If a membership lapses or is terminated due to the Member going on parental leave, then the membership will not be regarded as lapsed or terminated for the purposes of these Allocation Rules, provided that when the person re-commences practice in Australia they become a Member.

## 5. Practitioner Policy Join Date

- 5.1 The Practitioner Policy Join Date for an Eligible Member is the later of:
- 5.1.1 the date at which a Practitioner Policy first commenced with respect to that Eligible Member; and
  - 5.1.2 1 July 2003, unless the Practitioner Policy lapsed after 1 July 2003 and was not reinstated or the Practitioner Policy was terminated.
- 5.2 If a Practitioner Policy lapsed after 1 July 2003 and subsequent to that lapse premium contributions were not paid in full for the period from the date of lapse, or Avant refused to accept arrears premium contributions in full for the period from the date of lapse, and the person subsequently takes out a new Practitioner Policy, then the Join Date is the later of 1 July 2003 and the date at which the new Practitioner Policy most recently started, even if the membership number for the new Practitioner Policy is unchanged.
- 5.3 If a Practitioner Policy is terminated after 1 July 2003, and the person subsequently takes out a new Practitioner Policy, then the Join Date is the later of 1 July 2003 and the date at which the new Practitioner Policy most recently started, even if the membership number for the new Practitioner Policy is unchanged.
- 5.4 If a Practitioner Policy lapses or is terminated due to the Member going on parental leave, then the Practitioner Policy will not be regarded as lapsed for the purposes of these Allocation Rules, provided that when the Member re-commences practice the Member commences a new Practitioner Policy with Avant.

## 6. DHF Join Date

- 6.1 The DHF Join Date for an Eligible Member is the later of:
- 6.1.1 the date at which a DHF Policy first commenced with respect to that Eligible Member; and
  - 6.1.2 1 June 2012, unless the DHF Policy lapsed and was not reinstated or the DHF Policy was terminated.
- 6.2 If a DHF Policy lapsed after 1 June 2012 and subsequent to that lapse premium contributions were not paid in full for the period from the date of lapse, or Avant refused to accept arrears premium contributions in full for the period from the date of lapse, and the person subsequently takes out a new DHF Policy, then the DHF Join Date is the later of 1 June 2012 and the date at which the new DHF Policy most recently started, even if the membership number for the new DHF Policy is unchanged.
- 6.3 If a DHF Policy is terminated after 1 June 2012, and the person subsequently takes out a new DHF Policy, then the DHF Join Date is the later of 1 June 2012 and the date at which the new DHF Policy most recently started, even if the membership number for the new DHF Policy is unchanged.

## 7. Initial Notional Contribution

- 7.1 Avant will nominate an initial amount to be notionally contributed for the purposes of the Avant Retirement Reward Plan (Initial Notional Contribution).
- 7.2 Avant will notionally allocate the Initial Notional Contribution to Eligible Members in accordance with Rule 8 of these Allocation Rules.
- 7.3 The contribution of funds to the Avant Retirement Reward Plan is notional only and the payment of any Retirement Reward Dividend is entirely at the discretion of Avant.
- 7.4 Members will have no entitlement to a Retirement Reward Dividend or to any amount notionally contributed to the Avant Retirement Reward Plan until such time as Avant declares a dividend in favour of the Member.

## 8. Initial Notional Allocation

- 8.1 Once Avant nominates the Initial Notional Contribution, that sum will be notionally allocated to Eligible Members as their Initial Notional Allocation as follows:

**Initial Notional Allocation** = Initial Notional Contribution x Initial Allocation Proportion.

**Where:**

$$\text{Initial Allocation Proportion} = \frac{\text{Initial Premium Amount}}{\text{Total Initial Premium Amount}}$$

**Initial Premium Amount** = Initial Practitioner Premiums + 0.2 x Initial DHF Premiums.

**Initial Practitioner Premiums** = the amount of Earned Premium for the Member's Practitioner Policies from the Practitioner Policy Join Date until 30 June 2014.

**Initial DHF Premiums** = the amount of Earned Premium paid for the Member's DHF Policy from the DHF Join Date until 30 June 2014.

**Total Initial Premium Amount** = the aggregate total of all the Initial Premium Amounts for all Eligible Members.

**Earned Premium** = the amount of premium earned by Avant for a member taking into account any premium adjustments and loyalty reward program discounts and consistent with the earned premium reported in Avant's financial accounts and with the accounting standards applicable at the relevant time.

## 9. Additional Notional Contributions

- 9.1 From time to time and entirely at its discretion, Avant may nominate additional amounts that will be notionally contributed for the purposes of the Avant Retirement Reward Plan (Additional Notional Contributions). The Additional Notional Contributions will be based on percentages of premiums paid by Eligible Members using an AIL Allocation Rate for practitioner indemnity premiums, an Avant Allocation rate for Mutual Services Fees and a DHF Allocation Rate for DHF premiums.
- 9.2 The Additional Notional Contributions will be notionally allocated to Eligible Members in accordance with Rule 10 and entirely at the discretion of Avant.
- 9.3 The contribution of additional funds for the purposes of the Avant Retirement Reward Plan is notional only and the payment of any Retirement Reward Dividend is entirely at the discretion of Avant.
- 9.4 Members will have no entitlement to a Retirement Reward Dividend or to any amount notionally contributed for the purposes of the Avant Retirement Reward Plan until such time as Avant declares a dividend in favour of the Member.

## 10. Notional Allocation of Additional Notional Contributions

- 10.1 If Avant nominates an AIL Allocation Rate, an Avant Allocation Rate for Mutual Services Fees and a DHF Allocation Rate for a policy year for the purposes of the Avant Retirement Reward Plan, amounts will be notionally allocated to Eligible Members as their Additional Notional Allocation as follows:

**Additional Notional Allocation** = AIL Allocation Rate x Annual Practitioner Premium + Avant Allocation Rate x Annual Member Service Fee + DHF Allocation Rate x Annual DHF Premium.

### Where:

**Annual Practitioner Premium** = the amount of Earned Premium for the Member's Practitioner Policy for the financial year ending immediately prior to the Record Date for that Additional Notional Contribution.

**Annual Mutual Services Fee** = the amount of Earned Mutual Services Fee for membership in the financial year ending immediately prior to the Record Date for that Additional Notional Contribution.

**Annual DHF Premium** = the amount of Earned Premium for the Member's DHF Policy for the financial year ending immediately prior to the Record Date for that Additional Notional Contribution.

**Earned Premium** = the amount of premium earned by Avant from a member taking into account any premium adjustments and loyalty reward program discounts and consistent with the earned premium reported in Avant's financial accounts and with the accounting standards applicable at the relevant time.

## 11. Payment of Retirement Reward Dividends

- 11.1 In any given year and entirely at the discretion of the Board, Avant may determine to pay a Retirement Reward Dividend to Retiring Eligible Members.
- 11.2 The current policy of the Board is that if it determines to pay a Retirement Reward Dividend then it will declare Retirement Reward Dividends to Retiring Eligible Members based on these Allocation Rules.
- 11.3 The current policy of the Board is that the Retirement Reward Dividends will comprise the Initial Notional Allocation and any Additional Notional Allocations for the Retiring Eligible Member.
- 11.4 The Board may decide in its absolute discretion to pay all, part or none of the amounts that have been notionally allocated to a Member or to vary, suspend or cancel the Retirement Reward Plan at any time.
- 11.5 The payment of a Retirement Reward Dividend is entirely at the discretion of the Board and no Member will be entitled to any amounts until such time as the Board declare a dividend in favour of that Member.

## 12. Review Process

- 12.1 The Eligibility Criteria are a guide only and Avant may determine at its complete discretion whether a Member is an Eligible Member and/or a Retiring Eligible Member and is entitled to receive a Retirement Reward Dividend.
- 12.2 The Allocation Rules are a guide only and Avant may determine the allocations under the Avant Retirement Reward Plan and the declaration of Retirement Reward Dividends to Members entirely at its discretion.
- 12.3 If a Member is not satisfied with a decision of Avant in relation to the Eligibility Criteria and/or the Allocation Rules, then the Member may apply to Avant for a review of the decision. Avant's decision in respect of the review will be final.

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