

## Option 1 (Repay all of the Debt):

### 10. EXCESS DEBT REDUCTION COVER

This Table specifies who will receive any Excess Debt Reduction Cover, if the Insurance Proceeds exceed the amount of Debt required to be repaid. Complete for all Debt Reduction and Loan Account Cover.

<b>1. If the Debt reduces over time, the Maximum Percentage of the Debt that will be repaid with the Debt Reduction Cover will be:</b>	<b>Specify percentage:</b>
The default provision is 100%, which requires all of the Insurance Proceeds to be paid to the Creditor until the Debt is 100% repaid. If 25% is specified, the Insurance Proceeds will be used to repay a maximum of 25% of the Debt. Any Excess will be used to repay other Insured Debts and then paid in accordance with the two options below.	1. 100% (Recommended); <input checked="" type="checkbox"/> or 2. Other percentage <input type="checkbox"/> : .....
<b>2. If a Maximum Percentage (e.g., 25%) is specified, any Excess Debt Reduction Cover will be paid to:</b>	<b>Tick applicable option:</b>
The default provision specifies that the Excess will be used to repay other Insured Debts and then paid to the Business/Continuing Proprietors (Option 1).	1. Business/Continuing Proprietors (Recommended); <input checked="" type="checkbox"/> 2. Insured Person <input type="checkbox"/>
<b>3. If the Debt Reduction Cover exceeds the total amount of the Debt at the time of a claim, any Excess Debt Reduction Cover will be paid to:</b>	<b>Tick applicable option:</b>
The default provision assumes that the Excess will be paid to the Business/Continuing Proprietors (Option 1).	1. Business/Continuing Proprietors (Recommended) <input checked="" type="checkbox"/> ; or 2. Insured Person <input type="checkbox"/>

The above Item requires the Insurance Proceeds to be paid to the Creditor until 100% of the Debt has been repaid.

Any surplus would then be paid to the Business/Continuing Proprietors.

By repaying the whole of the Debt, this strategy maximizes the chance of obtaining a release of any Personal Guarantees.

## Option 2 (Repay only proportionate part of the Debt):

<b>1. If the Debt reduces over time, the Maximum Percentage of the Debt that will be repaid with the Debt Reduction Cover will be:</b>	<b>Specify percentage:</b>
The default provision is 100%, which requires all of the Insurance Proceeds to be paid to the Creditor until the Debt is 100% repaid. If 25% is specified, the Insurance Proceeds will be used to repay a maximum of 25% of the Debt. Any Excess will be used to repay other Insured Debts and then paid in accordance with the two options below.	1. 100% (Recommended); <input type="checkbox"/> or 2. Other percentage <input checked="" type="checkbox"/> : <b>50%</b>
<b>2. If a Maximum Percentage (e.g., 25%) is specified, any Excess Debt Reduction Cover will be paid to:</b>	<b>Tick applicable option:</b>
The default provision specifies that the Excess will be used to repay other Insured Debts and then paid to the Business/Continuing Proprietors (Option 1).	1. Business/Continuing Proprietors (Recommended); <input checked="" type="checkbox"/> 2. Insured Person <input type="checkbox"/>
<b>3. If the Debt Reduction Cover exceeds the total amount of the Debt at the time of a claim, any Excess Debt Reduction Cover will be paid to:</b>	<b>Tick applicable option:</b>
The default provision assumes that the Excess will be paid to the Business/Continuing Proprietors (Option 1).	1. Business/Continuing Proprietors (Recommended) <input checked="" type="checkbox"/> ; or 2. Insured Person <input type="checkbox"/>

The above Item requires the Insurance Proceeds to be paid to the Creditor until 50% of the Debt has been repaid.

This option would be used if there were two equal Proprietors and they only wanted to repay a proportionate part (50%) of the Debt.

Any surplus would then be paid to the Business/Continuing Proprietors.

Because some of the Debt remains, this strategy leaves open a chance that the Bank or Creditor might not supply a release of any Personal Guarantees upon repayment of part of the Debt.