

# FAQs - Insurance re-design

## From 1 October 2017



### What are the changes we are introducing?

In summary, we are:

- Introducing changes to the amount of Death and TPD cover which applies based on how old you are
- Reducing the premiums that are charged for Death and TPD cover (both unitised cover and fixed cover) for most members
- Increasing the premiums that are charged for Income Protection insurance cover
- Changing the definition of Total and Permanent Disablement which currently applies; and
- Amending the definition of Terminal Illness

### Why are we changing our insurance structure?

Recently, Club Plus Super renegotiated its insurance contract with OnePath Life Limited for another 3 years. For reasons outlined below, we advise that the amount of insurance cover and the amount you pay for your cover will change from 1 October 2017 this year. The approach with this restructure was to ensure our insurance offering was more sustainable and more affordable for the majority of our members.

### Who is impacted?

All Club Plus Superannuation members with Insurance cover.

### When will the changes be taking effect?

The changes outlined below will be taking effect from 1 October 2017.

### What will happen after 3 years?

For all cover types, premiums and sum insured levels are not guaranteed indefinitely and may change over time. The amounts of cover and premium rates which are specified in these FAQs are guaranteed for a period of 3 years from 1 October 2017.

### What are the benefits of the insurance changes?

We have adjusted insurance levels to more closely align with member needs at certain ages. We have also adjusted the insurance premiums to align with age groups to make our insurance offering more affordable and sustainable.

### What is default insurance cover?

For Industry Division members, Death, Terminal Illness & Total & Permanent Disablement (TPD) cover and Short Term Income Protection insurance is automatic. This means that for Death, Terminal Illness & TPD, you won't have to provide any evidence of health and you'll still be covered for 1 unit up to age 70 for Death and 60 for TPD.

Personal division members have the option to take up one unit of Death, Terminal Illness & TPD cover and up to \$5,000 per month for Short Term Income Protection cover within 60 days of receiving their welcome letter without providing evidence of health.

### I have default insurance cover, how am I impacted?

All members with default insurance cover will automatically convert to the new sum insured levels and premium tables based on age effective 1 October 2017. The below example outlines how default members are impacted;





## BEFORE 1 OCTOBER 2017

Lauren is a 19 year old student with default insurance providing \$131,500 cover for Death and TPD. She is currently paying premiums of \$166.40 per year ( $\$3.20 \times 52$ ).

## FROM 1 OCTOBER 2017

Lauren's Death and TPD cover will reduce to \$50,000. The annual premium will also reduce to \$61.88 (Weekly premium for a member aged 20 next birthday ( $\$1.19 \times 52 = \$61.88$ )).

Her new level of Death cover will eventually increase to \$131,500 by age 35 when a higher level of death cover may be more relevant, however her TPD cover will remain at \$50,000 until she reaches age 39, after which time it will begin to decrease over time.

## What is customised insurance cover?

Customised insurance cover is when a member has applied for additional insurance cover through the insurance underwriting process. Instead of having 1 unit of cover, customised cover enables you to increase your cover through additional units or fixed cover. Examples of customised cover are 3 units of Death and TPD or a fixed insurance amount of \$500,000.

## I have customised insurance cover, how am I impacted?

Members with customised insurance cover will retain their amount of cover they are insured for pre 1 October 2017, however their premiums may increase or decrease based on age and their number of units may vary. Your insurance cover will be converted to the nearest new higher whole number of units based on the equivalent dollar figure new Death and TPD scales, outlined in the below example. This change will take effect 1 October 2017.

## EXAMPLE



Peter is a 45 year old Club Manager. He elected when he joined to hold 6 units of Death and TPD cover. As his age next birthday at the effective date of change is 46 years, the amount of cover he holds at 30 September 2017 (the day prior to the change) for both Death and TPD is  $6 \times \$52,600 = \$315,600$ . On 1 October 2017, one unit of Death cover has a value of \$90,000 (for a member aged 46 next birthday) and one unit of TPD cover has a value of \$30,000 at the changeover date.

To ensure that Peter has the same level of cover that he made an application for prior to the changeover date, we will allocate him 4 units of death only cover and 11 units of TPD cover. This provides Peter with a slightly higher level of cover than he held previously as we have rounded his units of cover up to the next whole unit.

Peter's premium will also change. Instead of paying \$3.20 per week per unit for 6 units of cover (\$998.40 per annum), Peter will now pay \$1.17 per unit per week for his death cover and \$1.25 per unit per week for his TPD cover. Peter's annual premium will be calculated as (Death cover  $4 \times \$1.17 \times 52$ ) + (TPD cover  $11 \times \$1.25 \times 52$ ) = \$958.36 per annum.

## I have fixed insurance cover, how am I impacted?

If you have elected to vary your level of cover from default insurance to a fixed cover level, your level of cover will remain the same. However, your annual premium will be determined based on the new age rates with effect from 1 October 2017. In most cases, this means that your premium will reduce.

## Still unsure how the changes will impact you?

To find out how the changes will impact you, please give us a call on **1800 680 627** to discuss your new cover.

## I have customised insurance cover and will be converting to the new insurance structure, do I require underwriting?

Insurance underwriting is not required for the automatic transition to the new insurance structure. However, if you would like to increase your cover at any stage, you will need to apply by completing the Short Personal Statement form located at [clubplussuper.com.au/tools-resources/forms-and-publications](http://clubplussuper.com.au/tools-resources/forms-and-publications)

## Why is the amount of cover for TPD reducing?

TPD cover is now capped at \$50,000 per unit of cover. This amount is being reduced based on the insurance market insights as TPD cover has traditionally been expensive and a complex process.

## Now that my TPD cover has decreased, are there any alternatives to consider?

With the short term income protection lasting up to 2 years, this complements death cover and we feel by reducing the sum insured level of TPD, the premiums are lowered, making cover more affordable and sustainable.

We also offer long term income protection which is payable up to the age of 65 and you can receive up to 75% of your salary plus super. The waiting period for long term income protection is 2 years however if you have short term income protection, the benefit period is up to 2 years.

## What can I do if I want to retain or increase my TPD cover?

You will need to complete the Short Personal Statement form to increase your TPD cover located at [clubplussuper.com.au/tools-resources/forms-and-publications](http://clubplussuper.com.au/tools-resources/forms-and-publications)

## What If I want to lower my TPD sum insured level?

If you feel as though your level of insurance cover for TPD is too high, you can lower the amount. Please complete the Insurance Variation, Cancellation or Reduction form located at [clubplussuper.com.au/tools-resources/forms-and-publications](http://clubplussuper.com.au/tools-resources/forms-and-publications)

## Are there any changes to Income protection?

To ensure we can continue to retain all of the benefits of our income protection cover, the only change is a 1.4% increase in premium. If you have the default 21 day waiting period income protection cover in the Industry division, your premium will increase from 9.35% to 9.48% as a percentage of your employer Superannuation Guarantee (SG) contribution.

### EXAMPLE



*John's employer makes monthly \$200 SG contributions to John's Superannuation account. John's monthly Income protection premium pre 1 October 2017 is \$18.70 (\$200 x 9.35%). From 1 October 2017, John's new monthly premium will be \$18.96 (\$200 x 9.48%).*

## As an employer, does anything change from the employee on boarding process?

No, there are no changes to the employee on boarding process. All employees you sign up with Club Plus Super will automatically be covered for Death, TPD and Income Protection cover. New Product Disclosure Statements (PDS) will be available on our website from 1 October 2017 so please ensure you disregard any outdated documents.

## Is my insurance cover right for me?

If you haven't assessed your insurance cover for a while or you would like to discuss the changes, please give us a call on **1800 680 627** and we can help.

## Can I increase my level of cover once the insurance changes are made?

Yes, if you would like to increase your cover, you will need to complete the Short Personal Statement form located at [clubplussuper.com.au/tools-resources/forms-and-publications](http://clubplussuper.com.au/tools-resources/forms-and-publications)

## What if I want to reduce my level of cover after the opt in period?

You will need to complete the Insurance Variation, Cancellation or Reduction form located at [clubplussuper.com.au/tools-resources/forms-and-publications](http://clubplussuper.com.au/tools-resources/forms-and-publications) to reduce your cover.

## How can I check my new premium amounts?

We can help you understand and compare your insurance premiums pre and post 1 October 2017. We can also provide you with your new insurance levels and/or number of units if applicable. To find out more, please call us on **1800 680 627**.

## I am over 60 years old and have customised TPD cover. How am I impacted?

Under the new insurance arrangements, TPD is no longer offered once you reach age 60. However if you have more than 1 unit of TPD or you have fixed TPD cover, we will maintain your existing insurance cover and this will continue under the existing, pre 1 October 2017 rates.