

# Insurance through Super

For members whose new insurance is in force on or after 1 July 2014, or, members who were previously insured with cover that has lapsed or cancelled and is re-instated on or after 1 July 2014

The Federal Government has released legislative changes that, from 1 July 2014, will impact certain insurance benefits that Trustees of external regulated superannuation funds are able to offer.

## What are the legislative changes?

From 1 July 2014, Trustees of regulated superannuation funds must not provide an insured benefit in relation to a member of the fund unless the insured event (i.e. trigger for insured benefit payment) is consistent with certain Conditions of Release as determined in the Superannuation Industry Supervision Act (SIS), namely:

- Death Cover
- Terminal Medical Condition (Terminal Illness);
- Permanent incapacity (Total & Permanent Disability); and
- Temporary incapacity (Income Protection).

This means that Superannuation Trustees must ensure certain insurance benefits offered through a Super Fund are consistent with the relevant conditions of release.

If any of these benefits are not consistent with a condition of release, the insurance cover cannot continue to be offered after 30 June 2014 to new members who join after that date.

## What does this have to do with members?

Your Group Insurance Cover is a version of insurance where the Trustee of a Super Fund is the holder of a single policy that covers all eligible insured members. The main benefits of Group Insurance cover over an individual insurance policy is generally lower premium costs and access to default insurance cover with no health underwriting conditions. On the other hand, whenever a Group Insurance Cover policy is altered, the alteration affects the policy conditions for all members.

## Which types of member will be most affected by the changes?

The most important change is going to affect members who do not work for 'financial gain or reward' (e.g. full time homemakers) and their eligibility for disability insurance cover (TPD). To assist your understanding of the changes, we have provided a brief summary of the changed definitions for your information.

## Summary of SIS conditions for insurance policies that are in force on or after 1 July 2014

<b>Death Cover</b>	No significant changes to previous conditions.
<b>Terminal Medical Condition (Terminal Illness)</b>	The regulation requires two doctors to certify a terminal illness. One of the doctors needs to be a specialist in the member's particular medical condition.
<b>Permanent incapacity, or Total &amp; Permanent Disability (TPD)</b>	Your TPD cover must be consistent with the Permanent Incapacity Condition of Release as per SIS regulations. In short, a member must be unlikely, because of ill health, to engage in gainful employment for which the member is reasonably qualified by education, training or experience.
<b>Temporary incapacity, or Income Protection (IP)</b>	Employment-based income needs to be taken into account when determining any benefit payable. As such, sick leave and other incomes will be taken into consideration and offset against all Income Protection benefits issued through superannuation. The Trustee also cannot allow payment of a benefit of more than 100% of a member's previous income.