

MEDIA RELEASE 8 April 2020

## AustralianSuper insurance

AustralianSuper will increase the cost of insurance as a result of its annual review of insurance pricing.

The price rise is a result of an increase in the number of claims and the amount of money paid out to members over the past year. The Fund anticipates that both claims and payouts will continue to increase into next year.

Even with the increase in insurance costs, AustralianSuper is still cheaper for members now compared to 10 years ago when total costs, including administration fee, investment fee and insurance costs, are considered. Total costs for a 45 year old member with a balance of \$50,000 in 2010 were \$946 compared to the current lower total cost of \$921.\*

The claims acceptance rate for insurance through AustralianSuper for the year to June 2019 was 97%

AustralianSuper's insurer, TAL, has among the highest claims admittance rates, the quickest approval times and the lowest dispute rates in the industry for the year to June 2019, based on the ASIC Moneysmart claims comparison tool.

AustralianSuper makes no profit from providing insurance to members. This is one of the most cost-effective ways for members to access the benefits of insurance.

From May 30, the cost for industry division members will rise by an average of 12.1% across, death, TPD and default income protection and for Public Sector members by 10.7%.

Group Executive, Membership, Rose Kerlin acknowledged it was a difficult time to be rising the price of insurance.

'This is not a decision we take lightly and have kept costs as low as possible in the circumstances,' Ms Kerlin said.

'Each year the Fund goes through a process of reviewing the claims that have been made, the amount of money that has been paid to members. Based on this information we adjust the price accordingly.'

Ms Kerlin stressed that AustralianSuper is run only to profit members and the Fund does not make any profit on insurance.

'AustralianSuper members only pay for what it costs the Fund to provide them their cover,' she said. 'There is no financial incentive for the Fund to increase prices.'

'Insurance is an important part of securing retirement savings for members and AustralianSuper still provides competitive insurance coverage for members. Our aim is to keep insurance costs to less than 1% of salary. In the current environment, it is vital for all members to consider the level of insurance they need to look after themselves and their dependents.'

### AustralianSuper insurance key facts

- AustralianSuper members with active cover are covered for death, TPD and income protection claims resulting from COVID-19. There are no pandemic-related exclusions. Normal terms and conditions and waiting periods apply.
- AustralianSuper offers a rehabilitation program that in the past two years has seen 4,932 members access a rehabilitation support plan as part of the claim process.
- The program has been well received by members and 3,131 members where a rehabilitation support plan was in place have so far returned to either part time or full time work.
- Grief Support Service is offered to all insured members and their immediate family members on referral from their case manager. Eligible members and their families will have access to three, one hour grief support sessions with a leading mental health organisation. This will be free for the members or family.

### Member claims and payouts since inception as at 31 December 2019

- Over 67,800 claims paid to members totaling over \$3.87 billion in value.

### What type of insurance AustralianSuper members have at 31 December 2019

	Death	TPD	IP	Total
Insured Members	1,290,187	1,242,255	980,203	1,314,440
Insured Members Total (%)	57.3%	55.2%	43.5%	58.4%

### Types of claims in 2019 financial year

- \$415 million paid to members and their families in the 2019 financial year.

Insurance Type	Number of claims	Paid: (\$)
Death	1,570	\$156 million
TPD	1,630	\$150 million
IP	5,152	\$109 million
<b>TOTAL</b>	<b>8,352</b>	<b>\$415 Million</b>

### Cost of default cover and \$ increase per week – Standard Work rating

Age Attained	Default Sum Insured			Weekly cost - Standard Work Rating from 30 May 2020				Average Increase (\$ per week)
	Death	TPD	IP	Death	TPD	IP	Total	
25	116,000	48,000	1,900	1.24	0.41	0.65	2.30	0.16
35	180,000	53,000	3,000	2.81	1.08	2.64	6.53	0.62
45	124,000	29,000	3,100	3.71	1.70	5.46	10.86	1.17
55	37,000	9,000	2,800	2.78	1.59	9.60	13.97	1.80
65	9,000	0	2,400	1.77	0.00	15.60	17.37	2.56

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\* The comparison is provided for illustrative purposes only, is based on a specific age and may not apply to all members, and insurance terms and conditions may have changed during this period. Fees for '2020' include: the current Administration Fee of \$2.25 per week plus 0.04% pa of account balances; the investment fee of 0.60% for the AustralianSuper Balanced option (based

on the most recent available investment fee for the 2018/19 financial year); and default insurance costs for a 45 year old member. Fees for '2010' include: the historical Administration Fee of \$1.50 per week; 2008/09 Management Expense Ratio ('MER') of 0.84% pa plus Member Protection Fee of 0.06% pa for the AustralianSuper Balanced option, which applied at that time; and default insurance costs for a 45 year old member. How super funds measure investment costs changed from 'MER' to 'Investment Fee' in September 2017.

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