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## **AustralianSuper reduces insurance costs for members**

AustralianSuper members will pay \$100 million less in insurance premiums over the next financial year for the same level of insurance cover with the Fund's insurer TAL.

Insurance premiums will decrease by an average 14% for death cover, 6% for TPD and 20% for Income Protection, following an annual premium review.

The insurance premium decreases will come into effect from May this year.

'This is a great result for our members and demonstrates AustralianSuper's commitment to provide the insurance cover at the best possible price for members,' Group Executive of Membership, Rose Kerlin, said.

'Insurance through super can be very cost effective and supports thousands of working Australians through tough times in their lives,' Ms Kerlin said.

'AustralianSuper offers insurance to members to provide them and their families with peace of mind and support when they need it most.

'The Fund uses its size and scale to provide the best possible cover by negotiating bulk rates that can be more affordable than if members purchased the same cover on their own.

'In addition, we don't pay commissions to advisers, and don't receive commissions from insurers. This premium reduction for the Industry Division will benefit the overwhelming majority of members and no member will have a premium increase.'

Ms Kerlin said that AustralianSuper provides insurance to 1.4 million of its 2.2 million members, pays around \$500 million in premiums each year and expects to pay insurance benefits to 25,000 members over five years.

In a separate initiative, AustralianSuper has signed up to the Insurance in Superannuation Code of Practice, which was circulated to the industry last year.

Ms Kerlin said AustralianSuper is already working to implement the Code across its membership base.

'AustralianSuper already exceeds many of the minimum standards set out in the Code as part of our ongoing effort to improve services to members,' she said.

'Importantly, this includes the majority of service levels outlined in relation to claims, and where we are not up to the Code's standard we aim to be there by end of 2019 – more than 18 months ahead of the Code's timetable.

'Overall, default insurance costs equate to around 0.8% of salary over the member's lifetime in the Fund, compared with a Code maximum of 1.0%,' Ms Kerlin said.

'In another key initiative by AustralianSuper, from November, there will be no default insurance for members joining under the age of 25 to help address the issue of account erosion for young people.

AustralianSuper has introduced a new product, Super Only, for some businesses who have employees on very low incomes; this ensures there is no erosion of those members' accounts from insurance premiums.

'Another key initiative has been the development of a rehabilitation model that has assisted almost 200 members who were on Income Protection payments to return to the workplace in the past 12 months,' Ms Kerlin said.

Over the past 10 years, AustralianSuper has paid over \$2.6 billion across 45,000 claims to help members and their families.

### **About AustralianSuper**

AustralianSuper manages more than \$120 billion of members' retirement savings on behalf of more than 2.2 million members from across 270,000 businesses. One in 10 working Australians is a member of AustralianSuper, the nation's largest superannuation fund.

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