

ISSUED: 5 August 2016

# THERE ARE SOME CHANGES COMING TO INCOME PROTECTION INSURANCE AT ENERGY SUPER

## HERE'S WHAT YOU NEED TO KNOW

On 5 September 2016, a new Income Protection (IP) insurer – MLC Limited – will provide Standard IP insurance for Energy Super members.

We know your first question will be “Is it going to cost more?”, and we can assure you that **No – the cost of Standard IP cover is not increasing.**

### WHY CHANGE?

We consider insurance an important part of your super and so we review our insurance offering regularly to make sure it's both competitive and comprehensive. We want what you want: affordable, reliable insurance that gives you comfort and security.

The cost of insurance across the industry has gone up drastically since our last Standard IP insurance tender, mainly because of the significant increase in insurance claims. Over the past several months we've reviewed the offers of a number of IP insurance providers, including our current provider Beazley Underwriting, to give our members ongoing IP cover – *without increasing costs.*

This is one of the benefits of having insurance in your super: we can use our size to negotiate a competitive level of cover for members that is generally much cheaper than if a member took out the same level of cover independently.

For some members, the changes will have no impact. For others, the changes may have some impact depending on their age, current level of cover and conditions surrounding their employment.

(Please note, **no** changes are being made to Death and Total and Permanent Disablement insurance cover.)

### I'M ON CLAIM. DO THESE CHANGES AFFECT ME?

You're covered by the current policy as at the date of your disablement, so these changes don't affect you in relation to your current claim. Any future claims you make from 5 September 2016, however, will be covered by this new policy.

### I DON'T HAVE IP COVER SO WHY AM I GETTING THIS NOTICE?

It's important that all members know what insurance options may be available to them. If you want to talk about your insurance options, call us on **1300 4 ENERGY** (1300 436 374) and ask to speak with an adviser.

### WHAT ARE THE KEY CHANGES – IN A NUTSHELL?

The most important change affecting all members is the reduction in the amount you can be paid after 120 days into your benefit period. The level you can be paid after 120 days reduces from 90% of your income to 80% of your income; the 10% paid into super remains the same. This change was necessary to avoid increasing your insurance costs.

## WHAT ARE THE KEY CHANGES – IN A NUTSHELL? *continued*

It's important to note IP cover with Energy Super is split into two types:

- Standard IP cover (104 week benefit) – the changes are detailed in this notice.
- Extended IP cover (to age 65 benefit) – **there are no changes to Extended IP cover.**

The summary below outlines the changes to Energy Super's Standard IP insurance arrangements effective from 5 September 2016 and where in this notice you'll find more information.

Please note that not all the changes may apply to you. For example, employees of government-owned corporations have separate arrangements with their employer. These will be detailed in the relevant *Member Guide* for each employer available from 5 September.

A new *Insurance Guide* and *Corporate Insurance Guide* dated 5 September 2016 will be available on our website from that date, and will contain detailed information about insurance with Energy Super. Details of Energy Super's *current* IP cover is in the *Insurance Guide* on our website until 5 September.

CHANGE TO	IMPACT OF THE CHANGE	SEE PAGE
<b>Premiums</b>	There will be no change to the premiums a member currently pays – the rate table will remain unchanged	2
<b>Premium guarantee</b>	The premium rate will be guaranteed for three years	2
<b>Benefit payable</b>	First 120 days = 90% of member's income + 10% super Remainder of your benefit period = 80% of member's income + 10% super (For Defined Benefit members, the benefit remains as 80% of income)	3
<b>Commencement of cover</b>	Will now require 30 consecutive days of being "At Work"	3
<b>"At Work" definition</b>	Clarification of the requirement to be "Actively At Work" on the day prior to leave due to disablement	3
<b>Definition of "Pre-existing Condition"</b>	Definition extended and clarified	3
<b>Definition of "Treatment"</b>	Definition changed to include treatment provided by "allied health services"	3
<b>Definition of "Total Disability"</b>	Definition changed by removing the term "actively at work" and including "not engaged in any occupation, paid or unpaid"	4
<b>Leave without pay</b>	Eligibility for continued cover during leave without pay changed from 12 months to 24 months	3
<b>Pregnancy exclusion</b>	Simplified by changing to "normal and uncomplicated pregnancy or childbirth"	4
<b>Nuclear exclusion</b>	Removed	4
<b>Joining armed forces exclusion</b>	Joining the armed forces (but not Reserves) will be added as an exclusion to the policy and removed as a reason to cease cover	4
<b>Maximum days Return to Work during waiting periods</b>	<ul style="list-style-type: none"> <li>• 5 consecutive days for 14 and 30 day waiting periods</li> <li>• 10 consecutive days for 60 and 90 day waiting periods</li> </ul>	4
<b>Over 65 maximum benefit</b>	For all members over age 65, the maximum benefit period will change to 52 weeks for both sickness and injury	4
<b>Rules relating to changing levels of cover</b>	The rules for changing levels of cover will be amended and limitations removed	3
<b>"Income" definition</b>	Definition to include self-employed members	4
<b>"Self-employed income" definition</b>	Definition to be "1/12th of income of previous 12 months"	4
<b>New benefit level category</b>	Addition of a new insurance category (Category G) in member application form to cater for members on lower incomes	4

## CAN YOU GIVE ME MORE DETAIL?

Sure. Just remember that we've outlined the changes, but not all of the changes may apply to you. For more information, please check our *Corporate Insurance Guide* and the *Member Guide* relevant to your employer from 5 September 2016.

CHANGE TO	NEW – FROM 5 SEPTEMBER 2016	CURRENT
<b>Premiums</b>	No change.	See our <i>Insurance Guide</i> or the <i>Corporate Insurance Guide</i> applicable to you for the rate table outlining the premiums.
<b>Premium Rate Guarantee Period Divisions 1 &amp; 2</b>	To ensure sustainability, premiums will be guaranteed for 36 months, from 5 September 2016 (subject to certain terms and conditions). Benefit levels and premiums will continue to be indexed each year at 5%. (Defined Benefit members are not affected by this change.)	<i>Premiums were reviewed every 12 months. Indexation of benefit levels and premiums occurred each year at 5%.</i>

CHANGE TO	NEW – FROM 5 SEPTEMBER 2016	CURRENT
<b>Pre-existing condition</b>	An exclusion will apply if you have a sickness or injury that existed prior to the commencement or recommencement of your cover that you were aware of prior to the commencement or recommencement of your cover, or of which a reasonable person in your circumstances could have been expected to have been aware. [This is referred to as a “pre-existing condition”.] However, you could be covered [for a disability arising from your pre-existing condition] provided you have, upon the instruction of a legally qualified Medical Practitioner, reasonably ceased all treatment or need for medical advice for at least six consecutive months during the policy period.	An exclusion will apply for any pre-existing sickness/condition or the symptoms of that condition if not yet diagnosed, that an insured member is having or has had treatment for or advice for treatment in the 6 calendar months prior to the date of commencement or recommencement of his or her cover under the Policy. However such condition will be covered provided an insured member has upon the instruction of a legally qualified Medical Practitioner, ceased all treatment or need for advice for at least 6 consecutive months during the policy period.
<b>Commencement of cover</b>	If you joined the Fund through an Energy Super employer, you will need to be At Work for 30 consecutive days before your cover up to the Automatic Acceptance Limit (AAL) starts. Any additional cover you take out above the AAL will commence on the day we accept your application in writing. Interim condition “limited cover” (subject to the pre-existing exclusion) is to apply from the first day of your employment with the Energy Super employer until you have worked 30 days.	If you joined the Fund through an Energy Super employer your cover up to the Automatic Acceptance Limit (AAL) starts on the first day of your employment, provided you are at work on that day and join the Fund within 120 days of joining your employer. If you are not at work on your first day of employment you will need to be at work for 30 consecutive days before your full cover applies. Any additional cover you take out, above the AAL, will commence on the day we accept your application in writing.
<b>“At Work”/ “Actively At Work” definition</b>	Where the person is: i. employed with the employer; or ii. self-employed; and the person is • actively performing the duties of his or her usual occupation without restriction due to injury or illness or, if not actively performing the duties of his or her usual occupation, capable of doing so; and • not in receipt of, or entitled to claim, disability income support benefits from any source. An insured member who is on paid annual leave or long service leave shall also be considered actively At Work provided that the leave is not in connection to a disability and the insured member was At Work on the day immediately prior to being on leave.	Where the person is: i. employed with the employer; or ii. self-employed; and the person is • actively performing the duties of his or her usual occupation or, if not actively performing the duties of his or her usual occupation, capable of doing so; and • not in receipt of, or entitled to claim, disability income support benefits from any source. An insured member who is on paid annual leave or long service leave shall also be considered actively at work provided that the leave is not in connection to a disability.
<b>“Treatment” definition</b>	Same as current policy with the addition of “or allied health professional” after “Medical Practitioner”.	The receipt of medical advice, assistance, therapy or rehabilitation through a qualified Medical Practitioner in relation to an injury or sickness. This includes the consumption of prescribed or over-the-counter medication, drug or alternative product used to treat the condition.
<b>Benefit payable Divisions 1 &amp; 2 (Does not apply to Defined Benefit members)</b>	The weekly benefit for Standard IP is as follows: For the first 120 days after the waiting period the lesser of 90% of income; or the benefit level of the employment category listed or Additional Cover if it applies. For the remainder of the benefit period the benefit will be reduced to the lesser of 80% of income; or the benefit level of the employment category listed or Additional Cover if it applies. A superannuation benefit is also payable into your Energy Super account equal to the lesser of 10% of income; or 10% of the benefit level of the employment category listed.	The weekly benefit for Standard IP is the lesser of: • the level of cover you received automatically or applied for; or • 90% of your “Income”. A contribution is also payable into your Energy Super account equal to the lesser of: • 10% of your “Income”; or • 10% of the benefit level for which you are insured.
<b>Changing Levels of Cover rules Divisions 1 &amp; 2 only</b>	Same as current policy up to “pre-existing condition exclusion”. Everything from “This condition shall” to “their lesser benefit level” is deleted.	If you elect to increase your cover, purchase additional units or voluntarily change your employment arrangements, the increase in cover shall not include cover for any condition that is a pre-existing condition exclusion. This condition shall not apply to any insured benefit increase where the insured member has moved between categories within Division 1 by their employer as the result of a change to their employment, (i.e. they begin working under an EBA agreement and their benefit increases to the Category A level), except to the extent that any restrictions were applicable to their lesser benefit level.
<b>Cessation of cover: Commencement of unpaid leave</b>	24 months after the commencement of unpaid leave.	12 months after the commencement of unpaid leave.
<b>Joined armed forces</b>	Removed.	The insured member joins the armed forces (excluding Reserves residing in Australia).
<b>“Leave without pay” definition</b>	Same as current policy with “24 months” replacing “12 months”.	An insured member who is an Australian resident and takes leave without pay will continue to be covered by this Policy for a maximum of 12 months from the commencement date of such leave. However, the employer must approve the leave without pay and premium for this period of leave without pay must continue to be paid by you to us. The insured member’s average income will be calculated from the 12 months prior to the commencement of the leave without pay.

CHANGE TO	NEW – FROM 5 SEPTEMBER 2016	CURRENT
<b>Exclusions applicable to all sections of the policy:</b> <b>Pregnancy</b>	Normal and uncomplicated pregnancy or childbirth.	<i>Pregnancy, childbirth or miscarriage other than a complication arising from any of those conditions, which requires leaving employment in the first thirty-four (34) weeks of pregnancy. No benefit shall be payable during any period of maternity leave or for any complications arising after the thirty fourth week of pregnancy. No benefit shall be payable past the point when the complication is no longer deemed the primary cause of disablement.</i>
<b>Nuclear invasion</b>	Removed.	<i>The use, existence or escape of nuclear weapons material or ionising radiation from/or contamination by radioactivity from any nuclear waste from the combustion of nuclear fuel.</i>
<b>Service in armed forces</b>	Service in the armed forces of any country (not including the Australian Defence Force Reserves).	<i>Not in policy.</i>
<b>“Self-employed income” definition</b>	Where the Insured Member is self-employed, a working director or a partner in a partnership, 1/12th of the income generated by the business or practice due to the insured member’s personal exertion or activities less their share of necessarily incurred business expenses, for the previous 12 months prior to the commencement of the Insured Member’s Disability.	<i>The gross income earned less all business expenses incurred as shown in the insured member’s most recent individual, partnership, company or Trust tax return/Assessment Notice.</i>
<b>Return to work during “Waiting period”</b>	<b>14 or 30 day waiting periods</b> If you return to work for more than 5 consecutive days during the waiting period and suffer a reoccurrence of the injury and/or sickness which led to the initial total disablement, then the waiting period shall recommence from the day that you suffered total disablement after returning to work. <b>60 or 90 day waiting periods</b> Same as for 14 or 30 day waiting period above but replace 5 consecutive days with 10 consecutive days.	<i>If an insured member returns to work for more than 5 days during the waiting period and suffers a reoccurrence of the injury and/or sickness which led to the initial total disablement, then the waiting period shall recommence from the day that the insured member suffers total disablement after returning to work.</i>
<b>Maximum benefits for Division 1 &amp; 2 if age 65+ (Does not apply to Defined Benefit members)</b>	104 weeks (2 years) or to the date you turn 65 years of age, whichever occurs first. If you are aged 65 or older and are disabled as a result of an injury or sickness you will receive benefits for a maximum of 52 weeks as long as the total benefit period does not exceed 104 weeks (2 years).	<i>If you are aged 65 or older and suffer from a sickness you will receive benefits for a maximum period of 12 weeks. If you are on claim at the time you turn 65 you will receive an additional 12 week’s benefits as long as the total benefit period does not exceed 104 weeks. If you are aged 65 or older and are incapacitated as a result of an injury you will receive benefits for a maximum of 52 weeks. If you are on claim at the time you turn 65 you will receive an additional 52 weeks of benefits as long as the total benefit period does not exceed 104 weeks.</i>
<b>“Total Disability” definition</b>	Disablement resulting from injury or sickness which occurs while the policy is in force and where you are completely and continuously prevented from engaging in your usual occupation and you are under the regular care of and acting in accordance with the instructions or professional advice of a Medical Practitioner and not engaged in any occupation, paid or unpaid.	<i>Means that as a result of injury or sickness the insured member is completely and continuously prevented from engaging in his or her usual occupation and is under the regular care of and acting in accordance with the instructions or professional advice of a Medical Practitioner. The insured member must be able to meet the definition of actively at work at the time the disability occurs.</i>
<b>New benefit level category</b>	Addition of a new insurance category (Category G) in member application form to cater for members on lower incomes. The new benefit level provides Standard (and Extended IP) cover with a 14 day waiting period.	<i>This new category was introduced on 1 July 2016 under the current policy and negotiated into the new policy.</i>

\* Division 1 = 14 day waiting period      \*\* Division 2 = 30/60/90 day waiting period

## DO YOU NEED TO REVIEW YOUR INSURANCE?

Change can force you to think about things in a new light. When was the last time you reviewed your insurance? Has your personal situation changed? What about your level of cover – do you have too much? Too little?

Visit our website for more information from 5 September or call us on **1300 4 ENERGY (1300 436 374)**. Our advisors can give personal advice about your insurance cover over the phone at no additional cost to you.

### WE’RE HERE TO HELP

**W** [energysuper.com.au](http://energysuper.com.au)

**T** **1300 4 ENERGY (1300 436 374)**

8.30am and 5.00pm Monday to Friday

**E** [info@energysuper.com.au](mailto:info@energysuper.com.au)

**Please note:** The policy wording in this notice is not final and some minor differences may exist between this notice and the final Insurance Policy. If there are any inconsistencies between the terms of the Energy Super Trust Deed or the Insurance Policy and this notice, the terms of the Trust Deed and Insurance Policy prevail. To obtain a copy of the Trust Deed or Insurance Policy, email us at [info@energysuper.com.au](mailto:info@energysuper.com.au) or call 1300 4 ENERGY (1300 436 374) from 5 September 2016.

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