



Insurance Strategy

Telstra Super Pty Ltd

| Date of Policy | Changes made | Updated by |
|----------------|---|---|
| 1 July 2013 | Insurance Strategy introduced | Legal |
| 1 July 2014 | Insurance Strategy updated | Insurance Operations Manager |
| August 2015 | Insurance Strategy updated with greater detail responding to APRA insurance findings, to reflect change from a Self-Insurance to a Self-Insurance Run-Off Reserve and reduce review frequency from annual to biennial | Executive GM Operations and Legal |
| August 2016 | Insurance Strategy updated to provide greater details responding to KPMG's insurance comprehensive review findings and periodic review. | Executive GM Operations and Risk & Compliance |
| August 2017 | Strategy updated primarily to include the new insurance rates and 3 year premium rate guarantee from 1 July 2017. | Insurance Operations Manager |
| December 2018 | Amendments as result of Insurance Code and other minor amendments | Executive GM Operations |

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Definitions

| | |
|---------|--|
| SPS 250 | Prudential Standard SPS 250 Insurance in Superannuation |
| SPG250 | Prudential Practice Guide SPG 250 – Insurance in Superannuation |
| Trustee | Telstra Super Pty Ltd |
| Fund | TelstraSuper (used interchangeably in this document with ‘Trustee’) |
| RSE | Registrable Superannuation Entity (used interchangeably in this document with ‘Trustee’) |
| IMF | Insurance Management Framework |
| IS | Insurance Strategy |
| IC | Insurance Covenants |
| TPD | Total and Permanent Disablement |
| IP | Income Protection |
| SIS | Superannuation Industry (Supervision) Act 1993 |
| ICA | Insurance Contracts Act 1984 |
| APRA | Australian Prudential Regulation Authority |
| CRC | Claims Review Committee |
| CAC | Claims Assessment Committee |
| SLA | Service Level Agreement |
| DB | Defined Benefit |
| AAL | Automatic Acceptance Limit |
| CMF | Conflicts Management Framework |
| RBA | Reserve Bank of Australia |
| ISWG | Insurance in Superannuation Working Group |
| FSC | Financial Services Council |

1. Overview

Based on the specific components and detail in Prudential Standard SPS 250 – Insurance in Superannuation (SPS 250), Telstra Super Pty Ltd (the Trustee) which is a Registrable Superannuation Entity (RSE) that holds a RSE licence granted under section 29D of the *Superannuation (Industry) Supervision Act 1993* (SIS Act), must develop an Insurance Strategy (IS) which complies with the Insurance Covenants in section 52(7) of the SIS Act.

The Trustee is a hybrid superannuation fund with accumulation and defined benefit (DB) divisions¹ which aims to provide members with sustainable, high quality and competitively priced insurance products. It currently provides Death, Total and Permanent Disability (TPD) and Income Protection (IP) insurance cover to Corporate Plus, Personal Plus and Retire Access (Death only cover) members.

The Trustee has provided eligible members with Death and Total and Permanent Disablement (TPD) insurance cover since it was established on 13 June 1990. Until 26 September 2005, this cover was predominantly self-insured. The Trustee has also offered external Income Protection (IP) insurance cover to eligible accumulation members since 26 September 2005. Members of (DB) Divisions 5 and 8 are externally insured for IP from 1 November 2014. Benefits in respect of a Terminal Illness benefit (payment of a member's death cover upon meeting the terms and conditions of the insurance policy) are only applicable to members in accumulation divisions.

A condition of the Trustee's public offer RSE licence is that external insurance is required for the accumulation divisions. As such, since 26 September 2005 all accumulation divisions have been externally insured. From 1 November 2014, all Defined Benefit Divisions (i.e. Division 2, 5 & 8) were externally insured with coverage backdated to 26 September 2005.

The Trustee will only take out insurance policies that satisfy the conditions of release in the SIS Regulations and comply with SPS 250, where the insured benefits are made available to beneficiaries via insurance acquired from a Life Company registered under section 21 of the Life Insurance Act 1995 or a general insurance company or Lloyd's underwriter authorised, or taken to be authorised, under the Insurance Act 1973².

The objective of providing insured benefits is to protect members against the risk of not being able to accumulate sufficient retirement savings, for themselves or their dependants, due to having to cease work as a result of injury, illness or death.

2. COMPONENTS OF THE INSURANCE STRATEGY

When determining the kind of insurance benefits to offer, the Trustee has considered factors including, but not limited to:

- The anticipated future needs and benefits required by the membership
- The insurance benefits historically offered
- Insurance benefits offered by competitors

¹ The defined benefit divisions have been closed to new members since 1 July 1999.

² SPS 250, paragraph 6.

- Generally accepted insurance requirements
- Regulatory requirements and the provisions of the SIS Act

The Trustee's IS has addressed the following:

- the kinds of insurance that are to be offered to, or acquired for the benefit of beneficiaries
- the levels of insurance cover to be offered to, or acquired for the benefit of Beneficiaries
- the basis for the decision to offer or acquire insurance by having regard to the demographic composition of the beneficiaries
- the method by which the insurer is to be determined
- the cost to all beneficiaries of offering or acquiring insurance of a particular kind and at a particular level and ensuring it does not inappropriately erode the retirement income of beneficiaries

In accordance with APRA's expectations in SPS250, the IS demonstrates consideration of:

- the relevant factors in relation to the selection and appointment of an insurer and how the risks relating to this selection are to be managed
- when insurance cover is to commence and the circumstances under which a member's eligibility for insurance cover would cease
- the level of underwriting needed for members to be provided with insured benefits
- the administrative capabilities for ease of underwriting and claims processes
- instances in circumstances of a successor fund transfer and how existing insured benefits are to be preserved
- how the Trustee monitors the overall number and profile of beneficiaries covered under each insurance policy considering the factors in Prudential Practice Guide SPG 250 – Insurance in Superannuation (SPG 250, paragraph 28)
- the particular benefits and risks of using a general insurance policy, in relation to the possible selection of a general insurer or Lloyd's underwriter
- the risks involved where it is necessary to enter into arrangements with more than one insurer (or where part of the insured benefit is reinsured) for making insured benefits available, i.e. risks related to maintenance and communication of complete and accurate member data where provided by multiple parties
- how beneficiaries will be made aware of the duty of disclosure which applies as a proposed life insured under the insurance policy
- how the Trustee will discharge its obligation to do everything that is reasonable to pursue an insurance claim for the benefit of a beneficiary, if the claim has a reasonable prospect of success
- the Trustee's approach to claims management
- the processes for monitoring, reviewing and renewing the insured benefits made available to beneficiaries?
- the Trustee's approach to conflicts that may arise through making available insured benefits to beneficiaries in line with the Conflicts Management Framework.

The IS covers the terms that must be documented in the Trustee's Insurance Arrangements in accordance with the minimum standards in SPS 250 and APRA's expectations in SPG 250.

APRA has additional expectations in SPG 250 whereby the Trustee's IS, Insurance Arrangements and other documents in place prior to the commencement of risk address the following:

- underwriting requirements, including the responsibilities of the insurer, the Trustee or any other party
- any reduction in benefits and premium loadings i.e. extra premiums charged to a member or group of beneficiaries based on specific conditions, including how beneficiaries are notified about additional premiums
- clearly defined conditions for when claims will be admitted or denied
- procedures for deducting premiums from beneficiaries' accounts and paying premiums to insurers
- procedures for notifying and paying claims, including the responsibilities of the insurer when communicating directly with beneficiaries
- continuation options (continuing of cover) including notification to beneficiaries
- liability and indemnity where the insurer outsources a material business activity relating to the insured benefits made available by the Trustee
- liability and indemnity where incorrect data has been relied upon
- profit-sharing arrangements and experience commission terms, including their consistency with the undertaking provided under section 29SAC of the SIS Act in relation to members with an interest in a MySuper product.

In March 2018, TelstraSuper became a signatory to the Insurance in Superannuation Code of Practice (the Code). The objectives of the Code are to address key issues identified within the Insurance Industry, ranging from inappropriate erosion of account balances to automatic cessation of cover to claims handling. These elements have been incorporated throughout the Insurance Strategy.

3. CONFLICTS OF INTEREST

The Trustee has a Conflicts Management Framework (CMF) established in accordance with the requirements of *Prudential Standard SPS 521 Conflicts of Interest*. The Trustee is always mindful of its obligations regarding any conflicts of interest, whether potential or actual. This includes conflicts which may arise through the offering of insured benefits, including the selection of external insurer. All conflicts are dealt with under the Trustee's CMF.

4. TYPES AND LEVELS OF INSURANCE

A key objective of the Trustee's insurance strategy is to ensure that the Fund continues to meet the needs of its members as both a wealth creation and wealth protection vehicle. Pursuant to this objective, the Fund offers Death (and Terminal Illness), TPD and IP. The insurance available (either as default or voluntary cover³ through underwriting) aims to offer beneficiaries financial support during periods of temporary

³ Means cover in respect of an insured member that is obtained by satisfying the insurer's underwriting requirements and which is not Top-up cover or default cover as defined.

and permanent disablement and also to support beneficiaries' dependants when a beneficiary passes away.

The appropriateness of the default level of cover amounts and terms and conditions of the insurance cover provided to Automatic Insurance Members (AIM) has been set over time with consideration of the demographics of the Fund, the affordability of insurance cover so as to not erode member accounts, household debt levels, claims experience, market competitiveness and price. The insurance product design has also taken into consideration the non-AIM members. The Trustee recognises the importance of its role in determining the Fund's insurance offerings since it is generally accepted that many Australians do not have any or adequate life insurance outside of superannuation. The Trustee actively considers the insurance needs of its membership and tailors its insurance offerings accordingly. For example, in determining the appropriate level of default cover the Trustee has regard to a variety of factors including, age, salary, employer, occupation type, premium cost and if a beneficiary transfers between divisions of the Fund.

In determining the appropriateness of the default cover amounts and terms and conditions of the insurance cover provided to members, the Trustee considered the following:

- **SIS Act** - the Trustee is generally required to provide minimum levels of default death and total and permanent disability (TPD) insurance to all MySuper members on an opt-out basis and to offer them to choice members.
- **The Trustee's strategic decision** - relating to making insured benefits available to members are made with reference to the collective best interests of members as a whole. This is demonstrated by considerations of the demographics of the fund **membership** from perspectives of age and gender distribution, work status, salary, employer contribution levels, claims experience account balance, expected time to retirement, probability of making a claim and the specific nuances of the Fund. Consideration is also given to the insurability of members outside of the default offering.
- **Demographics of the Fund** – the decision on the types and level of **insurance** currently provided has regard to the demographic composition of the members of the Fund. **The** demographics of the Fund comprise important information which is utilised as part of the strategy development process. The kind and level of insurance offered must be appropriate for the particular characteristics of the members and beneficiaries of the Fund.
- **Distribution** – the fund demographic remains consistent and rates for the **default** levels of **cover** for death and TPD have been negotiated taking into consideration:
 - the membership is reasonably evenly spread between males and females, with slightly more males
 - the age distribution is also reasonably evenly spread, with somewhat higher membership around the average age of 35-45, which coincides with a higher number of members transferring from Division 6 – Corporate Plus to Division 4 – Personal Plus.

Salary and Account Balance

The table below shows the average salary of insured members at 1 July 2015, based on age next birthday:

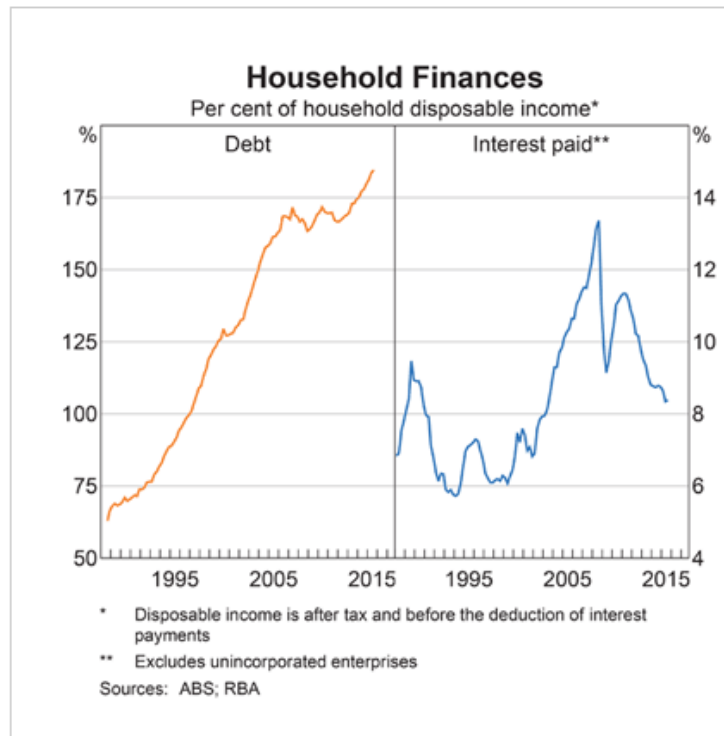
| ANB | Avg Salary as at 1/7/2015 | ANB | Avg Salary as at 1/7/2015 |
|-----|---------------------------|-----|---------------------------|
| 16 | \$44,441 | 38 | \$105,884 |
| 17 | \$44,441 | 39 | \$107,028 |
| 18 | \$44,129 | 40 | \$113,570 |
| 19 | \$43,757 | 41 | \$112,226 |
| 20 | \$44,554 | 42 | \$113,704 |
| 21 | \$43,722 | 43 | \$115,819 |
| 22 | \$48,822 | 44 | \$117,378 |
| 23 | \$51,123 | 45 | \$118,442 |
| 24 | \$54,305 | 46 | \$120,688 |
| 25 | \$57,321 | 47 | \$122,498 |
| 26 | \$60,677 | 48 | \$120,922 |
| 27 | \$66,188 | 49 | \$121,833 |
| 28 | \$70,047 | 50 | \$124,611 |
| 29 | \$71,351 | 51 | \$121,216 |
| 30 | \$74,163 | 52 | \$119,359 |
| 31 | \$80,804 | 53 | \$118,917 |
| 32 | \$83,461 | 54 | \$118,749 |
| 33 | \$88,304 | 55 | \$112,900 |
| 34 | \$92,665 | 56 | \$112,272 |
| 35 | \$93,075 | 57 | \$112,109 |
| 36 | \$99,625 | 58 | \$108,844 |
| 37 | \$100,439 | 59 | \$107,940 |
| | | 60 | \$106,760 |

The average account balance of the Fund's insured members in the Accumulation Plan as at 1 July 2015 was approximately \$155,000.

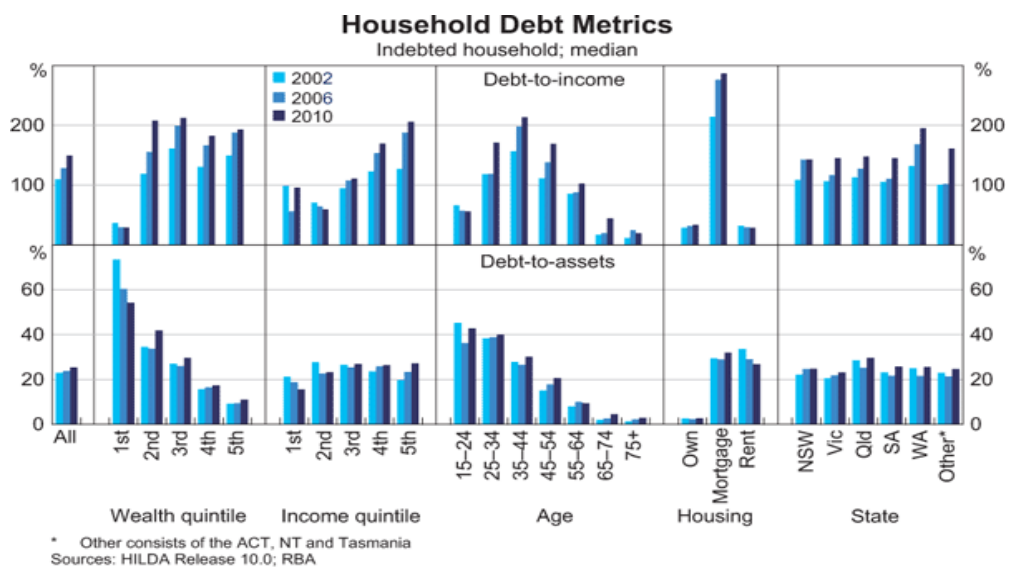
Statistical information from the RBA in relation to Household Debt Levels – household debt levels are taken into consideration when determining the appropriate minimum levels of cover.

This is relevant for the purposes of ensuring debt requirements can at least be partially met through insurance, in the event of death or TPD, as these are lump sum payments which can significantly assist a member or their beneficiaries in times of financial need.

The Trustee is aware that a death or TPD payment will consist of both an insured component and a savings component. As age increases the sums insured typically reduce whilst retirement savings increase.



The ratios of debt to income and debt to assets (gearing) provide an indication of the ability of households to service their debts. The RBA released the following statistical data in 2012 that shows household debt levels to income and assets.



The HILDA data suggests that the median debt-to-income ratio for households with debt was 150 per cent in 2010, up from 130 per cent in 2006 and 110 per cent in 2002. High-income households generally have higher debt-to-income ratios than lower-income households; median debt-to-income ratios increase from 60 per cent for those households in the second income quintile to over 200 per cent for the highest earners.

This reflects the fact that high-income earners can devote a larger share of their income to servicing their debts while still maintaining a given standard of living, and so can sustain a larger debt burden.

The existing benefit design therefore takes into account members' age and salary when determining the level of default cover offered in Division 6 – Corporate Plus. This aligns to the Trustee's 'needs-based' philosophy for insurance cover levels.

The Trustee will also adjust cover levels or other factors impacting cost, such as terms and conditions or definitions (subject to legislative, regulatory and Code constraints) to ensure that default cover amount remain affordable.

Eligibility for default cover

MySuper members of Division 6 - Corporate Plus will be provided with automatic default base cover on an opt-out basis if they meet the following eligibility criteria:

Death & TPD cover

- Either:
 - have joined as a deemed member of Division 6; or
 - in any other circumstances permitted by the fund's trust deed, have become a member of Division 6;
- be at least 15 years old;
- be an Australian resident;
- be under 65 years old;
- be employed by the principal employer or by an associated employer and;
- join the relevant division within 120 days of commencement of employment.

There are no general exclusions or limitations.

IP cover

- Either:
 - have joined as a deemed member of Division 6; or
 - in any other circumstances permitted by the fund's trust deed, have become a member of Division 6;
- be at least 15 years old;
- be an Australian resident;
- be under 65 years old;
- be employed by the principal employer or an associated employer and
- be working for a minimum of 15 hours or more per week and not employed on a casual basis; and
- join the relevant division within 120 days of commencement of employment.

The following general exclusions and limitations apply:

- No benefit in respect of an insured member if total disability or partial disability is directly or indirectly caused by:
 - any war or act of war;
 - the insured member's intentional self-inflicted act or attempted suicide (whether sane or insane at the time); or
 - pregnancy unless disability continues for longer than 3 months after the pregnancy ends in which case disability will be considered to have started at the date the pregnancy ends.

New MySuper members of Division 4 – Personal Plus will be able to select Death only or Death & TPD age based cover on an opt-in basis if they complete a limited underwriting/ health questionnaire and pass all eligibility questions. These members may also apply for Voluntary cover (Top-up) Death & TPD cover and IP cover by completing a full personal statement and being underwritten by the insurer.

Categories of default cover offered

Table 1A below sets out the types of default insurance cover available in each of the divisions of the Fund as at 1 July 2017.

TABLE 1A: DEFAULT INSURANCE OFFERED BY DIVISION AS AT 1 JULY 2017

| Cover Type | Division 2 – DB (Closed) | Division 5 – DB (Closed) | Division 8 – DB (Closed) | Retire Access | Division 6 Corporate Plus (Casuals) | Division 6 Corporate Plus (Permanent) | Division 6 Corporate Plus (Sensis employees) | Division 4 Personal Plus |
|------------|--------------------------|--------------------------|--------------------------|---------------|-------------------------------------|---------------------------------------|--|--------------------------|
| Death | ✓ | ✓ | ✓ | ✓* | ✓ | ✓ | ✓ | ✓* |
| TPD | ✓ | ✓ | ✓ | x | ✓ | ✓ | ✓ | ✓* |
| IP | x | ✓ | ✓ | x | x | ✓ | ✓ | x |

* Default cover is subject to limited underwriting for new members of the Fund.

Table 1B below sets out the types of default insurance cover available in each of the divisions of the Fund offered with a MySuper product.

TABLE 1B: DEFAULT INSURANCE OFFERED BY DIVISION 1 JULY 2017

| Cover Type | Division 2 – DB (Closed) | Division 5 – DB (Closed) | Division 8 – DB (Closed) | Retire Access | Division 4 – Personal Plus | | Division 6 – Corporate Plus | |
|------------|--------------------------|--------------------------|--------------------------|---------------|----------------------------|--------|-----------------------------|--------|
| | | | | | My Super | Choice | My Super | Choice |
| Death | ✓ | ✓ | ✓ | ✓* | ✓* | ✓* | ✓ | ✓ |
| TPD | ✓ | ✓ | ✓ | x | ✓* | ✓* | ✓ | ✓ |
| IP | x | ✓ | ✓ | x | x | x | ✓ | ✓ |

* Default cover is subject to limited underwriting for new members of the Fund.

The Trustee actively considers the insurance needs of its membership and tailors its insurance offerings accordingly. For example, in determining the appropriate level of default cover the Trustee has regard to a variety of factors including, age, gender, salary, employer, industry & occupation type, work status, premium cost and if a beneficiary transfers between divisions of the Fund.

Levels of cover

Table 2A shows the levels of default death, TPD and IP insurance offered as at 1 July 2017 and which vary according to the particular division of membership.

TABLE 2A: LEVEL OF DEFAULT DEATH, TPD & IP BY DIVISION AS AT 1 JULY 2017

| Cover Type | Division 2 – DB (Closed) | Division 5 – DB (Closed) | Division 8 – DB (Closed) | Retire Access | Division 6 Corporate Plus (Casuals) | Division 6 Corporate Plus (Permanent) | Division 6 Corporate Plus (Sensis employees) | Division 4 Personal Plus |
|---|--------------------------|--------------------------|--------------------------|---------------|-------------------------------------|---------------------------------------|--|--------------------------|
| Death | Formula Based | Formula Based | Formula Based | Age Based* | Age Based | Formula Based [#] | Formula Based [#] | Age Based* |
| TPD | Formula Based | Formula Based | Formula Based | X | Age Based | Formula Based [#] | Formula Based [#] | Age Based* |
| IP | X | Formula Based | Formula Based | X | X | Formula Based [#] | Formula Based [#] | X |
| Additional voluntary cover available [‡] | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

* Default cover is subject to limited underwriting for new members of the Fund.

Formula based default death & TPD cover is calculated according to a Multiple of Salary X Salary for Insurance Purposes and Age. Formula Based default IP is based on 75% of salary (excluding super) with 10% of salary (excluding super) to be paid into an eligible member's superannuation account. Members aged between 61-64 receive Aged Based default cover. Casual Division 6 Corporate Plus Choice and My Super members will receive age based death & TPD cover.

‡ Voluntary insurance cover includes Death, TPD and IP cover.

Table 2B shows the levels of default death, TPD and IP insurance which will be available in each of the divisions of the Fund offered with a MySuper product.

TABLE 2B: LEVEL OF DEFAULT DEATH, TPD & IP BY DIVISION

| Cover Type | Division 2 – DB (Closed) | Division 5 – DB (Closed) | Division 8 – DB (Closed) | Retire Access | Division 4 – Personal Plus My Super Choice | | Division 6 – Corporate Plus My Super Choice | |
|---|--------------------------|--------------------------|--------------------------|---------------|--|------------|---|----------------------------|
| Death | Formula Based | Formula Based | Formula Based | Age Based* | Age Based* | Age Based* | Formula Based [#] | Formula Based [#] |
| TPD | Formula Based | Formula Based | Formula Based | X | Age Based* | Age Based* | Formula Based [#] | Formula Based [#] |
| IP | X | Formula Based | Formula Based | X | X | X | Formula Based [#] | Formula Based [#] |
| Additional voluntary cover available [‡] | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

* Default cover is subject to limited underwriting for new members of the Fund.

Formula based default death & TPD cover is calculated according to a Multiple of Salary X Salary for Insurance Purposes and Age. Formula Based default IP is based on 75% of salary (excluding super) with 10% of salary (excluding super) to be paid into an eligible member's superannuation account. Members aged between 61-64 receive Aged Based default cover. Casual Division 6 Corporate Plus Choice and My Super members will receive age based death & TPD cover.

‡ Voluntary insurance cover includes Death, TPD and IP cover.

Insurance rates 1 July 2017 – 30 June 2020

The Trustee has recently negotiated a 3 year premium rate guarantee from 1 July 2017 – 30 June 2020. Insurance premium rates will remain level for this timeframe. Below is a summary of the insurance rates and cover amounts based on the age and gender of the member.

Table 1 shows default Base level of Death & TPD insurance calculated as a multiple of salary x member's salary for insurance purposes for Division 6 – Corporate Plus (permanent employees) and Voluntary insurance cover (referred to as Top-up):

| Table 1: Death and TPD rates annual cost per \$1,000 sum insured | | | | | | | | |
|--|--|--------|---------------------------------------|-----------------------|--------------------|---------|--------------------------|---------|
| Age next birthday* | Base Death & TPD cover (permanent full-time and part-time employees) | | | Base Death cover only | Top-up Death cover | | Top-up Death & TPD cover | |
| | Multiple of salary | Unisex | Unisex former Defined Benefit members | Unisex | Males | Females | Males | Females |
| 16 | 4.5 | 0.68 | 0.80 | 0.67 | 0.69 | 0.37 | 0.70 | 0.39 |
| 17 | 4.5 | 0.84 | 0.99 | 0.83 | 0.81 | 0.37 | 0.82 | 0.39 |
| 18 | 4.4 | 0.97 | 1.14 | 0.92 | 0.88 | 0.36 | 0.94 | 0.37 |
| 19 | 4.3 | 1.01 | 1.19 | 0.93 | 0.95 | 0.36 | 1.03 | 0.37 |
| 20 | 4.2 | 1.05 | 1.24 | 0.97 | 0.96 | 0.35 | 1.04 | 0.36 |
| 21 | 4.1 | 1.04 | 1.23 | 0.95 | 0.96 | 0.35 | 1.05 | 0.36 |
| 22 | 4.1 | 0.99 | 1.19 | 0.88 | 0.95 | 0.30 | 1.06 | 0.33 |
| 23 | 4.1 | 0.96 | 1.13 | 0.82 | 0.89 | 0.29 | 1.03 | 0.32 |
| 24 | 4.1 | 0.92 | 1.08 | 0.78 | 0.87 | 0.28 | 1.03 | 0.30 |
| 25 | 4.1 | 0.88 | 1.03 | 0.72 | 0.81 | 0.27 | 0.98 | 0.29 |
| 26 | 3.8 | 0.89 | 1.05 | 0.75 | 0.78 | 0.23 | 0.95 | 0.29 |
| 27 | 3.8 | 0.85 | 0.99 | 0.70 | 0.75 | 0.22 | 0.91 | 0.28 |
| 28 | 3.8 | 0.82 | 0.96 | 0.67 | 0.69 | 0.22 | 0.85 | 0.29 |
| 29 | 3.8 | 0.79 | 0.93 | 0.60 | 0.64 | 0.21 | 0.82 | 0.30 |
| 30 | 3.8 | 0.75 | 0.88 | 0.56 | 0.60 | 0.21 | 0.81 | 0.33 |
| 31 | 3.8 | 0.74 | 0.87 | 0.55 | 0.58 | 0.22 | 0.78 | 0.34 |
| 32 | 3.8 | 0.68 | 0.80 | 0.51 | 0.57 | 0.22 | 0.77 | 0.38 |
| 33 | 3.8 | 0.69 | 0.81 | 0.53 | 0.57 | 0.23 | 0.77 | 0.43 |
| 34 | 3.8 | 0.70 | 0.82 | 0.51 | 0.57 | 0.28 | 0.78 | 0.50 |
| 35 | 3.8 | 0.71 | 0.84 | 0.50 | 0.57 | 0.29 | 0.81 | 0.57 |
| 36 | 3.8 | 0.71 | 0.84 | 0.49 | 0.58 | 0.32 | 0.85 | 0.62 |
| 37 | 3.7 | 0.74 | 0.88 | 0.48 | 0.60 | 0.36 | 0.90 | 0.74 |
| 38 | 3.6 | 0.78 | 0.92 | 0.51 | 0.67 | 0.40 | 1.03 | 0.83 |
| 39 | 3.5 | 0.84 | 1.00 | 0.54 | 0.71 | 0.46 | 1.11 | 0.96 |
| 40 | 3.4 | 0.92 | 1.10 | 0.58 | 0.78 | 0.51 | 1.25 | 1.08 |
| 41 | 3.2 | 1.03 | 1.21 | 0.60 | 0.82 | 0.57 | 1.39 | 1.24 |
| 42 | 2.9 | 1.19 | 1.40 | 0.70 | 0.90 | 0.61 | 1.57 | 1.36 |
| 43 | 2.8 | 1.32 | 1.57 | 0.75 | 1.00 | 0.71 | 1.76 | 1.53 |
| 44 | 2.6 | 1.49 | 1.76 | 0.81 | 1.09 | 0.78 | 1.98 | 1.74 |
| 45 | 2.4 | 1.69 | 1.99 | 0.92 | 1.20 | 0.85 | 2.24 | 1.94 |

| Death and TPD rates annual cost per \$1,000 sum insured | | | | | | | | |
|---|--|--------|---------------------------------------|-----------------------|--------------------|---------|--------------------------|---------|
| Age next birthday* | Base Death & TPD cover (permanent full-time and part-time employees) | | | Base Death cover only | Top-up Death cover | | Top-up Death & TPD cover | |
| | Multiple of salary | Unisex | Unisex former Defined Benefit members | Unisex | Males | Females | Males | Females |
| 46 | 2.2 | 1.92 | 2.26 | 1.00 | 1.31 | 0.95 | 2.51 | 2.15 |
| 47 | 2.0 | 2.22 | 2.63 | 1.13 | 1.46 | 1.04 | 2.84 | 2.38 |
| 48 | 1.8 | 2.58 | 3.06 | 1.29 | 1.57 | 1.10 | 3.16 | 2.64 |
| 49 | 1.6 | 2.97 | 3.50 | 1.46 | 1.74 | 1.20 | 3.53 | 2.91 |
| 50 | 1.5 | 3.30 | 3.90 | 1.57 | 1.86 | 1.30 | 3.91 | 3.26 |
| 51 | 1.4 | 3.76 | 4.44 | 1.75 | 2.03 | 1.39 | 4.37 | 3.58 |
| 52 | 1.2 | 4.34 | 5.12 | 1.97 | 2.17 | 1.48 | 4.80 | 3.99 |
| 53 | 1.0 | 5.14 | 6.08 | 2.30 | 2.36 | 1.60 | 5.29 | 4.40 |
| 54 | 0.8 | 5.95 | 7.04 | 2.58 | 2.55 | 1.74 | 5.86 | 4.90 |
| 55 | 0.7 | 6.71 | 7.93 | 2.87 | 2.75 | 1.83 | 6.40 | 5.39 |
| 56 | 0.6 | 7.45 | 8.80 | 3.13 | 2.95 | 1.96 | 7.03 | 6.00 |
| 57 | 0.5 | 8.35 | 9.87 | 3.45 | 3.17 | 2.06 | 7.67 | 6.64 |
| 58 | 0.4 | 9.40 | 11.12 | 3.84 | 3.44 | 2.17 | 8.41 | 7.34 |
| 59 | 0.3 | 10.47 | 12.38 | 4.21 | 3.69 | 2.33 | 9.17 | 8.07 |
| 60 | 0.2 | 11.85 | 14.03 | 4.73 | 3.98 | 2.43 | 9.98 | 8.79 |
| 61 | Members aged 61-75 to refer to Age Based Death & TPD cover table. | | | | 4.28 | 2.58 | 10.87 | 9.51 |
| 62 | | | | | 4.63 | 2.71 | 11.81 | 10.26 |
| 63 | | | | | 5.00 | 2.86 | 12.81 | 11.00 |
| 64 | | | | | 5.41 | 3.03 | 13.92 | 11.76 |
| 65 | | | | | 5.86 | 3.20 | 15.06 | 12.51 |
| 66 | | | | | 6.32 | 3.40 | n/a | n/a |
| 67 | | | | | 6.82 | 3.61 | n/a | n/a |
| 68 | | | | | 7.37 | 3.83 | n/a | n/a |
| 69 | | | | | 7.97 | 4.07 | n/a | n/a |
| 70 | | | | | 8.60 | 4.31 | n/a | n/a |
| 71 | | | | | 9.29 | 4.57 | n/a | n/a |
| 72 | | | | | 10.04 | 4.84 | n/a | n/a |
| 73 | | | | | 10.84 | 5.13 | n/a | n/a |
| 74 | | | | | 11.71 | 5.43 | n/a | n/a |
| 75 | | | | | 12.65 | 5.76 | n/a | n/a |

* As at last 1 July.

Table 2 highlights the Income Protection rates for Division 6 – Corporate Plus (permanent employees):

| Table 2 : Income Premium rates annual cost per \$1,000 sum insured* | | | | | | | | | | | | | | | | |
|---|----------|--------|---------|--------|----------|--------|----------|--------|---------|--------|---------|--------|---------|--------|----------|--------|
| Benefit period | 2 Years† | | | | | | | | 5 Years | | | | | | | |
| | 30 days | | 60 days | | 90 days‡ | | 120 days | | 30 days | | 60 days | | 90 days | | 120 days | |
| Age next birthday† | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female |
| 16 | 3.07 | 3.98 | 1.99 | 2.40 | 1.10 | 1.24 | 1.04 | 1.18 | 3.63 | 5.15 | 2.34 | 3.12 | 1.71 | 2.12 | 1.47 | 1.86 |
| 17 | 3.07 | 4.06 | 1.99 | 2.45 | 1.10 | 1.26 | 1.04 | 1.20 | 3.63 | 5.24 | 2.34 | 3.18 | 1.71 | 2.15 | 1.47 | 1.89 |
| 18 | 3.16 | 4.10 | 2.04 | 2.48 | 1.13 | 1.27 | 1.08 | 1.21 | 3.73 | 5.29 | 2.41 | 3.21 | 1.76 | 2.17 | 1.52 | 1.91 |
| 19 | 3.17 | 4.14 | 2.04 | 2.50 | 1.13 | 1.29 | 1.08 | 1.22 | 3.73 | 5.35 | 2.41 | 3.24 | 1.76 | 2.18 | 1.52 | 1.92 |
| 20 | 3.17 | 4.15 | 2.04 | 2.50 | 1.13 | 1.29 | 1.08 | 1.22 | 3.73 | 5.36 | 2.41 | 3.24 | 1.76 | 2.19 | 1.52 | 1.92 |
| 21 | 3.20 | 4.19 | 2.06 | 2.52 | 1.14 | 1.30 | 1.09 | 1.23 | 3.78 | 5.42 | 2.43 | 3.28 | 1.78 | 2.20 | 1.53 | 1.94 |
| 22 | 3.03 | 4.23 | 1.94 | 2.54 | 1.08 | 1.31 | 1.02 | 1.22 | 3.60 | 5.51 | 2.33 | 3.34 | 1.68 | 2.26 | 1.45 | 1.99 |
| 23 | 2.88 | 4.26 | 1.85 | 2.56 | 1.02 | 1.32 | 0.97 | 1.16 | 3.46 | 5.60 | 2.24 | 3.40 | 1.61 | 2.29 | 1.39 | 2.02 |
| 24 | 2.81 | 4.30 | 1.80 | 2.58 | 0.99 | 1.33 | 0.94 | 1.12 | 3.40 | 5.69 | 2.18 | 3.45 | 1.58 | 2.33 | 1.36 | 2.06 |
| 25 | 2.70 | 4.34 | 1.72 | 2.60 | 0.95 | 1.34 | 0.90 | 1.08 | 3.29 | 5.79 | 2.11 | 3.52 | 1.53 | 2.37 | 1.32 | 2.10 |
| 26 | 2.62 | 4.26 | 1.65 | 2.59 | 0.90 | 1.35 | 0.86 | 1.03 | 3.22 | 5.76 | 2.06 | 3.53 | 1.47 | 2.41 | 1.27 | 2.14 |
| 27 | 2.54 | 4.61 | 1.61 | 2.78 | 0.88 | 1.42 | 0.84 | 1.00 | 3.15 | 6.28 | 2.02 | 3.81 | 1.45 | 2.58 | 1.25 | 2.29 |
| 28 | 2.53 | 4.88 | 1.61 | 2.90 | 0.88 | 1.48 | 0.84 | 1.01 | 3.17 | 6.72 | 2.03 | 4.04 | 1.46 | 2.71 | 1.26 | 2.40 |
| 29 | 2.51 | 5.11 | 1.59 | 3.03 | 0.87 | 1.53 | 0.83 | 1.00 | 3.17 | 7.10 | 2.03 | 4.23 | 1.46 | 2.81 | 1.26 | 2.52 |
| 30 | 2.56 | 5.36 | 1.61 | 3.15 | 0.88 | 1.58 | 0.84 | 1.01 | 3.27 | 7.51 | 2.08 | 4.46 | 1.49 | 2.95 | 1.30 | 2.63 |
| 31 | 2.61 | 5.54 | 1.64 | 3.26 | 0.89 | 1.62 | 0.85 | 1.02 | 3.38 | 7.86 | 2.14 | 4.66 | 1.53 | 3.06 | 1.34 | 2.74 |
| 32 | 2.70 | 5.72 | 1.70 | 3.34 | 0.92 | 1.66 | 0.87 | 1.06 | 3.54 | 8.17 | 2.24 | 4.84 | 1.58 | 3.18 | 1.38 | 2.84 |
| 33 | 2.81 | 5.92 | 1.74 | 3.47 | 0.94 | 1.73 | 0.89 | 1.08 | 3.70 | 8.56 | 2.32 | 5.08 | 1.63 | 3.33 | 1.44 | 3.00 |
| 34 | 2.93 | 6.09 | 1.82 | 3.59 | 0.97 | 1.80 | 0.93 | 1.12 | 3.91 | 8.89 | 2.43 | 5.29 | 1.71 | 3.48 | 1.50 | 3.13 |
| 35 | 3.09 | 6.31 | 1.90 | 3.73 | 1.01 | 1.88 | 0.96 | 1.18 | 4.16 | 9.33 | 2.59 | 5.57 | 1.80 | 3.70 | 1.59 | 3.33 |

| Income Premium rates annual cost per \$1,000 sum insured* | | | | | | | | | | | | | | | | |
|---|----------------------|--------|---------|--------|----------------------|--------|----------|--------|---------|--------|---------|--------|---------|--------|----------|--------|
| Benefit period | 2 Years [†] | | | | | | | | 5 Years | | | | | | | |
| Waiting period | 30 days | | 60 days | | 90 days [‡] | | 120 days | | 30 days | | 60 days | | 90 days | | 120 days | |
| Age next birthday [†] | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female | Male | Female |
| 36 | 3.27 | 6.55 | 2.02 | 3.90 | 1.07 | 1.99 | 1.01 | 1.24 | 4.45 | 9.81 | 2.77 | 5.89 | 1.91 | 3.94 | 1.70 | 3.56 |
| 37 | 3.43 | 6.82 | 2.11 | 4.10 | 1.12 | 2.10 | 1.07 | 1.31 | 4.72 | 10.38 | 2.93 | 6.27 | 2.04 | 4.23 | 1.81 | 3.85 |
| 38 | 3.60 | 7.18 | 2.24 | 4.34 | 1.19 | 2.25 | 1.13 | 1.38 | 5.02 | 11.03 | 3.12 | 6.73 | 2.17 | 4.59 | 1.93 | 4.17 |
| 39 | 3.79 | 7.57 | 2.36 | 4.61 | 1.26 | 2.40 | 1.20 | 1.48 | 5.36 | 11.80 | 3.34 | 7.26 | 2.34 | 4.98 | 2.09 | 4.54 |
| 40 | 4.01 | 8.04 | 2.52 | 4.93 | 1.36 | 2.60 | 1.30 | 1.59 | 5.74 | 12.73 | 3.62 | 7.88 | 2.56 | 5.48 | 2.29 | 4.99 |
| 41 | 4.23 | 8.61 | 2.69 | 5.34 | 1.47 | 2.84 | 1.39 | 1.72 | 6.14 | 13.81 | 3.91 | 8.64 | 2.80 | 6.06 | 2.52 | 5.54 |
| 42 | 4.43 | 9.24 | 2.84 | 5.76 | 1.58 | 3.10 | 1.50 | 1.85 | 6.51 | 15.00 | 4.20 | 9.47 | 3.04 | 6.72 | 2.74 | 6.15 |
| 43 | 4.73 | 9.93 | 3.08 | 6.26 | 1.73 | 3.41 | 1.64 | 2.04 | 7.04 | 16.35 | 4.61 | 10.42 | 3.39 | 7.47 | 3.05 | 6.84 |
| 44 | 5.01 | 10.72 | 3.30 | 6.82 | 1.88 | 3.75 | 1.79 | 2.23 | 7.54 | 17.87 | 4.99 | 11.49 | 3.73 | 8.33 | 3.38 | 7.65 |
| 45 | 5.37 | 11.60 | 3.59 | 7.46 | 2.08 | 4.15 | 1.97 | 2.46 | 8.20 | 19.54 | 5.52 | 12.70 | 4.18 | 9.29 | 3.79 | 8.56 |
| 46 | 5.69 | 12.55 | 3.87 | 8.15 | 2.28 | 4.59 | 2.16 | 2.70 | 8.81 | 21.38 | 6.03 | 14.02 | 4.64 | 10.38 | 4.21 | 9.57 |
| 47 | 6.12 | 13.55 | 4.22 | 8.89 | 2.53 | 5.05 | 2.39 | 3.01 | 9.59 | 23.34 | 6.68 | 15.45 | 5.22 | 11.54 | 4.74 | 10.67 |
| 48 | 6.61 | 14.68 | 4.65 | 9.72 | 2.82 | 5.57 | 2.68 | 3.35 | 10.48 | 25.54 | 7.43 | 17.06 | 5.90 | 12.84 | 5.38 | 11.91 |
| 49 | 7.16 | 15.95 | 5.11 | 10.65 | 3.15 | 6.16 | 3.00 | 3.75 | 11.45 | 28.02 | 8.25 | 18.87 | 6.66 | 14.33 | 6.07 | 13.30 |
| 50 | 7.74 | 17.25 | 5.62 | 11.62 | 3.50 | 6.77 | 3.33 | 4.19 | 12.51 | 30.58 | 9.15 | 20.75 | 7.48 | 15.87 | 6.84 | 14.76 |
| 51 | 8.42 | 18.69 | 6.21 | 12.67 | 3.92 | 7.45 | 3.72 | 4.69 | 13.74 | 33.44 | 10.21 | 22.84 | 8.44 | 17.60 | 7.75 | 16.39 |
| 52 | 9.17 | 20.24 | 6.84 | 13.81 | 4.38 | 8.17 | 4.16 | 5.26 | 15.11 | 36.50 | 11.38 | 25.10 | 9.52 | 19.45 | 8.76 | 18.16 |
| 53 | 10.09 | 21.88 | 7.62 | 15.04 | 4.91 | 8.94 | 4.66 | 5.91 | 16.76 | 39.75 | 12.77 | 27.49 | 10.77 | 21.42 | 9.93 | 20.03 |
| 54 | 11.13 | 23.63 | 8.48 | 16.33 | 5.51 | 9.78 | 5.24 | 6.65 | 18.66 | 43.22 | 14.35 | 30.05 | 12.20 | 23.52 | 11.25 | 22.04 |
| 55 | 12.33 | 25.46 | 9.48 | 17.70 | 6.20 | 10.65 | 5.89 | 7.49 | 20.86 | 46.87 | 16.18 | 32.74 | 13.85 | 25.75 | 12.79 | 24.15 |
| 56 | 13.70 | 27.40 | 10.60 | 19.14 | 6.96 | 11.56 | 6.60 | 8.42 | 23.33 | 50.74 | 18.21 | 35.57 | 15.65 | 28.07 | 14.49 | 26.36 |
| 57 | 15.19 | 29.50 | 11.82 | 20.69 | 7.80 | 12.54 | 7.40 | 9.46 | 26.05 | 54.92 | 20.44 | 38.62 | 17.64 | 30.54 | 16.35 | 28.75 |
| 58 | 16.93 | 31.71 | 13.23 | 22.30 | 8.76 | 13.55 | 8.32 | 10.64 | 29.15 | 59.31 | 22.95 | 41.79 | 19.86 | 33.12 | 18.44 | 31.21 |
| 59 | 18.86 | 34.02 | 14.79 | 23.97 | 9.81 | 14.60 | 9.32 | 11.94 | 32.58 | 63.91 | 25.70 | 45.07 | 22.29 | 35.79 | 20.73 | 33.75 |
| 60 | 21.05 | 36.45 | 16.54 | 25.73 | 10.99 | 15.68 | 10.45 | 13.42 | 36.44 | 68.72 | 28.77 | 48.50 | 24.95 | 38.53 | 23.25 | 36.38 |
| 61 | 23.57 | 39.01 | 18.53 | 27.55 | 12.32 | 16.82 | 11.70 | 15.06 | 40.39 | 72.87 | 31.47 | 50.77 | 27.05 | 39.88 | 24.87 | 37.03 |
| 62 | 26.36 | 41.60 | 20.73 | 29.40 | 13.78 | 17.96 | 13.09 | 16.86 | 39.45 | 66.46 | 30.54 | 46.13 | 26.12 | 36.11 | 23.92 | 33.33 |
| 63 | 29.58 | 44.31 | 23.21 | 31.35 | 15.41 | 19.16 | 14.64 | 18.20 | 36.93 | 57.53 | 28.35 | 39.72 | 24.09 | 30.91 | 21.88 | 28.24 |
| 64 | 26.94 | 39.23 | 20.44 | 26.81 | 13.23 | 15.89 | 12.56 | 15.10 | 26.94 | 39.23 | 20.44 | 26.81 | 13.23 | 15.89 | 12.56 | 15.10 |
| 65 | 10.20 | 14.86 | 7.55 | 9.88 | 4.80 | 5.71 | 4.57 | 5.25 | 10.20 | 14.86 | 7.55 | 9.88 | 4.80 | 5.71 | 4.57 | 5.25 |

*Stamp duty is payable in addition to the income protection premiums above and varies depending on your state of residence.

[†] As at last 1 July.

[‡] 2 years benefit period and 90 days waiting period cover is the default cover.

Table 3 highlights default Death and TPD cover for casual employees and those members with an age next birthday (ANB) between 61 and 75 years who will receive age-based base Death & TPD cover or Death only cover in Division 6 – Corporate Plus.

| Table 3: Age-based Death & TPD cover (casual employees and members aged 61 and over) | | | | | |
|---|--------------------|------------------|---------------------------|--------------------|------------------|
| Age next birthday* | Death cover | TPD cover | Age next birthday* | Death cover | TPD cover |
| 16 | 155,194 | 155,194 | 46 | 61,511 | 61,511 |
| 17 | 155,194 | 155,194 | 47 | 56,524 | 56,524 |
| 18 | 155,194 | 155,194 | 48 | 52,109 | 52,109 |
| 19 | 155,194 | 155,194 | 49 | 48,413 | 48,413 |
| 20 | 155,194 | 155,194 | 50 | 44,718 | 44,718 |
| 21 | 155,194 | 155,194 | 51 | 41,204 | 41,204 |
| 22 | 155,194 | 155,194 | 52 | 37,868 | 37,868 |
| 23 | 155,194 | 155,194 | 53 | 34,533 | 34,533 |
| 24 | 155,194 | 155,194 | 54 | 31,376 | 31,376 |
| 25 | 155,194 | 155,194 | 55 | 29,095 | 29,095 |
| 26 | 134,681 | 134,681 | 56 | 25,335 | 25,335 |
| 27 | 134,681 | 134,681 | 57 | 22,451 | 22,451 |
| 28 | 134,681 | 134,681 | 58 | 19,980 | 19,980 |
| 29 | 134,681 | 134,681 | 59 | 18,000 | 18,000 |
| 30 | 134,681 | 134,681 | 60 | 16,585 | 16,585 |
| 31 | 134,681 | 134,681 | 61 | 14,760 | 14,760 |
| 32 | 134,681 | 134,681 | 62 | 13,964 | 13,964 |
| 33 | 134,681 | 134,681 | 63 | 13,244 | 13,244 |
| 34 | 134,681 | 134,681 | 64 | 12,794 | 12,794 |
| 35 | 134,681 | 134,681 | 65 | 12,254 | 12,254 |
| 36 | 115,560 | 115,560 | 66 | 11,353 | 0 |
| 37 | 112,500 | 112,500 | 67 | 10,519 | 0 |
| 38 | 109,260 | 109,260 | 68 | 9,734 | 0 |
| 39 | 101,520 | 101,520 | 69 | 9,016 | 0 |
| 40 | 96,415 | 96,415 | 70 | 8,349 | 0 |
| 41 | 90,686 | 90,686 | 71 | 7,733 | 0 |
| 42 | 84,484 | 84,484 | 72 | 7,158 | 0 |
| 43 | 78,696 | 78,696 | 73 | 6,624 | 0 |
| 44 | 73,898 | 73,898 | 74 | 6,133 | 0 |
| 45 | 68,134 | 68,134 | 75 | 5,676 | 0 |

* As at last 1 July.

Division 6 – Corporate Plus (permanent employee) members with an ANB between 61 and 65 years will receive age-based base Death & TPD cover for \$2.35 per week and Death only cover for members with an ANB between 66-75 at \$1.23 per week.

Division 6 – Corporate Plus (casual employee) members aged 65 and under receive age-based level of Death & TPD cover for \$2.36 per week and Death only cover for members with an ANB between 66-75 at \$1.23 per week.

Table 4 highlights Base Death & TPD cover in Division 4 – Personal Plus.

| Table 4: Age-based Death & TPD cover | | | | | |
|---|-------------|-----------|--------------------|-------------|-----------|
| Age next birthday* | Death cover | TPD cover | Age next birthday* | Death cover | TPD cover |
| 16 | 155,194 | 155,194 | 46 | 61,511 | 61,511 |
| 17 | 155,194 | 155,194 | 47 | 56,524 | 56,524 |
| 18 | 155,194 | 155,194 | 48 | 52,109 | 52,109 |
| 19 | 155,194 | 155,194 | 49 | 48,413 | 48,413 |
| 20 | 155,194 | 155,194 | 50 | 44,718 | 44,718 |
| 21 | 155,194 | 155,194 | 51 | 41,204 | 41,204 |
| 22 | 155,194 | 155,194 | 52 | 37,868 | 37,868 |
| 23 | 155,194 | 155,194 | 53 | 34,533 | 34,533 |
| 24 | 155,194 | 155,194 | 54 | 31,376 | 31,376 |
| 25 | 155,194 | 155,194 | 55 | 29,095 | 29,095 |
| 26 | 134,681 | 134,681 | 56 | 25,335 | 25,335 |
| 27 | 134,681 | 134,681 | 57 | 22,451 | 22,451 |
| 28 | 134,681 | 134,681 | 58 | 19,980 | 19,980 |
| 29 | 134,681 | 134,681 | 59 | 18,000 | 18,000 |
| 30 | 134,681 | 134,681 | 60 | 16,585 | 16,585 |
| 31 | 134,681 | 134,681 | 61 | 14,760 | 14,760 |
| 32 | 134,681 | 134,681 | 62 | 13,964 | 13,964 |
| 33 | 134,681 | 134,681 | 63 | 13,244 | 13,244 |
| 34 | 134,681 | 134,681 | 64 | 12,794 | 12,794 |
| 35 | 134,681 | 134,681 | 65 | 12,254 | 12,254 |
| 36 | 115,560 | 115,560 | 66 | 11,353 | 0 |
| 37 | 112,500 | 112,500 | 67 | 10,519 | 0 |
| 38 | 109,260 | 109,260 | 68 | 9,734 | 0 |
| 39 | 101,520 | 101,520 | 69 | 9,016 | 0 |
| 40 | 96,415 | 96,415 | 70 | 8,349 | 0 |
| 41 | 90,686 | 90,686 | 71 | 7,733 | 0 |
| 42 | 84,484 | 84,484 | 72 | 7,158 | 0 |
| 43 | 78,696 | 78,696 | 73 | 6,624 | 0 |
| 44 | 73,898 | 73,898 | 74 | 6,133 | 0 |
| 45 | 68,134 | 68,134 | 75 | 5,676 | 0 |

* As at last 1 July.

The cost of insurance for Division 4 – Personal Plus members with age-based Death & TPD cover is \$2.36 per week and for Death only cover is \$1.23 per week for insurance as at last 1 July age next birthday.

Table 5 highlights Top-up Death & TPD cover rates (which includes Voluntary or underwritten cover) for Division 4 – Personal Plus members.

| Table 5: Top-up Death and TPD rates annual cost per \$1,000 sum insured | | | | |
|--|-------------------|--------|------------------------|--------|
| Age next birthday* | Death only | | Death & TPD | |
| | Male | Female | Male | Female |
| 16 | 0.66 | 0.37 | 0.67 | 0.38 |
| 17 | 0.78 | 0.37 | 0.79 | 0.38 |
| 18 | 0.85 | 0.35 | 0.91 | 0.37 |
| 19 | 0.91 | 0.35 | 0.99 | 0.37 |
| 20 | 0.92 | 0.34 | 1.00 | 0.35 |
| 21 | 0.92 | 0.34 | 1.02 | 0.35 |
| 22 | 0.91 | 0.30 | 1.03 | 0.32 |
| 23 | 0.86 | 0.28 | 0.99 | 0.31 |
| 24 | 0.84 | 0.27 | 0.99 | 0.30 |
| 25 | 0.78 | 0.26 | 0.95 | 0.28 |
| 26 | 0.76 | 0.22 | 0.91 | 0.28 |
| 27 | 0.72 | 0.21 | 0.87 | 0.27 |
| 28 | 0.66 | 0.21 | 0.82 | 0.28 |
| 29 | 0.63 | 0.20 | 0.79 | 0.30 |
| 30 | 0.58 | 0.20 | 0.78 | 0.32 |
| 31 | 0.57 | 0.21 | 0.76 | 0.33 |
| 32 | 0.56 | 0.21 | 0.74 | 0.37 |
| 33 | 0.56 | 0.22 | 0.74 | 0.41 |
| 34 | 0.56 | 0.27 | 0.76 | 0.48 |
| 35 | 0.56 | 0.28 | 0.78 | 0.56 |
| 36 | 0.57 | 0.31 | 0.83 | 0.60 |
| 37 | 0.58 | 0.35 | 0.87 | 0.72 |
| 38 | 0.64 | 0.38 | 0.99 | 0.79 |
| 39 | 0.69 | 0.44 | 1.06 | 0.92 |
| 40 | 0.76 | 0.50 | 1.20 | 1.04 |
| 41 | 0.79 | 0.56 | 1.35 | 1.19 |
| 42 | 0.87 | 0.59 | 1.51 | 1.31 |
| 43 | 0.97 | 0.69 | 1.70 | 1.48 |
| 44 | 1.05 | 0.76 | 1.91 | 1.68 |
| 45 | 1.16 | 0.83 | 2.16 | 1.88 |
| 46 | 1.26 | 0.91 | 2.42 | 2.07 |
| 47 | 1.41 | 1.00 | 2.74 | 2.30 |
| 48 | 1.51 | 1.06 | 3.05 | 2.55 |
| 49 | 1.68 | 1.16 | 3.40 | 2.80 |
| 50 | 1.80 | 1.25 | 3.78 | 3.14 |
| 51 | 1.96 | 1.35 | 4.22 | 3.46 |
| 52 | 2.10 | 1.43 | 4.64 | 3.85 |
| 53 | 2.28 | 1.55 | 5.12 | 4.25 |
| 54 | 2.46 | 1.68 | 5.66 | 4.73 |
| 55 | 2.65 | 1.77 | 6.18 | 5.20 |
| 56 | 2.85 | 1.89 | 6.79 | 5.79 |
| 57 | 3.06 | 1.98 | 7.41 | 6.40 |
| 58 | 3.32 | 2.10 | 8.13 | 7.09 |
| 59 | 3.57 | 2.24 | 8.86 | 7.80 |
| 60 | 3.85 | 2.35 | 9.64 | 8.49 |
| 61 | 4.13 | 2.49 | 10.50 | 9.18 |
| 62 | 4.47 | 2.62 | 11.40 | 9.91 |
| 63 | 4.83 | 2.76 | 12.37 | 10.62 |
| 64 | 5.22 | 2.92 | 13.43 | 11.35 |
| 65 | 5.66 | 3.10 | 14.54 | 12.09 |
| 66 | 6.11 | 3.28 | | |
| 67 | 6.59 | 3.49 | | |
| 68 | 7.12 | 3.70 | | |
| 69 | 7.69 | 3.92 | | |
| 70 | 8.30 | 4.16 | | |
| 71 | 8.97 | 4.41 | | |
| 72 | 9.69 | 4.67 | | |
| 73 | 10.47 | 4.95 | | |
| 74 | 11.31 | 5.25 | | |
| 75 | 12.22 | 5.56 | | |

* As at last 1 July.

Accumulation members are able to opt-out of default cover. Also, eligible members have access to additional external voluntary cover through a variety of means including via full personal application underwriting, the transfer of existing external cover with

another life insurer or superannuation fund and increasing existing cover following a specified life event (subject to completing a limited underwriting/ health questionnaire). When promoting additional insurance cover to our automatic insurance members, we will only target any promotion to the segments of our membership for whom we have identified the cover is likely to be appropriate, affordable and of value.

Externally Insured Defined Benefits

The death and TPD benefits provided to defined benefit members are calculated by reference to a formula based on the date the member would have retired using a "Benefit Multiple" up to the date of death or TPD, plus a "Prospective Multiple" which represents the period of time between the date of death or TPD and the date the member would have reached retirement age.

The member's Benefit Multiple grows over their entire membership of the defined benefit division. The member's Final Average Salary is also used in the calculation of the Benefit Multiple thereby accounting for inflation risk. The details of the formula are prescribed by the Fund Trust Deed.

The Trustee has documented Business Rules which cover the claims management of all externally insured Defined Benefits.

Defined benefit members may not opt out of, or alter, self-insured cover. Defined benefit members have access to voluntary cover through underwriting.

Part-time employees

Part-time employees are eligible for insurance cover on the same basis as other accumulation or defined benefit members, however, if entitled to an insured benefit, generally receive a proportional benefit based on the pro-rata hours and salary multiple.

5. DEMOGRAPHIC COMPOSITION OF THE BENEFICIARIES OF THE FUND

The Trustee recognises that the purpose of life insurance is to assist with maintaining a member's living standard (or that of their dependant/s) if they suffer from a disability or pass away. The Trustee's goal is to provide greater security and services to its members whilst also recognising that life insurance is an important part of a member's financial plan.

The Fund Trust Deed also contemplates the provision of externally insured benefits and required the provision of self-insured benefits (1 July 1990 to 25 September 2005) in relevant circumstances.

Section 62 of the SIS Act sets out the core and ancillary purposes for which a superannuation Fund may exist. Section 62 specifically provides that one of the core purposes of a superannuation Fund is the provision of death benefits. Ancillary purposes include the provision of disability benefits.

The SIS Act and Regulations made under that Act, together with APRA Superannuation Prudential Standards 160 and 250, also restricts and prescribes the types of insurance that can and must be offered.

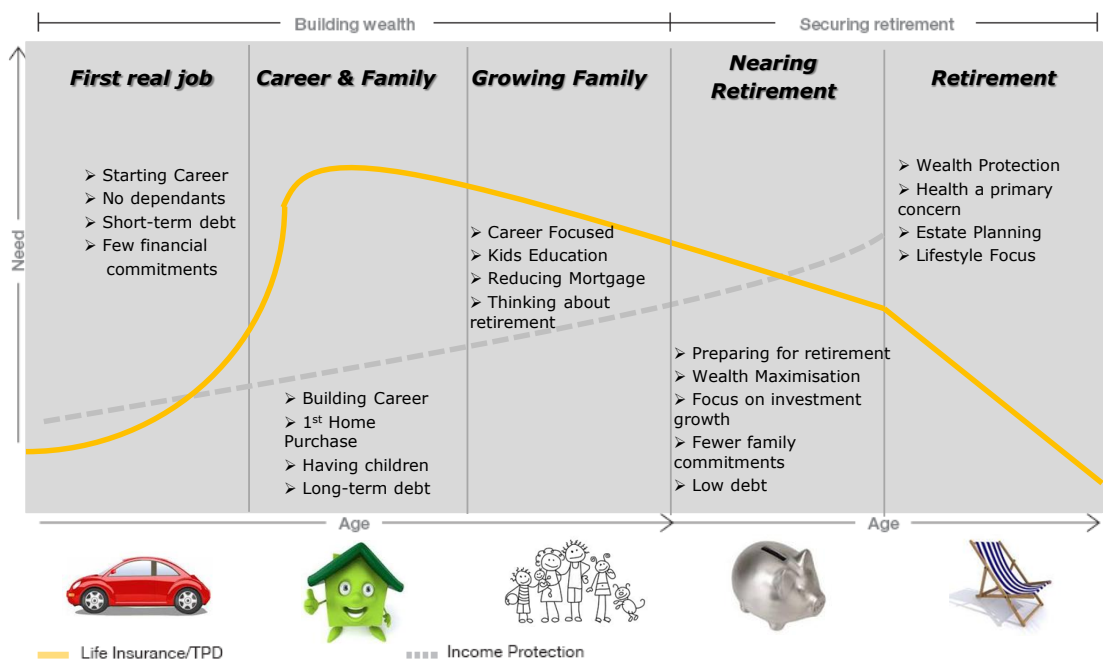
Furthermore, Choice of Fund legislation effective from 1 July 2005 made it compulsory for employers to offer their employees a default superannuation Fund which offers a minimum level of default only insurance cover.

It is with these factors in mind and, having regard to its legislative obligations, which the Trustee offers its membership the types of insurance set out in the tables and described above.

In accordance with the review process undertaken by the Trustee it has considered the demographics of its membership to ensure suitable insurance is available to meet the needs of its membership (with respect to both default and voluntary cover).

The table below outlines a typical member's life stages and suggests how this may impact on their insurance needs. These are some of the factors that assist the Trustee in determining suitable insurance cover while having regard to the demographic composition of the beneficiaries of the Fund.

What are a member's insurance needs overtime?



Recent Industry Trend
"Needs Based Designs"

6. COST OF INSURANCE DOES NOT INAPPROPRIATELY ERODE THE RETIREMENT INCOME OF BENEFICIARIES

At a minimum of at least every 3 years the Trustee undertakes an extensive review to ensure the Fund's insurance offering remains competitive and appropriate. This analysis takes into account the demographic composition of the beneficiaries of the Fund to ensure the insurance offered is tailored to and continues to meet the needs of beneficiaries. It also includes reviewing the type, level and cost of the current insurance offering to ensure beneficiaries' retirement incomes are not inappropriately eroded.

Currently some employers pay the insurance premiums for eligible Division 6 Telstra Super Corporate Plus members' default death and TPD insurance cover⁴. Eligible Division 6 members are those members whose default death and TPD cover is calculated by reference to their salary (which is generally expected to increase by at least the Consumer Price Index each year). As such, these members are afforded protection against inflation risk without their retirement income being inappropriately eroded.

Income protection premiums are generally paid by the member. However, as there is a direct correlation between a member's level of income protection cover and their salary in Division 6, the risk of inappropriate erosion of benefits through premium deductions is mitigated. An example of this is below as at 1 July 2017:

- Division 6 - Corporate Plus member
- Age next birthday 40
- Salary = \$100,000
- \$7,083 per month sum insured
- 2 year benefit period, 90 day waiting period (default cover)
- Premiums = \$136 per annum (males) \$260 per annum (females)

This risk is further reduced by regular super guaranteed contributions generally being paid into a member's account during a period when their benefit is in the accumulation phase.

Previous extensive market comparison and analysis by the Trustee for the age based death and TPD cover offered in Division 4 - Personal Plus / MySuper Personal Plus and recent negotiations with the insurer have secured a level premium of \$2.36 per week from 1 July 2017.

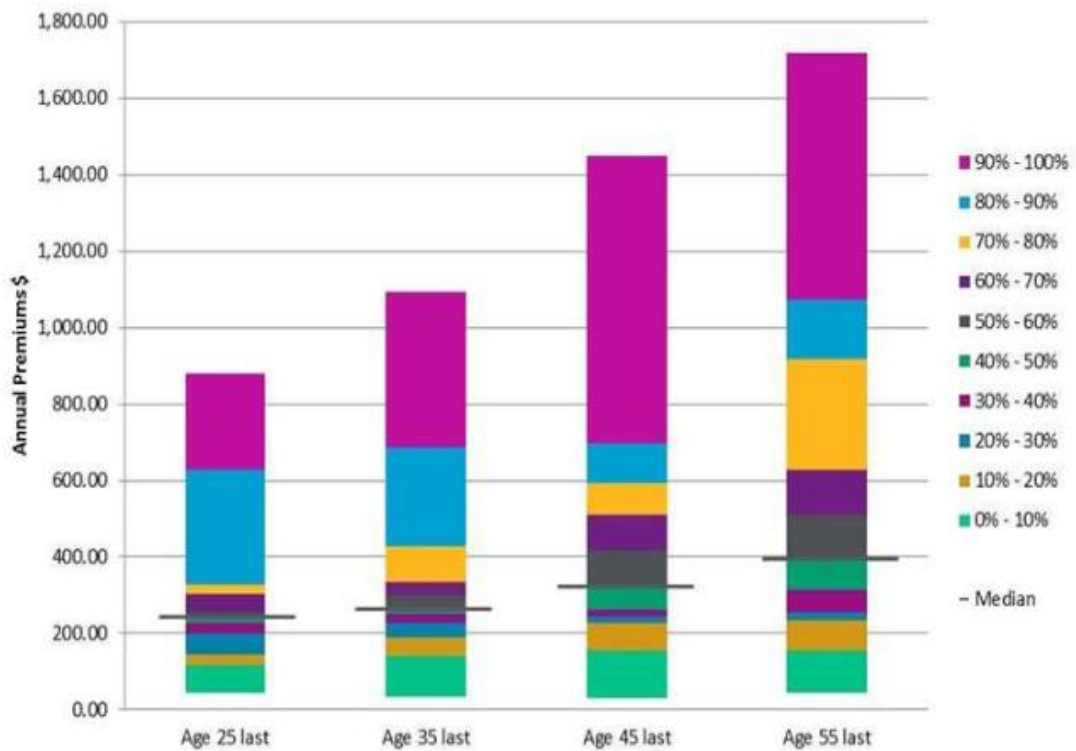
In undertaking this analysis the Trustee takes into account the average account balance for members in Division 4 (\$183,658 as at 1 June 2017 including retirement accounts) and noted that the annual cost of age based death & TPD premiums at \$122.72 per annum was less than 0.10% of the average member's account balance.

⁴ From the date the Fund offers a MySuper product some employers may continue to pay the insurance premiums for eligible Telstra Super MySuper members.

Comparing this against the industry research undertaken on account balance erosion due to insurance premiums by the Insurance in Superannuation Working Group (ISWG), the Trustee is confident that it is managing account balance erosion risks⁴.

The chart below illustrates the total default insurance costs contained in publicly available PDS documents available in June 2016, then breaks up the 54 funds analysed into 10% bands. Where multiple occupation groupings are offered by a fund, the white collar group has been used. The median default insurance costs are represented by the upper boundary of the “40% to 50%” band, being \$240 per annum at age 25, \$260 per annum at age 35, \$324 per annum at age 45, and \$395 per annum at age 55.⁵

Chart 1 - Range of total annual default premiums



Given the age based cover is set as a level premium, the price of insurance will not change as the member increases in age. From this analysis it is clear that across 54 fund in the industry, Telstra Super falls within the lowest annual premium band across the age groups at \$122.72 per annum for age based death and TPD cover.

Whilst the amount of cover decreases each year as the member gets older and typically their need for insurance reduces the fixed cost of this cover means the member’s retirement income is not inappropriately eroded whilst still providing a reasonable level of insurance cover.

⁴ Insurance in Superannuation Working Group (ISWG) Discussion Paper: Account balance erosion due to insurance premiums, March 2017

⁵ Willis Towers Watson – Default Insurance Design, September 2016.

Members who have transferred from the accumulation employer sponsored divisions also retain Top-up⁶ cover to match the level of cover previously held, thereby ensuring continuity of cover and protection, with the ability to reduce these cover levels at any time. Premiums for members nearing retirement are generally higher. This represents a higher claim risk for members in this age group.

Division 6 – Corporate Plus (Casual employees) from 1 July 2017 pay \$2.36 per week for default death and TPD insurance cover. One of the Trustee’s objectives is to offer quality low-cost insurance to as many members as possible. Members of this division are able to opt-out of this default cover at any time.

Division 4 - RetireAccess members can apply for age based death cover from 1 July 2017 at a cost of \$1.23 per week. Similar rationale to that used for the other division insurance offerings is applied to the death only cover offered to these members.

As Divisions 2, 5 and 8 (DB) are employer supported, no premium is payable at a member level for default cover and any associated expenses are met out of the DB pool. The Trustee has determined on advice from the Fund’s Actuary, that the Fund hold a reserve, with a minimum level of \$5 million, to cover the payment of future death and disablement claims of defined benefit members where a claim event has occurred between 1 July 1990 and 25 September 2005. This reserve is in addition to the allowance for a notional premium included in the employer’s contribution rate.

In relation to the reserve described above, the Trustee will:

- at least every three years obtain an actuarial review of these arrangements.
- include an assessment of the adequacy of the amount of the reserve to meet liabilities. This review will also provide sufficient information on the arrangements described at 6.8 above to demonstrate the extent and adequacy of the actuarial oversight undertaken on those arrangements.
- satisfy itself annually that these arrangements continue to operate in the best interests of beneficiaries.
- have regard to any input received from stakeholders, such as the Fund’s actuary and Principal Employer.

By way of the processes outlined above, the Trustee ensures that all member-paid insurance including voluntary and IP cover is competitively priced and can be acquired, maintained, increased or cancelled at the member’s discretion (subject to underwriting and any other applicable restrictions or limitations).

Probability of making a claim

The risks or likelihood of making a claim are reflected in the mortality and morbidity rate tables provided by the Australian Bureau of Statistics. The Trustee takes into consideration the mortality and morbidity rates when determining the appropriate insurance offering. These rates, together with other key factors such as the Fund’s past claims experience impact on the insurance premiums Telstra Super is able to offer members and forms a key cornerstone of the underlying costing that insurers utilise.

⁶ Means an amount of cover provided in addition to default cover to members transferring into Division 4 (Personal Plus). The amount is equal to the death or death and TPD cover required to provide the insured member with the same level of default cover as that held in the previous division of the fund immediately prior to their transfer to Division 4 (Personal Plus).

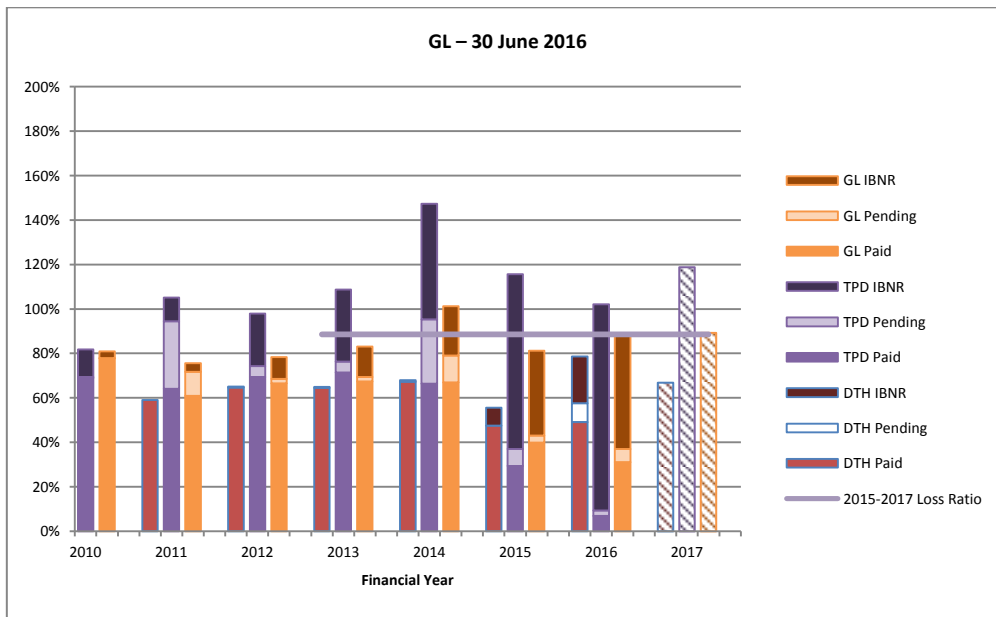
Price and Claims Experience

Price is made up of a number of factors, in particular claims history. It also includes *incurred but not reported* (IBNR) claims of the insurer which are estimated due to their predictive nature (however based on claims history and trends). In assessing the claims history it is evident that the experience is trending upward and that the existing premium rates are not sustainable (i.e. the premiums collected are not sufficient to pay the claims + costs).

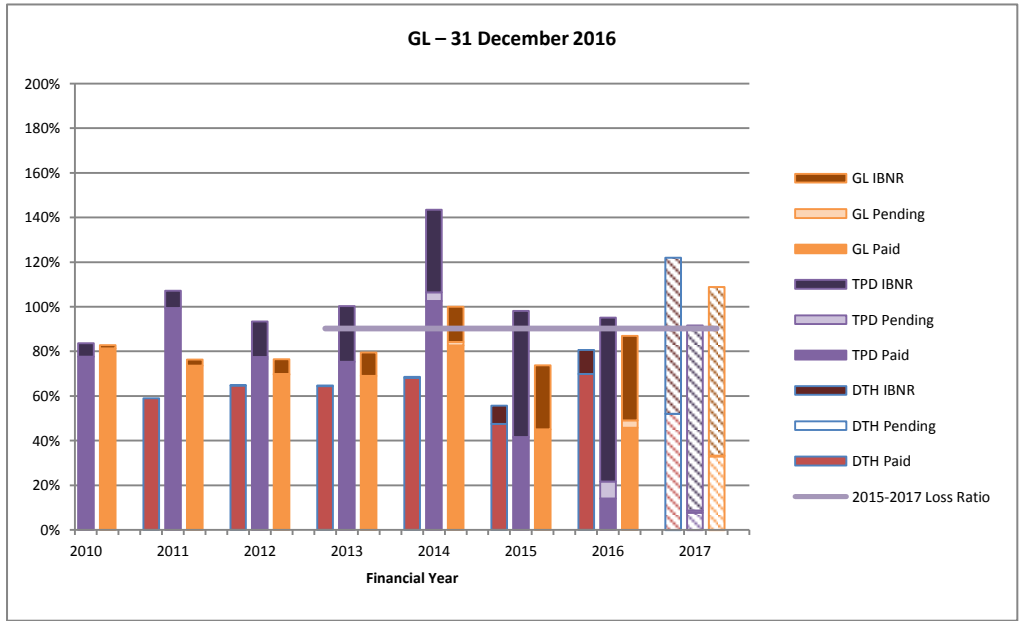
For Group Life (GL) Death & TPD insurance cover the graphs below compare the latest claims experience up to 30 June 2016 and 31 December 2016 for the Fund's GL (Corporate Plus, Personal Plus and DB divisions - default and voluntary cover)⁷.

Financial Year (FY) 2017 experience is based on 6 months of actual experience and FY16 premium due to a lag in premium reporting.

- Overall there is slight deterioration in recent historical claims experience from 30 June 2016 to 31 December 2016. Year by year loss ratios have increased over time where it peaks in 2014 and they slowed down in 2015 and 2016.
- It is also observed that there is deterioration in Death claims experience in FY 2016 and 2017 across Corporate Plus and Personal Plus division.
- TPD claims experience seems to have improved slightly since previous experience review.
- It is noted that FY2017 is still largely reserves.

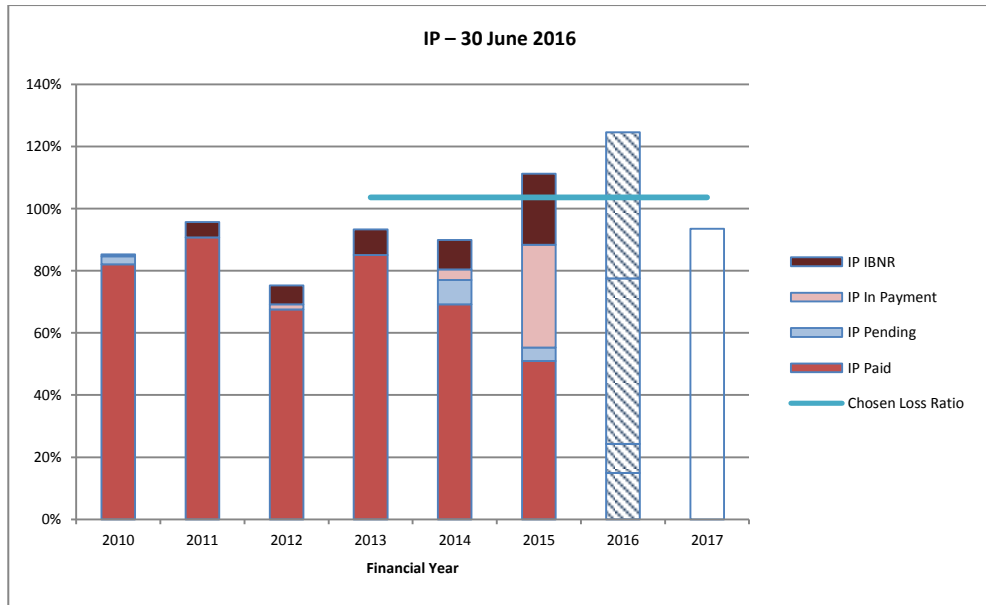


⁷ TelstraSuper 31 December 2016 Claims Experience update, TAL 18 May 2017.

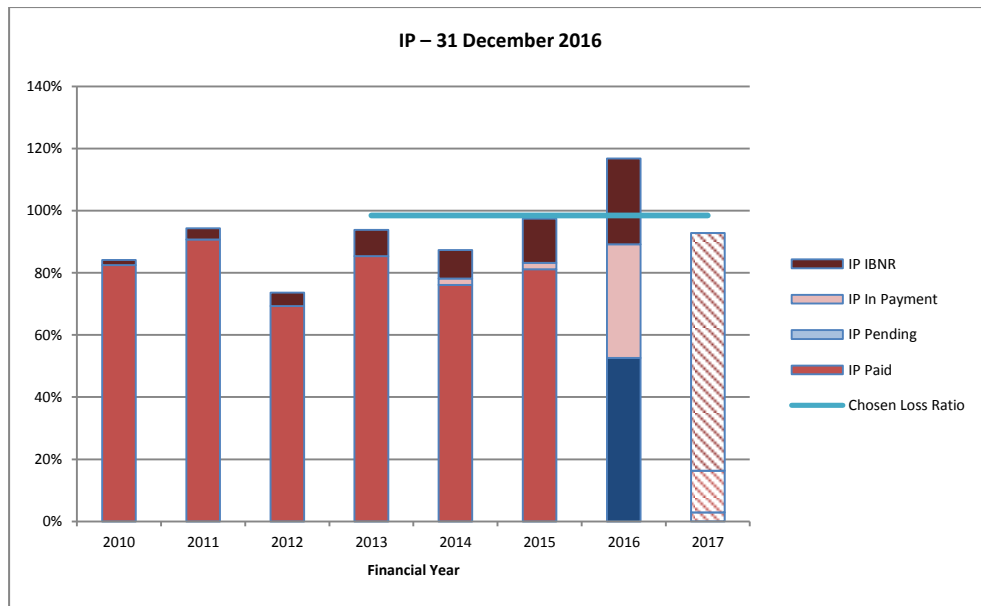


For Income Protection, the graphs below compare the latest claims experience up to 30 June 2016 and 31 December 2016 for the Fund (Corporate Plus, Personal Plus and DB divisions default and voluntary cover)⁸.

- The IP experience is mainly driven by Corporate Plus division as default IP cover is offered to the Corporate Plus division (permanent employees).
- Year by year loss ratios have improved since last experience review, largely driven by better than expected claims experience in FY 2015 onwards.
- There seems to be a spike in FY 2016 however it is noted that almost 55% of total claims cost are reserves.



⁸ TelstraSuper 31 December 2016 Claims Experience update, TAL 18 May 2017.



Based on the claims experience and trends above, the projected impact on premiums at 1 July 2017 was only 4% for Group Life and Income Protection. Whilst the Trustee had a view on the projections, it engaged a risk management and insurance brokerage advisory company to independently review the pricing for confirmation. The Trustee was satisfied that the modest price increase was good value for Telstra Super and its members.

7. CLAIMS MANAGEMENT

The Trustee is always mindful of the importance of insured benefits to the welfare of members and their beneficiaries. The Fund's Insurance Management Framework (IMF) reflects the Trustee's commitment to ensure eligible members' benefit entitlements are realised.

The Trustee will undertake a regular review to ensure the interpretation and application of our definitions are consistent with any changes in our policy terms, and our insurers' approach.

The Trustee has contributed views and statements to the ISWG discussion paper: *Claims Handling* in support of a Superannuation Insurance Code of Practice relating to the handling of claims which would leverage the developments put in place by the FSC Life Insurance Code of Practice.⁹ As part of the Trustee's overall claims management strategy further considerations to the ISWG proposals are required to improve the member experience at claim stage and reduce the complexity and time taken to assess and make a claim decision. The proposals include incorporating:

- Claims handling principles (i.e. governance; turnaround times; eligibility assessments; and adhering to a claims philosophy)
- Standard time frames for superannuation fund claims

⁹ The Insurance in Superannuation Working Group Discussion Paper: Claims Handling, April 2017, page 5.

- Enhanced communications throughout the claims process (i.e. insurance and claim process education; using technology better to update claim status; customer/member friendly communications)
- Claims handling governance

The Trustee is committed to incorporate aspects of the above proposals in its long term claims philosophy, claims processes, business rules, systems and overall claims management strategy.

The Claims team has responsibilities for the day-to-day administration of both self-insured and externally insured benefits. The team is responsible for co-ordinating and collating information required by the Trustee to consider and determine all claims. This includes member and beneficiary claim forms, medical and employer reports and any other information necessary to allow the Trustee to properly consider and determine a claim in accordance with its legal and fiduciary obligations. All externally insured claims made are independently reviewed and determined by both the insurer and the Trustee.

In accordance with the relevant provisions of Telstra Super's Delegation of Trustee powers, all claims are independently considered by the Trustee sitting as the Claims Assessment Committee (CAC), delegated Trustee Directors sitting as the Claims Review Committee (CRC) or, if necessary, the full Trustee Board. Declarations of any existing or potential conflicts of interest are sought from all relevant parties.

The Claims team works closely with the Fund's insurer on all claims that are externally insured and assists with, and monitors the insurer's administration of such claims. A Service Level Agreement (SLA) between the Trustee and its insurer promotes the effective administration of externally insured claims. In addition to this, the Trustee and its insurer have a complaint review process should there be disagreement regarding the eligibility of a member or beneficiary to an insured benefit.

The Trustee has a review process in place for all rejected and/or disputed claims. This includes where appropriate, affording procedural fairness to members and potential beneficiaries and the independent review of claims by the Trustee sitting as the CRC.

As part of these processes the Trustee has in place procedures for ensuring that disclosure of any existing or potential conflicts of interest are declared. The Telstra Super CMF provides details of this process.

8. INSURANCE SELECTION & RENEWAL PROCESS

The Trustee is mindful of the need to ensure its members have access to the most appropriate insurance arrangements available within the market. Accordingly, the Trustee undertakes a full review of its incumbent insurer at least every 2 - 3 years. This full review may incorporate the Trustee using an Insurance Broker or third party provider to undertake a review and due diligence process of which meets the minimum requirements of SPS 250 and APRA's expectations in SPG 250:

- the kind of insurance offered to members;
- the level, or levels of insurance cover offered to members;
- the continued appropriateness of the insurance offering, having regard to the demographic composition of the members of the Fund;
- the method by which the insurer is determined (if appropriate);

- a review may be triggered by adverse events such as prolonged failure to meet agreed service standards or a loss of confidence in the insurer

The Insurance Broker or third party provider's report is considered by the Trustee and the CRC at first instance. It will then be referred to The Board. Should the Board determine to undertake a full market tender, the report will generally form the basis of the tender document including the Request for Proposal provided to potential insurers.

If the Board determine to undertake a full market tender, the Trustee must develop and implement a selection process for choosing the incumbent or alternative insurer that includes, at a minimum:

The scope and basis of the review

- objectives and goals of the review; and
- the measures to be used to define a successful outcome

Understanding the context for the review

- the group insurance market background
- trends and anticipated future changes
- the current insurance offering, including any points of differentiation
- any operational or other constraints that may need to be accommodated or countered

Agreeing on preferred insurance design & claims philosophy

- considering all elements of the insurance arrangements
- ranking and weighing these elements according to the extent to which they support/ are aligned with the Trustee's strategic objectives
- ensuring that the future insurance provider offers a policy that matches the current offering, thereby ensuring there is no risk of the Trustee having to self-insure any gaps between the policies
- consideration of terms of cover and exclusions
- consideration of the prospective insurer's claims philosophy which includes:
 - the insurer's history of rate of rejection of claims
 - the insurer's record of claims decisions being overturned by the SCT
 - the reasonableness of the insurer's claims requirements
 - the training and skills of the insurer's claims assessors
 - specific examples of claims paid and claims denied
 - the processes which support procedural fairness for claimants
- the reasonableness of the premiums to be charged
- terms of any delegation to any other person of functions associated with making available insured benefits
- a due diligence review of the selected insurer including conflicts of interest, financial strength¹⁰, internal control environment and business continuity arrangements
- be able to demonstrate the appropriateness of the selection process and due diligence review and how it was applied

¹⁰ Assessment of financial strength will include an assessment of the insurer's capital position (including any external rating), reinsurance arrangements and regulatory solvency.

Assessing the suitability of insurers

The Trustee will consider prospective insurance partners to be assessed against all factors that influence the quality of the relationship between the Telstra Super, the insurer and the Fund's members. Any prospective insurance partner must confirm that the FSC Guidance Note 11, Group Insurance Takeover Terms¹¹ will apply and further undertakings to ensure no loss of cover occur on transitioning to the new insurer.

The following matrix is a guide the Trustee can use to measure the criteria and provide a weighting to assess the extent to which the prospective insurance partner meets the Fund's objectives:

| Criteria | Weighting |
|----------------------------------|-------------|
| Organisational background | 10% |
| Strategic partnering initiatives | 15% |
| Account management & SLA's | 10% |
| Product & servicing | 10% |
| Use of technology/ digital | 10% |
| Pricing | 15% |
| Terms & conditions | 15% |
| Underwriting & claims services | 10% |
| Quality, risk & compliance | 5% |
| Total | 100% |

The Trustee will review the prospective insurance partner responses to the Request for Proposal and rate them accordingly:

| Insurer response | Rating |
|---|--------|
| Response consistently exceeds expectations and is considered benchmark/ best practice, will provide either enhanced functionality, improve efficiencies, deliver superior member experience or improve product offering | High |
| Response meets expectations and on average, exceeds common market practices and has the potential to increase functionality, may result in efficiencies, will improve overall member experience and may result in improved offering. | Medium |
| Response inadequate and does not meet minimum market/industry standards, does not improve functionality, efficiencies, member experience or overall product offering. | Low |

If the Board decides not to undertake a full market tender it requires the incumbent insurer to make a formal response to the Request for Proposal to allow the Trustee to make a decision about whether to initiate a full market tender for group insurance services into the future.

¹¹ FSC Guidance Note 11 Group Insurance Takeover Terms (May 2013).

Factors considered in making the decision as to whether to initiate a full market tender include the incumbent insurers:

- ability to meet the Fund's requirements as to the suite of insurance offerings it aims to offer its members;
- product enhancements proposed by the incumbent insurer;
- enhanced member service commitments
- e.g. development/re-development of the member online experience, underwriting and claims management technology solutions;
- ability to provide cost efficiencies;
- claims history; and
- claims philosophy

If the Trustee then determines not to undertake a full market tender, the Trustee, in conjunction with its Insurance Broker or third party provider, will undertake a comprehensive review of its existing arrangements.

The key objectives of this comprehensive review are to:

- identify gaps (if any) in the current cover and consider how they might be addressed;
- review the types of cover provided by each division and benchmark it against other comparable funds in the market;
- analyse the design of the insurance benefits offered in each division of the Fund and determine if it can be improved to better meet the needs of members;
- conduct age profiling to examine the possibility of offering members more flexible cover;
- determine how current insurance premiums compare to others available in the market and ensure the Fund obtains 'value for money';
- ensure the Fund's insurance offering is seen as a market leader in meeting members' needs; and
- provide insurance that is easy to obtain so that difficulty in obtaining insurance is not seen as a barrier for new entrants.

The Trustee requires that the incumbent insurer is able to satisfactorily meet the key objectives of any review it may undertake.

As part of its insurance renewal process, the Trustee strives for operational excellence and opportunities for continuous improvements to its service model including in the following areas:

- Technology
- Underwriting
- Claims
- Product Enhancement;
- Fund Development and Marketing
- Policy and other associated documentation

The process undertaken is demonstrative of the Trustee acting in the best interests of its beneficiaries by conducting an arm's length review. Declarations of any existing or potential conflicts of interest that may arise during this process are sought from all relevant personnel, including Directors, and dealt with in accordance with the Trustee's CMF.

The Trustee also endeavours to obtain competitive premium rates for its members keeping in mind the need to ensure that premiums will not unduly erode beneficiaries' retirement incomes. The rates and terms of insurance offered to members are negotiated as part of the tender or review process undertaken in conjunction with the Trustee's Insurance Broker or third party provider.

The Trustee will evaluate the Insurer's honesty, fairness & transparency in decision making, respect shown to members & staff and timeliness of responses on an ongoing basis

9. INSURANCE ARRANGEMENTS¹²

Regarding its externally insured benefits, the Trustee enters into a written contract(s) (in the form of a policy) with the selected insurer, to provide the types and levels of insurance at the premium rates negotiated for the Group Life and IP policies. The following checklist covers the terms that must be documented in the RSE licensee Insurance Arrangements in accordance with the minimum standards in SPS 250 and APRA's expectations in SPG 250.

The external policies are evidence of the contracts of insurance entered into between the Trustee and the selected insurer. At a minimum the Trustee requires that these policies and any accompanying agreements address the following matters:

- the level and type of insured benefits made available, including any
- exclusions;
- the term of the insured benefits;
- automatic acceptance limits;
- availability of opt in and/or opt out cover;
- requirements for the beneficiaries' eligibility for, cessation of, and any
- reinstatement of entitlements to insured benefits where available;
- premium structure, including any variable components;
- procedures for notification and payment of claims;
- dispute resolution arrangements;
- agreed service standards;
- reporting requirements for monitoring agreed service standards;
- the provision of complete claims information on an annual basis as required under paragraph 15 of Prudential Standard SPS 250 – Insurance in Superannuation;
- liability and indemnity arrangements; and
- review, termination and renewal provisions for the insurance arrangement

The Trustee has documented the terms and conditions of its self-insurance arrangements including in its Insurance Business Rules and member disclosure documentation. To the extent they are relevant, the matters listed in paragraph 9.2 above are addressed in these documents.

In addition, the Trustee's insurance arrangements or other documents that are in place prior to the commencement of risk must address the following additional APRA expectations in SPG 250:

¹² As defined in paragraph 18 of Prudential Standard SPS 250 – Insurance in Superannuation.

- underwriting requirements, including the responsibilities of the insurer, the Trustee or any other party with respect to underwriting
- any reduction in benefits and premium loadings i.e. extra premiums charged to a member or group of beneficiaries based on specific conditions, including how beneficiaries are notified about additional premiums
- clearly defined conditions for when claims will be admitted or denied
- procedures for deducting premiums from beneficiaries' accounts and paying premiums to insurers
- procedures for notifying and paying claims, including the responsibilities of the insurer when communicating directly with beneficiaries
- continuation options including notification to beneficiaries
- liability and indemnity where the insurer outsources a material business activity relating to the insured benefits made available by the Trustee
- liability and indemnity where incorrect data has been relied upon
- profit-sharing arrangements and experience commission terms, including their consistency with the undertaking provided under section 29SAC of the SIS Act in relation to members with an interest in a MySuper product

The Trustee also negotiates and enters into a Service Level Agreement (SLA) with the selected insurer. Details of the insurer's obligations under the SLA are set out in the section below.

The Trustee ensures compliance with its duty to activate utmost good faith during its dealings with the selected insurer.

10. PROCESSES FOR MONITORING INSURANCE ARRANGEMENTS

The Trustee requires that an SLA exists between it and its insurer. The provisions contained in the SLA are negotiated with the insurer along with the relevant group policies. Also, the Fund has documented Insurance Business Rules.

At a minimum, the Trustee requires that the SLA contains provisions relating to the insurance cover provided by the insurer, including that the insurer will perform certain services which are related to its obligations under the policies to certain levels (where applicable), which provisions will include but are not limited to:

- the provision of monthly underwriting and claims operational reports containing service standards and service targets and the forms of compensation for breach of any service standards;
- at least annually provide a report which provides details of the payments made by the insurer for death, TPD and IP claims during the period of the report;
- review of complaints and claims relating to the policies according to the procedures stated in the SLA; and
- the provision of a dispute resolution procedure between the Trustee and the insurer.

The Trustee ensures it has sufficient and appropriate resources to manage and monitor its relationship with its insurer at all times, including by:

- conducting monthly and quarterly meetings with its insurer attended by Executive General Manager, Operations, Insurance Operations Manager, Claims Manager and Product Manager;
- having in place a process for regular monitoring of performance under the insurance arrangements, including:
 - monthly progress reports to senior management against service levels;
 - access to the insurer's real-time data portal

The Trustee must notify APRA as soon as practicable of any issues that it considers might materially affect its ability to make insured benefits available to beneficiaries.

Where an insurance arrangement is terminated, the Trustee must notify APRA as soon as practicable and provide a statement about the transition arrangement and future strategies for continued to make insured benefits available to beneficiaries.

11. REVIEW

It is the responsibility of the Insurance Operations Manager to review and update this document on an at least an annual basis and seek approval of all changes from the Board (as part of the overall independent IMF review) on recommendation of the Executive General Manager, Operations.

APPENDICES

Appendix A - TelstraSuper Claims Assessment Philosophy

TelstraSuper's claims philosophy is to act in the best interest of our members and provide support and guidance throughout the claims process.

We will achieve this by:

- explaining the claims process in simple and easy to understand terms
- assisting you to complete the requirements of the claim, based on your individual circumstances
- working to have the claim finalised as quickly as possible

We will act as your advocate to ensure that our Insurer and any other third parties involved in your claim are also acting in accordance with this philosophy.

Appendix B - TAL Claims Assessment Philosophy

Our philosophy is, *“To pay all genuine claims that are validly made, promptly and with compassion and we encourage the health and wellbeing of all Australians”.*

At TAL, we have a vision to be recognised as a leader in customer service. To ensure that you and your members are a part of that vision, we commit to always:

Put ourselves
in your
members
shoes

Tell you what
we're doing –
and do it (for
you and your
members)

Ask the right
questions to
make sure we
understand
the situation
your members
are in

Be informed
and find the
answers

Take the
initiative to
make life
easier for your
members

Our cultural approach to claims is to support members during their time of need, doing whatever it takes to get them back to the best possible state of health and wellbeing

Supporting TelstraSuper's members

Focusing on a return to health

We understand the important roles health and workforce participation play when it comes to your members overall wellbeing. That is why our goal is to support your members to lead a healthy and full life, whatever the situation.

Our claims professionals will work with your members, their health team and employer to create a plan to get back to good health and, where possible, back to work. Our goal is to help members get back to living the life they want to live by providing the right support along the way.

Our personal approach to claims management

TAL is committed to supporting TelstraSuper's members with our customised personal approach to claims management.

Here's how we do it:

Our case managers are trained to help your members understand the claims journey, answer any questions and keep your members informed throughout their claim. We'll be there for TelstraSuper's members, every step of the way.

We only ask for and rely on information that is relevant to the management of a claim. We always explain why we need information in a way that's easy to understand.

Our personalised case management approach recognises your members individuality. For example, when they need time out to recover from a short-term injury/illness or they have a complex medical condition that requires ongoing support.

Appendix C - Insurance Code Definitions

Automatic Insurance Member means you are a superannuation fund member to whom we have provided insurance automatically. You are not regarded as an Automatic Insurance Member if:

- (a) you have told us that you want to maintain your automatic insurance cover, which we must record (in this situation, you will still receive any updates we make to our automatic insurance cover)
- (b) you have made an application for cover (including cover that is underwritten or the reinstatement of previous cover)
- (c) you have varied the cover in any way, such as cancelling, fixing cover or changing the benefit or waiting period
- (d) your insurance premiums are wholly paid for by your employer (whether through contributions to your superannuation account or otherwise) or not paid by deduction from your account
- (e) you are a defined benefit member.

business days means Monday to Friday excluding public holidays.

eligible contributions for measuring contributions inactivity consist of:

- (a) Superannuation Guarantee
- (b) additional employer contributions
- (c) personal contributions (including a rollover and contributions made by a spouse).

They do not include government contributions, including co-contribution, super guarantee credits, or Low Income Super Tax Offset.

exceptional cases mean any of the following:

- (a) the claim is lodged so late that there are significant difficulties obtaining information necessary for the claim assessment
- (b) we believe that a claim which has been declined by the insurer may have a reasonable prospect of success, but involves complex matters that require further consideration by us
- (c) despite reasonable follow up, reports from third parties have not been received
- (d) the insurer has not provided information to us that we require to make a decision about a claim or complaint, which we have requested in line with our Code commitments
- (e) you or your representative has not responded to our reasonable enquiries or requests for information in a reasonable period of time
- (f) there are difficulties communicating with you that are out of our control
- (g) you have requested a delay
- (h) we or the insurer reasonably suspect the claim is fraudulent.

External Dispute Resolution means the external organisation that is relevant to your complaint, which may include the Australian Financial Complaints Authority, the Superannuation Complaints Tribunal, the Financial Ombudsman Service, or a complaints handling process mandated by legislation.

Financial Services Council Insurer Code means the Financial Services Council's Life Insurance Code of Practice.

in writing means a communication conveyed by mail or via electronic means such as via email, facsimile or text message, or any other means permitted by legislation or regulation.

inappropriately erode means the erosion of retirement balances as a result of insurance premiums to the extent that the primary purpose of superannuation, to provide income in retirement to substitute or supplement the Age Pension, is not met.

Service Provider means another party that we engage to provide a service on our behalf; for example, a claims management service or a fund administrator. A life insurer in its capacity as an insurer is not a Service Provider.

Insurance in Super Code Owners means the Australian Institute of Superannuation Trustees (AIST), the Association of Superannuation Funds of Australia (ASFA) and the Financial Services Council (Financial Services Council).

Superannuation Guarantee means the compulsory superannuation contributions made by employers on behalf of their employees.

younger means the category of our membership who are under the age of 25, or another age that we determine to be appropriate taking into account the characteristics of our membership (we will publish the age that we choose and the justification for this in our annual Code compliance report).