

Important insurance changes to your AvSuper account

AvSuper recently reviewed its insurance arrangements for members following the announcement that its current provider, Hannover will exit the Australian group insurance market in 2022.

After a tender process, AIA Australia Limited (ABN 79 004 837 861, AFSL 230043) was appointed effective 1 April 2022 as the insurance provider on your AvSuper account. This transition has resulted in some changes to insurance fees and terms and conditions, which are explained in this document.

Insurance fee changes effective 1 April 2022

Effective 1 April 2022, insurance fees for Death and Total and Permanent Disablement (TPD) cover will increase for Public Offer and Corporate accumulation members. Insurance fees for Income Protection (IP) cover will remain unchanged for all members.

AvSuper provides comprehensive insurance options to include all our members, including fire fighters, air traffic controllers, pilots and other occupations excluded from insurance by many other funds. To maintain this level of cover, our insurance fees (or premiums) need to increase for the first time in 6 years.

Automatic (default) cover (for members other than Corporate members)

If you have default (automatic) insurance cover, from 1 April 2022 your insurance fees will change as follows:

Default Death and TPD cover	Cost per week- current	Cost per week- effective 1 April 2022
2 units	\$1.70	\$2.00

The cost of cover depends on your occupation class. The fees shown in the table above are for the Light Blue Collar worker occupation class. If you have Automatic Cover and you are eligible for another occupation class, advise us online or via a Change Occupation Class form (available on our website). Not telling us could result in delays and other issues if you need to make a claim.

The value of each unit, representing the amount of Death and TPD cover you are provided, depending on your age, will not change and can be found at avsuper.com.au/insurance-fees

Unit based Voluntary Cover (cover other than Automatic Cover and Corporate Cover)

The table below shows the change effective 1 April 2022 in the weekly insurance fees for unitised cover.

Cover Type	Professional	Professional	White Collar	White Collar	Light Blue	Light Blue	Heavy	Heavy
	Cost per unit/ per week- current	Cost per unit/ per week- effective 1 April 2022	Cost per unit/ per week- current	Cost per unit/ per week- effective 1 April 2022	Cost per unit/ per week- current	Cost per unit/ per week- effective 1 April 2022	Cost per unit/ per week- current	Cost per unit/ per week- effective 1 April 2022
Death only	\$0.34	\$0.40	\$0.40	\$0.46	\$0.57	\$0.66	\$1.03	\$1.19
Death and TPD	\$0.51	\$0.60	\$0.60	\$0.70	\$0.85	\$1.00	\$1.53	\$1.80

To calculate your new weekly insurance fee, simply multiply the number of units you have by the new weekly cost per unit in accordance with your occupation class. The value of each unit is calculated in the same way as for Automatic Cover and is not changing.

EXAMPLE:

If a White Collar worker has 2 units of Death & TPD cover, their total insurance cost per week will increase from \$1.20 to \$1.40 per week.

2 units of Death & TPD cover: 2 x \$0.70= \$1.40 per week (current cost \$1.20 per week).

Fixed Voluntary Cover (cover other than Automatic Cover and Corporate Cover)

The table below shows the change effective 1 April 2022 in monthly rates for each \$1,000 of fixed cover, based on the Light Blue Collar occupation class.

Current			Effective 1 April 2022		
Age Next Birthday	Death only per month	Death & TPD per month	Age Next Birthday	Death only per month	Death and TPD per month
16	\$0.029	\$0.043	16	\$0.033	\$0.051
17	\$0.029	\$0.043	17	\$0.033	\$0.051
18	\$0.029	\$0.043	18	\$0.033	\$0.051
19	\$0.029	\$0.043	19	\$0.033	\$0.051
20	\$0.029	\$0.043	20	\$0.033	\$0.051
21	\$0.029	\$0.043	21	\$0.033	\$0.051
22	\$0.029	\$0.043	22	\$0.033	\$0.051
23	\$0.029	\$0.043	23	\$0.033	\$0.051
24	\$0.029	\$0.043	24	\$0.033	\$0.051
25	\$0.029	\$0.043	25	\$0.033	\$0.051
26	\$0.029	\$0.043	26	\$0.033	\$0.051
27	\$0.029	\$0.043	27	\$0.033	\$0.051
28	\$0.030	\$0.045	28	\$0.035	\$0.053
29	\$0.031	\$0.047	29	\$0.036	\$0.055
30	\$0.031	\$0.048	30	\$0.036	\$0.056
31	\$0.033	\$0.048	31	\$0.038	\$0.057
32	\$0.033	\$0.050	32	\$0.038	\$0.058
33	\$0.034	\$0.052	33	\$0.039	\$0.061
34	\$0.035	\$0.053	34	\$0.041	\$0.063
35	\$0.037	\$0.055	35	\$0.043	\$0.064
36	\$0.038	\$0.057	36	\$0.043	\$0.067
37	\$0.041	\$0.061	37	\$0.048	\$0.072
38	\$0.043	\$0.064	38	\$0.050	\$0.075
39	\$0.048	\$0.070	39	\$0.055	\$0.082
40	\$0.051	\$0.076	40	\$0.058	\$0.089
41	\$0.056	\$0.084	41	\$0.064	\$0.098
42	\$0.062	\$0.093	42	\$0.071	\$0.108
43	\$0.068	\$0.103	43	\$0.079	\$0.120
44	\$0.078	\$0.118	44	\$0.091	\$0.138
45	\$0.090	\$0.134	45	\$0.104	\$0.158
46	\$0.107	\$0.161	46	\$0.123	\$0.188
47	\$0.118	\$0.176	47	\$0.136	\$0.206
48	\$0.133	\$0.199	48	\$0.154	\$0.233
49	\$0.154	\$0.231	49	\$0.178	\$0.271
50	\$0.154	\$0.231	50	\$0.178	\$0.271
51	\$0.189	\$0.284	51	\$0.218	\$0.333
52	\$0.189	\$0.284	52	\$0.218	\$0.333
53	\$0.234	\$0.351	53	\$0.271	\$0.411
54	\$0.234	\$0.351	54	\$0.271	\$0.411
55	\$0.308	\$0.462	55	\$0.355	\$0.541
56	\$0.308	\$0.462	56	\$0.355	\$0.541
57	\$0.308	\$0.462	57	\$0.355	\$0.541

Current			Effective 1 April 2022		
Age Next Birthday	Death only per month	Death & TPD per month	Age Next Birthday	Death only per month	Death and TPD per month
58	\$0.308	\$0.462	58	\$0.355	\$0.541
59	\$0.308	\$0.462	59	\$0.355	\$0.541
60	\$0.308	\$0.462	60	\$0.355	\$0.541
61	\$0.448	\$0.671	61	\$0.517	\$0.786
62	\$0.448	\$0.671	62	\$0.517	\$0.786
63	\$0.448	\$0.671	63	\$0.517	\$0.786
64	\$0.448	\$0.671	64	\$0.517	\$0.786
65	\$0.448	\$0.671	65	\$0.517	\$0.786
66	\$0.448	\$0.671	66	\$0.517	\$0.786
67	\$0.448	\$0.671	67	\$0.517	\$0.786
68	\$0.448	\$0.671	68	\$0.517	\$0.786
69	\$0.448	\$0.671	69	\$0.517	\$0.786
70	\$0.448	\$0.671	70	\$0.517	\$0.786

If you have fixed Voluntary Cover (ie Voluntary Cover of a fixed amount), to calculate your new monthly insurance fee, simply multiply the cost corresponding to your age next birthday in the above table by your fixed sum insured divided by 1,000.

EXAMPLE:

If a Light Blue Collar worker aged 41 next birthday wishes to have \$100,000 of Death cover, each \$1,000 of cover would cost \$0.064 per month. The total monthly insurance fee would be:

$\$0.064 \times (\$100,000/1,000) = \$6.40$ per month (current cost \$5.60 per month).

The insurance fees for other occupation classes are subject to loadings (that are not changing) as follows:

- 60% (Professional),
- 70% (White Collar) or
- 180% (Heavy Blue Collar).

If you are in an occupation class other than Light Blue Collar, to calculate your new monthly insurance fee, you also need to apply the relevant loading above.

EXAMPLE:

If a Heavy Blue Collar worker aged 33 next birthday wishes to have \$150,000 of Death & TPD cover, each \$1,000 of cover would cost \$0.061 per month. The total monthly insurance fee would be:

$\$0.061 \times (\$150,000/1,000) \times 1.8$ (occupation class loading) = \$16.47 per month (current cost \$14.04 per month).

Corporate Cover (automatic (default) cover for Corporate members) – Death, TPD and TTD

The table below shows the change effective 1 April 2022 in monthly insurance fees for each \$1,000 of Corporate Cover (Death, Total and Permanent Disablement and Total Temporary Disablement). For information about Corporate Cover with Death and TPD **but without** TTD, refer to the next section.

Please note that, if you are a defined benefit Corporate member, your Corporate Cover is paid for by your employer. You may already have, or may apply for, Voluntary Cover. The changes to the insurance fees for Voluntary Cover are explained earlier in this notice.

Current			Effective 1 April 2022		
Age Next Birthday	Male Death & TPD monthly	Female Death & TPD monthly	Age Next Birthday	Male Death & TPD monthly	Female Death & TPD monthly
16	\$0.048	\$0.022	16	\$0.056	\$0.025
17	\$0.048	\$0.022	17	\$0.056	\$0.025
18	\$0.048	\$0.022	18	\$0.056	\$0.025
19	\$0.048	\$0.022	19	\$0.056	\$0.025
20	\$0.048	\$0.022	20	\$0.056	\$0.025
21	\$0.047	\$0.021	21	\$0.054	\$0.024
22	\$0.046	\$0.021	22	\$0.053	\$0.025
23	\$0.043	\$0.020	23	\$0.051	\$0.023
24	\$0.043	\$0.019	24	\$0.049	\$0.023
25	\$0.043	\$0.019	25	\$0.049	\$0.023
26	\$0.042	\$0.019	26	\$0.048	\$0.023
27	\$0.041	\$0.018	27	\$0.048	\$0.021
28	\$0.041	\$0.018	28	\$0.048	\$0.022
29	\$0.040	\$0.019	29	\$0.047	\$0.023
30	\$0.042	\$0.019	30	\$0.049	\$0.023
31	\$0.042	\$0.020	31	\$0.049	\$0.023
32	\$0.043	\$0.024	32	\$0.051	\$0.028
33	\$0.046	\$0.027	33	\$0.054	\$0.032
34	\$0.048	\$0.029	34	\$0.057	\$0.034
35	\$0.053	\$0.033	35	\$0.063	\$0.039
36	\$0.053	\$0.038	36	\$0.063	\$0.046
37	\$0.057	\$0.043	37	\$0.068	\$0.052
38	\$0.061	\$0.049	38	\$0.072	\$0.058
39	\$0.067	\$0.056	39	\$0.079	\$0.067
40	\$0.072	\$0.063	40	\$0.085	\$0.075
41	\$0.079	\$0.073	41	\$0.094	\$0.086
42	\$0.090	\$0.083	42	\$0.107	\$0.099
43	\$0.102	\$0.093	43	\$0.121	\$0.110
44	\$0.116	\$0.103	44	\$0.138	\$0.123
45	\$0.130	\$0.110	45	\$0.154	\$0.131
46	\$0.146	\$0.119	46	\$0.173	\$0.142
47	\$0.163	\$0.131	47	\$0.194	\$0.157
48	\$0.183	\$0.148	48	\$0.218	\$0.176
49	\$0.207	\$0.167	49	\$0.246	\$0.199
50	\$0.231	\$0.189	50	\$0.275	\$0.227
51	\$0.259	\$0.215	51	\$0.309	\$0.258
52	\$0.289	\$0.242	52	\$0.345	\$0.289
53	\$0.324	\$0.271	53	\$0.387	\$0.324
54	\$0.360	\$0.303	54	\$0.430	\$0.363
55	\$0.398	\$0.330	55	\$0.474	\$0.395
56	\$0.434	\$0.360	56	\$0.519	\$0.431
57	\$0.479	\$0.390	57	\$0.572	\$0.467
58	\$0.531	\$0.420	58	\$0.634	\$0.503
59	\$0.589	\$0.451	59	\$0.704	\$0.540
60	\$0.653	\$0.485	60	\$0.781	\$0.581

Corporate Cover (automatic (default) cover for Corporate members) – Death and TPD only (no TTD)

The table below shows the change effective 1 April 2022 in monthly insurance fees for each \$1,000 of Corporate Cover (Death and Total and Permanent Disablement but without Total Temporary Disablement).

Current			Effective 1 April 2022		
Age Next Birthday	Male Death & TPD monthly	Female Death & TPD monthly	Age Next Birthday	Male Death & TPD monthly	Female Death & TPD monthly
16	\$0.047	\$0.022	16	\$0.054	\$0.025
17	\$0.047	\$0.022	17	\$0.054	\$0.025
18	\$0.047	\$0.022	18	\$0.054	\$0.025
19	\$0.047	\$0.022	19	\$0.054	\$0.025
20	\$0.047	\$0.022	20	\$0.054	\$0.025
21	\$0.046	\$0.021	21	\$0.053	\$0.024
22	\$0.045	\$0.021	22	\$0.053	\$0.025
23	\$0.043	\$0.020	23	\$0.050	\$0.023
24	\$0.042	\$0.019	24	\$0.048	\$0.023
25	\$0.042	\$0.019	25	\$0.048	\$0.023
26	\$0.041	\$0.019	26	\$0.048	\$0.023
27	\$0.040	\$0.018	27	\$0.048	\$0.021
28	\$0.039	\$0.018	28	\$0.046	\$0.022
29	\$0.040	\$0.019	29	\$0.047	\$0.023
30	\$0.042	\$0.019	30	\$0.049	\$0.023
31	\$0.042	\$0.020	31	\$0.049	\$0.023
32	\$0.043	\$0.024	32	\$0.051	\$0.028
33	\$0.046	\$0.027	33	\$0.054	\$0.032
34	\$0.047	\$0.029	34	\$0.055	\$0.034
35	\$0.050	\$0.033	35	\$0.059	\$0.039
36	\$0.051	\$0.038	36	\$0.060	\$0.046
37	\$0.055	\$0.043	37	\$0.065	\$0.051
38	\$0.059	\$0.048	38	\$0.070	\$0.057
39	\$0.064	\$0.055	39	\$0.076	\$0.066
40	\$0.070	\$0.063	40	\$0.083	\$0.074
41	\$0.078	\$0.072	41	\$0.092	\$0.085
42	\$0.088	\$0.081	42	\$0.105	\$0.096
43	\$0.100	\$0.091	43	\$0.119	\$0.108
44	\$0.113	\$0.099	44	\$0.134	\$0.118
45	\$0.128	\$0.107	45	\$0.152	\$0.128
46	\$0.143	\$0.117	46	\$0.169	\$0.139
47	\$0.161	\$0.128	47	\$0.192	\$0.153
48	\$0.180	\$0.144	48	\$0.214	\$0.173
49	\$0.203	\$0.163	49	\$0.242	\$0.194
50	\$0.226	\$0.185	50	\$0.269	\$0.222
51	\$0.254	\$0.210	51	\$0.303	\$0.251
52	\$0.282	\$0.238	52	\$0.336	\$0.284
53	\$0.317	\$0.265	53	\$0.378	\$0.318
54	\$0.353	\$0.296	54	\$0.421	\$0.354
55	\$0.391	\$0.323	55	\$0.467	\$0.388
56	\$0.426	\$0.354	56	\$0.508	\$0.424
57	\$0.469	\$0.383	57	\$0.561	\$0.458
58	\$0.521	\$0.412	58	\$0.623	\$0.493
59	\$0.577	\$0.442	59	\$0.688	\$0.528
60	\$0.640	\$0.476	60	\$0.765	\$0.569

To calculate your new monthly insurance fee, first multiply 20% of your future service (ie number of years until you turn 60) by your salary for the sum insured. The sum insured is divided by 1,000 and then multiplied by the rate corresponding to your age next birthday.

EXAMPLE:

A 33.25 year old male with a salary of \$150,000, has a future service of 26.75 years (60-33.25=26.75). His future service multiple will be 5.35 (26.75 x 20%) and sum insured is \$802,500 (150,000 x 5.35).

His total cost of insurance is $\$802,500/1,000 * 0.055 = \44.14 monthly (current cost \$37.72).

Death & TPD – changes to terms and conditions

Active Employment Definition

Effective 1 April 2022, changes will apply to the Active Employment definition, recognising:

- for all Insured Persons, whether an Insured Person in receipt of and/or entitled to claim income support benefits from any source due to illness or injury including but not limited to workers' compensation benefits, statutory transport accident benefits and disability income benefits.

Where an Insured Person is receiving such benefits they will not be considered in Active Employment and restrictions on cover may apply.

- for those insured members that are working, their normal hours and duties in determining whether an Insured Person is in Active Employment.

The concept of Active Employment may be relevant to you for the following reasons:

1. If you have TPD cover on 31 March 2022 and either:
 - (a) you were not gainfully employed as a permanent employee or contractor working 15 or more hours each week in the 6 months prior to 31 March 2022; or
 - (b) your occupation is a pilot, and
2. you are not in Active Employment for the period of 30 consecutive days ending on 31 March 2022, then, where the Date of Disablement is on or after 1 April 2022:
 - (i) Part 1 of the TPD definition (see below for an explanation of the new TPD definition) will apply to any TPD claim you make after 31 March 2022, except that, in this case cover will be restricted to "New Events Cover" (cover for an illness or injury that first becomes apparent or occurred on or after 1 April 2022) until you are in Active Employment for 30 consecutive days at any time after 1 April 2022; and
 - (ii) Part 2 of TPD definition will apply to any TPD claim that is not assessable under Part 1.

Active Employment is relevant in some other situations, but you will be notified in advance where this is the case.

The changes made to the Active Employment definition are highlighted below.

Active Employment means that the Insured Person:

- (a) is actively performing all of the duties and hours of their usual occupation without restriction due to Illness or Injury **and is working normal hours and duties on the applicable date**; or
 - (b) if on Employer approved leave (except leave caused by any Illness or Injury) would be able to attend work and perform their normal duties and hours without restriction due to Illness or Injury; or
 - (c) if a Spouse, performing Home Duties, is actively performing all the functions of Home Duties; and
- (d) is not in receipt of and/or entitled to claim income support benefits from any source due to illness or injury including but not limited to workers' compensation benefits, statutory transport accident benefits and disability income benefits.**

New TPD Definition

Effective 1 April 2022 changes to the existing TPD definition will apply. These changes were made in consideration to ASIC's 633 Report and improve member outcomes by reducing the number of members subjected to a restricted TPD definition. The definition has been simplified into two parts as described below:

Current definition	Definition effective 1 April 2022
Part 1 – Unlikely to return to work	Part 1 – Unlikely to return to work
Part 2 – Permanent impairment	Part 2 – Everyday Working Activities and Mental Disorder definition
Part 3 – Loss of use of (relating to limbs/eyes etc)	
Part 4 – Cognitive loss	
Part 5 – Activities of daily living	

The inclusion of a Mental Disorder definition is to address limitations with 'Activities' based definitions as these focus on physical activity and don't address those with neurological issues.

Replacing the current Activities of Daily Living definition with an Everyday Working Activities definition means the tests are more focussed around an individual's capability to perform basic tasks associated with work.

The changes also reduce the cohort of members who are subjected to the restrictive TPD definitions (ie Parts 2-5 of the current definition). The current 15 hour per week restriction within 6 months prior to the Date of Disablement has been removed and eligibility for 'unlikely to return work' definition has been extended to all members regardless of hours worked (provided they have worked at any time in the 24 month period prior to the Date of Disablement). Under the new arrangement, the restricted TPD definition (ie Part 2 of the definition effective 1 April 2022) will only apply to a member:

- who has not worked in the 24 months prior to the Date of Disablement
- is aged 67, or
- where their occupation is a Pilot.

The new definitions are as follows:

The Insured Person:

- (a) is under the regular care and following the advice of a Medical Practitioner and has undergone all reasonable and usual treatment including rehabilitation for the Illness or Injury;
- (b) meets Part 1 or 2 (as applicable) as set out below; and
- (c) is so disabled they are unlikely to resume their previous occupation at any time in the future and will be unlikely at any time in the future to perform any **Other Occupation**[†].

Part 1 – unlikely to return to work

- (a) The Insured Person solely because of Injury or Illness is unable to do any work for 3 consecutive months; and
- (b) at the end of the 3 month period they continue to be so disabled that they are unlikely to resume their previous occupation at any time in the future and will be unlikely at any time in the future to perform any **Other Occupation**.

Part 2 - 'unable to do basic everyday Activities' or has a 'Mental Disorder'

The Insured Person will be considered totally and permanently disabled if:

- (a) solely because of Illness or Injury, the Insured Person is continuously unable for a period of 3 consecutive months after the Date of Disablement to perform at least 2 out of the 5 Activities listed below as certified by a Medical Practitioner, and in our opinion on the basis of the medical evidence, is permanently unable to perform the same Activities without assistance from another adult person (even if using aids and adaptations*); or
- (b) the Insured Person has a Mental Disorder;

Activities means:

Mobility: to

- Bend, kneel or squat to pick something up from the floor and straighten up again, and get into and out of a standard sedan; or
- walk more than two hundred (200) metres at a normal pace on a level surface without stopping due to breathlessness as a result of a medical condition.

Seeing: To read ordinary newsprint and pass the standard eye test for a car licence (even with glasses or contact lenses) and the Insured Person's vision is better than legal blindness. Legal blindness is as certified by an ophthalmologist;

Lifting: To lift with the Insured Person's hands (from bench height) and carry a five (5) kg weight a distance of ten (10) metres and place the item back down at bench height;

Communicating: To speak in the Insured Person's first language with sufficient clarity such that the Insured Person can hold a conversation in a quiet room by understanding a simple message and relaying that message to another person;

Manual dexterity: To use

- at least one hand to pick up or manipulate small objects precisely with the Insured Person's hand or fingers (such as picking up a coin from desk height, using cutlery, tying shoelaces or fastening buttons); or
- a pen, pencil or keyboard to write a short note that can be understood by another person in Insured Person's first language.

Where the Insured Person is unable to perform one or more of the above Activities when cover commenced, that activity will not be taken into consideration by the Insurer as part of the TPD assessment.

*Aids and adaptations refers to equipment or fixtures which assists the Insured Person to carry out the Activities.

A **Mental disorder** is one that:

- (a) has been diagnosed by a psychiatrist under the latest edition of the Diagnostic and Statistical Manual of Mental Disorders (DSM) issued by the American Psychiatric Association (or a similar diagnostic tool determined by the Royal Australian and New Zealand College of Psychiatrists Board); and
- (b) the Insured Person's treating health professional believes won't improve, and
- (c) the Insured Person has been assessed by a psychiatrist appointed by us as having an impairment of 19% or more on the Psychiatric Impairment Rating Scale and in their opinion the condition is permanent.

+ Other Occupation (for Part 1 & 2)

Means any occupation the person is qualified to perform by their education, training or experience at the time we assess the claim and includes;

- (a) part-time occupations; and
- (b) an occupation which may be perceived by the person to be of lower status than the person's previous occupation or an occupation in which the person does not earn as much income as they did in their previous occupation.

The new TPD definition will apply to an Insured Person where the Date of Disablement occurs on or after 1 April 2022. For further information on which definition applies at the time of claim, refer to refer to the *AvSuper Insurance Guide* from 1 April 2022 at [avsuper.com.au/pds](https://www.avsuper.com.au/pds)

Income Protection – changes to terms and conditions

Benefits Offset changes

Under the current benefit design, the amount of the Monthly Benefit will be reduced by any Other Disability Income (e.g. Workers Compensation and Motor Accident Compensation) that accrues to that Insured Person during that month. Where Other Disability Income was in the form of a lump sum, the Monthly Benefit would be reduced by 1% for each month that a Monthly Benefit was paid under the previous insurance arrangement.

From 1 April 2022, where Other Disability Income is in the form of a lump sum, the Monthly Benefit will be reduced by a ratio of 1/60th per month (instead of the 1% under the previous benefit design). This change has been made to align with market practice.

Specific Injury benefit

The Specific Injury benefit generally pays a number of monthly benefits in advance, if an Insured Person suffers a particular listed injury or illness under the previous Hannover arrangement. Effective 1 April 2022, this benefit will no longer be available.

What do I need to do?

These changes are effective 1 April 2022 and, if applicable to your cover, will apply automatically. Change to insurance fees will be reflected in your account and can be viewed on AOL after that date.

If you have any questions, please contact *Member Services* on **1300 128 751**

New versions of the *AvSuper Member Product Disclosure Statement* and *Insurance Guide* will be available from 1 April 2022.