

Things you need to know about your insurance

From 28 February 2015 the cost of insurance through HESTA will increase.

This increase to insurance fees is an unavoidable consequence of higher insurance costs across the market.

Over the past year, the insurance sector has experienced significant increases in claims and faced legislative changes that impact the level of risk associated with offering cover. These issues have a flow on effect, leading to higher reinsurance costs for insurance providers and ultimately driving up prices for the end consumer.

HESTA remains committed to providing the best value insurance possible for members, so the level of cover will remain the same, meaning HESTA members won't lose out on the overall insured benefit they may be entitled to receive.

Default cover fee increase

Although we're legally required to show the gross cost of each insurance fee, the good news is most members actually pay the net insurance fee which is up to 15% less than the gross cost. This is because HESTA is able to claim a tax deduction for the cost of providing insurance, which we pass on to members, resulting in a lower net insurance fee.

	Weekly insurance fees ^	
	Current	From 28 February 2015
Default cover is: 2 units Income Protection (IP) Cover to age 67 after a 90-day waiting period and 2 units Death Cover	Gross \$4.06 Net \$3.45	Gross \$6.30 Net \$5.36

Remember:
The net fee is the amount most members will actually pay for insurance.

Unit fees from 28 February 2015

	Weekly insurance fees per unit ^		Cover per unit - protected	Maximum cover - protected
	Gross fees	Net fees		
Income Protection • for total and permanent or total and temporary disability • benefits available to age 67 after a 90-day waiting period	\$2.06	\$1.75	\$425 per month	\$25,000 per month capped at 85% of your pre-disability income
Death (including terminal illness)	\$1.09	\$0.93	\$85,000 until age 39, reducing to \$0 at age 75	\$5 million for Death \$3 million for terminal illness
Lump-sum Total and Permanent Disablement (TPD) Any occupation	\$1.47	\$1.25	\$85,000 until age 39, reducing to \$0 at age 70	No more than Death Cover, capped at \$3 million
Lump-sum Total and Permanent Disablement (TPD) Own occupation (closed - legacy units only)	\$1.73	\$1.56	\$85,000 until age 39, reducing to \$0 at age 70	No more than Death Cover, capped at \$3 million

^ Rounding has been applied to all insurance fees.

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New IP Cover insurance fees from 28 February 2015

	Benefits	Waiting period*	Gross fees ^ \$	Net fees ^ \$
IP Cover	To age 60	90 day	1.49	1.27
	To age 60	60 day	1.98	1.69
	To age 60	30 day	3.33	2.84
	To age 67	90 day	2.06	1.75
	To age 67	60 day	2.70	2.30
	To age 67	30 day	4.57	3.89
IP Cover to age 60	2 years	90 day	0.42	0.36
	2 years	60 day	0.76	0.65
	2 years	30 day	1.39	1.18
IP Cover to age 67	2 years	90 day	0.61	0.52
	2 years	60 day	0.84	0.72
	2 years	30 day	1.53	1.30

* Waiting period means the number of consecutive days you must be disabled until benefit payments would be payable.

^ Rounding has been applied to all insurance fees.

Other things you should know

Applying for extra cover from 28 February 2015

Members will no longer be able to exercise the Life Events option to increase their insurance cover. It is important to note however, that members can still otherwise increase their cover, but they will need to complete the Personal Health Statement in *Insurance Options* and have their request assessed by our Insurer before increases will be made.

Eligibility for cover

Members are only eligible for cover if they have:

- not previously opted out of insurance cover through HESTA
- not received or become eligible to receive a terminal illness or total and permanent disablement benefit
- otherwise met the conditions of insurance through HESTA.

You have to meet the conditions of HESTA's insurance policy to be eligible for insurance cover. If insurance fees are deducted and you are not eligible for cover these insurance fees will be refunded.

Important information about Lump-sum TPD cover

In order to comply with new legislation, the definitions of Lump-Sum Total and Permanent Disablement Cover for Specific loss, Cognitive loss, Loss of independent existence, Home duties and Activities of Daily work have changed. Each definition now requires that a member must be permanently incapacitated to such an extent as to render him or her unlikely ever to engage in any gainful occupation, business, profession or employment, for which he or she is reasonably qualified by education, training or experience. This change applies to members who join from 1 July 2014, and, to members who joined prior to 1 July 2014 in relation to any cover taken up after 1 July 2014. Please refer to *Insurance Options* pages 30-31 for the full definitions.

Members who had Income Protection Cover reinstated at 1 March 2012

For members who were aged 60 and over at 1 March 2012, who had Income Protection Cover reinstated, or where cover commenced on 1 March 2012 as a result of the changes made at that time, this Income Protection cover is for New Events only. New Events means the member is only covered for claims arising from a New Event and not as the result of a pre-existing condition.

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Fixed Death and Lump-sum TPD Cover insurance fees from 28 February 2015

Cost per week for each \$1,000 sum insured						
Age last birthday	Gross fees			Net fees*		
	Death \$	TPD Any occupation \$	TPD Own occupation (legacy cover only) \$	Death \$	TPD Any occupation \$	TPD Own occupation (legacy cover only) \$
15 - 19	0.0146	0.0028	0.0035	0.0124	0.0024	0.0031
20	0.0139	0.0032	0.0037	0.0118	0.0027	0.0033
21	0.0133	0.0036	0.0041	0.0113	0.0030	0.0037
22	0.0123	0.0036	0.0043	0.0105	0.0030	0.0039
23	0.0115	0.0039	0.0046	0.0098	0.0033	0.0042
24	0.0107	0.0040	0.0047	0.0091	0.0034	0.0043
25	0.0099	0.0041	0.0048	0.0084	0.0035	0.0044
26	0.0095	0.0043	0.0051	0.0081	0.0037	0.0045
27	0.0092	0.0046	0.0055	0.0078	0.0039	0.0049
28	0.0091	0.0052	0.0060	0.0077	0.0044	0.0054
29	0.0091	0.0056	0.0067	0.0077	0.0047	0.0061
30	0.0092	0.0064	0.0076	0.0078	0.0055	0.0068
31	0.0095	0.0072	0.0084	0.0081	0.0061	0.0076
32	0.0097	0.0082	0.0096	0.0082	0.0070	0.0086
33	0.0104	0.0095	0.0112	0.0089	0.0081	0.0100
34	0.0112	0.0107	0.0127	0.0095	0.0091	0.0115
35	0.0118	0.0123	0.0144	0.0100	0.0105	0.0130
36	0.0128	0.0140	0.0166	0.0109	0.0119	0.0150
37	0.0136	0.0163	0.0192	0.0115	0.0139	0.0172
38	0.0147	0.0187	0.0222	0.0125	0.0159	0.0200
39	0.0160	0.0218	0.0256	0.0136	0.0185	0.0230
40	0.0175	0.0255	0.0301	0.0149	0.0217	0.0271
41	0.0189	0.0295	0.0347	0.0161	0.0251	0.0313
42	0.0203	0.0335	0.0395	0.0173	0.0285	0.0355
43	0.0214	0.0378	0.0445	0.0182	0.0321	0.0401
44	0.0226	0.0422	0.0498	0.0192	0.0359	0.0448
45	0.0238	0.0471	0.0556	0.0202	0.0400	0.0500
46	0.0251	0.0528	0.0623	0.0213	0.0449	0.0561
47	0.0267	0.0600	0.0707	0.0227	0.0510	0.0637
48	0.0286	0.0685	0.0811	0.0243	0.0582	0.0729
49	0.0309	0.0787	0.0929	0.0263	0.0669	0.0837
50	0.0338	0.0900	0.1062	0.0287	0.0765	0.0956
51	0.0371	0.1022	0.1206	0.0315	0.0869	0.1086
52	0.0404	0.1151	0.1357	0.0344	0.0978	0.1221
53	0.0440	0.1288	0.1520	0.0374	0.1095	0.1368
54	0.0477	0.1421	0.1678	0.0405	0.1208	0.1510
55	0.0516	0.1549	0.1828	0.0438	0.1317	0.1646
56	0.0557	0.1686	0.1989	0.0473	0.1433	0.1791
57	0.0603	0.1833	0.2163	0.0513	0.1558	0.1947
58	0.0652	0.1989	0.2347	0.0554	0.1691	0.2113
59	0.0703	0.2159	0.2548	0.0598	0.1835	0.2294
60	0.0760	0.2349	0.2772	0.0646	0.1997	0.2494
61	0.0826	0.2573	0.3035	0.0702	0.2187	0.2731
62	0.0905	0.2838	0.3348	0.0769	0.2412	0.3014
63	0.0998	0.3151	0.3719	0.0848	0.2678	0.3347
64	0.1101	0.3504	0.4135	0.0936	0.2979	0.3721
65	0.1596	0.3906	0.4609	0.1356	0.3320	0.4149
66	0.1836	0.4369	0.5157	0.1560	0.3714	0.4641
67	0.2113	0.4906	0.5789	0.1796	0.4170	0.5211
68	0.2419	0.5546	0.6544	0.2056	0.4714	0.5890
69	0.2753	0.6319	0.7457	0.2340	0.5371	0.6711
70	0.2753			0.2340		
71	0.2753			0.2340		
72	0.2753			0.2340		
73	0.2753			0.2340		
74	0.2753			0.2340		

*Net insurance fees for fixed cover insurance are shown in the purple table above. Please use these to calculate the weekly cost of your selected fixed cover, not only at your current age but also in the future.

Insurance FAQs

What are the benefits of insurance through super?

Insurance through super is generally purchased as a group life (bulk) policy. This means we receive a discount on the overall cost of insurance which we pass back to you through lower insurance fees. In addition, insurance fees are deducted straight out of your super, so you don't have to worry about finding the money to pay for insurance in your budget, or remembering to renew your policy.

Have other funds been affected by insurance changes?

It's likely all super funds providing insurance cover for their members have been, or will be impacted by the changes. This doesn't mean insurance fees have increased for every fund, some may have made other changes to maintain their insurance fees like reducing their levels of cover or changing eligibility criteria.

Why do insurance fees increase?

Insurance fees, often known as premiums, increase for a number of reasons, some more complex than others. Common reasons for insurance fee increases include:

- an increase in the overall number of claims across the market
- higher levels of risk
- changes in regulation (i.e. increased capital adequacy requirements)
- higher reinsurance costs.

Can I reduce the cost of my insurance cover?

Insurance through super is negotiated on a group rate, which generally means lower insurance costs as a whole, but less flexibility on an individual level. That said, there are a few ways to reduce your insurance costs, they include:

- reviewing your cover to make sure you're not paying for cover you don't need
- making sure you aren't doubling up on insurance fees, by consolidating other super accounts you may have. This is also important for reducing your overall fees and helping to build your super balance.