

20 November 2017

## HESTA revamps insurance cover to continue to meet the needs of its members in health and community services

Following an extensive review of members' insurance needs, HESTA has announced enhancements to its insurance cover and a shift to age-based pricing that will come into effect on 1 March 2018.

"Our absolute priority is always the best interests and wellbeing of our members. These changes are designed to ensure HESTA members have the cover they need while retaining their ability to grow their super balances for a comfortable and happy retirement," HESTA CEO Debby Blakey said.

"For many of our members, the cover they receive through their super may be the only personal insurance cover they have."

"It's why we have restructured insurance provided through HESTA to reflect where members will be in life."

Prior to the changes, HESTA conducted a detailed review of its insurance arrangements, seeking input from external experts Super Ratings and Willis Towers Watson to look at the broader landscape and industry trends.

"We believe we've reached the right balance between providing appropriate insurance cover and ensuring insurance fees do not erode account balances," Ms Blakey said.

"Working with our new insurer AIA, we've also been able to tailor a number of unique enhancements to the insurance provided to members to continue to meet the specific needs of our members in health and community services."

Independent research house Rice Warner analysed the impact of the age-based restructured cover and pricing. They found that under the new arrangements a typical HESTA member who started work at age 22 could pay about 10% less over their working life in insurance premiums for default cover to age 67.

HESTA has retained its Income Protection (IP) cover and is one of the few super funds to offer default IP cover to age 67.

"The most important asset our members have is themselves, and their ability to earn an income. For this reason, we believe providing IP cover is in the best interests of our members," Ms Blakey said.

HESTA has enhanced its unique IP cover so that it now includes an innovative lump sum provision that provides \$10,200 to eligible members to help in either their re-education, or refitting their home to cater for a permanent disability as well as other enhancements to the insurance offering.

Ms Blakey explained that this lump sum Permanent Incapacity Support Benefit would be available to eligible members in addition to their regular IP benefits.

"We really wanted to find a way to support members to deal with these often very difficult life changes and aid their potential recovery, including reconnecting with society and work," Ms Blakey said.

"The great thing about income protection is that it keeps the conversation open around rehabilitation, which is a key pillar of our cover. Programs to assist rehabilitation are part of how we're building the

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financial resilience of members by supporting them to stay connected with their networks as this is proven to aid overall wellbeing and recovery.”

Other enhancements to insurance include:

- a 12% increase in the monthly IP benefit
- alignment of the release of insurance benefits for terminally ill members with the 24 month requirement under the SIS Act for access to super, and an improved digital experience for members.

Ends

## **HESTA**

HESTA is an industry superannuation fund dedicated to those working in the Health and Community Services Sector. HESTA has **over 820,000 members** and manages more than **\$40 billion** of members' assets. HESTA is not an insurance provider and doesn't accept or pay commissions or enter into profit share arrangements. Insurance is provided solely to benefit members with savings passed directly to members as lower fees and / or enhanced cover.

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