

FAQs: A better fit – improvements to insurance

Minimum level of insurance cover
– FAQs for members whose cover was topped up on 1 July 2007 to meet the new minimum level. (Revised September 2007.)

When did the new minimum cover start?

1 July 2007.

Do I have to have the new minimum cover?

No. You can opt out of the minimum level of cover at any time. If you do opt out and wish to increase your cover later on, you will be required to provide health evidence.

If I opt out of the minimum cover, do I get the extra premium back?

If you opt out by 31 August 2007*, the premium you paid for the 'top-up' amount of cover (ie the difference between your cover at 30 June 2007 and 1 July 2007) will be credited back to your account.

What happens to my cover if I opt out of the minimum cover by 31 August 2007?

Your cover will revert to the level it was at 30 June 2007* (subject to other factors affecting the insurance calculation remaining the same).

What happens if I opt out of the minimum cover after 31 August 2007*?

Your cover will revert to your employer plan formula (if you're in Corporate Super) or your previous fixed dollar amount (if you're in Personal Super). As you have had the value of the ongoing protection, the premium you have paid for the 'top up' amount will not be credited back to your account.

* Deadline revised to 30 September 2007.

Minimum level of insurance cover
– eligibility FAQs

I'm in Corporate Super, but I don't have the minimum level of cover. Why is that?

The minimum cover does not automatically apply to you if your employer meets the cost of insurance or if you:

- are a TPD claimant
- are a defined benefit member
- have had cover reduced or declined by the insurer
- are covered by a non-AIG policy
- did not meet 'at work' requirements, or
- are in an uninsurable occupation.

You may also be excluded if your employer or adviser has negotiated other insurance arrangements for you.

I'm in Personal Super, but I don't have the minimum level of cover. Why is that?

In Personal Super, the minimum cover was a one-off for individuals who were members of Personal Super as at 30 June 2007. If you were a member of Personal Super at 30 June 2007, you would be excluded if you:

- have less than \$5,000 in your account
- are a TPD claimant
- have had cover reduced or declined by the insurer, or
- are a 'lost' member.

You may also be excluded if your adviser has negotiated other insurance arrangements for you.



Minimum level of insurance cover

– general FAQs

The minimum cover reduces each year after age 42. Can I stop my cover reducing?

Yes. You can maintain your level of cover at a fixed dollar amount at any time after age 42, but the premiums you pay will increase each year.

Will the minimum cover keep pace with the cost of living?

The minimum will be increased each year by 5% or in line with the Consumer Price Index, whichever is higher.

Increasing your cover

Can I increase my insurance cover?

You can apply to the insurer for an increase in cover at any time. You will need to provide the insurer with health evidence and any increase will be subject to their approval. The form you need to apply for increased cover is *Increase insurance up to \$500,000* or, for higher cover, the *Personal statement and declaration of health*.

I'd like total and permanent disablement (TPD) cover that's higher than death cover. Is that possible?

You can apply for TPD cover that's higher than death cover, but only up to twice the death cover and the difference between the two must be no more than \$100,000. The premium rate that applies to the difference will be 20% higher than the normal rate.

What's the highest cover I can apply for?

The maximum is \$5 million for death cover, and \$2 million for TPD.

Calculating premiums

How do I calculate the premium I pay each year for my death/TPD cover?

You need to know your:

- amount of cover
- annual premium rate (depends on your age next birthday)
- occupation factor (depends on the occupation category we have recorded for you).

The formula for working out your annual premium is:

$$\frac{\text{Amount of cover}}{\$1,000} \times \text{annual premium rate} \times \text{occupation factor}$$

Occupational ratings

I'm in the 'Collective occupation' category. What does that mean?

It means that your employer has negotiated the same occupational rating for all the members in its plan, irrespective of the type of work they do.

Can I tell you the occupation category I want to be in?

No. Let us know what your current occupation is, including the exact nature of your duties, and we'll determine the category.

If you received the brochure *Improvements to your insurance*, you can update your occupational record by completing the blue section on the back page of that brochure. Otherwise, you can complete the *Insurance questionnaire – reclassify your occupation*. If you are placed in a new category, the new category will apply from the date we received your form.

Why does the occupational rating make a difference?

Different jobs or roles have different levels of risk, for example someone working in an office doing clerical or administrative duties (white collar) will have less risk of injury or death than a trades person with manual duties such as plumber or carpenter (blue collar). The premiums are weighted accordingly.

Why is it important to keep occupational ratings up to date?

You do not want to be paying too much if you are working in a lower-risk occupation, alternatively you need to be properly covered if you move into a more risky occupation. If, at the time of a claim, it is determined that your occupation was higher risk than as classified, additional premiums will be deducted from any benefit paid.

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January 2008