5 October 2021

Dear Members

Significant Event Notice – Amendment to Insurance Contracts Act 1984
Pearl YourChoice Super Group Insurance – Duty to take reasonable care

Thank you for continuing to invest your superannuation with us. As part of your member benefits, the Trustee recognises the importance of financially protecting you and your family by providing a range of Group Life and Group Salary Continuance insurance options within the Fund.

As a valued member, we, the Trustee of Pearl YourChoice Super, a sub plan of OneSuper (the Fund or Pearl YourChoice Super) are writing to advise you of some important changes happening within the Funds and its group insurance benefits. This notice sets out changes to Section 8 of the Product Disclosure Statement (PDS), and the associated Insurance Guide.

The Insurance Contracts Act 1984 has been amended following the Hayne Royal Commission. Effective 5 October 2021, "The duty of disclosure" will be replaced with "The duty to take reasonable care not to make a misrepresentation". Please read about this amendment to the Insurance Contracts Act and the changes in the PDS and Insurance Guide carefully as they may impact you.

What has changed?

Prior to 5 October 2021, a different duty of disclosure applied when you were answering the insurer's questions in an application for voluntary cover within Pearl YourChoice Super. If you completed an application for voluntary cover prior to 5 October 2021 the "duty of disclosure" applied to you.

Under the duty of disclosure, you were required, before entering into the contract, to tell the Fund any thing that you know, or could reasonably be expected to know, that may affect the insurer's decision to provide the insurance cover and on what terms.

Effective 5 October 2021, the duty of disclosure has been replaced with the "duty to take reasonable care not to make a misrepresentation" which is explained in more detail below.

What does this mean for me?

When you apply for voluntary insurance cover within Pearl YourChoice Super, the insurer conducts a process called underwriting. It's how the insurer decides whether they can cover you, and if so on what terms and at what cost. The insurer asks questions they need to know the answers to. These questions will be clear and specific. They will be about things such as your personal circumstances, your health and medical history, occupation, income, lifestyle, pastimes, and current and past insurance.

The answers you give in response to the insurer's questions are vital to their decision. The insurer uses them to decide if they can provide cover to you and, if so, the terms of the cover and the cost of the premium.

The duty to take reasonable care

For insurance applications completed on or after 5 October 2021, there is a duty to take reasonable care not to make a misrepresentation. A misrepresentation could be made if an answer is given that is false, only partially true, or that does not fairly reflect the truth. This means when answering the insurer's questions, you should respond fully, honestly and accurately. You should not assume that the insurer will contact your doctor for any medical information. If you are unsure about whether you should include information or not, it is best to include it, or contact the Fund, and we will check with the insurer.

The duty to take reasonable care not to make a misrepresentation applies any time you answer the insurer's questions as part of an initial application for insurance, an application to extend or make changes to existing insurance (where the changes involve an increase in the sum insured or an application for an additional type of cover), to transfer in cover, or an application to reinstate insurance.

Review your application carefully. If someone else helped prepare your application (for example, your adviser), please check every answer (and make corrections if needed) before the application is submitted.

The insurer may later investigate the answers given in your application, including at the time of a claim.

Consequences of not complying with the duty

If there is a failure to comply with the duty to take reasonable care not to make a misrepresentation, it can have serious consequences for your insurance, such as those explained below:

Potential consequences	Additional explanation	Impact on claims
Your cover being avoided	This means your cover will be treated as if it never existed	Any claim that has been made will not be payable
The amount of your cover being changed	Your cover level could be reduced	If a claim has been made, a lower benefit may be payable
The terms of your cover being changed	The insurer could, for example, add an exclusion to your cover meaning claims for certain events will not be payable	If a claim has been made for an event that is now excluded, it will not be payable

If the insurer believes there has been a breach of the duty to take reasonable care not to make a misrepresentation, we will let you know the reasons and the information the insurer has relied on and give you an opportunity to provide an explanation. In determining if there has been a breach of the duty, the insurer will consider all relevant circumstances.

If there has been a failure to comply with the duty, the insurer's rights will depend on factors such as, what the insurer would have done had a misrepresentation not been made during your application process and whether or not the misrepresentation was fraudulently made.

If the insurer decides to take some action on your cover, we will advise you of the decision and the process to have this reviewed or make a complaint if you disagree with the decision.

Transfer of insurance cover

If you already have cover in another superannuation fund and wish to transfer it over to your Pearl YourChoice Super Account, the transfer will be based on the assumption that the information you provided to theinsurer in your other superannuation Fund was accurate and complete, and that you complied with the duty to take reasonable care not to make a misrepresentation under the Insurance Contracts Act 1984 (Cth).

It is important to note that the duty to take reasonable care not to make a misrepresentation has replaced the duty of disclosure. The duty of disclosure may have applied to your cover depending on the date you made your application for cover, to vary your cover, or to reinstate your cover, with the previous insurer. If so, the insurer may treat a breach of the duty of disclosure the same way the insurer would treat a breach of the duty to take reasonable care not to make a misrepresentation.

Other important information

Before your cover starts, the insurer may ask about any changes that mean you would now answer our questions differently. As any changes might require further assessment or investigation, it could save time if you let the insurer know about any changes when they happen.

If after the cover starts, you think you may not have met your duty, please contact the Fund and update your information. The insurer will let you know whether it has any impact on the cover.

Where can I get more information?

It is important that you understand this information and the questions the insurer asks. You can ask the Fund, your financial adviser if you have sought professional help or we can approach the insurer on your behalf.

We are always here to help. For further details about your existing membership or if you require information or have any questions about Your Duty to take Reasonable Care Not to Make a Misrepresentation, please refer to the Pearl YourChoice Super PDS and Insurance Guide at https://www.onesuper.com/funds/pearlyourchoice-super/, call or email us.

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Thank you for taking the time to read this important notice.

For and on behalf of

Diversa Trustees Limited
Trustee of Pearl YourChoice Super