

31 August 2022

**Private & Confidential**

Dear Member

## **SIGNIFICANT EVENT NOTICE**

### **Insurance changes for Ex-MAP Super members**

We are writing to notify you of changes to your insurance cover held in Smartsave, a sub plan of OneSuper (the Fund). From 1 September your cover with Hannover Life re of Australasia Ltd (Hannover) will transition to OneSuper Group Insurer MLC Limited (MLC) and your Group Life insurance premiums will increase from 1 October 2022.

### **What is changing?**

On 1 September 2022 your insurance cover will transition to MLC from Hannover. The transition to MLC was necessary as Hannover are exiting the group insurance market. 1 September 2022 is also the end of the rate guarantee period; therefore, an analysis of insurance premiums was completed by MLC, with Group Life Death & Total & Permanent Disablement insurance premiums to increase by 31% from 1 October 2022.

*However, we are happy to advise Group Income Protection insurance premiums will not increase.*

Other than the change of Group Insurer to MLC, there are no changes to the benefits, terms and conditions of the insurance policies held by the Trustee on behalf of members. Administration of insurance benefits will continue and there will be no change to any claims assessments currently in progress or any existing claim benefits currently being paid.

### **Why is there a change?**

On a triannual basis the Trustee is required by the regulator, APRA, to review insurance arrangements of the Fund. This review coincided with internal fund transfers within OneSuper, which have created varied insurance arrangements, an increase in the number of Group Insurers, and as previously advised, the announcement from the primary Group Insurer to the Fund, Hannover, that it was exiting the group insurance market. The Trustee board confirmed that MLC had been appointed as the Group Insurer to OneSuper and are progressively transitioning funds across from Hannover to MLC.

MLC have now completed their review of Ex-MAP Super insurance benefits and arrangements and will on 1 September 2022, transfer the group insurance policies currently issued by Hannover and held by the Trustee to MLC. These group insurance policies provide insurance cover and benefits to members who since 30 June 2022 are members of Smartsave.

The effective time for the transfer of these insurance policies, and therefore the change of Insurer from Hannover to MLC, is 12.01a.m. on 1 September 2022.

## Why is the cost of insurance cover increasing?

For many years, we have been able to keep the costs of your group insurance cover at the same level. However, the cost of insurance cover continues to rise in Australia, and in recent times, insurance held by members has been impacted by legislative changes (Protecting Your Superannuation Package and Putting Members' Interests First) to the *Superannuation Industry Supervision Act 1993*.

These changes have caused a decline in the numbers of members holding insurance, and over time there has been an increase in claims. The recent review carried out by the insurance provider to the Fund, MLC, has confirmed this trend, and as a result, we have been unable to delay increases in the Group Life insurance premiums to members any longer.

## What is the increase?

Effective 1 October 2022, the insurance premium cost of Death only, Death & Total and Permanent Disablement (TPD) within the Fund will increase by 31% per annum. The premium cost increase will apply to both the Employee Division and the Personal Division.

The level of your cover (Default and Voluntary), what you're covered for, and your occupation rate adjustment loadings will not change. For further details on your cover, please refer to the Smartsave Insurance Guide for Ex-MAP Super members.

## Comparing the cost of insurance cover in the Fund

The following provides insurance cover examples for members holding *Death & TPD insurance* cover in either the:

- Employee division, or
- Personal division

The examples show what will be paid after 1 October 2022 compared to what is being paid now.

*Example: Employee Division - Group Life insurance cover - Death & TPD Default Cover (fixed cover)*

### Group Life insurance cover – Death & TPD (Category A - Employee division)

- Jenny is an Accumulation member of the Fund, is aged 36 (age next birthday 37), and works full time in a
- white collar role in a transport office.
- Jenny has existing Default Death & TPD insurance cover with an Insured amount of \$318,000.

### Jenny's Death & TPD insurance premium is worked out taking the following into account:

Employer division Default Cover offered at age next birthday – Age 37 = \$318,000,

- The insurance cost for units of employee cover per week currently is \$4.35,  
The insurance cost for units of employee cover per week from 1 October 2022 will be \$5.74.

#### Insurance premium currently:

- ☐ annual premium -  $\$4.35 \times 52 = \$226.20$  or  
= \$18.85 paid monthly in arrears from her Account.

#### From 1 October 2022:

- ☐ this will increase to an insurance cost for units of cover per week of  $\$5.74 \times 52 = \$298.48$  or  
= \$24.87 paid monthly in arrears from her Account.

## *Example: Personal Division - Group Life insurance cover - Death & TPD Default Cover (fixed cover)*

### **John is an Accumulation member of the Fund, is aged 36 (age next birthday 37):**

- Works full time in a white-collar role in a medical professional's office.
- John has existing Personal Division Default Death & TPD insurance cover with an Insured amount of \$318,000.

### **John's Death & TPD insurance premium is worked out taking the following into account:**

Personal division Default Cover offered at age next birthday – Age 37 continues to be \$318,000,

- The annual insurance premium tables (per \$1,000 sum insured) are available in the Insurance Guide Part 5 in Table 9.

#### Insurance premium currently:

- Insurance premium rate per \$1,000 by age next birthday (37) is 0.79  
=  $(\$318,000 \times 0.79)/1,000 = \$251.22$ , or  
= \$20.93 paid monthly in arrears from his Account.

#### From 1 October 2022:

- this will increase to an insurance premium rate per \$1,000 by age next birthday (37) of 1.03  
=  $(\$318,000 \times 1.03)/1,000 = \$327.54$ , or  
= \$27.29 paid monthly in arrears from his Account.

## *Example: Personal Division Voluntary additional Death only insurance cover*

### **Joan is a professional aged 39 (Age Next Birthday 40). Joan:**

- Qualifies for Default Death & TPD insurance cover of \$318,000
- Transfers in \$250,000 of Death only insurance cover, and
- Applies for an additional \$750,000 Death only insurance cover: bringing:
- **Total insurance cover held up to \$1,318,000.**
- Meets the eligibility and underwriting requirements.

### **Joan's combined Death only insurance premiums are worked out taking the following into account:**

#### Insurance premium currently:

- Insurance premium rate per \$1,000 by age next birthday (40) is 0.81  
=  $(\$318,000 \times 0.81)/1,000 = \$257.58$ , or  
= \$21.46 paid monthly in arrears from her Account.

#### From 1 October 2022:

- this will increase to an insurance premium rate per \$1,000 by age next birthday (40) of 1.06  
=  $(\$318,000 \times 1.06)/1,000 = \$337.08$  p.a., or  
= \$28.09 paid monthly in arrears from his Account.

Based on the insurance premium change from 1 October 2022 her insurance premiums will be as follows:

- Default Death & TPD insurance cover will continue to be \$318,000 with insurance premiums of \$28.09 p.m.
- The Death only insurance premium rate per \$1,000 by age next birthday (40) is \$0.55  
=  $(\$1,000,000 \times 0.55)/1000 = \$550.00$   
= \$45.83 paid monthly in arrears from her Account.

In summary:

Joan's insurance cover and premium will change to:

- ☐ \$318,000 Death & TPD insurance cover: \$337.08 p.a., plus
- ☐ \$1,000,000 Death Only cover Insurance premium: \$550.00 p.a. =
- ☐ Total = \$887.08 p.a., or  
= \$73.92 paid monthly in arrears from her Account.

**Note:** Please refer to the Smartsave Insurance Guide (for Ex-MAP Super members) for examples of Income Protection insurance premiums.

## Why continue to insure

There are still great benefits for members to hold insurance cover in their superannuation Account. As a member, you have access to group insurance cover rates, which are generally cheaper than retail insurance cover rates.

Another benefit of group insurance cover is that many of you were able to be automatically provided with a level of cover when you joined (subject to eligibility and commencement of cover terms).

There may also be cash flow or tax advantages because any payments for insurance premiums can come straight from your superannuation Account, rather than your take home, after-tax pay. It's still a convenient and easy way to manage your insurance.

## What do you need to do next?

The new premium (where applicable) will automatically apply and be deducted from your Account from the month commencing 1 October 2022, so you do not need to do anything.

However, you can request changes to your insurance cover, (opt in to retain your cover) or cancel (opt out) of your insurance cover at any time by logging in to your Account via the Smartsave Secure Online Portal:

*Click the FAQ/Forms tab to download:*

- ☐ the Insurance Guide (for Ex-MAP Super members) and find out more about your insurance,
- ☐ the form 'Opt In to retain or reinstate your insurance', or
- ☐ if you wish to change your insurance, complete a 'Insurance information update or variation' form.

*Click the Super tab/Insurance page:*

- review your insurance type and amounts, as well as consider your insurance options.

The Product Disclosure Statement and Insurance Guide (for Ex-MAP Super members) are available at <https://www.onesuper.com/funds/smartsave/>, or on the Secure Online Portal in your Account.

You should take the time to review your insurance cover on a regular basis, confirm your occupation is correct to the insurance premiums you are paying, or confirm your insurance cover remains appropriate if your circumstances change.

You can vary or cancel your cover at any time.

To ensure the insurance cover will meet your needs you may wish to speak to a licensed financial adviser and/or other professional as appropriate.



### **Need more information?**

The Product Disclosure Statement and Insurance Guide will provide a lot of the information you need, including types of insurance offered, transfer of insurance, conditions, exclusions, eligibility, and commencement of cover.

If you have specific questions about your insurance cover in the Fund, please phone us on 1300 654 720 or email us on [smartsave@onevue.com.au](mailto:smartsave@onevue.com.au) between 8.30 a.m. and 5.30 p.m. (Sydney time), Monday to Friday.

Yours sincerely,

**On behalf of the Trustee**

**Smartsave**

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