

Australian Ethical Super's Group Insurance Strategy

Our group insurance strategy is to provide our super members affordable and appropriate insurance cover which can help members plan for their future when unexpected life events occur. Our insurance options include:

- Death (including terminal illness)
- Total & Permanent Disablement (offered in conjunction with Death cover)
- Income Protection

The Trustee advocates on behalf of members and their families during the claim and underwriting process.

What you need to know

- Insurance objectives
- Our insurance principles
- Our claims philosophy

Our Insurance objectives

- Provide Default age-based Death and Total & Permanent Disablement (TPD) insurance automatically when a person reaches 25 years of age and has at least \$6,000 in their account, as required by superannuation legislation
- Allow members to obtain additional insurance to ensure they are covered for their specific circumstances – this includes increasing Default insurance, fixing their level of cover and allowing members to apply for Income Protection (IP)
- Provide a design which meets the basic needs of our members at an affordable cost¹
- Provide an easy cancellation process

¹ Default premiums are based on your level of cover, age, sex at birth and occupation category. For Fixed cover we take into consideration the level of cover, age, sex at birth, occupation category and smoking status.

Insurance Principles

Australian Ethical Super’s insurance strategy is as outlined below:

Insurance principles

Member demographics	In determining the type and levels of default cover appropriate for the Fund, we assess the Fund’s member demographics including age, gender and occupation category in order to gain an understanding of our membership profile.
The cost of insurance	Our aim is to: <ul style="list-style-type: none"> 1) Ensure the cost of default insurance premiums (in super) remain affordable to our members and does not exceed 1% of an estimated level of salary over the member’s lifetime to retirement and should not erode account balances. 2) Prevent members paying for a product which does not apply to their specific circumstances (this is known as cross subsidisation). This was achieved by basing premiums on age, sex at birth and occupation category to ensure fairness.
The appropriateness and sustainability of the insurance cover	We consider the appropriateness and sustainability of insurance arrangements by: <ul style="list-style-type: none"> 1) Reviewing the terms and conditions of the policy to ensure they are current and reflect broader industry expectations. 2) Making pricing decisions which do not have an adverse impact on members’ account balances whilst remaining competitive. 3) Encouraging feedback from members and advisers.
Accessibility	We recognise that members who experience some form of vulnerability may require additional support during the claims process. For this reason: <ul style="list-style-type: none"> 1) Communications are written in plain English. 2) We provide interpreting and translating services (if required). 3) We appoint an end-to-end case manager for claimants. 4) We accept claim documents by email, post or online via the member portal. 5) Online access to increase, decrease or cancel insurance.

Determining affordability

The default level of cover we provide to members is based on the guiding principle that the cost of Default cover should not exceed 1% of an estimated level of salary for our membership over the member’s lifetime (in super) to retirement and should not erode account balances.

The analysis undertaken indicated that the annual insurance expenditure on default sum insured cover scale does not exceed 1% of average salary across all member age cohorts in the default ‘Light Manual’ occupation category. Average salary is based on October 2019 fund membership data (insured members and uninsured members).

However, in the event of a sudden increase in premiums as a result of increased claims experience or external factors such as legislative changes, we would look to adjust the benefit design to achieve a return to affordability within 1% of the estimated salary.

We recognise that each member has different insurance and financial needs. For this reason, we offer flexibility to adjust levels of cover to suit their individual circumstances. This includes the ability to apply to increase their cover, and to reduce or cancel cover. Note – any increase to cover will be subject to medical screening.

Claims philosophy

Our claims philosophy is a representation of our core values.

We recognise that members who experience vulnerability may require additional support. Therefore, our claims philosophy has five (5) key elements:

- Assessment – assess claims quickly, efficiently and fairly.
- Guidance – provide empathy and understanding and make things as simple as possible by only asking details relevant to a claim.
- Skill and expertise – apply appropriately skilled and trained staff to the assessment of claims.
- Ownership and empowerment – ensure claims staff take ownership of their work and are empowered to make appropriate decisions at each stage of a claim.
- Decisions – make decisions and pay valid claims promptly.

Our claims philosophy aligns with our insurer, MetLife’s claims philosophy.

Group insurance for the Fund is provided by MetLife Insurance Ltd ABN 75 004 274 882, AFSL 238096. Australian Ethical Superannuation Pty Ltd (ABN 43 079 259 73, RSE Licence L0001441, AFSL 526055) is the Trustee of the Australian Ethical Retail Superannuation Fund (ABN 49 633 667 743, USI/SPIN AET0100AU)