

8. Insurance in your super

The information in this document forms part of the Product Disclosure Statement (PDS), dated 6 February 2012, for the LGS Accumulation Scheme. This document is dated 6 February 2012.

Basic death and Total and Permanent Disablement (TPD) cover

What you get

Local Government Super, through its Insurer, provides automatic cover for three units of basic death and TPD benefits for Full members of Division A who are At Work¹ upon commencement of employment with a Local Government employer. If you become an inactive Division A member and you had basic death and TPD insurance and are transferred to Division P then your insurance cover will continue whilst you continue to meet the terms and conditions of the insurance policy. There is no basic cover available to members who join Division P directly.

Eligibility for basic death and TPD cover

To be eligible for the cover you must be:

- a full member of the Scheme
- an Australian resident
- older than 15 years of age
- not older than 70 years of age or
- a person to whom the Insurer has agreed in writing to insure under the policy.

It is not compulsory to have basic death and TPD cover and you may cancel this in writing at any time.

How much does it cost?

Basic cover will cost \$15 per month and will be deducted directly from your account which will entitle you to three units of cover.

How much am I covered for?

The table on the next page shows the amount of basic cover available based on your age next birthday and three units of cover.

¹ At Work means the member is actively at work and competently performing all the essential duties of their usual occupation without restriction, or is on approved leave other than leave which is taken for reasons related to injury or illness; and who is not receiving or claiming and/or entitled to claim income support benefits from any source including workers' compensation benefits, statutory transport accident benefits and disability income benefits. If the member is not at work then the TPD cover will be subject to Limited cover conditions. Limited cover means a member is only covered for claims arising from an illness that first becomes apparent or an injury which first occurred on or after the date the cover commenced, recommenced or increased under the insurance policy for the member.

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Age next birthday	Amount of basic cover	Age next birthday	Amount of basic cover	Age next birthday	Amount of basic cover
Up to 35	\$345,000	47	\$94,800	59	\$23,400
36	\$345,000	48	\$77,700	60	\$18,900
37	\$323,700	49	\$65,100	61	\$16,200
38	\$323,700	50	\$60,300	62	\$14,100
39	\$323,700	51	\$59,400	63	\$11,700
40	\$302,100	52	\$56,400	64	\$11,700
41	\$276,000	53	\$51,900	65	\$9,600
42	\$233,100	54	\$47,100	66*	\$9,600
43	\$194,400	55	\$42,000	67*	\$9,600
44	\$159,900	56	\$37,500	68*	\$9,600
45	\$129,300	57	\$33,000	69*	\$9,600
46	\$112,200	58	\$28,500	70*	\$9,600

* Note Activities of Daily Living definition applies to TPD.

Do I have to have this basic death and TPD cover?

You have the option of cancelling this basic death and TPD cover at any time. If you cancel your basic cover, or if your cover is cancelled automatically, to have this cover reinstated at a later date, you will need to be assessed by the Insurer. However if the Insurer makes an assessment that loadings or any other conditions are to apply the cover will not be reinstated.

If your cover has been cancelled, you are still eligible to apply for voluntary insurance cover.

Cessation of basic cover

Basic cover will cease in the following circumstances:

- the date the policy terminates
- the date you cease to be a member of the Scheme
- the date you cease to be an insured person
- the date you reach age 70
- the date you die
- the date a benefit is paid on this policy
- a request is received from you by the Scheme to terminate your cover or
- 60 days after the full amount of premium owing has not been paid.

Application for an additional unit of basic death and TPD cover

If you are a new member and have basic cover you can apply for one additional unit of basic cover at a cost of \$5 per month. The value of one additional unit of cover is dependant on your age and is shown in the table on the next page.

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In order to be accepted for the additional unit you must:

- (a) provide a written application within 120 days of first becoming eligible to join the Scheme (the date you commence employment) and
- (b) you must be At Work on the date you submit your application.

Value of one additional unit of basic cover

Age next birthday	1 unit (\$) **	Age next birthday	1 unit (\$) **
Up to 35	115,000	53	17,300
36	115,000	54	15,700
37	107,900	55	14,000
38	107,900	56	12,500
39	107,900	57	11,000
40	100,700	58	9,500
41	92,000	59	7,800
42	77,700	60	6,300
43	64,800	61	5,400
44	53,300	62	4,700
45	43,100	63	3,900
46	37,400	64	3,900
47	31,600	65	3,200
48	25,900	66*	3,200
49	21,700	67*	3,200
50	20,100	68*	3,200
51	19,800	69*	3,200
52	18,800	70*	3,200

*Activities of Daily Living definition applies to TPD.

** Cost of 1 additional unit is \$5 per month.

Limited Cover conditions

If you join the Scheme within 120 days after the date on which you were first eligible for membership and you are not At Work then your TPD cover will be subject to limited cover² until you are At Work. If you applied for the additional unit of cover as described above and you are not At Work on the date you applied, then any death or TPD cover will be subject to limited cover until you are At Work.

If you join the Scheme more than 120 days after the date on which you were first eligible for membership you will receive full death cover if you are At Work on the date cover commences, otherwise your death cover is subject to limited cover conditions. Your TPD cover will be subject to limited cover conditions regardless of whether you are At Work. Limited cover conditions will continue until you:

- (a) have been an insured person for a period of at least 12 months after the cover most recently commenced or recommenced and
- (b) are At Work for ten consecutive days immediately prior to or after the end of the period referred to in (a) above.

² Limited cover means a member is only covered for claims arising from an Illness that first becomes apparent or an Injury which first occurred on or after the date the cover commenced, recommenced or increased under this policy for the member.

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Cover while on employer approved leave

Subject to the exclusions noted below an insured person will continue to be covered for basic cover during a period of employer approved leave subject to the policy conditions. Note that in the event that an insured person suffers TPD during the first 12 months of leave, the occupation followed before the leave was taken will be considered as the insured person's occupation for the purposes of the definition of TPD. However after the initial 12 months leave the definition of TPD will be limited to either (a), (b), (c) or (e) as outlined in the 'Definitions of TPD' section of this Fact Sheet.

World Wide Cover

All insured persons will be covered worldwide 24 hours a day, seven days a week, subject to the exclusions noted below.

General Exclusions

Note that a benefit will not be paid where an insured person's death, terminal illness or TPD is directly or indirectly caused by service in the armed forces of any national or international organization other than the Australian Armed Forces Reserve.

Note also that the Insurer may apply individual exclusions or restrictions on your cover.

Definitions of TPD

Depending on your class of membership, not all definitions of TPD will be applicable. The definitions for TPD are:

(a) Solely because of Illness or Injury you have suffered the permanent loss of:

- the use of two limbs (where 'limb' is defined as the whole hand below the wrist or the whole foot below the ankle)
- the sight in both eyes or
- the use of one limb and the sight in one eye

or

(b) Solely because of Illness or Injury you:

have suffered at least 25% Whole Person Impairment (based on the latest edition of the American Medical Association publication 'Guides to the Evaluation of Permanent Impairment', or an equivalent guide approved by us)

- are not engaged in any occupation and
- are disabled to such an extent as to render them unlikely to ever be engaged in any occupation for which you are reasonably suited by education, training or experience

or

(c) Solely because of Illness or Injury you are unlikely ever to be able to perform at least two of the following Activities of Daily Living without assistance from another person:

- Dressing – put on and take off clothing

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- Bathing – wash or shower
- Toileting – use of a toilet, including getting on and off
- Mobility – get in and out of bed and a chair
- Feeding – to get food from a plate into the mouth

or

(d) Where at the time of disablement, you were employed 15 or more hours per week³ (averaged over the 13 week period prior to the date of disablement or such shorter period if employed for less than 13 weeks immediately prior to the date of disablement) and are aged 65 or less;

- You have been absent as a result of an Illness or Injury from employment for 6 consecutive months and
- after consideration of all relevant evidence, the Insurer assesses that you are disabled to such an extent as to render you unlikely to ever again be engaged in any occupation for which you are reasonably suited by your education, training or experience

or

(e) Where at the time of disablement, you were not employed and were engaged in unpaid domestic duties at home:

- are as a result of Illness or Injury under the care of a Medical Practitioner
- are unable to perform those domestic duties
- are unable to leave their home unaided
- have not engaged in any gainful employment for a period of 6 consecutive months after the occurrence of the Illness or Injury and
- at the end of the period of six months, in the Insurer's opinion, after consideration of all relevant evidence you are disabled to such an extent as to render you unlikely to perform those domestic duties or engage in any gainful occupation.

Note that the Insurer also requires certification by at least two qualified medical practitioners that you can no longer be gainfully employed in a capacity for which you are reasonably qualified because of education, experience or training.

Terminal Illness Benefit

If you are an insured person with death cover in force and you become terminally ill⁴ the Insurer will pay you the sum insured that applies to your cover up to a maximum of \$2,500,000.

If the amount paid to you as a result of terminal illness is the whole sum insured then your cover will cease. However, if the amount paid is less than the whole sum insured, then cover will continue in force for the remainder of the sum insured subject to the conditions of the policy.

³The requirement to work 15 or more hours per week is waived for the following categories of Insured Persons;

- casual employees of a participating employer who had cover in force prior to 1 March 2009;
- full time and permanent part time employees of a participating employer.

⁴Terminally ill – means any condition that in the opinion of two appropriate specialist Medical Practitioners approved by the Insurer and having regard to the current treatment or other such treatment as the insured person may be reasonably expected to receive, is likely to lead to the insured person's death within 12 months from the date the condition is diagnosed as being terminal.

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How do I claim a TPD Benefit?

In order to claim for a TPD benefit you need to complete an 'Application for Payment - Basic Invalidation Benefit' form available from our Member Services team. The Insurer will then assess your application based on whether you meet the relevant definition of TPD as outlined in this Fact Sheet. You should lodge any application for TPD as soon as possible so as to ensure that the assessment process can be carried out in a timely manner.

Voluntary insurance cover

If you would like cover in addition to your basic cover or are an Optional Member or Personal Member who would like insurance cover, the Scheme offers additional insurance cover which is underwritten by TAL (previously known as TOWER Australia Limited), on competitive rates and terms.

There are three types of voluntary cover offered through the Scheme which are briefly described here. For more detailed information, please refer to the Voluntary Insurance booklet available from the LGS website or Member Services.

Lump sum death benefit

You may apply for any amount of cover in \$10,000 multiples, with a minimum amount of cover of \$50,000. The maximum amount of death cover you can have from this benefit is unlimited.

The Terminal illness benefit also applies to you if you have death cover.

Lump Sum Death and Total and Permanent Disablement (TPD)

You may apply for any amount of cover in \$10,000 multiples, with a minimum amount of cover of \$50,000 and a maximum of \$3,000,000 (where the maximum takes into account your current basic insurance coverage).

Salary continuance benefit

You may apply for any amount of cover in \$1,000 per month multiples, with a minimum amount of cover of \$1,000 per month and a maximum of \$25,000 per month.

In the event of a claim the highest level of salary continuance benefit that you can receive if you are disabled (regardless of how much cover you have) is 84% of your monthly salary (75% paid as income and 9% as superannuation contributions).

The benefit is available for either a two year period, or until age 65. You can nominate the waiting period as either 30, 60 or 90 days.

What are the insurance costs?

The cost depends on the amount of cover you have, your age, gender, occupational classification and any loadings to your premium applied by the Insurer. Premiums are deducted monthly from your account.

The premium rates and method of calculation are set out in the Voluntary Insurance fact sheet. You can go to our website insurance calculator to determine the premiums that may be payable for your cover.

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When does cover commence?

Voluntary cover commences from the date the Insurer accepts your application for cover. Accident cover will be provided from the time the Insurer receives your application until the earlier of the Insurer's decision in respect of the application or the expiration of 90 days.

Specific Exclusions

For death, terminal illness and TPD no benefit shall be payable on the voluntary insurance, where the claim arises directly or indirectly from any of the following:

- (a) suicide within the first 13 months after the commencement or reinstatement of cover
- (b) TPD as a result of an intentional self inflicted act or intentional self-inflicted injury or
- (c) any event in respect of which the Insurer has placed an individual exclusion on cover.

For Salary Continuance, claims arising directly or indirectly from the following causes will be excluded:

- An intentional self-inflicted act or injury
- Uncomplicated pregnancy or childbirth and
- War or acts of war, whether declared or not.

Other terms and conditions

The same rules that apply to basic cover also apply to voluntary cover for cover while on employer approved leave, worldwide cover, and cessation of cover. Full details are set out in the Voluntary Insurance fact sheet and the insurance policy.

Duties and obligations - Insurance Contracts Act 1984

The Trustee has a duty of disclosure when entering into the group life insurance policy with our Insurer. As a condition of participation in LGS you have a similar disclosure obligation to the Trustee. References below to 'you' and 'investor' therefore encompass your application for insurance to the Trustee under LGS.

Duty of disclosure

Before you enter into a contract of life insurance with the Insurer, you have a duty under the Insurance Contracts Act 1984, to disclose to the Insurer every matter that you know, or could reasonably be expected to know, that is relevant to the Insurer's decision whether to accept the risk of insurance and if so, on what terms.

You have the same duty to disclose these matters to the Insurer before you extend, vary or reinstate a contract of life insurance. However, your duty does not require disclosure of a matter:

- That diminishes the risk to be undertaken by the Insurer
- That is common knowledge
- That your Insurer knows, or ought to know, in the ordinary course of its business and
- Where your duty is waived by the Insurer.

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Non-disclosure

If you fail to comply with your duty of disclosure and the Insurer would not have entered into the contract on any terms if the failure had not occurred, the Insurer may void the contract within three years of entering into it. If your non-disclosure is fraudulent, the Insurer may void the contract at any time.

An Insurer who is entitled to void a contract of life insurance may, within three years of entering into it, elect not to void it but to reduce the sum that you have been insured for in accordance with a formula that takes into account the premium that would have been payable if you had disclosed all relevant matters to the Insurer.