



# Insurance

## Who should read this?

Members who want information about death, total and permanent disability (TPD) and income protection (IP) insurance.

## What you should know upfront

It is important that you read the disclaimer at the end of this fact sheet. Before making any decisions, please read the **PSSap Product Disclosure Statement (PDS)** or the **PSSap insurance transition letter** (whichever is applicable) and consider seeking advice from a licensed professional such as a financial planner, accountant or solicitor.

## Why should I have Death, TPD and IP cover?

Insurance can help you protect your current lifestyle and provide for your family in the event of your sickness, disablement, injury or death.

## What you're covered for

### Death and TPD

- > Protects you or your family in the event of your death or if you become totally and permanently disabled.
- > You or your family receives a lump sum payment on your death or TPD.

### Income protection

- > Gives you a temporary income when you are temporarily unable to work.
- > Gives you a monthly benefit based on a percentage of your base annual salary.

## Is cover automatic?

You will automatically receive basic death, TPD and IP cover (with a two year maximum benefit period for your IP cover) from the date you start your new job. You can change your level of your death and TPD cover, vary the waiting period for your IP cover, or opt out of IP cover at any time.

## What income protection cover do I have now?

The amount you are insured for (default cover) is 75% of your base annual salary, with a 90-day waiting period, up to a \$12,000 monthly benefit.

## What death and TPD do I have now?

From 1 March 2010 we changed our insurance arrangements. Now your level of Basic death and TPD cover (the amount of cover you automatically get if you are under 65) will vary (and change automatically) depending on your age (see table 1). We've done this because the amount of cover you need generally depends on your age.

We wrote to let you know that if your level of cover (insured amount) before 1 March was:

- > greater than our new Basic cover would keep you on your existing level of cover. This is now known as Fixed cover which stays at the same level of cover\* but as you get older your premiums increase.

- > less than our new Basic cover would give you the higher Basic cover (subject to you meeting the 'at work' requirements#).
- > death and TPD cover 2 (unitised) or your cover had special terms and conditions you would stay on your existing level of cover and it would become Fixed cover until you reached age 60\*.

If you received higher coverage, we gave you the option to opt out and go back to your old level of cover within 60 days. If you opted out within this period we will credit back to your PSSap account any difference between the premiums you paid for the higher cover and the premiums for your old cover in this period.

If you opt out after the 60 day period we will backdate and credit premiums to your PSSap account from the date we receive your notice to opt out.

\*From age 61, the TPD fixed amount will reduce linearly at each birthday to reach zero at age 70.

# If you do not meet these requirements, you will only have 'new events cover' until you return to your normal duties after three months. For you not to be 'at work' means that you are employed but not 'at work' due to sickness or injury.

## What are the definitions for TPD?

Different definitions of TPD will apply depending on your age and the average hours per week for which you are employed in the 13-week period immediately before the last day you are at work, before disablement leading to you making a claim.

TPD definition	
<b>15 hours or more per week and under age 65</b>	<p>a. The insured member, while insured under the policy, has suffered the total and irrecoverable loss of the:</p> <ul style="list-style-type: none"> <li>&gt; sight of both eyes</li> <li>&gt; use of two limbs</li> <li>&gt; sight of one eye and use of one limb.</li> </ul> <p>or</p> <p>b. The insured member, while insured under the policy, as a result of injury, sickness or disease:</p> <ul style="list-style-type: none"> <li>&gt; has not performed any work for an uninterrupted period of at least six consecutive months solely due to the same injury, sickness or disease</li> <li>and</li> <li>&gt; is attending a registered medical practitioner and has undergone all reasonable and usual treatment including rehabilitation of the injury, sickness or disease</li> <li>and</li> <li>&gt; after consideration of all medical and such other evidence as AIA Australia may need, has become incapacitated to such an extent as to render the insured member unlikely ever to be able to engage in his or her own occupation and any occupation for which he or she is reasonably suited by education, training or experience.</li> </ul>
<b>Less than 15 hours per week or aged 65 or over</b>	<p>a. The insured member, while insured under the policy, has suffered the total and irrecoverable loss of the:</p> <ul style="list-style-type: none"> <li>&gt; sight of both eyes</li> <li>&gt; use of two limbs</li> <li>&gt; sight of one eye and use of one limb.</li> </ul> <p>or</p> <p>b. Having been for a period of six consecutive months after the occurrence of the illness, accident or injury, the member is continuously, totally and permanently unable to perform at least two of the following activities of daily living as certified by a registered medical practitioner:</p> <ul style="list-style-type: none"> <li>&gt; Bathing – the ability to wash themselves, either in the bath, or shower or by sponge bath without the standby assistance of another person</li> <li>&gt; Dressing – the ability to put on and take off all garments and medically necessary braces or artificial limbs usually worn, and to fasten and unfasten them without standby assistance of another person</li> <li>&gt; Eating – the ability to feed themselves once food has been prepared and made available, without the standby assistance of another person</li> <li>&gt; Toileting – the ability to get to and from and on and off the toilet without the standby assistance of another person and the ability to manage bowel and bladder functions through use of protective undergarments or surgical appliances (if appropriate)</li> <li>&gt; Transferring – the ability to move in and out of a chair without the standby assistance of another person.</li> </ul>

## What is income protection?

Income protection is an income stream paid monthly which covers up to 75% of your salary for a period of up to two years (or to age 65 if earlier) when you are unable to work due to disability caused by sickness or injury. The maximum benefit period payable for non-ongoing (contract) employees will be the lesser of two years or the term of your contract. A waiting period of either 30, 60, 90, 120 or 180 days will also apply depending on what you choose.

Benefits will not be paid until the waiting period passes. The default waiting period is 90 days unless AIA Australia has accepted your election to reduce this.

The waiting period starts when you first consult a medical practitioner about the condition that caused you to be totally (or partially) disabled and unable to work.

## What type of benefits are payable?

There are two types of benefits that are payable.

### Total disability

The total disability benefit is payable if you are unable to work and you are totally disabled for longer than the waiting period. This benefit is the full monthly benefit, subject to any payments you receive from other sources.

Total disability means that, you must, due to injury or sickness:

- > be unable to perform one or more >>important duties\* of your occupation
- > remain under the regular care, attendance and follow the advice of a registered medical practitioner in relation the sickness or injury

and  
not be engaged in any occupation >>(whether or not for reward).

\*An important duty is one that involves 20% or more of the insured's overall tasks.

### Partial disability

If you have been assessed as being partially disabled beyond the end of the waiting period and you have been totally disabled for at least 10 out of 14 consecutive days during this period, a partial disablement benefit will be payable. This benefit may be a proportion of the full monthly benefit.

Partially disabled means that, you must, due to injury or sickness:

- > be unable to perform one or more important duties of your own occupation
- > be capable of working (whether or not for reward)
- > be earning a monthly income which is less than your pre-disability income
- > remain under the regular care, attendance, and follow the advice of a registered medical practitioner in relation to the injury or sickness.

**Table 1: Cover for death and TPD for PSSap members**

Age next birthday	Minimum basic cover	Basic cover	Maximum basic cover	Age next birthday	Minimum basic cover	Basic cover	Maximum basic cover
16-27	\$50,000	\$150,000	\$225,000	50	\$7,000	\$168,500	\$252,750
28	\$50,000	\$200,000	\$300,000	51	\$7,000	\$157,500	\$236,250
29	\$50,000	\$200,000	\$300,000	52	\$7,000	\$145,000	\$217,500
30	\$50,000	\$250,000	\$375,000	53	\$7,000	\$133,500	\$200,250
31	\$50,000	\$250,000	\$375,000	54	\$7,000	\$122,500	\$183,750
32	\$50,000	\$250,000	\$375,000	55	\$7,000	\$107,500	\$161,250
33	\$50,000	\$250,000	\$375,000	56	\$7,000	\$97,500	\$146,250
34	\$50,000	\$250,000	\$375,000	57	\$7,000	\$87,500	\$131,250
35	\$35,000	\$250,000	\$375,000	58	\$7,000	\$75,500	\$113,250
36	\$35,000	\$250,000	\$375,000	59	\$7,000	\$65,500	\$98,250
37	\$35,000	\$250,000	\$375,000	60	\$7,000	\$55,500	\$83,250
38	\$35,000	\$250,000	\$375,000	61	\$7,000	\$45,500	\$68,250
39	\$35,000	\$250,000	\$375,000	62	\$7,000	\$35,500	\$53,250
40	\$20,000	\$250,000	\$375,000	63	\$7,000	\$25,000	\$37,500
41	\$20,000	\$250,000	\$375,000	64	\$7,000	\$15,000	\$22,500
42	\$20,000	\$250,000	\$375,000	65	\$7,000	\$12,500	\$18,750
43	\$20,000	\$250,000	\$375,000	66	\$7,000	\$12,500	\$18,750
44	\$20,000	\$250,000	\$375,000	67	\$7,000	\$12,500	\$18,750
45	\$14,000	\$235,000	\$352,500	68	\$7,000	\$12,500	\$18,750
46	\$14,000	\$220,000	\$330,000	69	\$7,000	\$12,500	\$18,750
47	\$14,000	\$205,000	\$307,500	70	\$7,000	\$12,500	\$18,750
48	\$14,000	\$192,500	\$288,750				
49	\$14,000	\$180,000	\$270,000				

## How are premiums calculated?

### Death and TPD cover

Premiums are based on your level of cover and age at next birthday (see table 1 and also see the premium tables in the PSSap PDS at [www.pssap.gov.au](http://www.pssap.gov.au) under **Forms and publications**).

#### Example 1

John's 41 next birthday when he joins PSSap after 1 March 2010. His death and TPD level of cover allocated according to his age is \$250,000.

The annual premium John pays for his cover is, according to age next birthday,

$$0.94 \times 250,000/1,000 = \$235.00$$

$$\text{Monthly premium} = \$235.00/12 = \$19.58$$

#### Example 2

Sally's age next birthday when she joins PSSap (after 1 March 2010) is 20. The death and TPD level of cover according to her age would be \$150,000.

Sally has assessed her needs and realises she actually needs death and TPD of \$225,000. This amount is Sally's Maximum basic cover for her age.

The annual premium she pays for her cover is, according to her age next birthday,

$$0.44 \times 225,000/1,000 = \$99.00.$$

$$\text{Monthly premium} = \$99.00/12 = \$8.25.$$

## Income protection cover

You can:

- > reduce the amount of the monthly benefit payable to you from 75% to 50% of your base annual salary
- > change the waiting period for your income protection cover. You can reduce the waiting period to 30 or 60 days (subject to underwriting and acceptance by AIA Australia) or to increase the waiting period to 120 or 180 days.
- > opt out of income protection cover altogether

Use the PSSap insurance variation form and AIA personal statement (where applicable) at [www.pssap.gov.au](http://www.pssap.gov.au).

## Income protection

Your premium is based on your age next birthday and level of cover. See the premium tables in the PSSap PDS at [www.pssap.gov.au](http://www.pssap.gov.au) under Forms and publications.

### Example 3

Jessica is 36 next birthday (after joining the PSSap after 1 March 2010). Her default income protection is 75% of her base annual salary with a 90-day waiting period and a two year benefit period. Her base annual salary is \$60,000.

Therefore, Jessica's annual benefit is 75% x \$60,000 = \$45,000 and monthly benefit is \$3,750.

The annual premium she pays based on her age next birthday,

$$\$3,750 \text{ per month}/100 \times \$1.85 = \$69.38$$

$$\text{Monthly premium is } \$69.38/12 \text{ months} = \$5.78 \text{ per month.}$$

## How much cover do I need?

Everyone's insurance needs are different. Basic cover is designed to give adequate cover for the needs of the average person at different stages in their life. However, your needs may be different. Some of the things you should consider when deciding how much cover you need include:

- > any debts you may have
- > your family's living costs and earning capacity if you were no longer able to earn an income
- > the savings and assets you have.

## What happens to my cover if I go on leave without pay?

This will depend on how long you will be on leave. You are covered for the first 12 months of your leave without pay but you need to apply in writing to have that cover extended beyond 12 months. Our insurer, AIA Australia, will assess your application and determine whether to extend your cover.

## What happens to my cover if I go on an overseas posting?

If premiums continue to be paid, both death, TPD and IP cover will continue automatically for an unlimited period of time where an insured member travels, is seconded or posted overseas. But no applications may be made to increase cover.

## What is my cover if I am a former PSS member?

If you chose to cease PSS membership and moved to the PSSap you will receive the default cover which you are entitled to, however, a number of special conditions apply:

- > If you had additional death and invalidity cover in the PSS, you cannot transfer this cover to the PSSap but you can 'top up' your PSSap default Basic cover by applying for additional cover if you wish (subject to underwriting – see Changing your cover).
- > Your default cover will be 'limited cover' for the first 12 months of membership. Full cover will not be available within the initial 12 month period and you must satisfy the 'at work' criteria for a consecutive three month period. The three consecutive months can commence in the last three months of the 12 month limited cover period.

## Who pays the premiums and when?

Your premiums are deducted from your PSSap account at the end of each calendar month.

## Are there any exclusions to my cover?

Yes. No benefit is payable by the insurer for claims arising as a result of any of the following. No benefit will be paid for death or TPD:

- > caused by active service in the armed forces of any country or international organisation
- or
- > as a result of any intentional, self-inflicted act, whilst either sane or insane, within 13 months from the date of acceptance of any underwritten cover.

No income protection benefit will be paid for any of the following:

- > any intentional self-inflicted injury or attempted suicide or self-destruction while sane or insane
  - > uncomplicated pregnancy, childbirth or miscarriage
  - > any injury or illness resulting from active service in the armed forces of any country or international organisation
- or
- > war or act of war (whether declared or not).

## Is my family covered?

No, only you are covered. However, you can nominate family members to be your beneficiaries upon your death. Please see the Beneficiary nomination fact sheet.

## Changing your cover (for all members)

### Death and TPD cover

You can apply to change your death and TPD cover at any time. See the table below to see what changes you can make and how you can apply to make the change. All forms are available at [www.pssap.gov.au](http://www.pssap.gov.au) under **Forms and publications**.

Type of change	Your options	Form you need to fill out	Underwriting assessment from insurer?
Increase your cover to Maximum basic cover (if you joined the PSSap from 1 March 2010)	You can increase to the Maximum basic cover (for your age) within 60 days of the date of your welcome letter (see table 1). If you are under 61 you can apply to increase your cover to a fixed amount (Fixed cover)*.	PSSap insurance variation form	No – if you increase your cover up to the Maximum basic cover within 60 days of your welcome letter date and you are 'at work' at the time of applying for this increase.
Increase your cover (if you joined the PSSap from 1 March 2010)	You can apply to increase your cover at any time onto either the Basic cover, Maximum basic or to a fixed amount (Fixed cover)*.	PSSap insurance variation form AIA personal statement / members declaration	Yes – if any of these apply: <ul style="list-style-type: none"> <li>&gt; you increase your cover</li> <li>&gt; your increase occurs 60 days after your PSSap welcome letter date</li> <li>&gt; you increase your cover more than once within 60 days of your welcome letter.</li> </ul>
Increase your cover (if you joined the PSSap before 1 March 2010)	You can apply to increase your cover at any time onto either the Basic cover, Maximum basic or to a fixed amount (Fixed cover)*.	PSSap insurance variation form AIA personal statement / members declaration	Yes
Decrease your cover (all members)	You can decrease your cover to any amount equal to or higher than the Minimum basic cover (for your age) (see table 1). If you are under 61 you can decrease your cover to a fixed amount (above Minimum basic cover for your age) (see table 1).	PSSap insurance variation form	No
Switch from Minimum basic cover, Basic cover or Maximum basic to Fixed cover (all members)	If you are on Minimum basic cover, Basic cover or Maximum basic cover and are under 61* you can apply to fix your cover at that level at any time.	PSSap insurance variation form	No
Switch from Fixed cover to Basic cover (all members)	You can switch back to Maximum basic cover or Minimum basic cover from Fixed cover if your current level of Fixed cover is greater than or equivalent to the Basic cover applicable to your age at any time.	PSSap insurance variation form	No

\*From age 61, the TPD fixed amount will reduce linearly at each birthday to reach zero at age 70.

## Key Terms

### At work

‘At work’ means:

- > you are engaged in your normal duties and work hours, without limitation or restriction due to sickness or injury and are working normal hours on the day cover starts and
- > you are not in receipt of and/or entitled to, claim income support benefits from any source including workers compensation benefits, statutory transport accidents and disability income benefits.

### Limited cover

‘Limited cover’ means that, during the period in which limited cover applies:

- > you are only covered for events or conditions occurring after your cover commences and
- > no benefits will be payable for death or disability as a result of a self-inflicted injury or suicide.

### New events cover

New events cover is cover that excludes any medical condition, or any directly or indirectly related condition arising from sickness or injury, which has caused you not to be ‘at work’ on the date cover or increased cover commences. Among other things, new events cover may be applicable to you if you are working in a reduced capacity and/or on a reduced salary due to a sickness or injury.

## What documents are required to prove death, TPD, IP or terminal illness claims?

### Death claims

The insurer requires the following information and documentation to assess your death claim:

- > certified copy of the birth certificate of the deceased
- > certified copy of the death certificate of the deceased
- > coroner’s report (if applicable)
- > certified copy of the deceased member’s Will or letters of administration
- > certified copy of Probate or Letters of Administration (if estate more than \$50,000) and you do not have a valid nominated beneficiary

- > certified copy of the birth certificate(s) of the nominated beneficiaries (if you have nominated beneficiaries).

You need to be aware that further information, including an **Employer statement form**, may be requested at any time during the assessment of a claim by AIA Australia.

### TPD claims

The insurer requires the following information and documentation to assess your TPD claim:

- > Total and permanent disablement claim form (which includes a Medical attendant’s statement and a Privacy statement)
- > **Employer statement form**
- > certified proof of age (e.g. a driver’s licence or a passport)
- > CV or resume.

You need to be aware that further information may be requested at any time during the assessment of a claim by AIA Australia.

PSSap will be your point of contact for all enquiries about your claim.

### IP claims

The insurer requires the following information and documentation to assess your IP claim:

- > Income protection claim form (including Medical attendant’s statement and a Privacy statement)
- > Tax File Number declaration form
- > certified proof of age (e.g. a driver’s licence or a passport)
- > EFT authority form.

Your employer will need to provide:

- > **Employer statement form**
- > leave and pay history (last 12 months).

You need to be aware that further information may be requested at any time during the assessment of a claim by AIA Australia. PSSap will be your point of contact for all enquiries regarding your claim.

For more information on making an IP claim see the **Income protection claims** fact sheet at [www.pssap.gov.au](http://www.pssap.gov.au).

### Terminal illness claims

AIA Australia requires the following information and documentation to assess your terminal illness claim:

- > terminal illness claim form which includes a Medical attendant’s statement and Privacy statement.

## Disclaimer

The information given is a summary only of PSSap's insurance arrangements with AIA Australia and the benefits offered. The provision and availability of insurance benefits is governed by the policies of insurance between the PSSap and AIA Australia and is subject to terms and conditions.

## Where can I get more information?

Read the **PSSap Product Disclosure Statement**

**EMAIL** [members@pssap.gov.au](mailto:members@pssap.gov.au)

**PHONE** 1300 725 171

**FAX** 1300 662 406

**MAIL** PSSap  
PO Box 22  
Belconnen ACT 2616

**WEB** [www.pssap.gov.au](http://www.pssap.gov.au)