

Policy Statement

Death and Disability Cover (Super Saver – Division B)

Approved by: CEO
Issue Date: 31 January 2001
Amendment Date: 28 October 2006

1. Overview

Subject to certain conditions, limitations and exclusions, Super Saver provides death and total and permanent disability cover to its membership on a 'self-insurance' basis. This document sets out rules governing the terms and conditions of that cover.

In the event of any conflict between these Rules and the Trust Deed, the Trust Deed will prevail.

2. Definitions

For the purpose of these Rules, the following definitions apply:

"Automatic Cover" means cover given under sub-rule 3(c) and 3(d);

"Auto-acceptance Cover" means cover given under sub-rule 3(e);

"Application Cover" means any cover that is not Automatic Cover or Auto-acceptance Cover (see sub-rule 4);

"Casual Employee" means a casual employee as defined by the relevant award determinations or an employee deemed by the Trustee to be a casual employee;

"Continuation Member" means a member who has ceased employment with an Employer but continues membership of the Fund but does not continue to use the Fund for Superannuation Guarantee contributions;

"Date of Disablement" means the date of Final Termination of employment or such later date as the Trustee determines;

"Disability":

- (1) for SG Members means, the inability of the Member due to a continuing or recurring injury, disease or infirmity to perform his or her duties or any other duties for which he or she is suited by education, training or experience or for which he or she would be suited as a result of retraining, as determined by the Trustee on the basis of reports provided by at least two legally qualified medical practitioners appointed by the Trustee; and
- (2) for Continuation Members, means when the Member suffers an injury or sickness and, because of that injury or sickness, the Trustee determines on the basis of reports provided by at least two legally qualified medical practitioners appointed by the Trustee, that the Member is permanently unable to perform at least two of the five "activities of daily living" listed below, without assistance:
 - i. Bathing/showering;

- ii. Dressing/undressing;
- iii. Eating/drinking;
- iv. Using the toilet to maintain personal hygiene;
- v. Getting in and out of bed, a chair, a wheelchair or moving from place to place by walking, a wheelchair or with a walking aid.

"Employer" means an employer who has entered into a Participation Agreement with the Fund or has chosen the Fund as the employer's 'default fund' under the SG Act;

"Final Termination" means termination of employment of a Member with an employer after which the Member is no longer employed by any employer;

"Fund" means the Local Authorities Superannuation Fund;

"Maximum Cover Factor" means, at any particular date, the factor linked to the Member's age at that date, determined from Schedule A;

"Month" means calendar month;

"Non-Casual Employee" means an employee who is not a Casual Employee;

"Quarter" means any one of the three-month periods ending March 31, June 30, September 30 or December 31;

"Salary" means, in relation to an employee, the ordinary time earnings of that employee in respect of which Superannuation Guarantee contributions are being, or will be, made to the Fund, but in the case of an employee who receives non-cash emoluments as part of his or her remuneration package, includes the value of those emoluments to the extent that the member has the right to convert those emoluments to cash, and in the case of a part-time employee means the full-time equivalent of that employee's Salary;

"SG Act" means Superannuation Guarantee (Administration) Act 1992;

"SG Member" means an Employed Member with a Super Saver account, in respect of whom Superannuation Guarantee contributions are made by the Employer;

"Superannuation Guarantee contributions" means contributions made to avoid a shortfall under the SG Act;

"Trust Deed" means the Local Authorities Superannuation Fund Trust Deed;

"Trustee" means the Trustee of the Local Authorities Super Fund.

3. Automatic Cover and Auto-acceptance Cover

- a. For the purposes of this rule, "eligible person" excludes a Continuation Member but includes an SG Member except:
 - i. an SG Member who is a Casual Employee;
 - ii. an SG Member who has joined the Fund by switching fund after the commencement of employment as a result of making a choice of fund under the SG Act;
 - iii. an SG Member whose Employer does not have the Fund as its 'default fund' under the SG Act; and

- iv. an SG Member whose Employer has less than 80% of its employees as members of the Fund.
- b. If an SG Member who is a Casual Employee becomes a Non-Casual Employee, and the Non-Casual Employee's Employer has nominated the Fund as the employer's 'default fund' under the SG Act, the person is an "eligible person" for the purposes of this rule.
- c. An eligible person must be actively at work and not absent for reasons of sickness, accident or injury on the date of commencement of employment or the date of change of status to a Non-Casual Employee to qualify for Automatic Cover.
- d. An eligible person shall automatically be given two units of cover on commencement of employment, or on changing status from being a Casual Employee to a Non-Casual Employee. If the eligible person already has cover, the maximum cover provided under this sub-rule shall be two units.
- e. An eligible person may, after the acceptance by the Trustee of the application for membership of the eligible person, elect to be given up to one additional unit of cover provided that the election is received by the Trustee within three months of commencement of employment, or on changing status from being a Casual Employee to a Non-Casual Employee. The additional unit of cover shall commence from the date the election is received by the Trustee.
- f. No person entitled to cover under this Rule shall be required to provide evidence of health or statements of medical history before cover is provided.
- g. A Non-Casual Employee who becomes a Casual Employee does not forfeit accrued units by virtue of becoming a Casual Employee.
- h. For the purposes of this rule, "commencement of employment" is deemed not to include re-employment which occurs within 30 days of cessation of prior employment, or re-employment where a contract of employment with the new employer has been entered into prior to the giving of notice to the previous employer.

4. Application Cover

- a. Application Cover shall only be provided following application by the Member, which must be supported by such medical evidence or statements by the Member as determined by the Trustee. The Trustee may in its absolute discretion decline the application or accept the application subject to any limitations or exclusions as the Trustee sees fit. The Trustee shall not be bound in its consideration of an application by the acceptance of any previous application or any conditions, limitations or exclusions imposed thereon.
- b. Application Cover shall commence from the date the application is approved by the Trustee, and if the Member was absent from work by reason of illness or injury on the date the application was signed, Application Cover shall not commence until the Member returns to active employment performing their normal duties.

5. Amount of Cover and Premiums

- a. The amount of cover per unit at any date, is to be determined from [Schedule A](#) by reference to the Member's age at his or her birthday immediately prior to that date.
- b. The premium for cover is \$1.00 per unit, and \$0.50 per half unit, per week. Premiums will not be reduced where the Trustee has placed exclusions on cover,

and will not be increased to effect cover for a condition otherwise excluded. The premium shall be calculated on a daily basis and deducted from Members' accounts quarterly in arrears. Premiums in respect of any unit of cover shall commence from the date that cover commences and shall cease from:

- i. Where the Member elects to cancel a unit of cover, from the date the election is received by the Trustee;
 - ii. Where the Member has finally terminated, from the date of the final termination;
 - iii. When the Member's account balance is zero;
 - iv. When the Member attains the age at which cover is nil.
- c. The Maximum number of units that can be granted cannot exceed \$875,000 and will be the greater of:
- i. 10 units of cover, or
 - ii. the Member's salary multiplied by the maximum cover factor as determined by reference to the member's age as shown in Schedule A.
- d. Premiums and level of cover are reviewed every two years and are subject to change.

6. Exclusions and Limitations

- a. Notwithstanding anything to the contrary in these Rules, if during the first two years of membership, a Member dies or suffers a disability as a direct result of a medical condition, which in the opinion of the Trustee, after obtaining the advice of a medical practitioner, existed prior to commencement of membership the Member has no cover under these Rules.
- b. The Trustee may, in respect of Application Cover only, exclude from cover death or disability arising from a condition or conditions specified by the Trustee on approval of the application. The Trustee may in its absolute discretion remove an exclusion on application by the Member. The Trustee may require such statements or medical reports as it sees fit in relation to such an application, and all such information is to be provided by and at the expense of the Member.
- c. The Trustee may, in respect of Application Cover only, decline a claim if, in the opinion of the Trustee, the death or disability occurred wholly or partly as a consequence of suicide or intentional self injury, or of war, terrorist or similar activity.
- d. Cover will not be provided to any person in respect of whom a claim has previously been paid from the Fund or under these Rules.

7. Cessation of Cover

- a. Any unit(s) of cover ceases at the earliest of the following:
 - i. On receipt of the Member's written request to cancel their cover;
 - ii. If, at the commencement of a Quarter, the opening balance is insufficient to cover the cost of premiums due for that Quarter, at the end of that Quarter;
 - iii. Where a member elects to use another fund as their superannuation fund for future Superannuation Guarantee contributions;
 - iv. When a member attains sixty-five years of age.
- b. Where a member decides to voluntarily cancel some units of cover, the most recently accepted units will be the first to be cancelled.

8. Continuation of Cover

Cover will continue for an employee who ceases employment with an Employer for a period of one hundred and twenty days until one of the following occurs:

- i. A member cancels his or her cover at any time.
- ii. A member becomes an SG Member, and premiums and cover continues on the same terms and conditions.

If a member does not become an SG Member, the cover and premiums will be maintained but the member will only become eligible for Death benefits and Disability Benefits for Continuation Members.

9. Payment of claims

On approval by the Trustee of a death or disability claim, there will be payable the balance of the Member's account plus the insurance cover calculated as at the date of death or the Date of Disablement.

Benefits in respect of death or disability will be calculated under the death and disability scales in force as at the date of death or the Date of Disablement.

10. Communications

Members will be notified of their cover in writing:

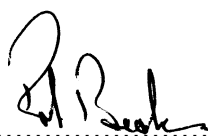
- on their Member statement; or
- whenever an alteration is made to their cover.

Schedule A:

See next Page

Schedule A:

Age	Cover for 1 Unit	2 Units	3 Units	4 Units	5 Units	Maximum Cover Factor
30 or less	\$87,500	\$175,000	\$262,500	\$350,000	\$437,500	7.0
31	\$87,500	\$175,000	\$262,500	\$350,000	\$437,500	6.8
32	\$87,500	\$175,000	\$262,500	\$350,000	\$437,500	6.6
33	\$87,500	\$175,000	\$262,500	\$350,000	\$437,500	6.4
34	\$87,500	\$175,000	\$262,500	\$350,000	\$437,500	6.2
35	\$87,500	\$175,000	\$262,500	\$350,000	\$437,500	6.0
36	\$87,500	\$175,000	\$262,500	\$350,000	\$437,500	5.8
37	\$87,500	\$175,000	\$262,500	\$350,000	\$437,500	5.6
38	\$87,500	\$175,000	\$262,500	\$350,000	\$437,500	5.4
39	\$84,500	\$169,000	\$253,500	\$338,000	\$422,500	5.2
40	\$76,000	\$152,000	\$228,000	\$304,000	\$380,000	5.0
41	\$67,800	\$135,600	\$203,400	\$271,200	\$339,000	4.8
42	\$59,200	\$118,400	\$177,600	\$236,800	\$296,000	4.6
43	\$51,800	\$103,600	\$155,400	\$207,200	\$259,000	4.4
44	\$45,600	\$91,200	\$136,800	\$182,400	\$228,000	4.2
45	\$39,700	\$79,400	\$119,100	\$158,800	\$198,500	4.0
46	\$34,700	\$69,400	\$104,100	\$138,800	\$173,500	3.8
47	\$30,400	\$60,800	\$91,200	\$121,600	\$152,000	3.6
48	\$26,900	\$53,800	\$80,700	\$107,600	\$134,500	3.4
49	\$23,500	\$47,000	\$70,500	\$94,000	\$117,500	3.2
50	\$20,500	\$41,000	\$61,500	\$82,000	\$102,500	3.0
51	\$17,600	\$35,200	\$52,800	\$70,400	\$88,000	2.8
52	\$15,200	\$30,400	\$45,600	\$60,800	\$76,000	2.6
53	\$13,300	\$26,600	\$39,900	\$53,200	\$66,500	2.4
54	\$11,400	\$22,800	\$34,200	\$45,600	\$57,000	2.2
55	\$ 9,800	\$19,600	\$29,400	\$39,200	\$49,000	2.0
56	\$ 8,700	\$17,400	\$26,100	\$34,800	\$43,500	1.8
57	\$ 7,700	\$15,400	\$23,100	\$30,800	\$38,500	1.6
58	\$ 6,800	\$13,600	\$20,400	\$27,200	\$34,000	1.4
59	\$ 6,000	\$12,000	\$18,000	\$24,000	\$30,000	1.2
60	\$ 5,500	\$11,000	\$16,500	\$22,000	\$27,500	1.0
61	\$ 4,900	\$ 9,800	\$14,700	\$19,600	\$24,500	0.8
62	\$ 4,100	\$ 8,200	\$12,300	\$16,400	\$20,500	0.6
63	\$ 3,800	\$ 7,600	\$11,400	\$15,200	\$19,000	0.4
64	\$ 3,400	\$ 6,800	\$10,200	\$13,600	\$17,000	0.2



Date: 28 October 2006

Rob Brooks
 Chief Executive Officer