

Important changes to our Income Protection insurance

We regularly review our insurance to ensure we remain competitive, while offering you the best balance of costs against benefits.

Following a recent review, which included talking to other insurers, our current income protection insurer continues to offer the best insurance arrangements, particularly for miners and people working in associated industries.

In this notice we explain some important changes we're making to our Income Protection (IP) insurance from 18 March 2016 as part of this review.

It's important you read this notice so you understand these changes and how you'll be affected.

The cost of our IP insurance is increasing

One of the benefits of your Mine Wealth + Wellbeing account is being able to have IP insurance. This insurance pays you a regular income once your claim is approved if you're unable to work because of an injury or sickness.

Following our recent review, our IP insurance premium rates will increase by 53% on 18 March 2016. The Heavy Manual job classification factor will also increase from 2.4 to 3.2. You can find more information about this on the next page.

While we're always disappointed to increase costs, the increase will enable us to continue to provide you with the best balance of benefits and costs possible.

How do the changes affect me?

If you don't have IP insurance on your account, the increase won't affect you right now. However, it'll affect you if you decide to take out this insurance in the future.

If you have IP insurance on your account, the cost of your insurance will increase on 18 March 2016.

Go to mine.com.au/ProductChange for a table showing the new rates for all ages and genders.

Why have our IP insurance premiums gone up?

In recent times we've seen a significant increase in income protection payouts.

This means more people are benefiting from their insurance when they need it most. Because our insurance premiums fund the cost of insurance claims, our insurer had to increase the cost of our IP insurance to pay for this.

Here are some of the numbers to explain this further. As at the end of December 2015, we've received over 1,200 income protection claims with over 93% of these approved.

Since we started offering IP insurance in March 2013 our insurer has paid out over \$31 million in benefits, with a further \$24 million in the pipeline for already approved claims. This number doesn't include claims we're likely to pay in the future but have not yet assessed.

Insurance costs are increasing across the super industry

This rise in claims and costs is a trend being felt across the super industry. Unfortunately, we're no exception to this.

Research shows that most major super funds have had to pass on increases in recent times for both death and disablement and IP insurance, with some increasing their IP insurance premiums by as much as 135%*.

Why are people with a Heavy Manual job classification seeing a greater increase?

Our IP insurance has five job classifications. A job classification is a 'factor' that is applied to the premium to reflect that some jobs are riskier than others.

The Heavy Manual job classification covers a range of jobs, including open-cut miners, while the Mining job classification covers jobs considered more 'risky', including underground miners. Because of this, the Mining job classification currently has a higher 'factor' than the Heavy Manual one as people in these jobs were thought to be more likely to become sick or injured and claim on their IP insurance.

However, our claims experience has shown that there's actually been no real difference in the number and amount of claims for people with Heavy Manual and Mining job classifications. Each make up about 45% of all claims.

Because of this, we're increasing the factor for the Heavy Manual job classification to be the same as the one for the Mining job classification. The new factor is in the table at the top of the next column. Along with the standard 53% increase discussed previously, the change in the factor will see a premium increase of approximately 104% for people with a Heavy Manual job classification.

	Current factor	New factor from 18 March 2016
Professional	0.85	0.85
White collar	1.00	1.00
Light manual	1.60	1.60
Heavy manual	2.40	3.20
Mining	3.20	3.20

Are our premiums competitive?

We believe our premiums remain competitive, particularly for younger members and miners and associated roles who often struggle to secure enough affordable insurance.

As a profit to members' fund, we also don't receive any benefits like commissions from insurance premiums. Our group buying power gives us access to discounts which we pass on directly to you as competitive premiums. All premiums are passed on directly to the insurer.

Does this change affect any other insurance?

No. This premium increase relates to IP insurance only and doesn't affect death and disablement insurance cover.

Other changes

There are two other changes coming in on 18 March 2016 you need to be aware of:

- + If you're being paid a benefit from IP insurance and receiving Workers Compensation payments, your IP benefit payment will stop when you're fit to return to work. Currently, they can stop when your Workers Compensation payments stop for other reasons.
- + Government stamp duty we collect on IP premiums will reduce to 6.5% from 7.0%. Stamp duty is included in the cost of IP insurance.

Your questions answered

If you have any questions, we'd be happy to talk you through the changes. Simply give us a call on 13 MINE (13 64 63), Monday to Friday, 8am to 6pm (AEST or AEDT when in operation) or email help@mine.com.au

*SuperRatings Benchmark Report 2015



t 13 MINE (13 64 63) | f +61 (2) 4962 3469 | e help@mine.com.au | mine.com.au

This is general information only and does not take into account your financial situations, needs or objectives. Before acting, you should consider whether the information is appropriate for you and read our Product Disclosure Statement (PDS). If there's any inconsistency between this document and the PDS or Trust Deed the terms of the PDS or Trust Deed prevail. This information is based on our understanding of current Australian laws and assumes they will remain unchanged. Issued by AUSCOAL Superannuation Pty Ltd ABN 70 003 566 989 AFSL 246 864 Trustee for Mine Wealth and Wellbeing Superannuation Fund ABN 16 457 520 308. Mine Wealth + Wellbeing Financial Advice is a trading name of Mine Wealth and Wellbeing Services Pty Ltd ABN 49 051 315 014 a Corporate Authorised Representative of Adviser Network Pty Ltd ABN 25 056 310 699 AFSL 232729.