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TAL / Risk Academy

Comparing Retail, Group & Direct



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01 An Overview

02 Group Insurance Comparison

03 Direct Insurance Comparison

04 Frequently Asked Questions



Agenda

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An Overview



Claims paid

Claims paid across all TAL products

	Life	Critical Illness	TPD	Income Protection	Total
Total claims paid	\$598M	\$66M	\$399M	\$332M	\$1,394M
% split	43%	5%	29%	24%	100%
Claims paid per working day	\$2.4M	\$0.3M	\$1.6M	\$1.3M	\$5.6M

	Life	Critical Illness	TPD	Income Protection	Total
Total claims paid	\$111.6M	\$65.5M	\$21.9M	\$114.3M	\$313.3M
% split	36%	21%	7%	36%	100%
Claims paid per working day	\$0.4M	\$0.3M	\$0.1M	\$0.5M	\$1.3M

An overview of how the Products and Terms differ

	Direct Cover	Group Cover (inside super)	Retail Cover (outside super)
Cover types	<ul style="list-style-type: none"> → Death (including Terminal Illness (TER)) → TPD Attached → Income Protection (total disability) 	<ul style="list-style-type: none"> → Death (including Terminal Illness (TER)) → Death, TER attached to Total and Permanent Disablement (TPD) → Income Protection (total or partial disability) 	<ul style="list-style-type: none"> → Death (including TER) → Death, TER attached to TPD and/or CI → Income Protection (total or partial disability) → TPD standalone → Critical Illness (CI) standalone → TPD attached to CI → Business Expense (BEX)
Ownership structures	<ul style="list-style-type: none"> → Life / Lives insured outside super only 	<ul style="list-style-type: none"> → Trustee of fund → Employer group 	<ul style="list-style-type: none"> → Life/lives insured if held outside super → Trustee of fund if held within super
Commission structures	<ul style="list-style-type: none"> → Not applicable 	<ul style="list-style-type: none"> → Grandfathered structures in place prior to 01/07/14 only 	<ul style="list-style-type: none"> → Level → Hybrid
Premium types	<ul style="list-style-type: none"> → Stepped 	<ul style="list-style-type: none"> → Unitised - (Paid from super balance) 	<ul style="list-style-type: none"> → Stepped → Level - (Paid from personal cash flow if held outside super)
Renewability	<ul style="list-style-type: none"> → Not guaranteed renewable 	<ul style="list-style-type: none"> → Not guaranteed renewable 	<ul style="list-style-type: none"> → Guaranteed renewable
Obtaining or altering cover	<ul style="list-style-type: none"> → Limited or no underwriting → Life events cover restricted 	<ul style="list-style-type: none"> → Automatic cover on joining fund → Top-up provisions → Transfer of cover → Underwritten cover → Life events cover (personal) 	<ul style="list-style-type: none"> → Underwritten cover → Limited transfer of cover → Life events cover (personal and business)

An overview of how the Products and Terms differ

	Direct Cover	Group Cover (inside super)	Retail Cover (outside super)
Income protection sum insured	→ Indemnity value	→ Indemnity value	→ Indemnity value → Agreed value
Major terms and conditions variances	<ul style="list-style-type: none"> → Interim cover restricted to accidents only → Reducing benefits → TPD any occupation definition only → IP usually requires a consecutive period of total disablement prior to accessing total or partial disability benefits → Not available in Superannuation → Limited ancillary benefits 	<ul style="list-style-type: none"> → Interim cover restricted to accidents only → Reducing benefits → TPD any occupation definition only → IP usually requires a consecutive period of total disablement prior to accessing total or partial disability benefits → Governed by Superannuation Industry (Supervision) conditions of release → Limited ancillary benefits 	<ul style="list-style-type: none"> → Interim cover generally not restricted → Death and CI buy back and double CI/TPD options → TPD own or any occupation definitions → Access to IP total or partial disability benefits from day 1 → Generally higher benefit expiry ages → Ability to link policies held inside and outside of super → Minimum premium payable and additional policy fee → Comprehensive ancillary benefits
Tax considerations	<ul style="list-style-type: none"> → Premiums may be paid from post-tax income and are not tax deductible → Death proceeds to tax dependants are received tax-free → Income protection proceeds are taxed at the insured's marginal rate 	<ul style="list-style-type: none"> → Premiums are paid from tax-free or tax-reduced super contributions as premiums are generally fully deductible to the trustee of the fund → Death proceeds to tax dependants are received tax-free → TER proceeds are received tax-free → Income protection proceeds are taxed at the insured's marginal rate 	<ul style="list-style-type: none"> → Premiums may be paid from post-tax income and are not tax deductible → Death, TPD and CI proceeds are received tax-free regardless of who the payment is made to or the age of the beneficiary → Income protection proceeds are taxed at the insured's marginal rate

Group Insurance Comparison



Super Fund Insurance Example



Age	Life Cover	TPD Cover
25	\$125,000	\$175,000
35	\$240,000	\$240,000
45	\$132,000	\$132,000
55	\$42,000	\$42,000
65	\$16,000	\$16,000

- Must satisfy 'At Work' requirements for 30 consecutive days
- SG contribution within 120 days
- 'Employees'

Super Fund Insurance Example



Life & TPD options – 24 month Limited Cover

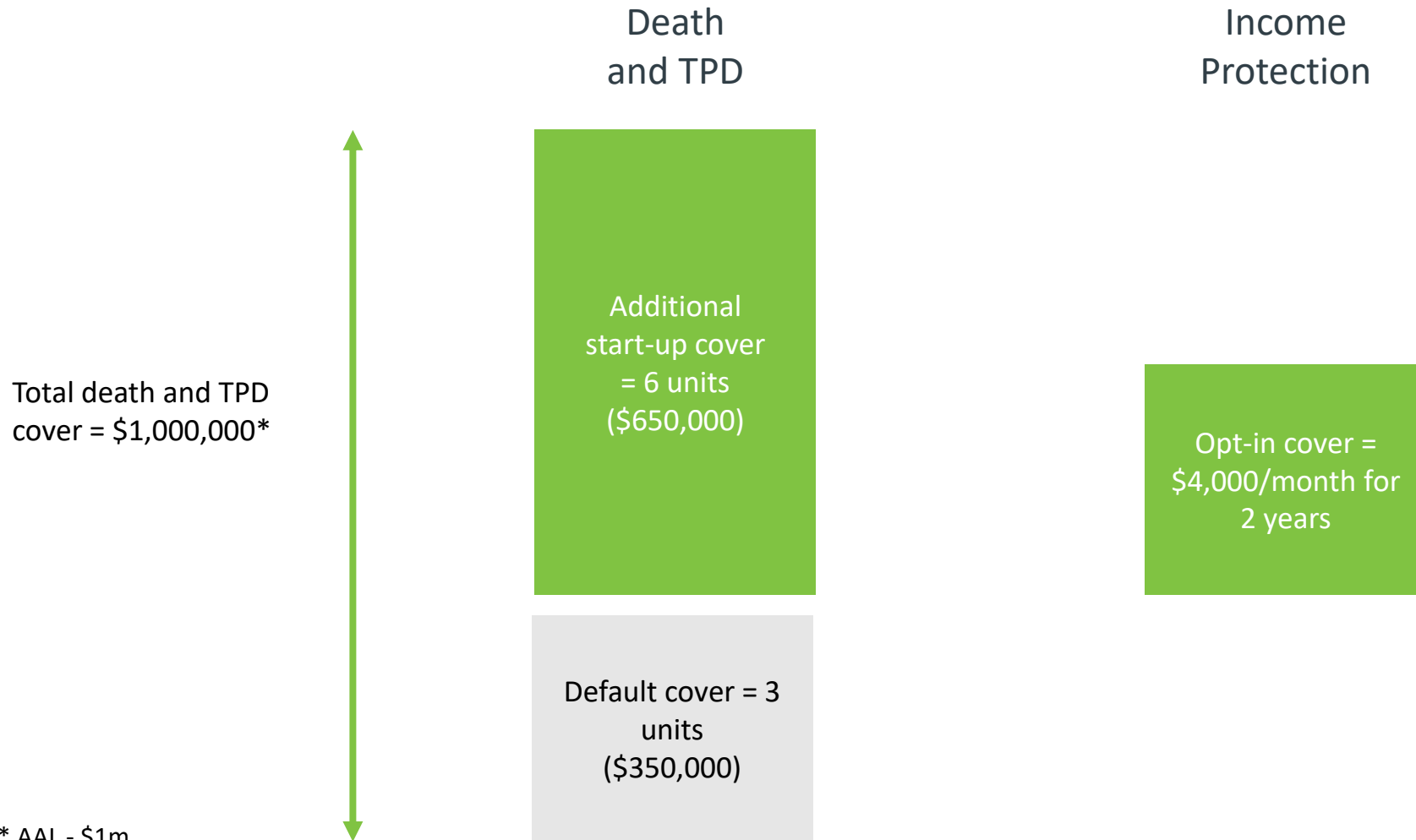
- Apply to increase by 50% within 120 days
- Apply to increase cover further by 50% if primarily office based at no extra cost
- Apply to increase cover by 25% following life events

Age	Life Cover	TPD Cover
25	\$187,500	\$262,500
35	\$360,000	\$360,000
45	\$198,000	\$198,000
55	\$63,000	\$63,000
65	\$24,000	\$24,000

IP option – 24 month Limited Cover

- Apply for 2 year BP, 90 day wait and 85% to \$5k within 120 days
- Apply for up to \$7,500 and lower premiums if office based

Group Default and Additional Cover



* AAL - \$1m

Super Fund Insurance Example



Life and TPD

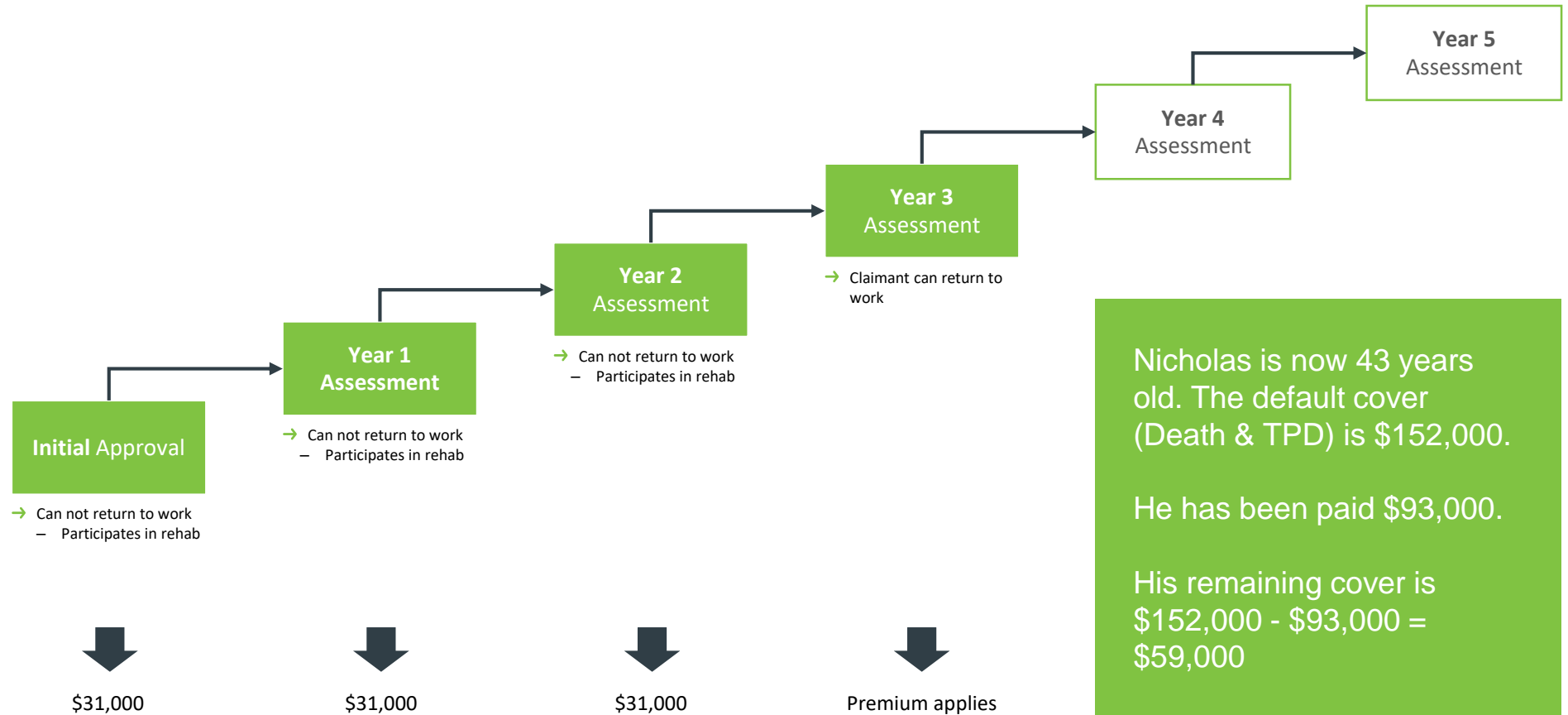
- Up to \$5M Terminal Illness and \$3M TPD
- 90 days interim cover
- Underwritten with new rates now applicable
- Fixed Cover (default) or Fixed Premium basis
- Fixed TPD Cover reduces by 10% after age 60
- Need to notify changes to occupation, income or employer

Income Protection

- Up to 85% and \$30,000 per month. Cover is indexed.
- Interim cover, underwritten with new rates applicable
- BP of 2, 5 and to age 65 and WP of 30, 60, 90 or 180 days

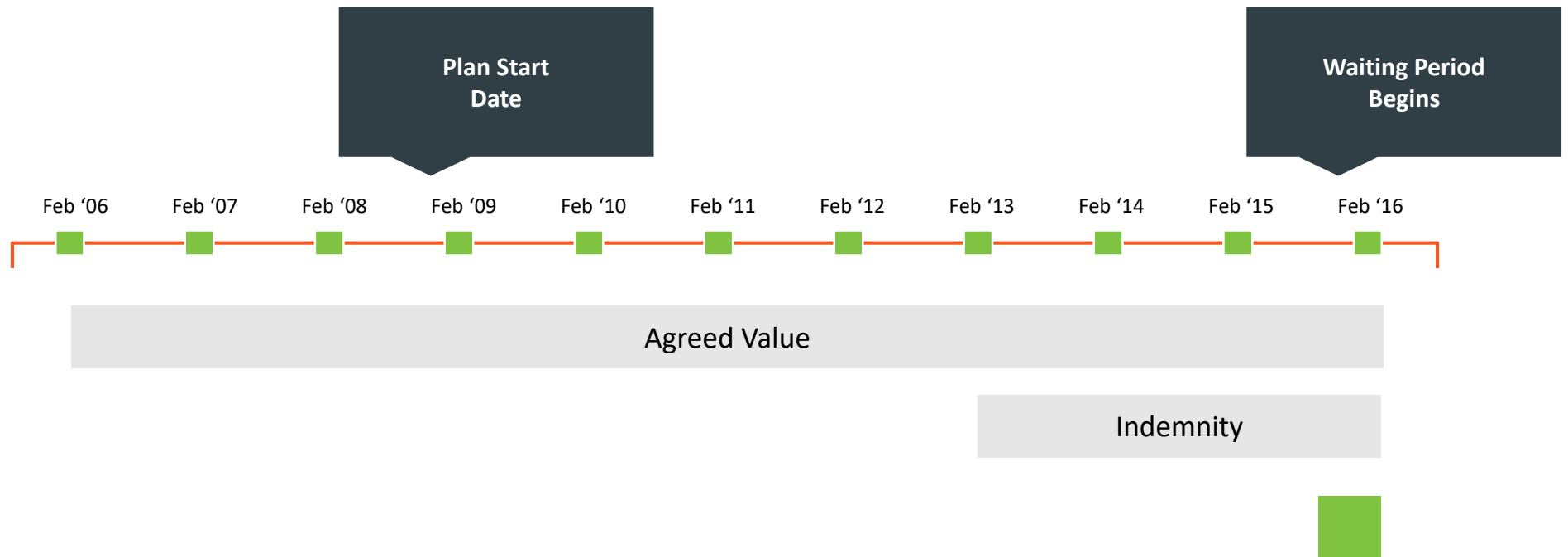
TPD Example

Nicholas, 40 deemed totally and permanently disabled under 'Occupation' tier of definition. He has \$186,000 cover at time of disability



IP- Pre-Disability Earnings

An important consideration especially for Indemnity or non-endorsed agreed value



Direct Insurance Comparison



Types of Life Cover Sold Direct

Product type	Number offering cover	Number underwritten*
Total number of main products	204	89
Total number of sub-products	234	107
Term Insurance	80	46
Term Insurance – full underwriting	36	36
Term Insurance – limited underwriting	8	8
Term Insurance – no underwriting	9	0
TPD Standalone- full underwriting	0	0
Funeral Cover – all ages	17	1
Funeral Cover – older ages	10	1
Accident Cover	31	0
Accidental Death Only	12	0
Accidental Injury^	19	0
Income Cover	27	22
Income Protection – full features	10	10
Income Protection – simple features	9	6
Bill Cover	8	6
Trauma Cover	32	27
Trauma – full features	18	15
Trauma – simple features	14	12
Consumer Credit Insurance	64	12
Loan Protection Insurance	19	9
Mortgage Protection Insurance	18	3
Credit Card Insurance	27	0

Source: Direct Life Insurance 2013, Rice Warner Actuaries

Who Gets Advice? Who Buys Direct?

Financial Advisers

geoTribes SES Dimension	geoTribes Lifecycle Dimension								
	A. Living at Home: 18-44 yrs	B. Young Independents: 18-44 yrs	C. Young Families: 18-34 yrs	D. Middle Aged Families: 35-44 yrs	E. Mature Families: 45-64 yrs	F. Mature Independents: 45-64 yrs	G. Early Seniors: 65-74 yrs	H. Late Seniors: 75+ yrs	Total
	Index Score	Index Score	Index Score	Index Score	Index Score	Index Score	Index Score	Index Score	Index Score
Top 10	31.9	138.4	255.1	392.3	282.6	156.1	43.7	3.4	231.6
9	35.5	96.3	215.5	269.5	190.7	107.0	20.5	0.8	154.9
8	37.9	62.4	187.8	234.9	159.0	71.9	18.4	1.1	135.0
7	35.4	49.7	146.2	209.4	140.1	69.5	13.4	0.0	113.3
6	33.4	54.1	151.9	172.9	111.1	54.7	10.2	0.0	97.8
5	35.7	55.7	133.4	153.3	95.9	50.5	9.9	0.0	85.4
4	27.3	35.9	129.0	128.1	81.6	42.9	10.1	1.0	69.2
3	29.9	29.6	114.0	108.3	62.6	35.0	9.4	0.4	55.6
2	28.4	25.1	88.7	86.3	58.2	26.0	8.0	0.3	40.5
Bottom 1	24.1	8.8	61.0	41.6	23.7	19.8	4.5	0.3	16.6
Total	31.7	70.3	144.6	202.7	141.6	58.0	11.1	0.5	

Direct Marketing

geoTribes SES Dimension	geoTribes Lifecycle Dimension								
	A. Living at Home: 18-44 yrs	B. Young Independents: 18-44 yrs	C. Young Families: 18-34 yrs	D. Middle Aged Families: 35-44 yrs	E. Mature Families: 45-64 yrs	F. Mature Independents: 45-64 yrs	G. Early Seniors: 65-74 yrs	H. Late Seniors: 75+ yrs	Total
	Index Score	Index Score	Index Score	Index Score	Index Score	Index Score	Index Score	Index Score	Index Score
Top 10	7.6	17.4	17.0	29.8	32.1	30.1	23.6	9.0	25.2
9	9.2	21.6	33.0	55.6	62.5	55.9	44.2	18.3	43.4
8	11.7	24.0	44.8	76.8	91.3	82.2	50.8	26.3	60.4
7	15.2	27.7	56.3	101.6	108.1	96.7	70.4	28.0	74.3
6	19.9	40.9	72.0	128.2	142.4	125.2	77.7	28.2	96.2
5	26.6	43.4	79.6	148.9	173.4	155.5	88.0	32.0	113.0
4	28.8	44.7	98.6	172.9	194.0	192.3	103.8	34.8	128.1
3	32.5	47.4	117.2	197.3	218.9	212.2	125.4	46.3	142.7
2	45.7	42.0	144.3	217.0	241.6	221.9	146.2	65.4	152.8
Bottom 1	59.2	56.6	167.5	270.1	274.1	263.6	167.2	65.5	164.0
Total	27.2	31.2	84.1	119.9	131.7	154.6	114.6	47.5	

Source: Insurance Market Segmentation, The Bakery

Direct designed for high acceptance or decline

- No medicals
- Immediate acceptance or decline or referral
- Some offer loadings

Online application : Referral

We need to speak to you to clarify your situation

Thank you for your interest in the Life Insurance Plan. We require some more information from you before we can confirm if you are eligible for cover.

Online application : Declined

Unfortunately your answers mean that you are ineligible for full cover under the Life Insurance Plan. To keep premiums low, we have fairly strict underwriting criteria for this plan, though it shouldn't preclude you from applying elsewhere if you wish. Whilst we regret we can't offer you this plan, you may like to consider some alternative cover, such as accidental death cover under the Accidental Death Plan, which provides up to \$500,000 cover. [Click here for a quote...](#)

Life Insurance exclusions

We will not pay a Life Insurance benefit in respect of a Life Insured, if the Life Insured dies, or has a Terminal Illness, directly or indirectly as a result of a self-inflicted injury, within 13 months of:

- the Acceptance Date; or
- the date that any increase in cover starts (but only in respect of the increase); or

(For the first 5 years exclusions apply for suicide and pre-existing medical conditions. Dangerous occupations and pastimes are excluded for the life of the policy. Refer to the PDS for details)

Life Cover

Sums Insured

- \$1.0 – \$1.5 million
- \$500,000 – 56 to 65

Restricted Benefits & Features

- Funeral Benefit - \$10,000
- Ends at 70
- TPD must be a rider to life
- Travel advisory exclusion at time of claim
- Additional exclusions e.g. Crimes or Drugs/Alcohol.
- Not available in Super
- No level premium option

“Life Insurance ends for a Life Insured when the first of the following occurs:

- the date of payment of a death or Terminal Illness claim for that Life Insured; or*
- the date you cancel the Policy; or*
- the date we cancel the Policy.”*

TPD Cover

Sums Insured

- \$1.5 million – 16 to 45
- \$1 million – 46 to 55
- \$500,000 or Nil – 55 to 59

Restricted Benefits & Features

- 6 month claim qualification
- Total exclusion for “motor sports”
- Often a rider to life cover
- “Any” definition.
- Not available in Super
- No level premium option

If the Life Insured is not a Homemaker, a state of physical or mental incapacity which: – results in the Life Insured being disabled and unable to work in any employed capacity for at least six consecutive months; and – in our opinion, after considering medical evidence and/or other evidence, results in the Life Insured being unable ever to follow any occupation for which he or she is reasonably qualified by education, training or experience.

Critical Illness Cover

Sums Insured

- \$500,000 - 16 - 55.
- Child cover - \$20,000 - \$50,000

Restricted Benefits & Features

- Only 6 Conditions - Heart Attack, Cancer, Stroke, Coronary Artery Bypass, Paralysis, Kidney/renal failure
- Pre-existing condition clause
- Inferior definitions e.g. CIS of breast and skin cancer
- No cover for degenerative diseases
- Aids, alcohol and drug abuse exclusions.
- No level premium option
- Child Cover – often limited to seven events.

The following cancers are not covered:

- *tumours showing the malignant changes of carcinoma in situ, (including cervical dysplasia CIN-1, CIN-2, and CIN-3) or which are histologically described as pre-malignant. Carcinoma in situ of the breast is covered if it results in the removal of the entire breast. This procedure must be considered the appropriate and necessary treatment to specifically arrest the spread of malignancy;*
- *all skin cancers of less than 1.5mm maximum thickness and also less than Clark Level 3 depth of invasion;*
- *all Hyperkeratosis or Basal Cell Carcinoma (BCC) of skin and Squamous Cell Carcinoma (SCC) of skin unless there has been a spread to other organs; and*
- *prostate cancers which are histologically described as TNM classification T1 or are of another equivalent or lesser classification unless resulting in the surgical removal of the complete prostate.*

Income Protection

Sums Insured

- \$3,000 to \$10,000 per month

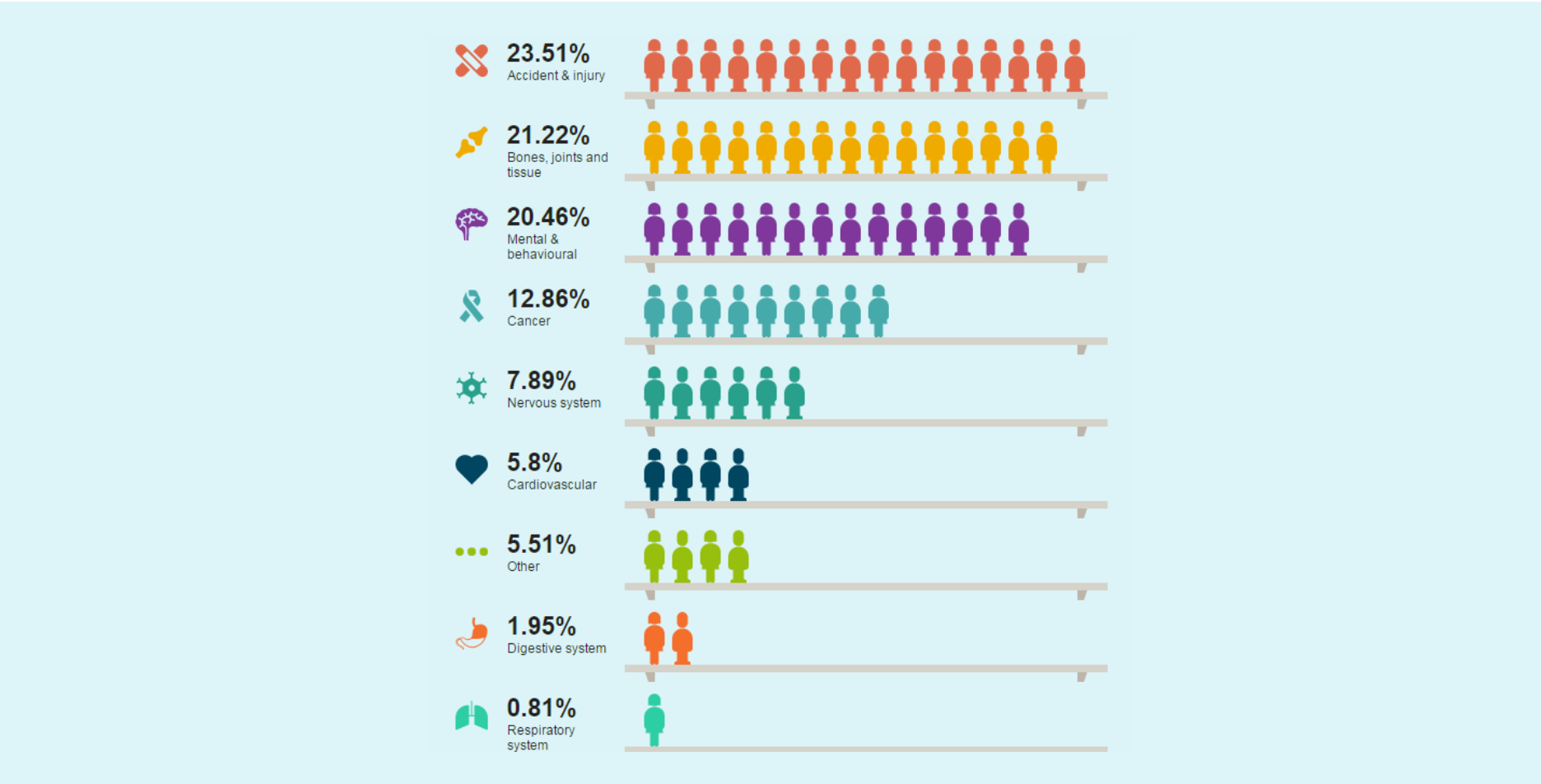
Restricted Benefits & Features

- Waiting period - 30 or 90 days
- Indemnity
- Offsets
- Payable for either 6, 12 or 24 months.
- Must be totally disabled for entire waiting period.
- No partial disability payments
- Mental health exclusion
- Covers “accidental injury” only.

We will not pay an Income Benefit in respect of a claim for a Disabling Sickness or Injury occurring directly or indirectly from:

- *a Mental Disorder or Illness; or*
- *an intentional self inflicted act; or*
- *attempted suicide; or*
- *the consumption of drugs (unless it was under the direction of a Medical Practitioner and not in connection with treatment for substance abuse, drug addiction or dependence); or*
- *the consumption of intoxicating liquor, including having a blood alcohol content over the prescribed legal limit whilst driving; or*
- *normal pregnancy (including participation in an IVF or similar program, normal discomforts such as morning sickness, backache, varicose veins, ankle swelling or bladder problems), giving birth, miscarrying or having a pregnancy terminated; or*
- *war (whether declared or not) or war-like activity, or taking part in a riot or civil commotion; or*
- *engaging in any criminal activities or illegal acts.*

Income Protection Claims



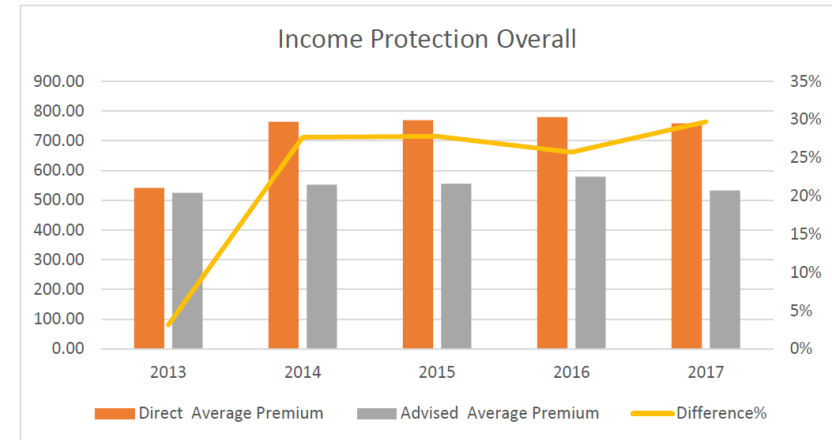
Source: TAL 2014 Claims

Frequently Asked Questions



Adviser Questions

1. It states that the member must be employed in a certain period prior to disability in order to qualify for the receipt of temporary incapacity benefits. Why is this and what does this mean for my client?
2. Is there a Pre-existing Condition Exclusion that applies within a Group Scheme?
3. What is the price difference between the different product types?



Client Questions

1. Do I really need a tailored product?
2. I already have life insurance through my super, isn't that enough?
3. I've heard you don't need to get medical tests when you buy direct products?
4. Am I covered for pre-existing medical conditions with a direct product?
5. Why should I pay for advice when I can go direct?

Claims support

- **Help** during the claims process
- You **understand** the cover
- You **know** the client
- **Your personal service...**

Life, Funeral and Accident Insurance

- Your beneficiary, family member or yourself should call us on **1300 73 7697** or email claims@guardianinsurance.com.au and let us know that a claim will be lodged. We will provide you with a Claims Booklet once notified of the claim.
- The following forms and documents should be completed
 - Claim Booklet
 - A certified copy of evidence of death (e.g. Death Certificate or a certified Coroner's Report or certified Doctor's/Hospital Report)
 - A certificate of proof of identity/claimant's age (e.g. Birth Certificate, Passport, Driver's License)
 - A certified copy of proof of your identity to the deceased (e.g. Passport, Driver's License, Bank Card, Medicare Card)
 - A certified copy of proof of your relationship to the deceased (e.g. Marriage Certificate, Medicare Card (if both parties are listed))
 - The original Policy Document and Policy Schedule. If these documents have been misplaced, please complete the Statutory Declaration Form

In conclusion

- Group insurance is designed for the average working Australian
- Due to complexity, Direct and Group products do not offer the cover available through Retail products.
- Ensuring you have a good understanding of Group & Direct insurance will enable you to have the appropriate conversations with your clients



Thank you

Thank you for joining the TAL Risk Academy.

