

ONECARE PRODUCT AND PRICING

CHANGES (EFFECTIVE 15 JULY 2020)

Zurich is implementing a number of product and pricing changes to OnePath Life's OneCare product. The relevant changes will also apply to OneCare Super.

In this document you will find detail on the following changes and support activities:

1. We've increased the base stepped rates, for both Income Secure Cover (excluding Essentials) and Business Expense Cover by 20%
2. We have removed level premium option for new customers under Income Secure Cover (including Essentials), Business Expense Cover and Living Expense Cover
3. We have removed the built-in Unemployment Benefit for new customers under Income Secure Cover.
4. We're introducing a new 10% Essentials Multi-Cover discount for stepped premium Life Cover, TPD Cover and/or Trauma Cover if taken with Income Secure Essentials Cover only
5. We've included transition rules to help you navigate through these changes as you continue to write with us

These changes will apply to new business from **Wednesday 15th July 2020**.

A proposal is being explored for a potential premium increase for existing customers to be rolled out from September 2020. Any future changes are yet to be finalised.

Further Support?

If you have any questions, please contact your BDM or call Risk Adviser Services on 1800 222 066

1. Repricing of Income Secure Cover and Business Expense Cover

Across the industry, life insurers have experienced significant losses attributable to Individual Disability Income Insurance and, like our competitors, this has necessitated an increase in price for some of our products.

What is changing?

OnePath is rolling out an increase of 20% in the stepped premium base rates on Income Secure Cover (excluding Essentials) and Business Expense Cover.

This increase applies to new customers from 15th July 2020.

A proposal is being explored for a potential premium increase for existing customers will see product and pricing changes to be rolled out from September 2020. Any future changes are yet to be finalised.

Cover type	Stepped premium base rate increase	Level premium base rate increase
Income Secure Cover (excl. Essentials)	20%	0%
Income Secure Essentials Cover	0%	0%
Business Expense Cover	20%	0%
Living Expense Cover	0%	0%

Products in Scope

- OneCare (non-super)
- OneCare Super
- OneCare External Master Trust
- OneCare SMSF

2. Removal of level premium for Income Secure, Business Expense and Living Expense Covers

The impact of the current – and likely long-term - low interest rate environment is significant for policies with level premiums. This is because higher premiums are paid in the first few years of the policy, and those additional premiums are invested to help cover the cost in later years. This issue is exacerbated by the broader industry issues of product sustainability. In addition the claims experience has been adverse when compared to assumptions.

What is changing?

OnePath is removing level premium type (for new customers only) for all cover types under Income Secure Cover, Business Expense Cover and Living Expense Cover.

It's important to emphasise that these changes apply to new business only.

What about existing policies?

- Increases to cover on existing Income Secure/Business Expenses and Living Expenses business on a level premium type will be grandfathered.
- A change of premium type from stepped to level will be allowed for existing business, but only where the cover start date is prior to the effective date of the level premium withdrawal.
- Any additions of new Income Secure, Business Expense and/or Living Expense covers (excluding increases) to existing policies will not be allowed on level premium type.
- Existing Income Secure cover in a SuperLink arrangement that commenced prior to the effective date of the level premium withdrawal can continue to have different premium types

Products in Scope

- OneCare (non-super)
- OneCare Super
- OneCare External Master Trust
- OneCare SMSF

3. Removal of the Unemployment Benefit under Income Secure Cover

We've conducted a review of this benefit, based on:

- customer and adviser feedback, showing dissatisfaction that the benefit covers ANZ loans only; and
- the ownership transfer of OnePath Life from ANZ to Zurich.

As a result, we've decided to remove this benefit.

What is changing?

OnePath is removing the Unemployment Benefit under Income Secure Cover (for new customers only)

Furthermore, this change aligns with recent recommendations made by APRA to remove benefits that are not part of the core purpose of the cover.

Products in Scope

- OneCare (non-super)

4. Introduction of new Essentials Multi-Cover Discount

Income Secure Essentials cover represents an affordable, long-term alternative to Income Secure cover. Our aim is to help support adviser conversations with clients on this product.

What is changing?

OnePath is introducing a new 10% Essentials multi-cover discount for stepped premium lump sum cover, when that lump sum cover is taken with Income Secure Essentials.

This discount is for new customers only, and is given in addition to existing discounts, including Kickstart and Multi-Cover, Platform and Multiple life discount.

Further material will be provided to advisers regarding this discount, but the table below outlines the critical detail.

Please note: Like all of our discounts, this discount can be withdrawn or varied at any time. Rest assured that we will notify you should we do so.

Consideration	Details
Eligibility	<ul style="list-style-type: none">• All new business applications submitted from 15 July 2020• Discount to remain for the life of the policy as long as the Income Secure Essentials cover is in-force• Discount offered regardless of loadings• Discount is in addition to the existing Multi-Cover Discount and multiple life discounts/platform discounts if applicable• Discount is only available to Life, TPD and/or Trauma Cover (including Baby Care Option) on a stepped premium type, including where covers are standalone• Discount is not available when other Income Secure cover types are applied for in conjunction with Income Secure Essentials• Where Income Secure Essentials is added to an existing policy that commenced after the implementation date (being a policy with an existing stepped Life, TPD and/or Trauma Cover, including Baby Care Option), the discount will apply from the date Income Secure Essentials is added to the policy related to the life insured.• Where Income Secure Essentials is cancelled, the discount is removed at the next anniversary of each policy related to the life• Minimum annual premium of \$300 when this discount is applied.
Discount Rate	<ul style="list-style-type: none">• Fixed Rate of 10%• The discount is applied multiplicatively to the base premium along with other existing discounts (if applicable).
Premium Type	<ul style="list-style-type: none">• Stepped premiums only
Applicable Covers	<ul style="list-style-type: none">• Life, TPD and Trauma (including Baby Care Option) covers including as Standalone covers from the minimum Sum Insured of \$50,000.• Discount applied across multiple policies issued from 15 July 2020

Products in Scope

- OneCare (non-super)
- OneCare Super
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5. Transition rules

The changes outlined in this document apply to new business only, and will take effect from 15 July 2020.

A proposal is being explored for a potential premium increase for existing customers will see product and pricing changes to be rolled out from September 2020. Any future changes are yet to be finalised.

For your support, we've outlined the transition and treatment rules for various customer scenarios.

Applicable Illustrator version for these transition rules

The version number is located on the bottom right hand corner of an illustrator quote and the OneCare Express application. The applicable Illustrator **version is 6.4.0009 ID 19 Series 5C**.

OneCare Express (OCX) application transition rules for OneCare

Application Scenario	Accepted until / Action required
OneCare application 'submitted' or 'pending submission' before 11.59PM, 14 July 2020 (AEST)	<ul style="list-style-type: none">These applications will be processed as normal.Quotes with level premium type and/or old rates will be accepted. However, will not be eligible for the Essentials Multi-Cover Discount.Note: For applications 'pending submission', advisers will have 14 days to go online for the application to be accepted.
OneCare application 'submitted' or 'pending submission' on or after 11.59PM, 14 July 2020 (AEST)	<ul style="list-style-type: none">The terms and conditions of the OneCare SPDS (dated 15 July 2020) will apply.Quotes with the Essentials Multi-Cover Discount will be accepted. However, they will not be eligible for the level premium type.

Important note: OneCare paper application forms are **no longer accepted** for new business

For any alterations, increases and additional business to existing business, continuation options, and transfer terms, please use the new Application Form (alteration, increase, continuation option and transfer only) available at onepath.com.au/onecareforms.aspx

Important information

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OnePath Life issues OneCare. This includes OneCare External Master Trust and OneCare SMSF. OnePath Custodians Pty Limited ABN 12 008 508 496 AFSL 238346 (OnePath Custodians) issues OneCare Super. OnePath Life and OnePath Custodians are not related bodies corporate.

Contact your Business Development Manager to obtain a copy of the OneCare Product Disclosure Statement and policy terms, or visit www.onepath.com.au/insurances/onecare.aspx.