



Frequently Asked Questions

Income Assure and Income Assure+ new Income Protection covers

No.	Question	Answer
1.	Who is this document for and what is the purpose?	This document is for adviser use only and will answer the main questions regarding the new Income Protection covers.
2.	Why does MLC Life Insurance have new Income Protection covers?	<p>Over the last few years, the Life insurance industry has experienced significant losses in Income Protection. These losses led to premium increases and impacted customer affordability. Market and competitive forces had led to Income Protection covers moving away from the principle of indemnity. This resulted in overly generous product features, which had a negative impact on the claims experience.</p> <p>As such, APRA announced measures to address the financial risk as well as long-term customer affordability concerns. These measures are designed to restore the sustainability of the industry and include an expectation that insurers redesign their Income Protection solutions.</p>
3.	What are the new APRA guidelines?	<p>To return to the principle of indemnity, the APRA guidelines include:</p> <ul style="list-style-type: none"> • Benefits to be based on annual earnings at time of claim (i.e. previous 12 months), however consideration is allowed for customers with variable incomes. • Replacement ratio cannot exceed 90% for the first 6 months and 70% thereafter (noting 100% of Super Guarantee Contributions replacement is allowed), • Maximum benefit of \$30,000 per month, • Initial contract term cannot exceed 5 years with option to renew without medical underwriting (postponed until October 2022), and • Effective controls must be in place to manage the risks of long benefit periods.
4.	How is MLC Life Insurance implementing the new APRA guidelines?	Our research suggests customers have varying Income Protection requirements. Some customers and advisers may prefer to have comprehensive cover, while others are willing to have a basic cover that is more affordable and focuses on their core needs. To support as many customers and advisers as possible, MLC Life Insurance will be releasing two new covers that meet APRA expectations.
5.	What are the new Income Protection covers?	<i>Income Assure</i> and <i>Income Assure+</i> . <i>Income Assure</i> is our base level of cover that prioritises affordability while still meeting the main purpose of Income Protection. <i>Income Assure+</i> is a comprehensive solution for customers willing to pay a higher premium for additional features.

No.	Question	Answer
6.	When will the new covers be released?	Friday, 1 October 2021.
7.	Are these new covers part of the MLC Insurance product suite?	Yes, they will replace the existing MLC Insurance and MLC Insurance (Super) (MLCI/S) Income Protection covers e.g Income Protection Platinum. Our existing Income Protection covers will be treated as off-sale covers and no longer available to new and existing customers without Income Protection from 1 October 2021.
8.	Will there be a new MLCI/S Product Disclosure Statement (PDS) and Supplementary Product Disclosure Statement (SPDS)?	Yes, the MLCI/S PDS will be dated 1 October 2021. There will be an SPDS for customers who have existing Income Protection covers e.g. Income Protection Platinum as the product terms are different to <i>Income Assure</i> and <i>Income Assure+</i> .
9.	Where can I find the new MLCI/S PDS?	The new MLCI/S PDS will be available on our website https://www.mlcinsurance.com.au/using-your-insurance/documents-and-forms/product-disclosure-statements from 1 October 2021.
10.	Is there an updated Financial Adviser Guide?	Yes, it can be accessed on our website at https://www.mlcinsurance.com.au/using-your-insurance/documents-and-forms/documents-for-financial-advisers from 1 October 2021.
11.	What are the key product features of the new Income Protection covers?	The key features of <i>Income Assure</i> and <i>Income Assure+</i> are listed in the table below.

Key product features		
Cover	<i>Income Assure</i>	<i>Income Assure+</i>
Replacement ratio	70% – with tiering for income above \$150,000.	70% (or 90% for 6 months if the Booster Option is selected) – with tiering for income above \$150,000.
Policy term	Guaranteed renewable until the Expiry Date	
Cover type	Indemnity only	
Waiting periods	All occupations except for Special Risk: 14 days, 30 days, 90 days, 1 year and 2 years. Special Risk: 30 days and 90 days.	All occupations: 14 days, 30 days, 90 days, 1 year and 2 years. Special Risk not available.
Benefit periods	All occupations except for Special Risk: 2 years, 5 years and to age 65. Special Risk: 2 years and 5 years.	All occupations: 2 years, 5 years, to ages 65 and 70. Special Risk not available.
Can Special Risk (i.e. Hazardous) occupations still access cover?	Yes, in <i>Income Assure</i> .	
What are the Special Risk (i.e. hazardous occupations) business rules?	Only available in <i>Income Assure</i> , with either a 30 or 90-day waiting period and either a 2 or 5-year benefit period. The policy will be guaranteed renewable, with both commission structures available.	

Key product features	
Are Superannuation Guarantee contributions included in Earnings?	No, however 100% of an employee's Super Guarantee payments can now be covered by a new option called Super Guarantee Benefit.
Can <i>Income Assure</i> and <i>Income Assure+</i> be bundled with other MLCI/S covers?	Yes, they can be bundled together in one policy or across policies. Alternatively, they can be bought as standalone covers.
How does the \$30,000 cap impact existing Income Protection covers when combined with new Income Protection covers?	The \$30,000 per month maximum applies to the combination of all Income Protection policies from all sources.

No.	Question	Answer
12.	What are the options available for <i>Income Assure</i> ?	There are four options for <i>Income Assure</i> : <ul style="list-style-type: none"> • Indexed Claim Benefit • Super Guarantee Benefit • Short Waiting Period for Accidental Injury • Severe Disability Terms Removal
13.	What are the options available for <i>Income Assure+</i> ?	There are four options for <i>Income Assure+</i> : <ul style="list-style-type: none"> • Indexed Claim Benefit • Super Guarantee Benefit • Short Waiting Period for Accidental Injury and Critical Illness • Booster

For more information

Contact your local Distribution Team or contact us on **13 65 22** or visit mlcinsurance.com.au