

Protecting a member's most valuable asset



What is Group Income Protection Insurance?

Group Income Protection insurance is a type of insurance policy usually taken out by a company on behalf of its employees as part of an Enterprise Bargaining Agreement ("EBA") or voluntarily by a group of employees (conditions apply).

It protects workers by providing a replacement income in the event they are unable to work due to an accident or illness, enabling them to continue to meet the costs of 'living' without the need to utilise (after the excess period) any accumulated sick leave, annual leave, long service leave or savings.

Put simply, income protection protects a worker's earning capacity, allowing them to maintain their standard of living during a difficult period when they should be focusing on their health, not their bank balance.

Types of Group Policies

Group Income Protection policies can take many forms including:

Entire workforce / Through an EBA	<p>A Group Income Protection policy can be taken out by a company to cover its entire workforce or included as part of an EBA.</p> <p>A policy may be paid for entirely by the employer, entirely by the employees, or the cost shared between them.</p>
Union membership	<p>Group cover can be arranged to cover an entire union membership, or subset of the membership.</p> <p><i>Examples of this type of cover include unions organising Journey Injury insurance for their entire membership.</i></p>
Voluntary group	<p>A Group Income Protection scheme can be implemented where employees have the option to 'opt-in' for the insurance on a voluntary basis (minimum participation rates apply).</p>

What are the chances?

According to the Australian Bureau of Statistics, 1 in 6 men and 1 in 4 women suffer from a disability during their working life that results in them taking more than six months off work¹.

One in five families will be impacted by a serious accident or illness that renders a parent unable to work². For a typical family, without insurance, this could result in the loss of more than half their household income².

Why a Group Policy?

While it is true that members can take out this type of insurance on an individual basis, without the concessional rates that can be negotiated under a group policy, their standalone policies may be less affordable and could provide inferior levels of coverage.

Individuals may also be subject to insurers' underwriting and medical guidelines which may prohibit some people from being able to obtain any insurance coverage at all.

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1. National Health Survey: Injuries, Australia 2001 ABS Cat No. 43840.0 Australian Bureau of Statistics, 2003 - Based on people aged between 35 and 65.

2. Lifewise / Natsem Underinsurance Report, February 2010.



Group Income Protection (EBA)

Aren't members' incomes already sufficiently protected?

The answer is probably NO - the table below summarises what workers may be covered for through Workers' Compensation, Centrelink and Compulsory Third Party ("CTP") insurance:

	What they cover
Workers' Compensation	Workers' Compensation does not cover workers for non work related sickness, nor does it cover them for accidents or injuries which occur outside of the workplace. Group Income Protection insurance compliments Workers' Compensation by providing protection for accidents and illness which occur outside of the workplace and/or by topping up benefits payable under Workers' Compensation.
Centrelink	The government does provide some assistance to sick and injured workers, however benefits are subject to income and assets tests, which may mean some workers are ineligible, especially if their partner works. Even if they are eligible, the current maximum benefit is \$271.05 ³ per week which may not be enough to support them financially.
Compulsory Third Party ("CTP") insurance	CTP insurance may provide workers with some cover for loss of income if they are injured in a motor vehicle accident. However this cover may be limited in nature and depending of the jurisdiction may not cover drivers who are deemed 'at fault' for the accident.

Benefits for Members

Key Benefits	Features
Uncomplicated	<ul style="list-style-type: none"> Automatic cover (subject to policy terms & conditions). No individual medicals or applications. No need to disclose personal medical information when cover commences under a policy⁴.
Preserves leave entitlements	<ul style="list-style-type: none"> No need to utilise sick leave, annual leave or long service leave entitlements after the excess period.
Financial security and peace of mind	<ul style="list-style-type: none"> Ensures members can continue to meet their financial commitments. Protects a member and their family's lifestyle. Preserves a member's dignity.
Allows employees to concentrate on getting better and back to work.	<ul style="list-style-type: none"> Alleviates financial stress often associated with being disabled from working due to an accident or sickness. Provides cover for partial disablement if a member is certified to return to work in a reduced capacity.

3. Department of Human Services. Sickness Allowance. Retrieved 18 November 2013, from Department of Human Services web site: humanservices.gov.au/customer/services/centrelink/sickness-allowance - Maximum Sickness Allowance based on single, aged 22 or more, with a dependent child (or children)

Group Income Protection a Union Prospective

IFS Insurance Solutions acknowledges the important role that Unions have played and continue to play in securing better working conditions for members.

In our experience in working with the Union movement, Income Protection insurance is an important element in the process of securing and protecting a member's financial wellbeing. In addition, a Union can use its collective strength and bargaining position to deliver group insurance outcomes that can be significantly more competitive than if individual members were to buy this insurance cover themselves.

Group Income Protection insurance is a highly valued tangible benefit members are able to include in their log of claims. Not only will it protect a member's independence and dignity but it also ensures they can continue to be active financial members of the Union.

IFS Insurance Solutions has over 30 years' experience of working with Unions' and their members in implementing Group Income Protection policies through EBAs. Drawing on our experience, IFS Insurance Solutions is able to engage with stakeholders to manage and drive this process on behalf of Unions.

Policy Design & Pricing

The design and cost of Group Income Protection policy is affected by a number of factors, including:



An analytical approach to Group Income Protection

Group Income Protection insurance can be a complicated product, and not all policies are equal. When reviewing insurance arrangements, or looking to introduce insurance for the first time, it is important to understand what is actually covered.

IFS Insurance Solutions has a division specialising in organising Group Income Protection policies with the expertise and knowledge to leverage the market for the best outcomes.

Our complete client advocacy focus coupled with the capability of our staff to deliver a high level of service, especially in the event of a claim, means IFS Insurance Solutions is well positioned to achieve outstanding results for your members.

For more information please call: 1300 768 118 or visit ifsinsurance.com.au.

4. Employees will be required to disclose personal medical information in the event of a claim.

Talk to IFS Insurance Solutions, your insurance experts.

Phone: 03 9923 7171 Email: info@ifsinsurance.com.au Web: ifsinsurance.com.au

Our services:

- › General Insurance
- › Affinity Programs
- › Group Risk Insurance
- › Group Income Protection (EBA)
- › Advisory and Consulting
- › Professional Risks
- › Employee Benefits

Better results.