



MEDIA RELEASE

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COVID TOTAL AND PERMANENT DISABILITY CLAIMS INITIATIVE

The life insurance industry has put further steps in place to support Australians through the unprecedented public health and economic impacts of COVID-19.

Today the Financial Services Council (FSC) announced an initiative on behalf of participating life insurance member companies to ensure that if people lose their job, are stood down or have reduced working hours due to COVID-19, this will not affect their total and permanent disability (TPD) cover.

To align with the current JobKeeper Payment scheme, the initiative runs to 27 September 2020 and claims must be lodged before 1 January 2021.

FSC CEO Sally Loane said this initiative aims to ease any concerns people may have with their TPD cover by preventing any changes to cover being automatically triggered because of COVID-19.

“Millions of working Australians have TPD cover through superannuation which pays out a lump sum if you become totally and permanently disabled because of illness or injury,” Ms Loane said.

“A claim for TPD is assessed on whether the person is expected to be able to work ever again. For this reason, the TPD definition used to assess a claim is based on the person’s recent working arrangements.

“Typically, this depends on the number of hours the person was working and whether they were in casual work before the illness or injury happened. Broadly speaking, the fewer hours you work, the stricter the definition used to assess your TPD claim.

“For most people, changes to TPD definitions happen only after their working arrangements have changed for 6 or 12 months (to cover parental leave, for example). For others, this change can happen after 3 months, depending on the particular policy wording.

“What this means is that some Australians who lost their job, were stood down or had reduced working hours due to COVID, could see their TPD coverage change from 11 June 2020¹.

“To address this, today’s announcement ensures that if you make a TPD claim resulting from an illness or injury occurring since the pandemic has started, participating life insurers will assess your claim based on your working arrangements as at 11 March 2020 - the date when COVID-19 was declared a pandemic – meaning you keep the cover you had based on your working arrangements before the COVID pandemic declaration.

¹ 11 June 2020 is 3 months after WHO declared the coronavirus to be a global pandemic on 11 March 2020.

“This announcement has been timed to ensure the initiative is up and running before anyone is adversely affected,” Ms Loane said.

As at the end of 2018, there were over 7.5 million² Australians with TPD through their group superannuation policy and over 25,000 TPD claims were lodged in 2019.

This initiative follows the FSC Life Insurers [commitment](#) to ensure Frontline Healthcare Workers are not prevented from obtaining life insurance cover with participating life insurers purely because of their exposure, or potential exposure, to coronavirus.

Life insurers will confirm their participation by making a statement on their website, for more information visit the FSC [website](#).

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About the Financial Services Council (FSC)

The FSC is a leading peak body which sets mandatory Standards and develops policy for more than 100 member companies in one of Australia’s largest industry sectors, financial services. Our Full Members represent Australia’s retail and wholesale funds management businesses, superannuation funds, life insurers and financial advisory networks. Our Supporting Members represent the professional services firms such as ICT, consulting, accounting, legal, recruitment, actuarial and research houses. The financial services industry is responsible for investing \$3 trillion on behalf of more than 15.6 million Australians. The pool of funds under management is larger than Australia’s GDP and the capitalisation of the Australian Securities Exchange, and is the fourth largest pool of managed funds in the world.

² Based on APRA data to 31 December 2018 (12 million accounts with TPD) and 2018 ATO data on multiple accounts (1.57 accounts per Australian).