

# Individual Disability Income Insurance (IDII)

Working together  
to create a  
sustainable industry



How we will  
support you and your  
clients through this transition

## Working together to create a sustainable IP industry

- Our industry proudly provides the important protection Australians need.
- We all have a significant responsibility – livelihoods are at stake.

APRA's recent claims data showed that in 2019 alone:

Australian Life  
Insurers honoured



+108,000 claims

totalling

+\$9 billion



And as an industry,  
we have accepted

9/10 claims<sup>1</sup>

- Our industry is responsible for providing the financial support that Australians need to return back to the life they love.
- We take this responsibility seriously.

## There are 3 fundamental ways our industry has changed



### Rise in mental health illness

- **Almost 1 in 2** Australians will experience a mental health condition in their lifetime<sup>2</sup>
- From 2013 to 2018, the volume of mental health claims increased by **53%**<sup>3</sup>
- From 2013 to 2018, the average length of a claim increased by **36%**<sup>3</sup>
- The economic burden of mental health has been modelled at **\$60 billion p/a**<sup>4</sup>

This has resulted in increasing premiums, which we know leads to retention challenges and additional client management for you.



### Growing generosity of product terms

Our well-meaning intent of providing tailored protection to your unique customer needs has led to the industry losing focus of the purpose of IP – financial support and recovery towards returning to the life they love.



### Regulatory scrutiny and intervention

We know that you're under pressure from various angles.

We know that you have to balance proving best interest, whilst also distributing long-term sustainable products, with sustainable pricing.

## Which means together, we must adapt towards a sustainable industry

In pursuit of sustainability – APRA<sup>5</sup> has intervened, with one aspect being product level changes, such as:



Changes to income at risk (pre-disability income based on earnings within 12 months of claim)



Policy contract terms (capped at 5 years)



Reduction in replacement ratios (capped at 90% for first 6 months, then 70%)



Changes to Benefit periods (controls in place to manage long term claims)

# Long term industry sustainability is important to all of us

1. <https://www.zurich.com.au/content/dam/au-documents/advisers/life-insurance/marketing/zurich-onepath-claims.pdf>
2. <https://www.zurich.com.au/content/dam/au-documents/advisers/life-insurance/marketing/zurich-onepath-claims.pdf>
3. <https://home.kpmg/au/en/home/media/press-releases/2020/06/joint-study-reveals-large-rise-life-insurance-claims-costs-22-june-2020.html>
4. [https://mhaustralia.org/sites/default/files/docs/investing\\_to\\_save\\_may\\_2018\\_-\\_kpmg\\_mental\\_health\\_australia.pdf](https://mhaustralia.org/sites/default/files/docs/investing_to_save_may_2018_-_kpmg_mental_health_australia.pdf)
5. [https://www.apra.gov.au/sites/default/files/2020-09/Letter%20to%20insurers%20-%20Final%20individual%20disability%20income%20insurance%20sustainability%20measures\\_September%202020.pdf](https://www.apra.gov.au/sites/default/files/2020-09/Letter%20to%20insurers%20-%20Final%20individual%20disability%20income%20insurance%20sustainability%20measures_September%202020.pdf)
7. 6 Reasons to Recommend Zurich brochure[1].pdf

# We're building sustainable IP products for your clients

Our product design focus is getting back to the primary purpose of IP



**As industry leaders, we believe that future IP products must:**

1. Pay claims – because at the end of the day – that's what we are here to do
2. Support your clients for the period of time they lose some/all of their income due to illness and injury
3. Support your clients during their recovery back to health
4. Support your clients to return to the life they love, and their work
5. Give more premium stability – therefore you can have more confident conversations with your existing and future clients



**We also believe that future IP products will fail to deliver on their core purpose, if they:**

1. Do not encourage a healthy return-to-work journey
2. Allow your client to stay on claim despite having the physical and mental ability to work
3. Leave your client in a better financial position post-claim than pre-claim
4. Have consistent premium increases
5. Are setup at a point in time and not reviewed on a regular basis to adapt to clients' needs

## You can always have confidence that we...

- 1 Have a multi-proposition offering, giving you more options to service the unique needs of your clients.

**1 in 4** new Australian life insurance customers are now insured by us<sup>7</sup>

- 2 Have one of the highest and fastest<sup>7</sup> claims payment rates across the market – proving we deliver for your clients. Together, since we have been in operation, we have paid

**+\$1.29** billion in life insurance claims<sup>2</sup>

- 3 Lead the way in Adviser education – so you have the latest intel to support your clients with our \_ZONE education platform.

**\_ZONE**

- 4 Invest significantly in mental health – a challenge we are proud to take on, now and into the future.

Dedicated mental health claims management team, as well as wellbeing and rewards program for both Zurich and OnePath.

 **ZURICH** | LiveWell

My Wellbeing Hub

 **OnePath** Rewards

- 5 Have Rehabilitation and Wellness professionals, enabling clients to achieve their wellness goals and return to work.

**200+** claims specialist



Leading Allied health specialist (occupational therapists, rehab counsellors, exercise physiologists)



As a member of the Zurich Insurance Group – a global powerhouse – rest assured you're in the right spot.

# We're investing heavily to support you and your clients through this transition

## Staying ahead of the game



Launching a series of deep dive face-to-face and virtual masterclasses, so you can have the latest intel, product changes and stay ahead of the game.



Offering virtual Q&A sessions with technical experts, so you can have the answers that you need.



Collaborating with Advisers to co-design future products, to ensure they meet clients' needs.

## New customer material



Building new customer welcome and renewal communication, so your clients are making informed and confident decisions.



Building new OnePath Clarity content, so you have the tools to help your clients understand the new products.



Building a new customer brochure and PDS, to support you during point of sale conversations.

## Ongoing customer support



Supporting you in the interim with our OneCare Essentials product – offering essential cover for illness and injury, without the less frequently used features.



Offering affordability and financial hardship options to help you support your clients.



Giving you access to OnePath Clarity white label materials and marketing kit, so you have key selling points and education for customers allowing them to make an informed decision.

## Visit **\_ZONE**

[www.zoneeducation.com.au](http://www.zoneeducation.com.au) for our latest product development updates and Adviser support services.

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