

# DID YOU KNOW?

2 December 2016

## CommInsure Protection update: Terminal illness changes

**In line with recent superannuation condition of release changes for terminal illness from life expectancy of 12 to 24 months, CommInsure has aligned its retail CommInsure Protection product definitions with this new certification period, both for super and non-super policies.**



Alex Koodrin  
National Technical Manager

In his media release on 7 May 2015, the then Assistant Treasurer Josh Frydenberg announced that the Government was amending legislation to provide earlier access to super for people suffering a terminal illness. This followed representations by Breast Cancer Network Australia and other organisations. Mr Frydenberg stated: 'While this is a small regulatory amendment, it will make a big difference to the lives of those affected and that is why the Government has decided to act.'<sup>1</sup> The legislative amendment took effect from 1 July 2015.

In its new CommInsure Protection Product Disclosure Statement, effective 13 November 2016, CommInsure amended its definition for 'terminal illness/ terminally ill', which now means all of the following are required:

- Two medical practitioners have certified, jointly or separately in writing, that the life insured suffers from a sickness or has incurred an injury that is likely to result in the life insured's death within a period (the "Certification Period") that ends not more than 24 months after the date of the certification;
- At least one of the medical practitioners is a specialist practising in an area related to the sickness or injury suffered by the life insured;
- We are satisfied, on medical or other evidence, that despite reasonable medical treatment, the life insured's sickness or injury is likely to result in the life insured's death within the Certification Period
- The date of the certification by the medical practitioners occurs while the life insured is covered under this policy; and
- The Certification Period has not ended for each of the certificates.

As stated above, CommInsure has improved its certification period from 12 to 24 months. This period, as well as the definition of the likelihood of death, are directly aligned to the meaning of terminal medical condition in Regulation 6.01A of the Superannuation Industry (Supervision) Regulations 1994. Under the Regulations, a trustee of a superannuation fund is able to release the full amount of a member's superannuation account without restriction and on a tax free basis if they suffer a terminal medical condition. Only two other life insurers have the equivalent definition and certification period for policies both inside and outside super. And, of course, the updated terminal illness definition will apply to all eligible policies under the policy upgrade provision. The new definition will apply to claimable events or diagnosis occurring on or after the 13 November 2016.

### Summary

Updates made to the CommInsure Protection terminal illness definition mean earlier access to lump sum insurances for people suffering from a terminal illness.

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<sup>1</sup> Treasury Media release on 7 May 2015: *Early access to superannuation for people with terminal illness*, accessed on 24 November 2016 via <http://jaf.ministers.treasury.gov.au/media-release/023-2015/>

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