



Stapling risks leaving workers in hazardous occupations without critical insurance cover

Around **2.7 million people** work in the **riskiest** quintile of Australian occupations, including building and construction workers, miners, health workers, emergency service workers, truck drivers and delivery drivers.

There are 34,800 new entrants into the construction workforce annually. Building and construction is the third highest sector for fatalities in the workplace. Most workplace accidents occur among workers new to the industry. They are typically young men. Building and construction workers need cover from day 1 on site. That's why Cbus successfully advocated to preserve cover for all manual worker members, regardless of their age, during the Putting Members Interests First debate, and why Cbus is advocating a consistent approach now.

"We don't want to see B&C workers and their families left high and dry if injured or killed on a worksite. This will happen if they are stapled to a fund which does not service their industry." Justin Arter, Cbus CEO

"I work in the elevator industry in construction on major building sites where there are a lot of dangers, lots of hazards for example electricity or falls. The idea that you might be without insurance on site is scary. Most of us have families and we need to look after what's at home." Cbus member

Stapling proposal is inconsistent with the PMIF Dangerous Occupation Exception

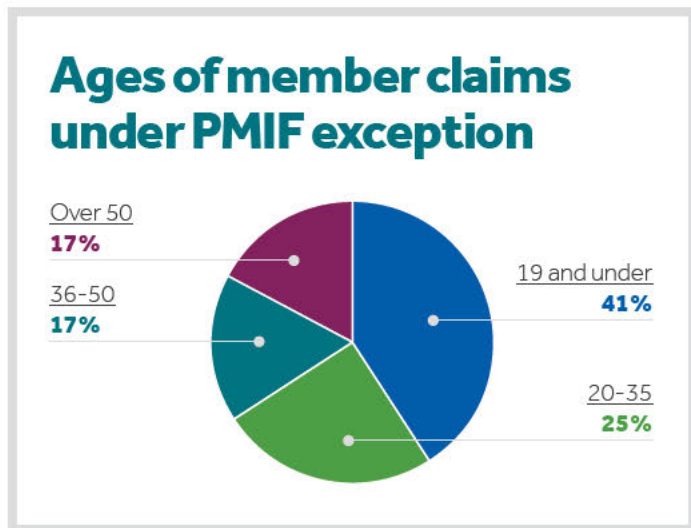
In late 2019 the Parliament recognised the critical importance of insurance in super for workers in hazardous occupations.

"The dangerous occupation exception recognises that certain occupations carry a higher degree of risk which provides a basis for retaining the current opt out insurance settings for members employed in these occupations." Treasury Laws Amendment (Putting Members' Interests First) Bill 2019 Supplementary Explanatory Memorandum

Cbus and a handful of other funds retained the ability to continue providing default opt-out insurance to young members working in dangerous jobs, based on independent actuarial advice about the hazardous nature of their membership's work and working environments.



The Dangerous Occupation Exception has preserved vital insurance cover for 115,000 building and construction workers since April 2020. A total of \$1,387,600 has already been paid to members or their beneficiaries in that short time. Those workers would not have any insurance at all, had the exception not been granted.



The proposed stapling measure puts at risk the same workers – those new to building and construction – who would receive automatic, affordable insurance cover through the PMIF exception at Cbus.

Many funds – including those who workers are most likely to be stapled to – do not provide TPD cover for workers in higher risk heavy blue-collar occupations or people working above 15 metres. The construction industry accounts for approximately 40% of falls-related fatalities. Cbus provides insurance cover that takes into consideration the risk profile of the construction and building industry, ensuring members are provided with an adequate level of insurance cover which is relevant to their occupational profile and age.

Many funds' Death cover has exclusions for suicide – being either an extended waiting period or no cover at all. Building and construction workers are at a higher risk of suicide. Cbus provides death cover for all insured members for suicide with no waiting period.

"We've all got families that rely on us and it's crazy to work in this industry if you're not protected." Cbus member

Cbus' Tailor-made Default Insurance

Cbus' insurance policy supports 556,000 members – this is one of the biggest group insurance contracts in the world. Our insurance cover is a key part of what Cbus delivers to members as it can provide benefits to our members and their families in time of need.

Cbus has a particularly strong record of benefit provision to members, with \$298 million in claims paid for the 2019/2020 financial year for close to 3,000 claims. Around 96% of all insurance claims accepted, and 94% of total and permanent disablement claims are accepted.

Workers in hazardous occupations should not be stapled to a fund that may not cover them

Employers in building and construction care about their workers and want to be confident that they are insured. Industry tailored group insurance is cost effective, provides cover which many workers would otherwise not be able to acquire, and gives employers peace of mind that their workers are adequately insured.

The Productivity Commission recommended a mechanism to prevent adverse outcomes from stapling, including being stuck with unsuitable insurance.

Workers in the top quintile of hazardous occupations, including building and construction workers, should not be stapled to their first fund, but rather continue to default into the appropriate industry-specific fund which offers insurance suited to their needs. This will ensure that they are covered by high quality, industry-specific insurance from their first day on site. The Parliament recognised this imperative as part of the Putting Members Interests First changes to insurance. Cbus recommends a consistent approach here.