

NOTICE OF FILING

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Sia Lagos

Registrar

Important Information

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No. VID691 of 2021

Federal Court of Australia
District Registry: Victoria
Commercial and Corporations National Practice Area

JESSICA AMY CHALLENGOR

Applicant

And

QSUPER BOARD ABN 32 125 059 006

Respondent

AMENDED STATEMENT OF CLAIM

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A. NOTES

1. In this Amended Statement of Claim capitalised terms not otherwise defined in this or subsequent sections are defined in Schedule A.

B. The parties

2. The Applicant brings this proceeding as a representative party pursuant to Part IVA of the *Federal Court of Australia Act 1976* (Cth) on her own behalf and on behalf of Group Members described in the Originating Application.

3. The Plaintiff and the persons she represents (**Group Members**) are each persons who, not being a Judge, Judicial Registrar or Registrar of the Federal Court of Australia or of the High Court of Australia:

(a) were members:

- (i) of the QSuper superannuation fund (**QSuper Fund**);
- (ii) whose category of membership of the QSuper Fund on 17 May 2016 belonged to one of the accumulation categories defined by s22(1) and (2) of the *Superannuation (State Public Sector) Deed 1990* (**QSuper Deed**);
- (iii) who were beneficiaries of the policy of insurance established by the Respondent (**QSuper Board**) by s23I(1) and s23K of the QSuper Deed and which commenced on or about 16 December 2013; and
- (iv) who, had they made the necessary election under cl. 10.47.1 of the policy of insurance entered into on or about 9 June 2016 by the QSuper Board with QInsure Pty Ltd (**QInsure**) to be subject to 'Occupational Rates' (as defined in the schedules to the policy), would have been entitled after 1 July 2016 to a
 - (A) Standard Rate (as defined in the schedules to the policy), and were between the ages of 17 and 39 (inclusive); or

(B) Professional Rate (as defined in the schedules to the policy); or

(C) White Collar Rate (as defined in the schedules to the policy),

(Fund Members); or

(b) at any time after 1 July 2016 received payment from a deceased Fund Member of all or part of the interest of the Fund Member attributable to the Fund Member's interest in the QSuper Fund; or

(c) satisfy both of the following paragraphs:

(i) was the spouse of a person who was a Fund Member;

(ii) pursuant to an order or settlement in a *Family Law Act 1975* (Cth) proceeding or a superannuation agreement within the meaning of part VIIIIB of that Act, at any time received a transfer from a Fund Member of all or part of the Fund Member's interest in the QSuper Fund.

4. As at the date of the commencement of this proceeding, the group on whose behalf this proceeding is commenced comprised seven or more persons.

5. The QSuper Board:

(a) is and at all relevant times has been a body corporate established under the *Superannuation (State Public Sector) Act 1990* (**QSuper Act**);

(b) is and at all relevant times was the trustee of the QSuper Fund;

(c) was at all relevant times an RSE Licensee under the *Superannuation Industry (Supervision) Act 1993* (Cth) (**SIS Act**);

(d) was at all relevant times the holder of Australian Financial Services Licence (**AFSL**) number 489650; and

(e) is and has been at all material times a person within the meaning of:

(i) section 1041H of the *Corporations Act 2001* (Cth) (**Corporations Act**);

- (ii) section 12DA of the *Australian Securities and Investments Commission Act 2001* (Cth) (**ASIC Act**); and
- (iii) section 18 of the ***Australian Consumer Law*** set out in Schedule 2 to the *Competition and Consumer Act 2010* (Cth), as applicable pursuant to:
 - (A) section 131 of the *Competition and Consumer Act 2010* (Cth); and
 - (B) section 8 of the *Australian Consumer Law and Fair Trading Act 2012* (Vic).

6. The QSuper Fund:

- (a) was established by the QSuper Act;
- (b) is and was at all relevant times governed by the QSuper Deed as amended from time to time; and
- (c) is and was at all relevant times, a Superannuation Fund, a Regulated Superannuation Fund, a Superannuation Entity, a Public Offer Superannuation Fund and a Registrable Superannuation Entity.

C. Obligations of QSuper

I. Obligation to notify changes to superannuation interest

7. At all relevant times, the QSuper Board:

- (a) issued interests in the QSuper Fund, which were financial products within the meaning of s763A(1) and s764A(1)(g) of the Corporations Act; and
- (b) offered that financial product in Australia,

within the meaning of s1017B(1)(b)(i) of the Corporations Act.

8. The Applicant and each Group Member:

- (a) acquired an interest in the QSuper Fund prior to 1 July 2016; and
- (b) was a retail client within the meaning of s1017B(1)(a) of the Corporations Act.

9. By reason of the matters in paragraphs 7 and 8 above:
 - (a) the QSuper Board was obliged by s1017B(1) of the Corporations Act to notify the Applicant and Group Members, in writing or electronically, of any change or event referred to in s1017B(1A) of the Corporations Act;
 - (b) pursuant to s1017B(1A) of the Corporations Act, the changes and events about which the QSuper Board was required to notify the Applicant and Group Members included any material change to a matter, or significant event that affected a matter, being a matter that would have been required to be specified in a Product Disclosure Statement for an interest in the QSuper Fund prepared on the day before the change or event occurred;
 - (c) pursuant to s1017B(4) of the Corporations Act, a notice issued pursuant to s1017B(1) was required to give the holder of an interest in the QSuper Fund the information that was reasonably necessary for the holder to understand the nature and effect of the change or event.

10. A Product Disclosure Statement issued in relation to an interest in a superannuation fund was required to include information about, *inter alia*:
 - (a) the cost of the relevant financial product, pursuant to s1013D(1)(d)(i) of the Corporations Act;
 - (b) any amounts that would or might be payable by a holder of the product in respect of the product after its acquisition, and the times at which those amounts would or might be payable, pursuant to s1013D(1)(d)(ii) of the Corporations Act;
and
 - (c) any other significant characteristics or features of the product or of the rights, terms, conditions and obligations attaching to the product, pursuant to s1013D(1)(f) of the Corporations Act.

11. At all relevant times, s1013D(2) of the Corporations Act provided that, for the purposes of s1013D(1)(d) of the Corporations Act, an amount was or might be payable in respect of a financial product by the holder of the product if:
- (a) the holder would or might have to pay an amount in respect of the financial product; or
 - (b) an amount would or might be deducted from an amount held on the holder's behalf under the financial product; or
 - (c) an account representing the holder's interest in the financial product will or may be debited with an amount.

II. SIS Act covenants

12. Pursuant to the SIS Act, and for the purposes of that Act, at all relevant times, the terms of the QSuper Deed were part of the Governing Rules of the QSuper Fund.
13. Pursuant to s52 of the SIS Act, at all relevant times the Governing Rules of the QSuper Fund have been taken to contain covenants by the QSuper Board:
- (a) to exercise, in relation to all matters affecting the QSuper Fund, the same degree of care, skill and diligence as a prudent superannuation trustee would exercise in relation to an entity of which it is trustee and on behalf of the beneficiaries of which it makes investments (**Care and Skill Covenant**);

Particulars

- (i) SIS Act, s52(2)(b).
- (b) to perform its duties and exercise its powers in the best interests of the beneficiaries (**Best Interests Covenant**); and

Particulars

- (i) SIS Act, s52(2)(c).

(c) where there is a conflict between its duties to the beneficiaries of the QSuper Fund, or the interests of the beneficiaries, and its duties to any other person or the interests of it or an associate of the QSuper Board:

- (i) to give priority to the duties to and interests of the beneficiaries over the duties to and interests of other persons; and
- (ii) to ensure that the duties to the beneficiaries are met despite the conflict; and
- (iii) to ensure that the interests of the beneficiaries are not adversely affected by the conflict,

(No Conflicts Covenant).

Particulars

- (i) SIS Act, s52(2)(d).

14. By s55(1) of the SIS Act (as in force prior to its repeal on 6 April 2019), the QSuper Board was required at all relevant times:

- (a) not to contravene the covenants set out at paragraph 13 above; and
- (b) not to contravene any covenant contained, or taken to be contained, in the Governing Rules of the QSuper Fund.

15. Pursuant to s7 of the SIS Act, the requirements of the SIS Act apply and applied despite any provision in the Governing Rules of the QSuper Fund.

III. Obligations at general law

16. Further or in the alternative, at all relevant times each of the covenants set out in paragraph 13 above was an implied term of the QSuper Deed (the **Implied Terms**).

Particulars

- (i) Each of the covenants set out in paragraph 12 was implied by the operation of s52(1) of the SIS Act.

17. Further or in the alternative, at all relevant times, the QSuper Board owed general law duties to the beneficiaries of the QSuper Fund to:
- (a) exercise the care, diligence and skill of a prudent professional trustee in the management of the assets and affairs of the fund of which it was trustee
(General Law Duty of Care);
 - (b) deal with the assets of the QSuper Fund of which it was trustee in the best interests of the beneficiaries of that fund **(General Law Best Interests Duty);**
and
 - (c) subject to s58B of the SIS Act, a duty to avoid, in performing its role as trustee of the QSuper Fund:
 - (i) conflicts between its duties to beneficiaries and the interests of beneficiaries, on the one hand, and its personal interests or interests of third parties;
 - (ii) further or alternatively, engagements with associated third parties which are inconsistent with its duties to beneficiaries and the interests of beneficiaries,**(General Law Conflicts Duty);**
 - (d) subject to s58B of the SIS Act, a duty to avoid obtaining, and to avoid associated third parties obtaining, unauthorised profits by reason of acting as trustee of the QSuper Fund **(General Law Profits Duty).**

Particulars of (a) to (d)

- (i) The duties arise at law from the relationship between the QSuper Board as trustee of the QSuper Fund and the beneficiaries of the QSuper Fund.

D. Insurance offered to beneficiaries of the QSuper Fund

I. Position prior to 1 July 2016

18. From about 1 January 2015 to 1 July 2016, and pursuant to ~~sections ss~~ ss 23I(1) and 23K of the QSuper Deed, the QSuper Board:

- (a) provided insurance to the Applicant and Group Members against death or disablement (**QSuper Insurance**);
- (b) as part of the QSuper Insurance provided income protection insurance; and
- (c) deducted premiums for that insurance from the accumulation account or non-public sector accumulation account held by the Applicant and Group Members,

in the period during which the Applicant and Group Members were members of the QSuper Fund.

Particulars ~~to~~ of (a) and (b)

- (i) The terms upon which the QSuper Board provided insurance for death (**Death Insurance**) and disablement (**TPD Insurance**) and income protection insurance (**IP Insurance**) were set out in *Insurance Terms* dated 1 January 2015 (**2015 Insurance Terms**) made pursuant to s23I(1) of the QSuper Deed.
- (ii) The 2015 Insurance Terms provided that, or to the effect that, *inter alia*:
 - (A) a member of the QSuper Fund, who was employed by the Queensland state public service, and whose employment commenced after 16 December 2013 would:
 - (1) automatically become an Insured Member, insured under the 2015 Insurance Terms;
 - (2) automatically became entitled to the Accumulation Account Income Protection Insurance Arrangements (as defined); and
 - (3) automatically become entitled to four (4) units of TPD Insurance,
 (2015 Insurance Terms, cl. 3.1 and 3.2);
 - (B) a member of the QSuper Fund, who was employed by the Queensland state public service, and whose employment commenced after 16 December 2013, and who did not have TPD Insurance, could elect to have TPD Insurance, and if they so elected would be entitled to four (4) Units of TPD Insurance (2015 Insurance Terms, cl. 3.4);

- (C) a member of the QSuper Fund who was not an employee of the State public sector and whose membership commenced after 1 December 2013, from the date of their membership, would:
- (1) automatically become an Insured Member, and be entitled to two (2) units of TPD Insurance, and was not entitled to automatically receive income replacement insurance (2015 Insurance Terms, cls. 3.3 and 3.12); but
 - (2) could, if eligible, apply for income protection insurance (*Accumulation Account Insurance Guide* dated 1 January 2015; 2015 Insurance Guide, page 13).

~~(iii) Further particulars may be provided following discovery.~~

19. From about 1 January 2015 to 1 July 2016, the cost to members of the QSuper Fund for:

(a) TPD Insurance:

- (i) was deducted directly from the member's accumulation account, monthly in arrears, pursuant to s23K of the QSuper Deed;
- (ii) regardless of whether the member was employed by the Queensland government, was calculated on the basis of a premium rate per week for one unit of insurance, with each unit of insurance equal to \$100,000;
- (iii) was higher for members of Queensland police, because the premium rate per week for one unit of insurance was higher than for other members of the QSuper Fund; and
- (iv) apart from the higher cost to members of Queensland police, the premium rate per week for one unit of TPD Insurance was the same regardless of the occupation in which the member was employed;

Particulars

- (i) The premium rate per unit of insurance for death or total and permanent disablement for Accumulation Members was determined on the basis of the member's age;
- (ii) The premium rate for a member of Queensland police was approximately double that for an Accumulation Member who was not a member of Queensland Police.

- (iii) The premium rates for TPD Insurance appeared in Table A of the Schedule to the 2015 Insurance Terms.
- (b) income protection insurance:
- (i) was debited directly from the balance of the member's accumulation account, monthly in arrears;
 - (ii) for members who were employed by the Queensland government was calculated as a proportion of the member's salary, with members of the same age contributing the same proportion of their salary regardless of their occupation;
 - (iii) for members who were not employed by the Queensland government was calculated on the basis of a premium rate per week, with members of the same age contributing the same proportion of their salary regardless of their occupation.

Particulars

- (i) The premium rates for income protection insurance for Accumulation Members who:
 - (A) did work for the Queensland government, and who were not members of Queensland police, appeared on page 21 of the 2015 Insurance Terms; and
 - (B) did not work for the Queensland government, appeared on page 13 of a document titled 2015 Insurance Guide.
- (ii) Income protection insurance was not available to members of Queensland police, which had separate arrangements for police officers who ~~are~~were unable to work on a temporary basis due to illness or injury.

II. Change to insurance arrangements from 1 July 2016

20. On or about 9 June 2016, and pursuant to the power in ~~clause~~ s 231(2) of the QSuper Deed, the QSuper Board entered into a policy of group life assurance (**Insurance Policy**) with QInsure, a subsidiary of the QSuper Board, for the payment of insurance benefits to Accumulation Members, including the Applicant and Group Members as members of the QSuper Fund, in the event of their death or disablement;

Particulars

- (i) Insurance Policy, cl. 4.1.
- (ii) The Insurance Policy was in writing.

21. From 1 July 2016, the QSuper Board effected a change (**Insurance Change**) to the terms of the QSuper Insurance, such that:

- (a) the QSuper Board would deduct from each Accumulation Member's superannuation account, premiums for Death, TPD and IP Insurance;
- (b) pursuant to cls. 8.1.1(f), 8.2.1(f), 8.3.1(f), 8.6.3, 8.7.3 and 8.12 of the Insurance Policy, and subject to the election set out in (c) below, those members of the QSuper Fund who were in an accumulation category (as defined by cl. ~~22~~22(2) of the QSuper Deed) prior to the commencement of the Insurance Policy, which included the Applicant and Group Members, would, from 1 July 2016, pay premiums for Death Insurance, TPD Insurance and/or IP Insurance calculated by the application of the Default Rates set out in the policy.

Particulars

- (i) The Insurance Policy defined the Default Rates as those rates outlined in Schedule 1 to the Insurance Policy.
- (c) pursuant to cl. 10.7.1 of the Insurance Policy, the Applicant and Group Members could, by written election to the QSuper Board or in a form approved by QInsure, and instead of paying the Default Rates, elect for the quantum of their Death Insurance, TPD Insurance and/or IP Insurance to be determined by the application of **Occupational Rates**, which were set out in the schedules to the Insurance Policy (**Premium Schedules**);

Particulars

- (i) With respect to TPD Insurance, the Default Rates applied to those members of the QSuper Fund who retained ~~unitised~~ unitised cover, and did not apply to those who elected to have fixed cover.
- (ii) The Occupational Rates were set out in Schedule 1 to the Insurance Policy.

- (iii) Occupational rate categories were set out in Schedule 4 to the Insurance Policy.

- (d) pursuant to the Premium Schedules, if a member of the QSuper Fund made the necessary election to be subject to Occupational Rates in accordance with (c) above, and was employed or engaged in an occupation to which the:
 - (i) **Standard Rate** applied, then a member would be charged premiums for:
 - (A) Death Insurance, that were materially less than the Default Rate in the years when the member was between 17 and 39 years of age;
 - (B) TPD Insurance that was between approximately 0.36% and 25% less than the Default Rate in the years that the member was between 17 and 39 years of age; and
 - (ii) **White Collar Rate** applied (as defined in Schedule 4 in the Premium Schedules), then the member would be charged premiums that were 65% of the Standard Rate, and therefore charged premiums for:
 - (A) Death Insurance, and that were between approximately 35% and 44% less than the Default Rate, depending on the age of the member;
 - (B) TPD Insurance, and that were between approximately 25% and 50% less than the Default Rate, depending on the age of the member; and
 - (C) IP Insurance that was materially less than the Default Rate, in an amount that depended on whether the Fund Member was a member of a basic accumulation category or a comprehensive accumulation category, and the age of the member.
 - (iii) **Professional Rate** applied (as defined in Schedule 4 in the Premium Schedules), then the member would be charged premiums that were 60% of the Standard Rate for:

- (A) Death Insurance, and which were between approximately 32% and 48% less than the Default Rate, depending on the age of the member;
- (B) TPD Insurance, and which were between 31% and approximately 55% less than the Default Rate, depending on the age of the member;
- (C) IP Insurance, that was materially less than the Default Rate, in an amount which depended on whether the Fund Member was a member of a basic accumulation category or a comprehensive accumulation category, and the age of the member.

Particulars

- (i) Schedule B to this amended statement of claim sets out:
 - (A) the rates for Death Insurance, TPD Insurance and IP Insurance payable by those members to whom the Default Rate applied, and those who, if they made the election, would be entitled to a Standard Rate, White Collar Rate or Professional Rate; ~~and~~
 - (B) the difference between the Default Rates, and Standard Rates, White Collar Rate and Professional Rate for Death Insurance, TPD Insurance and IP Insurance; and
 - (C) the definition of each Occupational Rate, as set out in Schedule 4 in the Premium Schedules.
- (ii) An Accumulation Members in a:
 - (A) Comprehensive accumulation category, received default income protection insurance at the rates set out in Schedule 3 to the Insurance Terms, with a waiting period of 14 days from the expiry of all Accrued Sick Leave;
 - (B) Basic accumulation category, received default income protection insurance at the rates set out in Schedule 3 to the Insurance Terms, with a waiting period equal to the greater of Accrued Sick Leave and 90 days from the Date of Disablement.

E. Notification of change to insurance premiums

22. On about 17 May 2016, the QSuper Board caused to be sent to the Accumulation Members, including the Applicant and the Group Members, a notice titled 'Introducing Changes to your Insurance' (**Notice**).

Particulars

- (i) A copy of the Notice is in the possession of the solicitors for the Applicant, and can be inspected by appointment.
- (ii) Accumulation Members received the Notice either digitally or by direct mail.

23. The Notice stated that, or to the effect that from 1 July 2016, *inter alia*:

- (a) the QSuper Board would be making 'some big changes' to the insurance cover offered to members of the QSuper Fund;

Particulars

- (i) Notice, page 2.

- (b) the insurance cover that a member of the QSuper Fund would be entitled to receive would vary depending on the member's age, current level of cover and employment situation;

Particulars

- (i) Notice, page 2.

- (c) the QSuper Board was introducing occupational ratings, and 'for some members choosing to be occupationally rated may reduce your premiums. There will be more information on occupational rating and premiums in the *Accumulation Account Insurance Guide*'.

Particulars

- (i) Notice, page 14.

24. The Notice did not state that it was necessary for a member to make an election in writing if they wished to be occupationally rated.

25. ~~The~~ On or about May 2016, the QSuper Board caused to be sent the Notice to Accumulation Members (including some or all Group Members) ~~under a cover of a letter dated 27 May 2016~~ to the Notice (May Letter).

Particulars

- (i) Accumulation Members received the May Letter either digitally or by direct mail.

26. The Each May Letter:

- (a) contained information specific to the accumulation category of that Accumulation Member;
- (b) identified the existence of pending changes to insurance cover and premiums, including the Death and TPD Insurance cover available to Accumulation Members;
- (c) stated, in effect, that members might tailor cover to suit their personal circumstances and needs;
- (d) stated, (for all accumulation categories save QAS accumulation categories), under the heading 'Understanding the changes', that '[y]ou don't ~~have~~ need to do anything – the changes we've outlined to your insurance cover will happen automatically on 1 July-2016' (**Insurance Changes Representation**); and
- (e) did not state that it was necessary for a member to make an election in writing if they wished to be occupationally rated.

26A. On or about May 2016, the QSuper Board caused to be sent to certain Accumulation Members (including some Group Members) an email (May Email).

26B. Each May Email:

- (a) stated 'we're making some changes to your insurance cover';
- (b) stated '... we're introducing some great enhancements to the insurance we offer through the Accumulation account';
- (c) did not state that it was necessary for a member to take any steps in relation to the 'changes to [the Accumulation Member's] insurance cover' to obtain the benefit of those changes; and

- (d) did not state that it was necessary for a member to make an election in writing if they wished to be occupationally rated.

26C. By the May Email, the QSuper Board represented to each recipient of that email that the member did not have to take any steps in relation to the 'changes to [the Accumulation Member's] insurance cover' to obtain the benefit of those changes (Implied Insurance Changes Representation).

Particulars

- (i) The Implied Insurance Changes Representation is to be implied from the content of the May Email.
- (ii) The Applicant refers to and repeats paragraph 26B above.

F. Failure to provide sufficient notice of change to superannuation interest

27. The Insurance Change concerned the:

- (a) cost of an interest in the QSuper Fund, within the meaning of s1013D(1)(d)(i) of the Corporations Act;

Particulars

- (i) The change affected the amount that would or might be deducted from a member's QSuper account to pay insurance premiums.
- (ii) The Applicant refers to and repeats paragraphs 18 and 21 above, and the particulars to those paragraphs.

- (b) the amounts that would or might be payable by the holder of an interest in the QSuper Fund in respect of that financial product after its acquisition, and the times at which those amounts would or might be payable, within the meaning of s1013D(1)(d)(ii) of the Corporations Act;

Particulars

- (i) The change affected the amount that would or might be deducted from a member's QSuper account to pay insurance premiums.
- (ii) The Applicant refers to and repeats paragraphs 18 and 21 above, and the particulars to those paragraphs.

- (c) a significant characteristic or feature of an interest in the QSuper Fund, further or in the alternative, the rights, terms, conditions and obligations attaching to an interest in the QSuper Fund, within the meaning of s1013D(1)(f) of the Corporations Act.

Particulars

- (i) The significant characteristic or feature was the insurance provided by the QSuper Board to Accumulation Members.
 - (ii) The Applicant refers to and repeats paragraphs 18 and 21 above, and the particulars to those paragraphs.
28. In the premises, the Insurance Change was a matter that would have been required by s1013D(1) of the Corporations Act to be included in a Product Disclosure Statement for an interest in the QSuper Fund, within the meaning of s1017B(1A)(a) of the Corporations Act.
29. By reason of the matters in paragraphs 27 and 28 above:
- (a) the Insurance Change was a material change to a matter, further or in the alternative, a significant event that affected a matter, that would have been required to be specified in a Product Disclosure Statement issued for an interest in the QSuper Fund within the meaning of s1017B(1A) of the Corporations Act; and
 - (b) the QSuper Board was required by:
 - (i) section 1017B(1) of the Corporations Act to notify the members of the QSuper Fund, including the Applicant and Group Members, of the Insurance Change; and
 - (ii) section 1017B(4) of the Corporations Act to give the members of the QSuper Fund, including the Applicant and Group Members, all the information that was reasonably necessary for them to understand the nature and effect of the Insurance Change.

30. The Notice ~~and~~, the May Letter and/or the May Email did not, and the QsSuper Board did not otherwise:

- (a) inform the members of the Insurance Change; and
- (b) by reason of the matters in paragraphs 29 and 30(a), the QsSuper Board contravened s1017B(1) of the Corporations Act,

(Notification Contravention).

G. Misleading or deceptive conduct

31. By making the Insurance Change Representation, and/or the Implied Insurance Change Representation, the QsSuper Board engaged in conduct which was:

- (a) in trade or commerce;
- (b) in relation to:
 - (i) a financial product or financial products within the meaning of sub-sections 763A(1)(a) and sub-sections 764A(1)(d) and (g) of the Corporations Act, namely an interest in the QsSuper Fund and/or a policy of insurance;
 - (ii) a financial service within the meaning of s766A(1) of the Corporations Act; and;
 - (iii) a financial service within the meaning of s12BAB(1) of the ASIC Act.

32. By reason of the matters in paragraphs 21(b), 21(c), 21(d), 23, 24 and 26(d) above, the conduct of the QsSuper Board in making the Insurance Change Representation was misleading or deceptive, or likely to mislead or deceive.

32A. By reason of the matters in 21(b), 21(c), 21(d) and 26B, the conduct of the QSuper Board in making the Implied Insurance Change Representation was misleading or deceptive, or likely to mislead or deceive.

33. In the premises in paragraphs 32 and/or 32A, the QsSuper Board engaged in conduct that was in contravention of:

- (a) section 1041H of the Corporations Act;
- (b) section 12DA of the ASIC Act; and
- (c) section 18 of the Australian Consumer Law,

(Misleading Conduct Contravention).

H. Contraventions of trustee covenants

I. Contravention of care and skill covenants

33A. On or about May 2013, the QSuper Board determined:

- (a) it was likely that the Queensland government would introduce 'Choice of Fund' for Queensland government employees; and
- (b) it was in the best interests of current and future members for the QSuper Fund to become a 'public offer' fund.

Particulars

- (i) Prior to the QSuper Fund becoming a 'public offer' fund, membership of the QSuper Fund was restricted to employees of the Queensland government, former employees of the Queensland government and spouses of current and former employees of the Queensland government (Decision paper to the QSuper Board titled 'Deed Amendments - Proteus Project and Additional Amendments' dated 18 December 2014 (QSB.6000.0002.4912)).
- (ii) If the QSuper Fund became a 'public offer' fund this would permit any person to become a member of the QSuper Fund (Decision paper to the QSuper Board titled 'Deed Amendments - Proteus Project and Additional Amendments' dated 18 December 2014 (QSB.6000.0002.4912)).
- (iii) The effect of choice of fund was that employees of the Queensland Government could make a choice as to the superannuation fund to which they made contributions, and were not required to make contributions to QSuper.
- (iv) Information paper to the QSuper Board titled 'Proteus Program – Final Progress Update' dated 19 February 2015 (QSB.6000.0003.0105).
- (v) Decision paper to the QSuper Board titled 'Deed Amendments - Proteus Project and Additional Amendments' dated 18 December 2014 (QSB.6000.0002.4912).

33B. By no later than 14 January 2014, QSuper management had allocated each of its members who were, in 2013, employed by a Queensland Government department or other Government agency to one of seven occupational classifications (Classifications).

Particulars

- (i) The Classifications were described in an email from Trinh Le of QSuper to Wendy Whitten and Claudette Chan of the Queensland Treasury, dated 14 January 2014 (14 January Email) (QSB.5001.0032.0001), as follows:
 - (A) Nurse – Health (nurses and health care workers/carers)
 - (B) Teacher – Education (mainly classroom based or office-based education roles e.g. teachers; teacher aides; school principals)
 - (C) Manual – Light (not purely office based and not only in sedentary roles e.g. selected Government Trading Enterprises not in MOHRI such as Queensland Rail; physiotherapist; park ranger)
 - (D) Manual – Heavy (heavy manual occupations and duties in hazardous environments e.g. cleaners; fire fighters; ambulance offices; janitors)
 - (E) Administration (white collar earning under \$80K e.g. administration/clerical workers)
 - (F) Professional (white collar earning \$80K or more e.g. surgeons/doctors, managers)
 - (G) Police
- (ii) QSuper had allocated its members who were employed by a Government agency (**Government Members**) to one of the Classifications by the application of the Minimum Obligatory Human Resources Information (**MOHRI**), being data that Queensland government agencies must provide for the Queensland public sector workforce profile report.
- (iii) In circumstances where there was no match for a Government Member, QSuper applied rules to classify them (14 January Email, QSB.5001.0032.0001).
- (iv) Further particulars with respect to the rules applied to classify those Government Members for whom there was no match in the MOHRI data may be provided following the completion of discovery and the return of subpoenas.
- (v) So far as the Applicant is able to say before the completion of discovery, QSuper did not, by the process described in this paragraph 33B, allocate to a Classification those of its members who were not employed by a Queensland government agency. In the spreadsheets attached to the 14 January Email, members of QSuper who were not employed by

a Queensland Government agency, were allocated the code 'TOWRLF'.

- (vi) Further particulars may be provided following the completion of discovery.

33C. On or about 17 November 2014, Robert Bartlett, a Product Analyst employed by QSuper sent an email to Greg Leo (Leo), an Insurance Consultant engaged by QSuper, with the title "Occupations", and in which Bartlett said that it "seems to be there are two approached (sic.) to occupations ratings":

- (a) to "put everyone in a standard category and then be occupationally underwritten to move up a category", which Bartlett described as the "preferred method in the short term as it is easier to implement although the rates would be less accurate and more expensive to option two; and
- (b) to "allocate categories based on specific employer categories and then have people apply to be underwritten to be in other categories if they feel they are a safer risk", which Bartlett said " would have a better price but would be harder to classify and work into the system.

Particulars

- (i) QSB.1000.0002.3887

33D. On or about 15 April 2014, the Product, Services & Advice Committee of the QSuper Board was told that QSuper management had:

- (a) identified that competitor funds operating in a 'public offer' environment:
- (i) were offering greater product flexibility than QSuper; and
- (ii) were more competitive than QSuper in, *inter alia*, premium value for 'education' and 'professional'/'low risk' occupational groups;

- (b) identified that QSuper Fund members who worked in 'professional' and 'education' occupations were materially subsidising 'manual' and 'high risk' occupational members;
- (c) determined that:
 - (i) discounted 'low risk rates' would improve the QSuper Board's competitive position; and
 - (ii) the correlating premium increases for 'standard' and 'high risk' members would generate additional premiums without impacting the QSuper Board's competitiveness; and
- (d) determined to consider the design and implementation of occupational ratings to, *inter alia*, improve the competitive position of the QSuper Fund.

Particulars to (a) to (d)

- (i) Decision paper to the Product, Services & Advice Committee titled 'Insurance Product Design Direction' dated 15 April 2014 (QSB.5005.0001.0450).
- (ii) The paper in particular (i) above stated, as part of design 'Theme 2, Improve product flexibility, access to cover in line with needs and market competitive position', *inter alia*, that "further consideration to be given to occupational/sector rating to improve competitive position. Analysis of the competitive position shows that for death and TPD, the relativities applicable to occupation categories of low risk, standard and high risk, have considerable merit. Discounted low risk rates create a more competitive position, especially for members under 35, while the corresponding loadings associated with the standard and high risk groups generate additional premium without appearing too uncompetitive." (QSB.5005.0001.0450, .0454)

33E. By no later than 18 December 2014, the QSuper Board:

- (a) was aware that the Cabinet of the Queensland Government had determined that, from 1 July 2015, choice of fund would be made available to Queensland Government employees;

Particulars

- (i) It was proposed that QSuper would remain the default fund for Queensland government employees.
 - (ii) Minutes of the meeting of the QSuper Board held on Thursday, 23 October 2014 (QSB.6000.0002.4622, .4669).
 - (iii) Decision paper to the QSuper Board titled 'Deed Amendments – Proteus Project and Additional Amendments' dated 18 December 2014 (QSB.6000.0002.4622, .4912).
- (b) had approved the QSuper Fund becoming a public offer fund from 1 July 2015;

Particulars

- (i) The Applicant refers to and repeats paragraph 33A above, and the particulars to that paragraph.
 - (ii) Minutes of the meeting of the QSuper Board held on Thursday, 23 October 2014 (QSB.6000.0002.4622, .4669).
- (c) had been informed that, from 1 July 2016, QSuper could no longer self-insure death, total and permanent disablement or income replacement risk for members of the QSuper Fund; and
- (d) proposed to consider establishing its own licenced life insurance company, 'QInsure' to insure the risks in (c).

Particulars to (c) and (d)

- (i) Prior to 1 July 2016, the QSuper Board self-insured the risks associated with TPD and death insurance provided to its members, save for inactive members and those members in the 'Preserved Member Offer', who were externally insured through TAL.
- (ii) Decision paper to the QSuper Board titled 'Deed Amendments - Proteus Project and Additional Amendments' dated 18 December 2014 (QSB.6000.0002.4912).
- (iii) Decision paper to the QSuper Board titled 'Establishment of a QSuper wholly owned life insurance company' dated 19 May 2015 (QSB.6000.0003.1513).
- (iv) Information paper to the QSuper Board titled 'Life Insurance Company Establishment Business Case Analysis' dated 18 December 2014 (QSB.5005.0001.0432).
- (v) Decision paper to the QSuper Board titled 'Establishment of a QSuper wholly owned life insurance company' dated 19 May 2015 (QSB.6000.0003.1513).

33F. By no later than January 2015, QSuper had engaged Rice Warner to:

- (a) provide analysis of premium scales upon changes in occupation classifications within the insurance product offered by the QSuper Board to the members of the QSuper Fund; and
- (b) recommend occupation loading factors for death only, TPD only and death and TPD combined, and income protection, if four occupation ratings were introduced for 'additional cover' beyond the default cover provided to members, giving consideration of the market and suitability of QSuper's membership.

Particulars

- (i) QSB.1004.0031.4169, .4169.

33G. As part of the engagement in paragraph 33F above, on or about 8 January 2015, Rice Warner provided to QSuper a report (**Rice Warner Report**) that recorded the following matters:

- (a) the proportion of members who, were they to elect to change their default cover (by increasing or decreasing their cover), would fall into one of four occupational categories (**Categories**), namely Low Risk, White Collar, Standard and High Risk;

Particulars

- (i) QSB.1004.0031.4169, .4173 and .4174.
- (ii) So far as the Applicant can say before the completion of discovery:
 - (A) Rice Warner described the Categories in terms very similar to those ultimately employed in the Insurance Policy, save that what became the 'Professional' category was termed 'Low Risk', and the income threshold for the Low Risk category was \$100,000 rather than \$120,000.
 - (B) Rice Warner calculated the proportion of members who would fall into each of the Categories from a file described in Rice Warner Report as 'State Actuary LS Relativities', which was provided to Rice Warner on 3 April 2014, and included a breakdown of the QSuper membership by occupation (QSB.1004.0031.4169, .4173).; and

(C) Rice Warner determined the proportion of members who fell into each of the four Categories, by first determining the proportion of units of exposure in each of the seven Classifications (as determined from a file titled 'State Actuary LS Relativities' file), and allocating each of the Classifications to one of the four Categories to one of the four Categories. The QSuper Board has not discovered a copy of the State Actuary LS Relativities file

(iii) The Applicant may provide further particulars following the completion of discovery.

(b) the results of the analysis in sub-paragraph (a) in the following table:

Occupation from 'State Actuary LS Relativities' file	Proportion	Mapping of seven occupations to the four specified ratings			
		Low risk	White collar	Standard	High Risk
Nurse-Health	15%			100%	
Teacher-Education	22%		100%		
Manual-Light	7%			100%	
Manual-Heavy	10%				100%
Administration	26%		100%		
Professional	17%	100%			
Police	3%				100%
Total	100%	17%	48%	22%	13%

(c) as part of its methodology for calculating premiums, Rice Warner determined that:

(i) 17% of units of death and TPD cover; and

(ii) 6% of units of IP cover.

would be occupationally rated by the application of an occupational loading factor.

Particulars

(i) The Rice Warner Report records that determinations about the proportion of units that would be subject to occupational rating presumed that occupational rating would be available to those members who held additional units of cover, i.e., who had changed their default cover.

(ii) QSB.1004,0031.4169, .4174.

- (d) Rice Warner recommended the following occupational loading factors for death insurance only, TPD only, and death and TPD combined, and income protection, when a member elected to change their default cover:

Occupation	Death only	TPD only	Death and TPD	Income Protection
Low risk	70%	70%	70%	65%
White collar	75%	75%	75%	70%
Standard risk	100%	100%	100%	100%
High risk	175%	210%	200%	150%

Particulars

- (i) QSB.1004.0031.4169, .4176.

33H. On 20 February 2015, QSuper requested that Rice Warner discount the occupational loading factors for the 'professional and low risk' categories by 'a further 10%/15%'.

Particulars

- (i) The request was in writing, and appeared in an email from Jan Brewer of QSuper and Thierry Bateau of Rice Warner.
- (ii) QSB.1004.0031.4185, .4186.

33I. On or about 19 May 2015, the QSuper Board approved a proposed insurance product design, which included, *inter alia*, the availability of occupational ratings for those members of the QSuper Fund who personalised cover away from 'default' (**First Implementation Design**).

Particulars

- (i) Decision paper to the QSuper Board titled 'Proposed Insurance Product Design' dated 19 May 2015 (**19 May Decision Paper**) (QSB.6000.0003.1536).
- (ii) Minutes of the meeting of the QSuper Board held on 19 May 2015 (QSB.6000.0003.1760).

33J. In approving the First Implementation Design, the QSuper Board was told by QSuper management that:

- (a) the rationale for the introduction of occupational rating was that it would be fairer for all members, improve its competitive position and better align member premiums to risk;

Particulars

- (i) 19 May Decision Paper: QSB.6000.0003.1536, .1538.
 - (ii) The 19 May Decision paper records at .1550 that it was a recommendation of Greg Staunton, QSuper Head of Group Life Insurance.
 - (iii) The 19 May Decision Paper was provided to the QSuper Board as part of the board pack for the meeting of the QSuper Board held on 19 May 2015, and was considered at that meeting (QSB.6000.0003.1760, .1762).
- (b) seven “employer categories” had been identified in the current membership of QSuper;

Particulars

- (i) 19 May Decision Paper, QSB.6000.0003.1536, .1546.
 - (ii) The seven employer categories set out in the 19 May Decision Paper were the same as the Classifications.
- (c) the seven employer categories set out in subparagraph (b) above had been mapped to four broader occupation categories, namely Low Risk, White Collar, Standard and High Risk;

Particulars

- (i) 19 May Decision Paper, QSB.6000.0003.1536, .1546.
- (ii) The 19 May Decision Paper stated that the four broader occupation categories ‘have been identified as relevant to the membership and broadly (sic.) market comparable. The naming convention for these categories is still under consideration, but is currently being referred to [by the naming conventions described in this paragraph]’: 19 May Decision Paper, QSB.6000.0003.1536, .1546.
- (iii) The four broader occupation ratings categories set out in the 19 May Decision Paper were the same as the Categories.

- (d) the proposed occupational loading factors that would be applied to each member who elected to personalise their cover, and therefore be occupationally rated, for each of the four broad occupation ratings categories was as follows:

Proposed occupational loading factors when a member elects to change their draft default cover				
Occupation	Death only	TPD only	Death and TPD	Income Protection
Low Risk	60%	60%	60%	65%
White Collar	70%	70%	70%	70%
Standard Risk	100%	100%	100%	100%
High Risk	175%	210%	200%	150%

Particulars

- (i) 19 May Decision Paper, QSB.6000.0003.1536, .1547.

- (e) the:

- (i) implementation of occupational ratings would increase Standard Risk premium rates; but
- (ii) the likelihood of the implementation of occupational ratings increasing the Standard Risk premium rates in a material amount was unlikely, because it was not expected that a significant portion of the current membership would act to change their cover, which at the time was required for a member to be occupationally rated.

Particulars

- (i) 19 May Decision Paper, QSB.6000.0003.1536, .1547.

33K. On or about 23 July 2015, the QSuper Board approved the establishment of QInsure.

Particulars

- (i) Decision paper to the QSuper Board titled 'QInsure – Business Case' dated 23 July 2015 (QSB.1011.0009.2705).
- (ii) Minutes of the meeting of the QSuper Board held on 23 July 2015 (QSB.6000.0003.2439).

33L. On about 30 November 2015, QSuper management received a pricing review from KPMG (KPMG November 2015 Report), that:

- (a) provided an opinion as to the adequacy of premium rates intended to be implemented for an insurance product entered into between QInsure and the QSuper Board from 1 July 2016.
- (b) assumed for the purposes of providing that opinion that occupational rating would apply only to those members who had additional voluntary group life coverage.
- (c) on the basis of KPMG's analysis of past experience and trends, adjusted to take into account the proposed product and premium changes, concluded that:
 - (i) for Group life (death and TPD), the proposed premium rates were higher than that required to meet target profitability for QInsure and could be reduced by 12.7%; and
 - (ii) for income replacement insurance, the proposed premium rates were lower than that required to meet target profitability for QInsure and needed to be increased by approximately 11.7%.
- (d) stated with respect to both Group life and income replacement insurance premiums that, or to the effect that, one area that need to be monitored closely after implementation of the proposed product suite was the transition to occupational rates for voluntary cover, because:
 - (i) the proposed voluntary rates offer substantial discounts to 'low risk and administration' staff; and
 - (ii) to the extent that the take up of members for occupational based rates is significant, then that would result in need for default rates to increase.

Particulars to (a) to (d)

- (i) QSB.1000.0008.7286.

33M. On 3 March 2016, QSuper management received a report prepared by the QSuper Board's appointed actuary Edward Fabrizio of KPMG, that:

- (a) was prepared for the purposes of the QSuper Board discharging its obligation under APRA Prudential Standard LPS 320.
- (b) reviewed the KPMG November 2015 Report;
- (c) stated that the 'most sensitive assumptions which generate risk of claims experience to be different from assumed' included that:
 - (i) there was some risk that premium income would be eroded by a 'higher portion' of existing members personalising to lower premium rates without the equivalent personalisation to higher premium rates from High Risk occupational groups;
 - (ii) the main assumption with respect to the 65% of members who could obtain lower rates by moving to occupationally rated premiums (being the members entitled to be occupationally rated in the Professional or White Collar Categories) was that:
 - (A) 10% of low risk and administrative members with voluntary cover would move to occupational rates; and
 - (B) 5% of low risk and administrative default members would move to voluntary cover to obtain occupationally rated rates;
 - (iii) to compensate for the potential risk of increased occupational rating, a contingency margin of 3% for group life and 5% for income replacement cover had been incorporated into the premium rates over and above the profit margin to allow for uncertainty.

- (iv) stated that, or to the effect that, the proposed premiums outlined in the report were expected to meet target returns on capital and were suitable with respect to the risks accepted.

Particulars to (a) to (c)

- (i) QSB.1004.0022.0719

33N. On 23 March 2016, the QSuper Board approved the final insurance product design, which included, *inter alia*, the application of occupational ratings only if a member elected to be subject to an occupational rating (Final Implementation Design).

Particulars

- (i) Decision paper to the QSuper Board titled 'Insurance Product Design' dated 23 March 2016 (QSB.1002.0008.3782).
- (ii) Minutes of the meeting of the QSuper Board held on 23 March 2016 (QSB.6000.0004.0796).

33O. In approving the Final Implementation Design, the QSuper Board was told that:

- (a) whereas it was previously proposed that occupational rating would apply to members who had voluntary additional cover, it was not proposed that occupational rating would apply to members who chose to increase or personalise their cover or who 'opt[ed]-in for personalisation', which would result in 'true premium rates for all cover (default and additional)';
- (b) KPMG had undertaken the pricing of the new insurance product, and had reduced the White Collar death and TPD occupational loading factors to 65% from 70% of the standard occupational loading factor, and increased the High Risk TPD occupational loading factor from 210% to 350% of the standard occupational loading factor;
- (c) KPMG had continued pricing analysis to expand on the work conducted by Rice Warner, and the key differences allowed for by KPMG included return on capital invested, which had been set at 15.3% for death and TPD and 10.1% for Income

protection insurance, which rates had been 'determined by QSuper as being appropriate for its investment (capital) in QInsure';

- (d) the introduction of occupational ratings would improve its competitive position and better align premiums to risk;
- (e) the introduction of occupational ratings would be consistent with the themes and design principles of: alignment, equity, flexibility, adequacy and competitiveness.

Particulars for (a) to (e)

- (i) Decision paper to the QSuper Board titled 'Insurance Product Design' dated 23 March 2016 (QSB.1002.0008.3782)

33P. By reason of the matters in paragraphs 33L to 33O, the QSuper Board:

- (a) approved a proposed insurance product design that assumed:
 - (i) 10% of low risk and administrative members with voluntary cover would move to occupational rates; and
 - (ii) 5% of low risk and administrative default members would move to voluntary cover to obtain occupationally rated rates;
- (b) approved an implementation design that it was reasonable to expect would result in only an approximate 3% to 5% uptake of occupational ratings by members;
- (c) did not expect a significant portion of its current members would elect to be occupationally rated;
- (d) did not approve a proposed insurance product design whereby all members would be occupationally rated; and
- (e) did not approve a proposed insurance product design whereby all members would be automatically occupationally rated.

Particulars

- (i) The Applicant refers to and repeats paragraphs 33L to 33O above, and the particulars to those paragraphs.

- (ii) Decision paper to the QSuper Board titled 'Insurance Product Design' dated 23 March 2016 (QSB.1002.0008.3782).
- (iii) Email chain between Tim Cochrane and Greg Staunton dated 31 January 2016 (QSB.1004.0030.7599).
- (iv) Appointed Actuary Advice dated 3 March 2016 (QSB.1004.0022.0719).
- (v) Email chain between Greg Leo and Kirsten Hopper ending on 17 May 2016 (QSB.1001.0003.3647).
- (vi) Email chain between Robert Bartlett and Greg Staunton ending on 28 June 2016 (QSB.1004.0020.0620).

33Q. On or about 27 May 2016, the QSuper Board approved the execution of the Insurance Policy with a commencement date of 1 July 2016, which reflected the Final Implementation Design.

Particulars

- (i) Minutes of the meeting of the QSuper Board held on 27 May 2016 (QSB.6000.0004.1826).
- (ii) The Applicant refers to and repeats paragraphs 33N and 33P and the particulars to that paragraph.

33R. In addition to the terms set out in paragraph 21 above, the Insurance Policy contained terms that, or to the effect that:

- (a) the Insurance Policy was an Australian participating policy which pays participating benefits as set out in clause 17 of the Insurance Policy (cl. 17.1);
- (b) the Insurance Policy was referable to the No. 1 statutory fund (cl. 17.2);
- (c) where the No. 1 statutory fund produces an operating profit or operating loss in respect of participating businesses, QInsure was required to allocate 80% of that operating profit or operating loss to the QSuper Board's retained profits (cl. 17.4).

Particulars

- (i) QSB.1000.0009.8950.

33S. The balance of 20% of QInsure's operating profits were allocated to QSuper Ltd as the shareholder of QInsure.

Particulars

- (ii) QSuper Board decision paper titled 'Proposed Structure of Group Life Insurance Policy' dated 23 March 2016 (QSB.1011.0011.5155).

34. The application ~~introduction~~ of an occupational ratings was, or would have been, in the financial interests of those members of the QSuper Fund who qualified for the:

- (a) Standard Rate, and who were between the ages of 17 and 39 (inclusive); or
 (b) White Collar Rate or Professional Rate.

Particulars

- (i) The Applicant refers to and repeats paragraph 21(d) above, and the particulars to that paragraph.

34A. By reason of the Final Implementation Design, and the terms of the Insurance Policy,

on and from 1 July 2016 the majority of QSuper Fund's members (being those members of the QSuper Fund who qualified for the:

- (a) Standard Rate, and who were between the ages of 17 and 39 (inclusive);
 (b) White Collar Rate; or
 (c) Professional Rate.

but who did not elect to be occupationally rated:

- (i) paid more for their insurance premiums than they would have had they been occupationally rated; and
 (ii) continued to subsidise the insurance premiums of members who met the definition for the Standard occupational rate but who were not aged 17 to 39, or who met the definition of the High Risk occupational rate.

Particulars

- (i) The Applicant refers to and repeats paragraph 21(d) above, and the particulars to that paragraph.
 (ii) The extent to which group members paid insurance premiums that were greater than they would have been had they been

occupationally rated depends on the number of units held by that member, their type of insurance, and their age.

- (iii) Decision paper to the QSuper Board titled 'Proposed Insurance Product Design' dated 19 May 2015 (QSB.6000.0003.1536).
- (iv) Decision paper to the QSuper Board titled 'Insurance Product Design' dated 23 March 2016 (QSB.1002.0008.3782)
- (v) Email chain between Greg Staunton and Tim Cochrane dated 31 January 2016 (QSB.1004.0030.7599).
- (vi) Group Product – Briefing note from Greg Leo to Kim Hughes dated 26 October 2016 (BQSB.1013.0002.3547).
- (vii) Executive Committee – Briefing Note from Kim Hughes to Executive Committee dated 7 December 2016 (QSB.1013.0006.9058).

35. In the premises, by reason of the matters in paragraphs 33A to 34A above, a prudent trustee in the position of the QSuper Board, exercising the same degree of care, skill and diligence as a prudent superannuation trustee would exercise in relation to an entity of which it is trustee and on behalf of the beneficiaries of which it makes investments, would have upon making the Insurance Change, instituted a system (System) by which members of QSuper were automatically occupationally rated, without the need for an election, which system would have operated as follows:

(a) to the extent that it was able, QSuper ought to have determined as at 1 July 2016:

- (i) the occupation of those of its members who were employed by the Queensland government by using the MOHRI or equivalent data; and
- (ii) on the basis of that data, determined the Classification, and therefore Category, to which each of those members properly belonged;

Particulars

- (i) The Applicant refers to and repeats paragraph 33B above, and the particulars to that paragraph.
- (ii) Based on data for 2013, QSuper was able to allocate approximately 201, 941 of its then members to an occupational Classification.
- (iii) In about December 2013:

- (A) QSuper automatically provided those of its members not employed by the Queensland government 2 units of default death and TPD cover 'in line with MySuper changes implemented on 16 December 2013 under a requirement from APRA'. Those members were insured by TAL;
- (B) the effect of the change in subparagraph (A) was to increase the number of QSuper members insured by TAL, who were not employed by the Queensland government, and who could not be allocated to an Occupational Classification by the use of MOHRI data, by about 150,000 people.
- (iv) Further particulars may be provided following the completion of discovery.

(b) of those members for whom QSuper could not allocate an occupational Classification by the use of MOHRI or equivalent data as described in (a) above, QSuper ought to have:

- (i) for those members for whom:
 - (A) QSuper held MOHRI or equivalent data that allowed it to identify a former employer of the member (**Former Employer Data**), and data that allowed it to identify the member's present employer; and
 - (B) the nature of the member's present employment corresponded with, or was similar to, the former employment for which QSuper held MOHRI or equivalent data,

determined the Classification, and therefore Category, to which each of those members properly belonged on the basis of the Former Employer Data.
- (ii) for those members for whom QSuper held data that allowed it to determine the member's salary, allocated those members who earned more than \$120,000 per annum to the Professional category; and
- (iii) allocated all other members to the Standard category.

Particulars

- (i) So far as the Applicant is able to say before the completion of discovery, QSuper held data, for members no longer employed by a Queensland government agency, that identified the employer of some at least of its members who had previously been employed by a Queensland government agency (QSB.1004.0013.4463).
- (ii) The members who could not be allocated under (i) or (ii), and therefore allocated to the Standard category, would include members who were not employed by the Queensland government and, prior to the Insurance Change, were insured pursuant to a policy of insurance entered into between QSuper and TAL, and the spouses of those members.
- (iii) Further particulars may be provided following the completion of discovery.

(c) following the allocation in subparagraphs (a) and (b), sent to each member a significant event notice under s 1017B of the Corporations Act that:

- (i) described the nature and effect of the insurance change, and the process of automatic occupational rating set out in subparagraphs (a) and (b);
- (ii) set out a description of the Occupational Rates;
- (iii) set out the Occupational Rate to which the member had been allocated as part of the automatic occupational rating set out in paragraphs (a) and (b) above; and
- (iv) allowed each member the opportunity to inform QSuper if they considered the Occupational Rate to which that member had been allocated was incorrect, and to describe to QSuper their occupation and/or the Occupational Rate to which they considered they ought to be allocated.

~~(a) upon making the Insurance Changes, instituted a system by which those members of QSuper who qualified for:~~

~~a Standard Rate, and for the period when they were between 17 and 39 years of age; or~~

~~a White Collar Rate or Professional Rate,~~

~~were taken to be occupationally rated without the need for an election;~~

~~(b) further or in the alternative to (a), instituted a system by which those members of QSuper who qualified for:~~

~~(v) a Standard Rate, and for the period when they were between 17 and 39 years of age; or~~

~~(vi) a White Collar Rate or Professional Rate,~~

~~were taken to be occupationally rated, but by which those members could opt out of being occupationally rated;~~

35A. (c) Further or in the alternative to paragraph 35(a) to (c) and (b), a prudent trustee in the position of the QSuper Board, exercising the same degree of care, skill and diligence as a prudent superannuation trustee would exercise in relation to an entity of which it is trustee and on behalf of the beneficiaries of which it makes investments, would have included in a notice sent to QSuper members notifying them of the proposed Insurance Change sufficient information to allow them to understand the nature and effect of the Insurance Change.

36. The QSuper Board failed to:

(a) by reason of the matters in paragraph 35 24(c), institute the System ~~a system by which those members of QSuper who, under the Insurance Change, qualified for~~ a:

~~(i) a Standard Rate, in the period when they were between 17 and 39 years of age;~~

~~(ii) White Collar Rating or Professional Rating,~~

~~were taken to be occupationally rated; and/or~~

~~(b) by reason of the matters in paragraph 21(c), institute the Alternative System a system by which those members of QSuper who, under the Insurance Change, qualified for a:~~

~~(i) a Standard Rate, in the period when they were between 17 and 39 years of age;~~

~~(ii) White Collar Rating or Professional Rating,~~

~~were taken to be occupationally rated, but could opt out of that occupational rating; and/or~~

~~(b) (c) include in the Notice, or May Letter or May Email sent to QSuper members, or otherwise provide, notification that it was necessary to make an election to be occupationally rated to enjoy the lower insurance premiums associated with the Standard Rate, White Collar Rate and/or Professional Rate.~~

37. In the premises, by the acts and omissions and in the circumstances pleaded in paragraphs 33A to 36 above, separately and in any combination, the QSuper Board contravened the Care and Skill Covenant.

II. Contraventions of Best Interests Covenants

38. Where it was:

(a) in the financial interests of its members to pay lower premiums for insurance products that they were provided by reason of their membership of the QSuper Fund; and/or

(b) likely that the adoption of the System would have reduced or removed occupational cross subsidisation of the risk posed by members of QSuper employed in higher risk occupations by those employed in lower risk occupations, and/or better aligned insurance premiums to risk, and thereby increased fairness to all members,

a trustee of a superannuation entity in the position of the QSuper Board:

- (i) performing the trustee's duties and exercising the trustee's powers in the best interests of members of the superannuation entity; and/or
- (ii) ensuring that the trustee's duties were performed and the trustee's powers were exercised in the best interests of those members of the superannuation entity,

would have taken the steps set out in paragraphs 35 and/or 35A ~~35(a) to (e)~~ above.

Particulars

- (i) The Applicant refers to and repeats paragraphs 33A to 35A above and the particulars to those paragraphs.

39. In the premises, by the acts and omissions and in the circumstances pleaded in paragraphs 33A to 36 and 38 above, separately and in any combination, the QSuper Board contravened the Best Interests Covenant.

III. Contraventions of No Conflicts Covenant

40. For the reasons set out in paragraph 21(d) above, there was a conflict between:

- (a) the interests of those Accumulation Members who would qualify to pay an insurance premium less than the Default Rate, had they been occupationally rated; and
- (b) the interests of the QSuper Board.

Particulars

- (i) If an Accumulation Member was entitled to a Standard Rate, White Collar Rating or Professional Rating under the terms of the Insurance Policy then that member, depending on the nature of the insurance product and the members' age, would be entitled to pay a lower insurance premium than if they paid the Default Rate.
- (ii) The interests of the QSuper Board would be adversely affected by Accumulation Members being occupationally rated and paying a lower insurance premium because it would reduce the insurance premiums payable to its subsidiary QInsure. Fund Members being occupationally rated and paying a lower

insurance premium because it would have (in the absence of re-pricing or re-designing the Insurance Policy):

- (A) negatively affected the return on capital to the QSuper Board from its investment in QInsure, and the Applicant refers to and repeats paragraph 33R and the particulars to that paragraph;
- (B) negatively affected the return on capital to QSuper Limited, as the shareholder of QInsure, and the Applicant refers to and repeats paragraph 33S and the particulars to that paragraph;
- (C) required the QSuper Board to have provided additional capital injections to QInsure; and/or
- (D) reduced the operating profit earned by QInsure, and therefore the 80% of those profits that QInsure was obliged to allocate to the QSuper Board as retained profits, and which QInsure could distribute to the QSuper Board by way of a cash bonus at its discretion (Insurance Policy, cl 17.4 and 17.5),

(Decision paper to the QSuper Board titled 'Proposed Insurance Product Design' dated 19 May 2015 (QSB.6000.0003.1536); QSuper Pricing Review prepared by KPMG dated 30 November 2015 (QSB.1000.0008.7285); Email chain between Greg Leo and Kirsten Hopper ending on 17 May 2016 (QSB.1001.0003.3647); Appointed Actuary Advice dated 3 March 2016 (QSB.1004.0022.0719); Information paper to the QSuper Board titled 'Life Insurance Company Establishment Business Case Analysis' dated 18 December 2014 (QSB.5005.0001.0432); Decision paper to the QSuper Board titled 'Proposed Structure of Group Life Insurance Policy' dated 23 March 2016 (QSB.1011.0011.5155)).

~~(iii) Further particulars may be provided following discovery.~~

41. In the circumstances of the conflict alleged in paragraph 40 above, a trustee:
- (a) giving priority to the duty to and interests of the beneficiaries over the duties to and interests of other persons, including the QSuper Board and/or QInsure;
 - (b) ensuring that the duties to the beneficiaries were met despite any conflict with duties to and the interests of other persons, including the QSuper Board and/or QInsure;
 - (c) ensuring that the interests of the beneficiaries were not adversely affected by the conflict,

would have taken the steps set out in paragraphs 35 and/or 35A ~~35(a) to (e)~~ above.

42. In the circumstances of the conflict in paragraph 40 above, by its acts and omissions and in the circumstances set out in paragraphs 33A to 36 and 41 above, the QSuper Board contravened the No Conflicts Covenant by failing to:
- (a) give priority to the duty to and interests of the beneficiaries over the duties to and interests of other persons, including the QSuper Board and/or QInsure;
 - (b) ensure that the duties to the beneficiaries were met despite any conflict with duties to and the interests of other persons, including the QSuper Board and/or QInsure; and
 - (c) ensure that the interests of the beneficiaries were not adversely affected by the conflict.

I. Breaches of general law obligations

I. Breach of General Law Duty of Care

43. Further or in the alternative, in respect of the contraventions of the covenants set out in section H above, by engaging in conduct giving rise to any and all of those contraventions, the QSuper Board:
- (a) breached the Implied Terms of the QSuper Deed;
 - (b) breached the General Law Duty of Care;
 - (c) breached the General Law Best Interests Duty;
 - (d) breached the General Law Conflicts Duty; and/or
 - (e) had:
 - (i) enabled QInsure to earn profits by reason of the QSuper Board, further or in the alternative QInsure, charging higher premiums for Death Insurance, TPD Insurance and IP Insurance to those members of the QSuper Fund who, by reason of the contraventions set out in Section H, were charged higher insurance premiums than they otherwise would have been; and

- (ii) by reason of the matters in (i), breached the General Law Profits Duty.

Particulars

- (i) The Applicant refers to and repeats paragraphs 3, 20 and 21 above and the particulars to those paragraphs with respect to the relationship between the QSuper Board and QInsure.

J. Harm to the Applicant and Group Members

44. The Applicant:

- (a) was, from 2011 to 2019, employed as a primary school teacher;
- (b) was, from 9 December 2011 to 14 December 2020, an Accumulation Member of the QSuper Fund;
- (c) by reason of the matters in (a) and (b), was, from 1 July 2016, eligible to be occupationally rated at the ~~Professional~~ White Collar Rate;
- (d) on 1 July 2016 was 26 years old;
- (e) received and read the May Letter and the Notice;
- (f) did not provide a written election to be occupationally rated; and
- (g) on 14 December 2020 ceased being a member of the QSuper Fund when she withdrew all funds from the QSuper Fund.

45. Had the Notice stated that the Applicant was required to do so to enjoy the lower insurance premiums that would have resulted from being occupationally rated, the Applicant would have made the written election to be occupationally rated as required by the Insurance Change.

46. By reason of the matters in:

- (a) paragraph 44, if the Insurance Changes included a the System by which those members of the QSuper Fund who qualified for a ~~Professional~~ White Collar Rate:
 - (i) were taken to be occupationally rated without the need for an election; or

~~(ii) were taken to be occupationally rated, but by which those members could opt out of being occupationally rated;~~

(b) further or in the alternative, paragraphs 44 and 45, if the QSuper Board had included in the Notice sufficient information to allow the Applicant to understand the nature and effect of the Insurance Change,

the Applicant would have been, from 1 July 2016,

(c) occupationally rated at the ~~Professional~~ White Collar Rate; and

(d) by reason of the matters in (c), entitled to lower insurance premiums for Death, TPD and IP Insurance.

47. Each Group Member:

(a) was eligible to be occupationally rated at:

(i) the Standard Rate, and was between 17 and 39 years of age at 1 July 2016, or in the period between 1 July 2016 and the commencement of this proceeding; or

(ii) a Professional Rate or a White Collar Rate;

(b) had the Insurance Change included the features set out in paragraphs 36(a) and (b) above, would have been occupationally rated at a:

(i) Standard Rate; or

(ii) Professional Rate or White Collar Rate,

from 1 July 2016.

Particulars

(i) Particulars of the occupational rating to which Group Members were entitled will be provided before the trial of their individual claims.

48. In the premises, each of the:

- (a) Notification Contravention pleaded in section F above;
- (b) Misleading Conduct Contravention pleaded in section G above;
- (c) contraventions of the SIS Act pleaded in section H above, separately or in any combination; further or in the alternative
- (d) contraventions of the QSuper Board's general law duties in section I above, separately or in any combination,

caused the Applicant and Group Members loss and damage.

Particulars

- (i) The implementation of the System would have resulted in insurance premiums payable for each of the Professional, White Collar, Standard and High Risk categories that were no greater than those payable under the respective occupational classifications in fact instituted by QSuper.
- (ii) The contraventions caused:
 - (i) the insurance premiums paid by the Applicant and Group Members to be higher than if they had been occupationally rated;
 - (ii) diminution in the balance of the Applicant's and Group Members' superannuation account with QSuper, by an amount equal to the sum of:
 - (A) the difference between the premiums the Applicant and Group Members in fact paid from 1 July 2016 under the QSuper Deed and the Insurance Policy, and the premiums they would have paid had they been occupationally rated; and
 - (B) any interest or other returns on investment that they would have received had the amounts in (A) remained in their QSuper superannuation account;
 - (iii) the investment returns in respect of the Applicant and each Group Member's QSuper account to be lower;
 - (iv) a reduction in the amount that the Applicant and Group Members can expect to receive from the QSuper Fund;
 - (v) a reduction in the amount that the Applicant, and any Group Member whose entitlement to withdraw funds has crystallised, received, or is entitled to receive, from their interest in the QSuper Fund; and/or
 - (vi) a reduction in the trust corpus held by the QSuper Board for the benefit of the Applicant and Group Members.

- (iii) Further particulars of the Applicant's loss and damage will be provided following the filing of evidence and before the initial trial.
- (iv) Further particulars of the Group Members' loss and damage will be provided after the initial trial of the common questions, and before the trial of their individual claims.

K. Entitlement to relief

49. By reason of the matters in paragraphs 44 to 48 above:

- (a) the QSuper Board is obliged, pursuant to s1022B(2)(e) of the Corporations Act to compensate the Applicant and Group Members for the damage which resulted from the QSuper Board's contraventions of s1017B(1) of the Corporations Act;
- (b) further or in the alternative, the Applicant and each of the Group Members may recover from the QSuper Board the amount of loss and damage suffered by them pursuant to:
 - (i) section 1041I of the Corporations Act;
 - (ii) section 12GF of the ASIC Act; and
 - (iii) section 236 of the Australian Consumer Law;
- (c) further or in the alternative, the Applicant and each of the Group Members may recover from the QSuper Board the amount of loss and damage suffered by them pursuant to ~~sections~~ ss 55(1) and 55(3) of the SIS Act;
- (d) further or in the alternative, an order pursuant to s1324(1) of the Corporations Act requiring the QSuper Board to restore to the accounts of the Applicant and Group Members in the QSuper Fund such amount as is necessary to restore those accounts to the balance they would have had, had the Applicant and Group Members been subject to Occupational Rates.
- (e) further or in the alternative, an order in the equitable jurisdiction of the Court that the QSuper Board pay the Applicant and Group Members equitable

compensation for the breaches by the QSuper Board of its general law obligations to the Applicant and Group Members.

- (f) further or in the alternative, an order pursuant to:
- (i) section 1324 of the Corporations Act;
 - (ii) section 12GD of the ~~ASIC Act Australian Securities and Investments Commission Act 2001 (Cth)~~; and/or
 - (iii) section 232 of the Australian Consumer Law,
- requiring the QSuper Board to restore to the accounts of the Applicant and Group Members in the QSuper Fund such amount as is necessary to restore those accounts to the balance they would have had, had the Applicant and Group Members been subject to Occupational Rates.
- (g) further, or in the alternative, an order in the equitable jurisdiction of the Court for account, requiring the QSuper Board to restore to the accounts of the Applicant and Group Members in the QSuper Fund such amount as is necessary to restore those accounts to the balance they would have had, had the Applicant and Group Members been subject to Occupational Rates.

AND THE APPLICANT CLAIMS, for herself and on behalf of the Group Members, the relief set out in the Originating Application.

Date: 23 February 2024 ~~18 March 2022~~



.....
Shine Lawyers

This Amended Statement of Claim was prepared by Tim Chalke and Alyse Mobrıcı of counsel, and settled by William A D Edwards of King's Counsel.

Certificate of lawyer

I Craig Allsopp certify to the Court that, in relation to the statement of claim filed on behalf of the Applicant, the factual and legal material available to me at present provides a proper basis for each allegation in the pleading.

Date: 23 February 2024

A handwritten signature in black ink, appearing to read 'C Allsopp', is positioned above a horizontal dotted line.

Signed by Craig Allsopp

Lawyer for the Applicant

SCHEDULE A**Definitions:**

AFSL is defined in paragraph 5(d).

ASIC Act is defined in paragraph 5(e)(ii).

Australian Consumer Law is defined in paragraph 5(e)(iii).

Best Interests Covenant is defined in paragraph 13(b).

Care and Skill Covenant is defined in paragraph 13(a).

Corporations Act is defined in paragraph 5(3)(i).

Death Insurance is defined in (i) of the Particulars to paragraphs 18(a) and 18(b).

Fund Members is defined in paragraph 3(a).

General Law Best Interests Duty is defined in paragraph 17(b).

General Law Conflicts Duty is defined in paragraph 17(c).

General Law Duty of Care is defined in paragraph 17(a).

General Law Profits Duty is defined in paragraph 17(d).

Group Members is defined in paragraph 3.

Implied Insurance Changes Representation is defined in paragraph 26C.

Implied Terms is defined in paragraph 16.

Insurance Change is defined in paragraph 21.

Insurance Changes Representation is defined in paragraph 26(c).

Insurance Policy is defined in paragraph 20.

IP Insurance is defined in (i) of the Particulars to paragraphs 18(a) and 18(b).

May Letter is defined in paragraph 25.

May Email is defined in paragraph 27.

Misleading Conduct Contravention is defined in paragraph 33.

No Conflicts Covenant is defined in paragraph 13(c).

Notice is defined in paragraph 22.

Notification Contravention is defined in paragraph 30.

Occupational Rates is defined in paragraph 21(c).

Premium Schedules is defined in paragraph 21(c).

Professional Rate is defined in paragraph 21(d)(iii)

Public Officer Superannuation Fund is defined in section 18 of the SIS Act.

QInsure is defined in paragraph 3(a)(iv).

QSuper Act is defined in paragraph 5(a).

QSuper Board is defined in paragraph 3(a)(iii).

QSuper Deed is defined in paragraph 3(a)(ii).

QSuper Fund is defined in paragraph 3(a)(i).

QSuper Insurance is defined in paragraph 18(a).

Registrable Superannuation Entity is defined in section 10 of the SIS Act.

Regulated Superannuation Fund is defined in section 19 of the SIS Act.

SIS Act is defined in paragraph 5(c).

Standard Rate is defined in paragraph 21(d)(i).

Superannuation Entity is defined in section 10 of the SIS Act.

Superannuation Fund is defined in section 10 of the SIS Act.

TPD Insurance is defined in (i) of the Particulars to paragraphs 18(a) and 18(b).

White Collar Rate is defined in paragraph 21(d)(ii).

2015 Insurance Terms is defined in (i) of the Particulars to paragraphs 18(a) and 18(b).

Schedule B.1
Rates for Death Insurance

	A	B	C	D	E	F	G	H	I	J
Age	Default Death	Standard Death	Difference (A-B)	Diff as percentage	White Collar (B*0.65)	Diff to default (A – E)	F as %	Professional (B*0.60)	Diff to default (A-H)	I as %
16	23.46	20.34	3.12	13.30	13.22	10.24	43.64	12.20	11.26	47.98
17	22.94	20.34	2.60	11.33	13.22	9.72	42.37	12.20	10.74	46.80
18	22.42	19.81	2.61	11.64	12.88	9.54	42.57	11.89	10.53	46.98
19	22.42	19.81	2.61	11.64	12.88	9.54	42.57	11.89	10.53	46.98
20	22.42	19.81	2.61	11.64	12.88	9.54	42.57	11.89	10.53	46.98
21	23.46	20.34	3.12	13.30	13.22	10.24	43.64	12.20	11.26	47.98
22	24.51	21.90	2.61	10.65	14.24	10.28	41.92	13.14	11.37	46.39
23	27.11	23.46	3.65	13.46	15.25	11.86	43.75	14.08	13.03	48.08
24	29.20	25.55	3.65	12.50	16.61	12.59	43.13	15.33	13.87	47.50
25	31.81	27.64	4.17	13.11	17.97	13.84	43.52	16.58	15.23	47.87
26	33.37	29.20	4.17	12.50	18.98	14.39	43.12	17.52	15.85	47.50
27	34.94	31.29	3.65	10.45	20.34	14.60	41.79	18.77	16.17	46.27
28	38.06	33.37	4.69	12.32	21.69	16.37	43.01	20.02	18.04	47.39
29	40.67	35.46	5.21	12.81	23.05	17.62	43.33	21.28	19.39	47.69
30	42.76	37.54	5.22	12.21	24.40	18.36	42.93	22.52	20.24	47.32
31	43.80	39.11	4.69	10.71	25.42	18.38	41.96	23.47	20.33	46.42
32	44.32	40.15	4.17	9.41	26.10	18.22	41.12	24.09	20.23	45.65
33	46.93	42.76	4.17	8.89	27.79	19.14	40.78	25.66	21.27	45.33
34	49.01	45.36	3.65	7.45	29.48	19.53	39.84	27.22	21.79	44.47

	A	B	C	D	E	F	G	H	I	J
Age	Default Death	Standard Death	Difference (A-B)	Diff as percentage	White Collar (B*0.65)	Diff to default (A - E)	F as %	Professional (B*0.60)	Diff to default (A-H)	I as %
35	51.10	47.97	3.13	6.13	31.18	19.92	38.98	28.78	22.32	43.68
36	53.71	51.10	2.61	4.86	33.22	20.50	38.16	30.66	23.05	42.92
37	55.79	54.23	1.56	2.80	35.25	20.54	36.82	32.54	23.25	41.68
38	59.96	58.40	1.56	2.60	37.96	22.00	36.69	35.04	24.92	41.56
39	63.09	62.57	0.52	0.82	40.67	22.42	35.54	37.54	25.55	40.49
40	66.22	66.74	(0.52)	(0.79)	43.38	22.84	34.49	40.04	26.18	39.53
41	66.74	69.87	(3.13)	(4.69)	45.42	21.32	31.95	41.92	24.82	37.19
42	65.70	71.96	(6.26)	(9.53)	46.77	18.93	28.81	43.18	22.52	34.28
43	65.18	73.52	(8.34)	(12.80)	47.79	17.39	26.68	44.11	21.07	32.32
44	64.66	74.04	(9.38)	(14.51)	48.13	16.53	25.57	44.42	20.24	31.30
45	64.66	73.52	(8.86)	(13.70)	47.79	16.87	26.09	44.11	20.55	31.78
46	64.14	72.48	(8.34)	(13.00)	47.11	17.03	26.55	43.49	20.65	32.20
47	63.61	70.39	(6.78)	(10.66)	45.75	17.86	28.07	42.23	21.38	33.60
48	64.14	69.35	(5.21)	(8.12)	45.08	19.06	29.72	41.61	22.53	35.13
49	64.14	66.74	(2.60)	(4.05)	43.38	20.76	32.37	40.04	24.10	37.57
50	63.09	63.61	(0.52)	(0.82)	41.35	21.74	34.46	38.17	24.92	39.51
51	61.01	61.01	0.00	0.00	39.66	21.35	35.00	36.61	24.40	40.00
52	58.40	58.40	0.00	0.00	37.96	20.44	35.00	35.04	23.36	40.00
53	56.31	56.31	0.00	0.00	36.60	19.71	35.00	33.79	22.52	40.00
54	54.75	54.75	0.00	0.00	35.59	19.16	35.00	32.85	21.90	40.00
55	52.14	52.14	0.00	0.00	33.89	18.25	35.00	31.28	20.86	40.00
56	49.01	49.01	0.00	0.00	31.86	17.15	35.00	29.41	19.60	40.00

	A	B	C	D	E	F	G	H	I	J
Age	Default Death	Standard Death	Difference (A-B)	Diff as percentage	White Collar (B*0.65)	Diff to default (A - E)	F as %	Professional (B*0.60)	Diff to default (A-H)	I as %
57	44.84	44.84	0.00	0.00	29.15	15.69	35.00	26.90	17.94	40.00
58	40.15	40.15	0.00	0.00	26.10	14.05	35.00	24.09	16.06	40.00
59	36.50	36.50	0.00	0.00	23.73	12.78	35.00	21.90	14.60	40.00
60	32.33	32.33	0.00	0.00	21.01	11.32	35.00	19.40	12.93	40.00
61	29.20	29.20	0.00	0.00	18.98	10.22	35.00	17.52	11.68	40.00
62	27.11	27.11	0.00	0.00	17.62	9.49	35.00	16.27	10.84	40.00
63	26.59	26.59	0.00	0.00	17.28	9.31	35.00	15.95	10.64	40.00
64	26.07	26.07	0.00	0.00	16.95	9.12	35.00	15.64	10.43	40.00
65	28.16	28.16	0.00	0.00	18.30	9.86	35.00	16.90	11.26	40.00
66	30.76	30.76	0.00	0.00	19.99	10.77	35.00	18.46	12.30	40.00
67	33.37	33.37	0.00	0.00	21.69	11.68	35.00	20.02	13.35	40.00
68	35.98	35.98	0.00	0.00	23.39	12.59	35.00	21.59	14.39	40.00
69	39.11	39.11	0.00	0.00	25.42	13.69	35.00	23.47	15.64	40.00

Schedule B.2
Rates for TPD Insurance

	A	B	C	D	E	F	G	H	I	J
Age	Default	Standard	Difference to default	C as %	White Collar (C*.65)	Diff to default (B-E)	F as %	Professional (C*.6)	Dif to Default (B-G)	I as %
16	1.56	1.56	0.00	0.00	1.01	0.55	35.00	0.94	0.62	40.00
17	2.09	1.56	0.53	25.36	1.01	1.08	51.48	0.94	1.15	55.22
18	2.61	2.09	0.52	19.92	1.36	1.25	47.95	1.25	1.36	51.95
19	3.13	2.61	0.52	16.61	1.70	1.43	45.80	1.57	1.56	49.97
20	4.17	3.65	0.52	12.47	2.37	1.80	43.11	2.19	1.98	47.48
21	5.21	4.69	0.52	9.98	3.05	2.16	41.49	2.81	2.40	45.99
22	7.30	6.26	1.04	14.25	4.07	3.23	44.26	3.76	3.54	48.55
23	9.91	8.86	1.05	10.60	5.76	4.15	41.89	5.32	4.59	46.36
24	13.56	11.99	1.57	11.58	7.79	5.77	42.53	7.19	6.37	46.95
25	18.25	16.16	2.09	11.45	10.50	7.75	42.44	9.70	8.55	46.87
26	23.99	21.38	2.61	10.88	13.90	10.09	42.07	12.83	11.16	46.53
27	31.29	27.11	4.18	13.36	17.62	13.67	43.68	16.27	15.02	48.02
28	38.59	33.89	4.70	12.18	22.03	16.56	42.92	20.33	18.26	47.31
29	46.41	41.19	5.22	11.25	26.77	19.64	42.31	24.71	21.70	46.75
30	55.27	48.49	6.78	12.27	31.52	23.75	42.97	29.09	26.18	47.36
31	64.14	56.84	7.30	11.38	36.95	27.19	42.40	34.10	30.04	46.83
32	73.52	66.22	7.30	9.93	43.04	30.48	41.45	39.73	33.79	45.96
33	81.86	75.09	6.77	8.27	48.81	33.05	40.38	45.05	36.81	44.96

	A	B	C	D	E	F	G	H	I	J
Age	Default	Standard	Difference to default	C as %	White Collar (C*.65)	Diff to default (B-E)	F as %	Professional (C*.6)	Dif to Default (B-G)	I as %
34	90.73	83.95	6.78	7.47	54.57	36.16	39.86	50.37	40.36	44.48
35	101.16	94.90	6.26	6.19	61.69	39.48	39.02	56.94	44.22	43.71
36	111.06	105.85	5.21	4.69	68.80	42.26	38.05	63.51	47.55	42.81
37	123.06	118.89	4.17	3.39	77.28	45.78	37.20	71.33	51.73	42.03
38	134.53	132.44	2.09	1.55	86.09	48.44	36.01	79.46	55.07	40.93
39	146.00	145.48	0.52	0.36	94.56	51.44	35.23	87.29	58.71	40.21
40	156.95	158.51	(1.56)	(0.99)	103.03	53.92	34.35	95.11	61.84	39.40
41	162.69	171.03	(8.34)	(5.13)	111.17	51.52	31.67	102.62	60.07	36.92
42	163.73	180.41	(16.68)	(10.19)	117.27	46.46	28.38	108.25	55.48	33.89
43	164.25	185.63	(21.38)	(13.02)	120.66	43.59	26.54	111.38	52.87	32.19
44	164.77	188.76	(23.99)	(14.56)	122.69	42.08	25.54	113.26	51.51	31.26
45	164.77	188.76	(23.99)	(14.56)	122.69	42.08	25.54	113.26	51.51	31.26
46	165.29	186.15	(20.86)	(12.62)	121.00	44.29	26.80	111.69	53.60	32.43
47	165.81	183.54	(17.73)	(10.69)	119.30	46.51	28.05	110.12	55.69	33.58
48	165.29	178.85	(13.56)	(8.20)	116.25	49.04	29.67	107.31	57.98	35.08
49	165.29	171.03	(5.74)	(3.47)	111.17	54.12	32.74	102.62	62.67	37.92
50	161.64	163.21	(1.57)	(0.97)	106.09	55.55	34.37	97.93	63.71	39.42
51	155.39	155.39	0.00	0.00	101.00	54.39	35.00	93.23	62.16	40.00
52	149.13	149.13	0.00	0.00	96.93	52.20	35.00	89.48	59.65	40.00
53	141.83	141.83	0.00	0.00	92.19	49.64	35.00	85.10	56.73	40.00
54	135.57	135.57	0.00	0.00	88.12	47.45	35.00	81.34	54.23	40.00

	A	B	C	D	E	F	G	H	I	J
Age	Default	Standard	Difference to default	C as %	White Collar (C*.65)	Diff to default (B-E)	F as %	Professional (C*.6)	Dif to Default (B-G)	I as %
55	128.79	128.79	0.00	0.00	83.71	45.08	35.00	77.27	51.52	40.00
56	119.41	119.41	0.00	0.00	77.62	41.79	35.00	71.65	47.76	40.00
57	107.94	107.94	0.00	0.00	70.16	37.78	35.00	64.76	43.18	40.00
58	94.90	94.90	0.00	0.00	61.69	33.22	35.00	56.94	37.96	40.00
59	83.43	83.43	0.00	0.00	54.23	29.20	35.00	50.06	33.37	40.00
60	73.52	73.52	0.00	0.00	47.79	25.73	35.00	44.11	29.41	40.00
61	64.14	64.14	0.00	0.00	41.69	22.45	35.00	38.48	25.66	40.00
62	58.40	58.40	0.00	0.00	37.96	20.44	35.00	35.04	23.36	40.00
63	56.31	56.31	0.00	0.00	36.60	19.71	35.00	33.79	22.52	40.00
64	54.23	54.23	0.00	0.00	35.25	18.98	35.00	32.54	21.69	40.00

Schedule B.3

Rates for IP Insurance

Comprehensive accumulation category

	A	D	F	G	H	I	J	K
Age	Default rate % insured salary	Standard rate	White-collar rate (D*.65)	Diff to default (A-F)	G as %	Professional rate (D*.60)	Diff to Default (A-K)	J as %
16-	0.378%	0.439%	0.285	0.09	24.51	0.2634	0.1146	30.32
17-	0.378%	0.439%	0.285	0.09	24.51	0.2634	0.1146	30.32
18-	0.378%	0.439%	0.285	0.09	24.51	0.2634	0.1146	30.32
19-	0.384%	0.446%	0.290	0.09	24.51	0.2676	0.1164	30.31
20-	0.394%	0.457%	0.297	0.10	24.61	0.2742	0.1198	30.41
21-	0.404%	0.469%	0.305	0.10	24.54	0.2814	0.1226	30.35
22-	0.417%	0.484%	0.315	0.10	24.56	0.2904	0.1266	30.36
23-	0.436%	0.506%	0.329	0.11	24.56	0.3036	0.1324	30.37
24-	0.455%	0.528%	0.343	0.11	24.57	0.3168	0.1382	30.37
25-	0.476%	0.553%	0.359	0.12	24.49	0.3318	0.1442	30.29
26-	0.497%	0.577%	0.375	0.12	24.54	0.3462	0.1508	30.34
27-	0.518%	0.601%	0.391	0.13	24.58	0.3606	0.1574	30.39
28-	0.542%	0.629%	0.409	0.13	24.57	0.3774	0.1646	30.37
29-	0.565%	0.656%	0.426	0.14	24.53	0.3936	0.1714	30.34
30-	0.589%	0.684%	0.445	0.14	24.52	0.4104	0.1786	30.32
31-	0.630%	0.731%	0.475	0.15	24.58	0.4386	0.1914	30.38
32-	0.671%	0.779%	0.506	0.16	24.54	0.4674	0.2036	30.34

	A	D	F	G	H	I	J	K
Age	Default rate % insured salary	Standard rate	White-collar rate (D*.65)	Diff to default (A-F)	G as %	Professional rate (D*.60)	Diff to Default (A-K)	J as %
33-	0.716%	0.831%	0.540	0.18	24.56	0.4986	0.2174	30.36
34-	0.763%	0.886%	0.576	0.19	24.52	0.5316	0.2314	30.33
35-	0.811%	0.942%	0.612	0.20	24.50	0.5652	0.2458	30.31
36-	0.856%	0.994%	0.646	0.21	24.52	0.5964	0.2596	30.33
37-	0.902%	1.047%	0.684	0.22	24.55	0.6282	0.2738	30.35
38-	0.949%	1.102%	0.716	0.23	24.52	0.6612	0.2878	30.33
39-	0.996%	1.156%	0.754	0.24	24.56	0.6936	0.3024	30.36
40-	1.042%	1.210%	0.787	0.26	24.52	0.726	0.316	30.33
41-	1.089%	1.264%	0.822	0.27	24.55	0.7584	0.3306	30.36
42-	1.137%	1.320%	0.858	0.28	24.54	0.792	0.345	30.34
43-	1.184%	1.375%	0.894	0.29	24.51	0.825	0.359	30.32
44-	1.230%	1.428%	0.928	0.30	24.54	0.8568	0.3732	30.34
45-	1.276%	1.481%	0.963	0.31	24.56	0.8886	0.3874	30.36
46-	1.329%	1.543%	1.003	0.33	24.53	0.9258	0.4032	30.34
47-	1.383%	1.606%	1.044	0.34	24.52	0.9636	0.4194	30.33
48-	1.438%	1.669%	1.085	0.35	24.56	1.0014	0.4366	30.36
49-	1.493%	1.733%	1.126	0.37	24.55	1.0398	0.4532	30.35
50-	1.551%	1.801%	1.171	0.38	24.52	1.0806	0.4704	30.33
51-	1.620%	1.881%	1.223	0.40	24.53	1.1286	0.4914	30.33
52-	1.690%	1.962%	1.275	0.41	24.54	1.1772	0.5128	30.34
53-	1.767%	2.051%	1.333	0.43	24.55	1.2306	0.5364	30.36

	A	D	F	G	H	I	J	K
Age	Default rate % insured salary	Standard rate	White collar rate (D*.65)	Diff to default (A-F)	G as %	Professional rate (D*.60)	Diff to Default (A-K)	J as %
54	1.848%	2.145%	1.394	0.45	24.55	1.287	0.561	30.36
55	1.936%	2.248%	1.461	0.47	24.52	1.3488	0.5872	30.33
56	2.032%	2.359%	1.533	0.50	24.54	1.4154	0.6166	30.34
57	2.136%	2.480%	1.612	0.52	24.53	1.488	0.648	30.34
58	2.251%	2.613%	1.698	0.55	24.55	1.5678	0.6832	30.35
59	2.380%	2.763%	1.796	0.58	24.54	1.6578	0.7222	30.34
60	2.507%	2.911%	1.892	0.61	24.53	1.7466	0.7604	30.33
61	2.664%	3.093%	2.010	0.65	24.53	1.8558	0.8082	30.34
62	2.841%	3.298%	2.144	0.70	24.54	1.9788	0.8622	30.35
63	2.888%	3.353%	2.179	0.71	24.53	2.0118	0.8762	30.34
64	2.122%	2.464%	1.602	0.52	24.52	1.4784	0.6436	30.33

	A	D	F	G	H	I	J	K
Age	Default rate % insured salary	Standard rate	White collar rate (D*.70)	Diff to default (A-F)	G as %	Professional rate (D*.65)	Diff to Default (A - K)	J as %
16	0.378%	0.439%	0.307	0.07	18.70%	0.285	0.093	24.51%
17	0.378%	0.439%	0.307	0.07	18.70%	0.285	0.093	24.51%
18	0.378%	0.439%	0.307	0.07	18.70%	0.285	0.093	24.51%
19	0.384%	0.446%	0.312	0.07	18.70%	0.290	0.094	24.51%
20	0.394%	0.457%	0.320	0.07	18.81%	0.297	0.097	24.61%

	A	D	F	G	H	I	J	K
Age	Default rate % insured salary	Standard rate	White collar rate (D*.70)	Diff to default (A-F)	G as %	Professional rate (D*.65)	Diff to Default (A - K)	J as %
21	0.404%	0.469%	0.328	0.08	18.74%	0.305	0.099	24.54%
22	0.417%	0.484%	0.339	0.08	18.75%	0.315	0.102	24.56%
23	0.436%	0.506%	0.354	0.08	18.76%	0.329	0.107	24.56%
24	0.455%	0.528%	0.370	0.09	18.77%	0.343	0.112	24.57%
25	0.476%	0.553%	0.387	0.09	18.68%	0.359	0.117	24.49%
26	0.497%	0.577%	0.404	0.09	18.73%	0.375	0.122	24.54%
27	0.518%	0.601%	0.421	0.10	18.78%	0.391	0.127	24.58%
28	0.542%	0.629%	0.440	0.10	18.76%	0.409	0.133	24.57%
29	0.565%	0.656%	0.459	0.11	18.73%	0.426	0.139	24.53%
30	0.589%	0.684%	0.479	0.11	18.71%	0.445	0.144	24.52%
31	0.630%	0.731%	0.512	0.12	18.78%	0.475	0.155	24.58%
32	0.671%	0.779%	0.545	0.13	18.73%	0.506	0.165	24.54%
33	0.716%	0.831%	0.582	0.13	18.76%	0.540	0.176	24.56%
34	0.763%	0.886%	0.620	0.14	18.72%	0.576	0.187	24.52%
35	0.811%	0.942%	0.659	0.15	18.69%	0.612	0.199	24.50%
36	0.856%	0.994%	0.696	0.16	18.71%	0.646	0.210	24.52%
37	0.902%	1.047%	0.733	0.17	18.75%	0.681	0.221	24.55%
38	0.949%	1.102%	0.771	0.18	18.71%	0.716	0.233	24.52%
39	0.996%	1.156%	0.809	0.19	18.76%	0.751	0.245	24.56%
40	1.042%	1.210%	0.847	0.20	18.71%	0.787	0.256	24.52%

	A	D	F	G	H	I	J	K
Age	Default rate % insured salary	Standard rate	White collar rate (D*.70)	Diff to default (A-F)	G as %	Professional rate (D*.65)	Diff to Default (A - K)	J as %
41	1.089%	1.264%	0.885	0.20	18.75%	0.822	0.267	24.55%
42	1.137%	1.320%	0.924	0.21	18.73%	0.858	0.279	24.54%
43	1.184%	1.375%	0.963	0.22	18.71%	0.894	0.290	24.51%
44	1.230%	1.428%	1.000	0.23	18.73%	0.928	0.302	24.54%
45	1.276%	1.481%	1.037	0.24	18.75%	0.963	0.313	24.56%
46	1.329%	1.543%	1.080	0.25	18.73%	1.003	0.326	24.53%
47	1.383%	1.606%	1.124	0.26	18.71%	1.044	0.339	24.52%
48	1.438%	1.669%	1.168	0.27	18.76%	1.085	0.353	24.56%
49	1.493%	1.733%	1.213	0.28	18.75%	1.126	0.367	24.55%
50	1.551%	1.801%	1.261	0.29	18.72%	1.171	0.380	24.52%
51	1.620%	1.881%	1.317	0.30	18.72%	1.223	0.397	24.53%
52	1.690%	1.962%	1.373	0.32	18.73%	1.275	0.415	24.54%
53	1.767%	2.051%	1.436	0.33	18.75%	1.333	0.434	24.55%
54	1.848%	2.145%	1.502	0.35	18.75%	1.394	0.454	24.55%
55	1.936%	2.248%	1.574	0.36	18.72%	1.461	0.475	24.52%
56	2.032%	2.359%	1.651	0.38	18.74%	1.533	0.499	24.54%
57	2.136%	2.480%	1.736	0.40	18.73%	1.612	0.524	24.53%
58	2.251%	2.613%	1.829	0.42	18.74%	1.698	0.553	24.55%
59	2.380%	2.763%	1.934	0.45	18.74%	1.796	0.584	24.54%
60	2.507%	2.911%	2.038	0.47	18.72%	1.892	0.615	24.53%

	A	D	F	G	H	I	J	K
Age	Default rate % insured salary	Standard rate	White collar rate (D*.70)	Diff to default (A-F)	G as %	Professional rate (D*.65)	Diff to Default (A - K)	J as %
61	2.664%	3.093%	2.165	0.50	18.73%	2.010	0.654	24.53%
62	2.841%	3.298%	2.309	0.53	18.74%	2.144	0.697	24.54%
63	2.888%	3.353%	2.347	0.54	18.73%	2.179	0.709	24.53%
64	2.122%	2.464%	1.725	0.40	18.72%	1.602	0.520	24.52%

Schedule B.4

Rates for IP Insurance

Basic Accumulation Category

	A	C	E	F	G	G	H	I
Age	Def Rate	Standard rate	White Collar Rate ((C*.7)*100)	Diff to Def (B-E)	F as %	Prof rate ((E*.65)*100)	Diff to default (B-G)	H as %
16	0.16%	0.19%	0.1358	0.0252	15.65	0.13	0.03	21.68
17	0.16%	0.20%	0.1372	0.0248	15.31	0.13	0.03	21.36
18	0.16%	0.20%	0.1386	0.0254	15.49	0.13	0.04	21.52
19	0.17%	0.20%	0.1421	0.0269	15.92	0.13	0.04	21.92
20	0.18%	0.21%	0.1477	0.0273	15.60	0.14	0.04	21.63
21	0.18%	0.22%	0.1526	0.0274	15.22	0.14	0.04	21.28
22	0.19%	0.23%	0.1596	0.0294	15.56	0.15	0.04	21.59
23	0.20%	0.24%	0.1687	0.0323	16.07	0.16	0.04	22.06
24	0.21%	0.25%	0.1778	0.0362	16.92	0.17	0.05	22.85
25	0.23%	0.27%	0.1876	0.0424	18.43	0.17	0.06	24.26
26	0.24%	0.28%	0.1981	0.0439	18.14	0.18	0.06	23.99
27	0.26%	0.30%	0.2086	0.0484	18.83	0.19	0.06	24.63
28	0.27%	0.32%	0.2205	0.0525	19.23	0.20	0.07	25.00
29	0.29%	0.33%	0.2324	0.0546	19.02	0.22	0.07	24.81
30	0.30%	0.35%	0.2443	0.0567	18.84	0.23	0.07	24.63

31	0.33%	0.38%	0.2632	0.0628	19.26	0.24	0.08	25.03
32	0.35%	0.40%	0.2828	0.0642	18.50	0.26	0.08	24.32
33	0.37%	0.43%	0.3038	0.0702	18.77	0.28	0.09	24.57
34	0.41%	0.47%	0.3262	0.0788	19.46	0.30	0.10	25.21
35	0.44%	0.50%	0.3486	0.0874	20.05	0.32	0.11	25.76
36	0.46%	0.53%	0.3703	0.0907	19.67	0.34	0.12	25.41
37	0.49%	0.56%	0.392	0.1	20.33	0.36	0.13	26.02
38	0.52%	0.59%	0.4137	0.1083	20.75	0.38	0.14	26.41
39	0.55%	0.62%	0.4361	0.1129	20.56	0.40	0.14	26.24
40	0.57%	0.65%	0.4571	0.1129	19.81	0.42	0.15	25.54
41	0.60%	0.68%	0.4788	0.1202	20.07	0.44	0.15	25.78
42	0.62%	0.72%	0.5005	0.1175	19.01	0.46	0.15	24.80
43	0.64%	0.75%	0.5215	0.1145	18.00	0.48	0.15	23.86
44	0.65%	0.78%	0.5425	0.1105	16.92	0.50	0.15	22.86
45	0.67%	0.80%	0.5628	0.1112	16.50	0.52	0.15	22.46
46	0.70%	0.84%	0.5859	0.1111	15.94	0.54	0.15	21.94
47	0.72%	0.87%	0.6104	0.1066	14.87	0.57	0.15	20.95
48	0.73%	0.91%	0.6342	0.0978	13.36	0.59	0.14	19.55
49	0.76%	0.94%	0.6587	0.1023	13.44	0.61	0.15	19.63
50	0.79%	0.98%	0.6846	0.1044	13.23	0.64	0.15	19.43
51	0.82%	1.02%	0.7161	0.1069	12.99	0.66	0.16	19.20
52	0.86%	1.07%	0.7483	0.1147	13.29	0.69	0.17	19.48
53	0.92%	1.12%	0.784	0.131	14.32	0.73	0.19	20.44
54	0.95%	1.18%	0.8232	0.1308	13.71	0.76	0.19	19.87

55	1.01%	1.24%	0.8659	0.1441	14.27	0.80	0.21	20.39
56	1.07%	1.31%	0.9142	0.1508	14.16	0.85	0.22	20.29
57	1.14%	1.38%	0.9688	0.1682	14.79	0.90	0.24	20.88
58	1.21%	1.47%	1.0297	0.1763	14.62	0.96	0.25	20.72
59	1.31%	1.57%	1.1011	0.2059	15.75	1.02	0.28	21.77
60	1.39%	1.68%	1.1753	0.2167	15.57	1.09	0.30	21.60
61	1.52%	1.81%	1.2684	0.2536	16.66	1.18	0.34	22.61
62	1.61%	1.91%	1.3363	0.2767	17.15	1.24	0.37	23.07
63	1.60%	1.87%	1.3104	0.2866	17.95	1.22	0.38	23.81
64	0.87%	1.03%	0.7224	0.1516	17.35	0.67	0.20	23.25

Schedule B.5**Occupational Rating Categories**

<u>Professional Rate</u>	<u>Professionals i.e. university qualified relevant to their occupation or a senior manager. (e.g. surgeons, doctors, executives) with a salary of \$120,000.00+ working in office based environments.</u>
<u>White Collar Rate</u>	<u>80% of time in office or classroom environment and duties are limited to administration or managerial and, occupation does not involve more than 10% light manual duties. (e.g. managers, teachers, call centre operators).</u>
<u>Standard Rate</u>	<u>Nurses, health care workers/carers, manual light positions. Any worker who does not meet the criteria for any of the other ratings.</u>
<u>High Risk Rate</u>	<u>Heavy manual and other identifiable high risk occupations (e.g. police, emergency services, cleaners, security guards).</u>