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## INFORMATION NOTE

### DANGEROUS OCCUPATION

November 2019

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## 1 STATUS OF INFORMATION NOTE

1. In this Information Note:

- Code means the Actuaries Institute Code of Conduct (Code of Professional Conduct to 30 March 2020).
  - Fund member refers to the member of a superannuation fund.
  - Member is a member of the Actuaries Institute.
  - Opt Out in relation to cover refers to the situation where a fund automatically provides insurance cover to fund members upon joining the fund (usually subject only to an employment test). This arrangement is commonly referred to as 'default insurance' and requires a fund member to 'opt out' of insurance if the fund member considers the insurance to be inappropriate for them.
  - PMIF Act is the Treasury Laws Amendment (Putting Members' Interests First) Act 2019 (Royal Assent on 2 October 2019) which amends the SIS Act.
  - SIS Act is the Superannuation Industry (Supervision) Act 1993.
2. This Information Note was prepared by the Insurance in Super Working Group, which reports to the Superannuation Practice Committee and Life Insurance and Wealth Management Practice Committees of the Actuaries Institute.
  3. The Information Note has been approved by the two Practice Committees.
  4. Its purpose is to inform Members about the requirements and considerations for actuarial certification of occupations included in a trustee's dangerous occupation exception election provided under S68AAF of the PMIF Act.
  5. Members may be asked by a trustee to provide a certificate. They may also be asked to provide advice about the occupations they would include in a certificate without providing the certificate, for example to assist the trustee in determining whether to make an election.
  6. The legislation is very recent (received assent 2 October 2019) and open to interpretation. The legislation requires the exercise of actuarial judgement. In addition, trustees may have different requirements in their elections e.g. only a limited number of occupations or a wide range of occupations and the certificate could cover all fund

members who are exposed to high risk regardless of their specific occupation such as underground mining. In these circumstances it is possible that Members' certificates will not be the same.

7. This Information Note is not a Professional standard or Practice Guideline and it is not mandatory. It is not legal advice and has been prepared without a legal review or opinion.
8. Feedback from Members is encouraged and should be forwarded to the Insurance in Super Working Group through:

Jeff Humphreys, [jeffh@chrc.com.au](mailto:jeffh@chrc.com.au)

9. This is the first version of this Information Note.

## **2 BACKGROUND**

### **2.1 Legislation**

10. The PMIF Act amends the SIS Act relating to the provision of insured benefits to low account and young fund members.
11. The PMIF Act requires trustees to ensure that from 1 April 2020 an insured benefit is not provided by the trustee of a fund on an Opt Out basis to:
  - a new fund member if the fund member is under age 25; or
  - a fund member who has an account balance that has not been \$6,000 or more since 1 November 2019. APRA has confirmed that the account balance test is the total account balance and not the product level account balance of the fund member.
12. There are a number of exceptions to the requirement. The exceptions apply to a fund member:
  - who elects to be provided with an insured benefit, including where the fund member has previously made an active decision in relation to their cover; or
  - who is a defined benefit fund member; or
  - who is (or would have been apart from the fact that the Commonwealth chose an alternative fund) an ADF Super fund member; or
  - to whom the employer-sponsor contribution exception applies; or
  - to whom the trustee has determined that the dangerous occupation exception applies.
13. The PMIF Act also emphasises that the covenants in the SIS Act require a trustee to exercise the trustee's duties and powers in the best interest of fund members.
14. The dangerous occupation exception applies to fund members who are emergency services workers (as defined by the Work Health and Safety Act 2011) or who are in occupations certified by a Fellow of the Institute of Actuaries to be dangerous. The PMIF Act requires the actuary to certify that:
  - “(i) based on rates of death, or death and total and permanent disability; and
  - (ii) using information from the most recent 5 years in relation to Australian occupations; the occupation is in the riskiest quintile of Australian occupations.”

15. The Explanatory Memorandum accompanying the PMIF Act states that “The dangerous occupation exception recognises that certain occupations carry a higher degree of risk which provides a basis for retaining the current opt out insurance settings for fund members employed in these occupations.” The legislation provides a pathway for young and low account fund members working in dangerous occupation to be covered by Opt Out insurance (where that is the decision of the trustee).
16. Further, the PMIF Act has imposed very tight timeframes for implementation of the legislation. In these circumstances it may be reasonable for Members to take a practical approach and interpretation of the legislation when providing certification and this is the approach taken in this Information Note.
17. The dangerous occupations exception (S68AAF) is set out in full in Attachment 1.
18. The determination of dangerous occupation is to be based on rates of death or death and total and permanent disablement (TPD). However:
  - the trustee may apply the dangerous occupation exception to any one or more or all of its insured benefits as it determines; and
  - the Member may use other information and data to inform their judgement. This is discussed in Section 4.
19. Fund members who are precluded from opt in cover because of their occupation under the occupation rating manuals of insurers would appear to be prima facie in a dangerous occupation. It would be a poor outcome for fund members if the effect of the legislation is to exclude fund members from Opt Out cover when they are not able to opt in because their occupation is deemed too dangerous by insurers. This is discussed in Section 4.

## **2.2 Trustee communication with fund members**

20. The communication to fund members required by the legislation is summarised below.
21. Given the timeframes, it is likely that a trustee will need to communicate to fund members about the PMIF changes before a decision has been made on whether to make a dangerous occupation exception election, and if so, which fund members will be covered by this election. In these circumstance a trustee may decide to inform fund members that it is considering making a dangerous occupation exception election which would allow some fund members to retain Opt Out cover, and it will inform affected fund members before 1 April 2020 if this occurs.

### **Dangerous Occupation Exception**

22. The trustee's dangerous occupation exception election is in force from the date the election is given to APRA. The election must be published on the fund's website as soon as practicable.
23. The trustee must within 28 days from when the exception applies to the fund member, notify the fund member that Opt Out insurance is being provided, details of the cost and details of how to cease cover.

### **Existing fund members**

24. Trustee must write to existing low account fund members by 1 December 2019 (based on 1 November 2019 data) who have not previously opted in to cover, stating that cover will cease from 1 April 2020 if they remain a low account fund member, unless they elect to retain cover.

### **New fund members who join between 1 November 2019 and 31 March 2020**

25. Trustee must write to new fund members stating that cover will cease from 1 April 2020 if they are a low account fund member, unless they elect to retain cover.

## **2.3 Financial Advice**

26. If the Member is providing certification and advice to the trustee of a large superannuation fund (net assets of over \$10 million), it will be classified as advice to a wholesale client, and a statement of advice will not be required. In respect of advice to a retail client, i.e. advice to a small superannuation fund or an employer, including advice to a trustee of a large superannuation fund being passed to the employer as a secondary service, the actuary will need to consider if it is personal financial product advice in which case a statement of advice is required. To provide a statement of advice the Member will need to be appropriately listed on the ASIC advice register.

## **2.4 Code**

27. Members providing the certification should ensure that they have considered their obligations under the Code. In particular, in relation to conflicts of interest, it may be inappropriate for a Member employed by the fund's insurer to provide the certification.

## **3 SCOPE**

28. This Information Note covers only the actuarial issues raised in the dangerous occupation certification. It includes some additional background material for Members in Attachment 4. It does not cover any issues with specifying emergency services workers in the trustee's dangerous occupation exception election as this does not require actuarial certification.

## **4 DETERMINATION OF THE RISKIEST QUINTILE**

29. The essence of the actuarial certification is the determination of whether an occupation or occupations are within the riskiest quintile of occupations. The information envisaged by the PMIF Act as available for this purpose does not exist or does not exist to the extent necessary to produce "rates". Further the PMIF Act is open to interpretation. The information below is designed to assist Members through a discussion of the key considerations in these circumstances.

### **4.1 All Occupations or Relevant Occupations**

30. The Member may decide to certify that certain relevant (to the fund) occupations or groups of occupations (e.g. underground mining or certain categories) are in the top quintile rather than list every occupation that is in that quintile. This may be appropriate

for a fund whose fund members are predominantly from a narrow range of dangerous occupations.

31. This also has the advantage for the trustee of simplifying communication.
32. Alternatively, some trustees may want to know specifically which occupations should not be included so that it is clear which occupations should be left of the exception. This would suggest a more comprehensive list of occupations may be more appropriate in these circumstances.
33. The Member may decide to certify occupations that would not of themselves fall into the top quintile where the work is performed in a higher risk environment. Examples include accountants, geologists, engineers and other professional occupations where part or all of their work is on mining sites, oil rigs or construction sites.

## **4.2 Death or Death and TPD Rates**

34. The Member is required to base the certification on either rates of death or rates of death and TPD. Considerations on which of these to use include:
  - Whether to just use workplace related injuries and deaths or to also include non-workplace related incidences. The Member will need to decide how to interpret the impact of a fund member's occupation on their claim rates and to what level a person's occupation influences their death and TPD rate. This could be for example:
    - a) workplace related illnesses, injuries and deaths, or
    - b) workplace related illnesses, injuries and deaths plus lifestyle impacts where these can be related to occupation based on credible data or analysis.
  - TPD definition - SIS or similar. It may be inappropriate to use an activities of daily living or activities of work definition.
  - Treatment of IP. Many funds offer IP as a default benefit. The legislation does not use IP rates as a basis for determining dangerous occupation, but the exception applies to all cover including IP, as determined by the trustee.
  - There may be some designs where Opt Out cover is death only. In these cases, reference only to death rates may be more appropriate. Otherwise it is most likely that death and TPD rates would be used.
35. The lack of available information means that TPD rates may be estimated from other sources of occupation-based disability rates. This is a reasonable approach as the (occupation) relative rates are the important consideration for certification rather than the absolute rate.

### 4.3 Occupation - Level

36. The ABS occupation definitions (ANZSCO) provide occupation definitions at various levels of aggregation.

Table	Description	Number of Occupations	
		Version 1.2	Version 1.3
1	Major Groups	8	8
2	Major and Sub-Major Groups	36	43
3	Major, Sub-Major and Minor Groups	84	97
4	Major, Sub-Major, Minor and Unit Groups	348	358
5	Major, Sub-Major, Minor, Unit Groups and Occupations	1,023	1,032

37. This structure may be useful if the Member or trustee needs to map data sources to occupations e.g. using a retail occupation rating manual.

38. With some 1,000 occupations in Table 5 statistically credible rates are not possible to develop even if the data is available at this level.

39. Fund members and employers may find it easier to understand and identify with fewer rather than more occupations. Fewer occupations also assists trustees administratively and this will reduce costs and the risk of errors.

40. It is likely the Member will need to use an occupation level where the numbers in each occupation provide statistically credible information to develop relative rates of claim if this is the approach adopted by the Member.

41. Attachment 2 sets out the ANZSCO listing for Table 2 (Sub-Major Group) and the approximate number of workers in each occupation based on Safe Work Australia data and Attachment 5 gives an example of how these Tables interact. The ABS also publishes the number of employees by occupation, see paragraph 57.

### 4.4 Occupation - Weighting

42. The wording in the legislation is open to interpretation in relation to top quintile occupations. The Member will have to decide whether to use weighted (i.e. top quintile based on number of employees in each occupation as a proportion of the labour force) or unweighted occupations (i.e. top quintile based on number of occupations). The ABS ANZSCO tables do not provide groupings with equal numbers of workers.

43. The weighted approach appears to be more in line with an actuarial interpretation of the legislation. The example approach in Attachment 3 and 5 is based on weighted occupation data.

### 4.5 Claim Rates

44. A Member developing claim rates may need to consider how the rates should be standardised to ensure that only occupation related rate impacts are being considered. In particular, the age and gender distribution may vary by occupation and these factors have a significant impact on rates.

#### **4.6 Most Recent 5 years**

45. The legislation requires "... using information from the most recent 5 years in relation to Australian occupations...". This may be interpreted in various ways with the most recent 5 years ending on for example:

- the date of the certificate,
- the most recent 30 June (financial year), or
- the end of the period of 5 years for which relevant data is available.

46. In relation to the first two interpretations, it is likely that there will not be information that has been collated, analysed or available in the more recent years or if there is a large part of this may be IBNR reserves which will be estimates only of likely experience.

#### **4.7 Information Available**

47. There is no definitive information available on which to determine the top quintile. The Explanatory Memorandum reflects this fact. It provides examples of data that could be considered:

"Data which may be considered could include fatality data published by Safe Work Australia, claims history by occupation data and underwriting data held by insurers"

48. The Member may be able to source other information that may inform or confirm to the Member the appropriate occupations to be classed as dangerous.
49. The lack of available information means that TPD rates may be estimated from other sources of occupation-based disability rates, as discussed in section 4.2.
50. Members may use the following sources of information to guide them for certification purposes. These sources are also relevant as a basis for cross checking a primary data source. The list is not necessarily definitive.

#### **Safe Work Australia**

51. Safe Work Australia prepares incidence rates for workplace serious claims<sup>1</sup> and workplace fatalities. Workplace fatality rates are prepared at the Table 2 Sub-Major Group level, whereas workplace serious injury rates are prepared, in addition to Table 2, at the more granular Table 3 Minor Group level. The analysis uses ANZSCO occupation groups. The incidence rates are based on weighted occupation data (see Section 4.4).
52. As a reference point, and example of an approach a Member could take, a list of the top quintile occupations for fatalities and for serious claims by Sub-Major Group based on published information available as at 30 September 2019 has been provided in Attachment 3. At the Minor Group level death rates are not published (too few deaths to

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<sup>1</sup> A serious claim is an accepted workers' compensation claim that involves one or more weeks away from work and excludes all fatalities, and all injuries and diseases experienced while travelling to or from work or while on a break away from the workplace. – SafeWork Australia <https://www.safeworkaustralia.gov.au/doc/explanatory-notes-safe-work-australia-datasets>

be statistically credible), but disability rates are available, and these are also shown in Attachment 3.

53. The Safe Work Australia analysis can be found at:

[https://www.safeworkaustralia.gov.au/resources\\_publications/Statistical-tables](https://www.safeworkaustralia.gov.au/resources_publications/Statistical-tables)

54. Advantages:

- Appears to be the data source envisaged by the Parliament. For example, it was referenced by the Minister in Hansard "The amendments that the government has put forward are based on WorkSafe information, which actually does provide the information that you're seeking there. That's the best proxy we can possibly find, because essentially the data sits with the insurance company") Hume (Victoria) on 19/09/2019 at reference (10:48).
- Available and highly likely to be statistically credible.
- Publicly available with no cost.
- Provides rate of claim (incidence rate).
- Relates to work related death and disablement.
- Breaks out death from disablement.
- Fewer occupations makes communication to fund members and data collection by the trustee much simpler.
- Includes work related mental illness claims.
- As the certification is only comparative the serious claims experience may be a good proxy for the comparative impact of various occupations on TPD.

55. Limitations

- Differences could be related to some extent to age and gender differences in occupations.
- Death rates are not possible beyond the Sub-Major Group as there are very few deaths in Australia caused by the workplace and rates cannot likely be statistically credibly derived.
- Does not directly take account of lifestyle impacts of a person's occupation, assuming the Member wants to include these.
- The analysis is issued up to 2 years prior to the current date.

#### **Australian Taxation Office (ATO)**

56. The ATO holds TFN and occupation for all fund members completing a tax return. It provides an easy match with trustee data, which also includes the TFN of fund members, were this information to be released to trustees, subject to possible delays in information transfer. This may provide a longer-term source of information and data but is not a currently available source.

#### **ABS – ANZSCO (and see 4.3 above)**

57. The ABS provide exposure data by occupation but not rates of death or disability. The ABS exposure data may not reconcile directly with Safe Work exposure because for example the Safe Work data is related to workers' compensation insurance and not all workers are covered for workers' compensation.

### **Insurer and Reinsurer Occupation rating manuals**

58. Occupation rating manuals are developed by insurers and reinsurers to assist underwriting decisions and the impact of occupation. They rate occupations for death and TPD cover amongst other cover types and typically the rating includes decline, load the premium and accept at standard rates.

59. Advantages

- Can be mapped approximately to the ABS ANZSCO table 5 level and from there to higher levels of aggregation.
- Are occupation based and specific to death and to TPD. They should reflect recent experience.
- Relevant, as they will be used if the fund member opts in to cover and underwriting is required. It would be a poor result if the legislation excludes fund members from Opt Out cover even when they are not able to opt in (decline or loaded to an extent that makes the premium unaffordable) because their occupation is deemed too dangerous by insurers.
- Provides a source of relevant data to reconcile to other information and analysis e.g. Safe Work Australia data. A possible methodology is set out below and an example is shown in Attachment 5. Whilst the most appropriate occupation manual may be that of the fund's current insurer, the Member may want to cross check this against another active Australian group life insurer's manual.

60. Limitations

- A weighting would most likely have to be assigned to each occupation (see Section 4.4 above).
- It is possible that more than 20% of the occupations are shown as declined or heavily loaded and a further culling process may be required.
- May or may not take account of lifestyle impacts of a person's occupation. The Member may want to understand the basis for the decision in the manual to make sure it is consistent with their interpretation of the PMIF Act (See paragraph 34) in this respect.
- The manuals are not necessarily based on Australian occupations which is part of the required certification.

### **Age rates for death and TPD**

61. It may be possible to undertake analysis of the default offering of specific industry dominated superannuation funds or those using occupation categories. This analysis may be useful in conjunction with other methods but of itself may not be sufficient to determine the top quintile.

### **Subscriber data**

62. Industry bodies and others produce claims analysis that may be useful.

63. An example of how this information may be used is set out below in relation to the FSC retail life insurance experience investigations. These consider occupational experience but only within the "groups", 1 to 8, in the table below.

## 1.4 Occupation Mapping

The following table maps the occupations referred to in this report to the occupation data collected by the FSC-KPMG Experience Investigations.

Table 1: Occupation Mapping

Graduation Description	Coding in the FSC-KPMG	
	Data Submissions	Example Occupation
Professional	1	Accountant
White Collar	2	Bank Teller
Sedentary	3	Sales Representative
Tradesperson	4	Licensed Builder
Blue Collar	5	Air Conditioning Installer
Heavy Blue Collar	6	Roof Plumber
Other Medical	7	Podiatrist
Doctors Only	8	Anaesthetist
Professional/Medical	1, 7 and 8	
White Collar/Sedentary	2 and 3	
Blue /Heavy Blue Collar	5 and 6	
Combined White Collar	1, 2, 3, 7 and 8	
Combined Blue Collar	4, 5 and 6	

64.

65. Those being allocated to Group 6, heavy blue collar, by each insurer will be likely to be allocated according to that insurer's occupational rating guide and are likely to be in the top quintile. When considering whether a particular occupation or group of occupations might be certified as being dangerous the Member may then take account of:

- Safe Work Australia data (as above),
- The occupational ratings in the underwriting guide of the insurer (as above),
- Any statistics that have been prepared of the experience of fund members in dangerous occupations.

## 4.8 Period of Certificate

66. The actuarial certificate will be valid for elections made while the data supporting the certificate is current i.e. is based on "information from the most recent 5 years"; and see Section 4.6. However, the trustee's election is indefinite (until the trustee withdraws it) and does not require annual certification.

67. If the top quintile occupation "list" moves over time, there is no obligation on the trustee to update their election.

68. If an occupation moves into the top quintile it appears this could be certified, and a new election could be made by the trustee just in relation to that occupation without withdrawing the current election.

## **5 CONTENTS OF CERTIFICATE**

69. The actuarial certificate would normally include the following:

- a) the name of the superannuation fund and products covered by the certificate;
- b) the name of the trustee of the fund (if an entity) or the full name of one of the trustees of the fund, if not a corporate trustee;
- c) the expiry date of the certificate, reflecting the period that the Member considers the supporting information will be current;
- d) that the certificate is provided under Section 68AAF of the SIS Act;
- e) a description of the data and information on which the actuarial certificate is based;
- f) the list or group of occupations (including any additional work site situations as discussed in paragraph 33) that are certified as a Dangerous Occupation;
- g) limitations e.g. have not considered trustee obligations;
- h) recommendations to the trustee for improvements to data or process e.g. in relation to data, information or process that may enable an enhanced understanding of the emerging experience of the dangerous occupations relative to other occupations;
- i) the name, address and qualifications of the Member signing the certificate;
- j) the date of the certification; and
- k) the Member's signature.

## **ATTACHMENT 1 - SUPERANNUATION INDUSTRY (SUPERVISION) ACT SECTION 68AAF**

### **68 AAF Dangerous occupation exception**

- (1) The **dangerous occupation exception** applies to a member of a regulated superannuation fund to, or in respect of, whom a benefit is provided by the fund under a choice product or MySuper product held by the member by taking out or maintaining insurance if:
  - (a) the trustee or trustees of the fund make an election under this section that members holding that product will be covered by a dangerous occupation exception if they are employed in an occupation specified in the election; and
  - (b) the election is in force; and
  - (c) the member is employed in an occupation specified in the election; and
  - (d) it is reasonable to expect that some or all of the contributions paid into the product will be paid in respect of that employment.
- (2) The trustee, or trustees, of a regulated superannuation fund may elect that members holding a choice product or MySuper product specified in the election are covered by a dangerous occupation exception if they are employed in an occupation specified in the election and either:
  - (a) a Fellow of the Institute of Actuaries of Australia has certified that:
    - (i) based on rates of death, or death and total and permanent disability; and
    - (ii) using information from the most recent 5 years in relation to Australian occupations;  
  
the occupation is in the riskiest quintile of Australian occupations; or
  - (b) the occupation is as an emergency services worker (as defined for the purposes of the Work Health and Safety Act 2011).
- (3) The election must be made in writing.
- (4) The election is **in force** during the period:
  - (a) beginning on the day on which a copy of the election is given to APRA; and
  - (b) ending on the day on which the trustee, or the trustees, of the fund give APRA notice in writing that the election is withdrawn.

- (5) As soon as practicable after the election is made, a copy of the election must be:
  - (a) published on the trustee's, or each trustee's, website; and
  - (b) given to APRA.
  
- (6) Within 28 days of the dangerous occupation exception applying to a member of the fund, the trustee or trustees must give the member:
  - (a) a notice in writing stating that the trustee or trustees have elected to treat the member's occupation as a dangerous occupation, and are providing the benefit under the choice product or MySuper product by taking out or maintaining insurance; and
  - (b) details of the annual cost to the member of providing the benefit under the choice product or MySuper product by taking out or maintaining insurance; and
  - (c) details of how the member may elect to have the benefit cease.
  
- (7) To avoid doubt, nothing in this section affects the obligations of a trustee under the covenants referred to in section 52, or of a director of a corporate trustee under the covenants referred to in section 52A.

## ATTACHMENT 2 – NUMBER OF WORKERS BY OCCUPATION

The approximate number of workers by occupation using Safe Work Australia Data 2015/16 is set out below.

	<b>Sub-Major Group</b>		<b>Number of Workers (estimated)</b>
1	<b>MANAGERS</b>		
	11	Chief Executives, General Managers and Legislators	123,000
	12	Farmers and Farm Managers	65,000
	13	Specialist Managers	666,000
	14	Hospitality, Retail and Service Managers	491,000
2	<b>PROFESSIONALS</b>		
	21	Arts and Media Professionals	70,000
	22	Business, Human Resource and Marketing Professionals	640,000
	23	Design, Engineering, Science and Transport Professionals	359,000
	24	Education Professionals	553,000
	25	Health Professionals	595,000
	26	ICT Professionals	243,000
	27	Legal, Social and Welfare Professionals	194,000
3	<b>TECHNICIANS AND TRADES WORKERS</b>		
	31	Engineering, ICT and Science Technicians	229,000
	32	Automotive and Engineering Trades Workers	334,000
	33	Construction Trades Workers	250,000
	34	Electrotechnology and Telecommunications Trades Workers	234,000
	35	Food Trades Workers	170,000
	36	Skilled Animal and Horticultural Workers	90,000
	39	Other Technicians and Trades Workers	144,000
4	<b>COMMUNITY AND PERSONAL SERVICE WORKERS</b>		
	41	Health and Welfare Support Workers	132,000
	42	Carers and Aides	510,000
	43	Hospitality Workers	301,000
	44	Protective Service Workers	143,000
	45	Sports and Personal Service Workers	167,000

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5	CLERICAL AND ADMINISTRATIVE WORKERS		
	51	Office Managers and Program Administrators	286,000
	52	Personal Assistants and Secretaries	97,000
	53	General Clerical Workers	294,000
	54	Inquiry Clerks and Receptionists	289,000
	55	Numerical Clerks	357,000
	56	Clerical and Office Support Workers	86,000
	59	Other Clerical and Administrative Workers	243,000
6	SALES WORKERS		
	61	Sales Representatives and Agents	189,000
	62	Sales Assistants and Salespersons	766,000
	63	Sales Support Workers	180,000
7	MACHINERY OPERATORS AND DRIVERS		
	71	Machine and Stationary Plant Operators	157,000
	72	Mobile Plant Operators	118,000
	73	Road and Rail Drivers	298,000
	74	Storepersons	124,000
8	LABOURERS		
	81	Cleaners and Laundry Workers	245,000
	82	Construction and Mining Labourers	138,000
	83	Factory Process Workers	197,000
	84	Farm, Forestry and Garden Workers	103,000
	85	Food Preparation Assistants	176,000
	89	Other Labourers	235,000

### ATTACHMENT 3 – TOP QUINTILE OCCUPATIONS<sup>3</sup>

**TABLE 1 – TOP QUINTILE OF DANGEROUS OCCUPATIONS (SERIOUS INJURY, BY MAJOR SUB-GROUP)**

Fatality rates are included for comparison. The top quintile has been determined from the serious injury rates only.

**Major Group**

- Clerical and administrative workers
- Community and personal service workers
- Labourers
- Machinery operators and drivers
- Managers
- Professionals
- Sales workers
- Technicians and trades workers

Occupation - Sub-Major Group	Fatality Rate (per 100,000 workers)					SI Incidence Rate (per 100,000 workers)					Number of workers (estimated)					Estimated Fatality Rate	SI Incidence Rate	Top Quintile?	
	2013	2014	2015	2016	2017	2011-12	2012-13	2013-14	2014-15	2015-16p	2011-12	2012-13	2013-14	2014-15	2015-2016p	2013-2017	2012-2016p	Unweighted	Weighted
Protective Service Workers	2.7	2.0	0.0	2.1	2.6	3,775.3	3,441.9	3,131.5	3,237.7	2,945.7	128,203	140,767	151,205	138,525	142,749	1.9	3,330.2	Y	Y
Health and Welfare Support Workers	2.6	0.0	1.6	0.0	0.0	3,325.7	3,558.6	3,077.1	3,259.8	2,149.6	116,517	111,419	116,995	110,743	131,883	0.8	3,042.3	Y	Y
Farm, Forestry and Garden Workers	11.0	20.0	14.6	12.4	14.9	3,154.4	3,626.1	2,985.9	2,868.1	2,507.6	91,459	79,700	88,584	92,221	102,687	14.7	3,000.1	Y	Y
Construction and Mining Labourers	5.2	5.7	6.3	7.8	7.2	3,143.3	2,891.2	2,722.8	2,655.8	2,530.8	136,163	132,296	133,321	133,482	138,098	6.5	2,800.9	Y	Y
Road and Rail Drivers	14.6	15.4	14.3	15.5	12.4	3,231.0	2,881.0	2,763.4	2,505.7	2,374.9	268,029	283,236	282,986	299,720	297,694	14.4	2,761.1	Y	Y
Factory Process Workers	2.1	0.0	1.0	0.0	1.0	3,397.9	2,797.8	2,692.8	2,395.5	2,332.3	201,740	209,269	193,294	203,714	197,231	0.8	2,757.5	Y	Y
Storepersons	0.8	0.0	0.0	0.0	0.8	2,935.9	2,629.7	2,467.2	2,216.1	2,174.1	119,724	121,495	126,259	134,469	123,500	0.3	2,498.2	Y	Y
Machine and Stationary Plant Operators	4.4	7.4	5.1	3.2	4.3	2,423.2	2,144.2	2,116.5	2,235.7	1,974.2	172,295	174,659	171,510	155,208	156,519	4.9	2,200.7	Y	Y
Skilled Animal and Horticultural Workers	2.5	2.3	1.7	4.1	1.5	2,189.2	1,983.8	2,074.1	1,963.5	2,137.3	94,098	100,061	95,461	94,985	90,300	2.4	2,092.0		Y
Construction Trades Workers	0.8	2.8	3.0	3.2	1.8	2,322.6	2,098.3	2,039.7	2,064.7	1,925.6	226,252	228,998	230,673	235,628	250,055	2.3	2,072.8		Y
Mobile Plant Operators	4.4	4.3	13.1	6.5	2.3	2,185.8	1,988.4	1,936.4	1,753.2	1,733.6	133,130	137,797	129,103	128,055	117,962	6.1	1,965.0		Y
Automotive and Engineering Trades Workers	3.0	2.4	2.3	0.9	0.8	2,120.6	1,964.4	1,755.5	1,554.8	1,519.0	327,034	329,365	349,750	356,647	333,770	1.9	1,812.8		Y
Carers and Aides	0.0	0.4	0.0	0.0	0.6	1,990.7	1,798.9	1,629.2	1,565.9	1,398.8	431,999	450,285	471,383	479,270	510,420	0.2	1,672.8		Y

per 100,000 workers

per 100,000 workers

Unweighted refers to top quintile based on number of Occupation Sub-Major Groups  
 Weighted refers to top quintile based on number of employees in each Occupation Sub-Major Group as a percentage of the total estimated labour force.

This table excludes deaths attributable to diseases, natural causes, suicides and deaths of people undertaking criminal activity.  
 Source: Work-related Traumatic Injury Fatalities database, Safe Work Australia. Explanatory notes are available on the following webpage:  
<https://www.safeworkaustralia.gov.au/doc/explanatory-notes-safe-work-australia-datasets>

<sup>3</sup> The ANZSCO occupation mapping in force at the time of publishing of these statistics was v1.2 which has been superseded by v1.3 effective 5 November 2019. Safe Work Australia analysis is based on v1.2.

TABLE 2– TOP QUINTILE OF DANGEROUS OCCUPATIONS (DEATH ONLY, BY MAJOR SUB-GROUP)

**Category**

Clerical and administrative workers

Community and personal service workers

Labourers

Machinery operators and drivers

Managers

Professionals

Sales workers

Technicians and trades workers

Occupation - Major Sub-Group	Number of worker fatalities					Fatality Rate (per 100,000 workers)					Number of workers (estimated)					Estimated Fatality Rate	Top Quintile?	
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2013-2017	Unweighted	Weighted
Farm, Forestry and Garden Workers	11	23	17	15	18	11.0	20.0	14.6	12.4	14.9	100,000	115,000	116,438	120,968	120,805	14.7	Y	Y
Farmers and Farm Managers	30	16	28	23	21	19.0	9.1	16.8	14.9	13.5	157,895	175,824	166,667	154,362	155,556	14.6	Y	Y
Road and Rail Drivers	47	49	46	53	44	14.6	15.4	14.3	15.5	12.4	321,918	318,182	321,678	341,935	354,839	14.4	Y	Y
Other Labourers	19	18	12	14	19	8.3	8.3	5.9	6.4	8.1	228,916	216,867	203,390	218,750	234,568	7.4	Y	Y
Construction and Mining Labourers	8	9	10	13	13	5.2	5.7	6.3	7.8	7.2	153,846	157,895	158,730	166,667	180,556	6.5	Y	Y
Mobile Plant Operators	6	6	17	8	3	4.4	4.3	13.1	6.5	2.3	136,364	139,535	129,771	123,077	130,435	6.1	Y	Y
Machine and Stationary Plant Operators	8	12	8	5	7	4.4	7.4	5.1	3.2	4.3	181,818	162,162	156,863	156,250	162,791	4.9	Y	Y
Electrotechnology and Telecommunications Trades	9	7	8	7	2	4.0	3.0	3.3	2.9	0.8	225,000	233,333	242,424	241,379	250,000	2.8	Y	Y
Sports and Personal Service Workers	7	5	6	1	7	4.1	2.8	3.1	0.5	3.4	170,732	178,571	193,548	200,000	205,882	2.7		Y
Skilled Animal and Horticultural Workers	3	3	2	5	2	2.5	2.3	1.7	4.1	1.5	120,000	130,435	117,647	121,951	133,333	2.4		Y
Design, Engineering, Science and Transport Professionals	9	10	6	8	14	2.3	2.6	1.6	2.0	3.4	391,304	384,615	375,000	400,000	411,765	2.4		Y
Construction Trades Workers	3	10	11	12	7	0.8	2.8	3.0	3.2	1.8	375,000	357,143	366,667	375,000	388,889	2.3		Y

Unweighted refers to the top quintile of dangerous occupation Major Sub-Group, by number of Major Sub-Groups

Weighted refers to the top quintile of dangerous occupation Major Sub-Group, by number of workers

This table excludes deaths attributable to diseases, natural causes, suicides and deaths of people undertaking criminal activity.

Source: Work-related Traumatic Injury Fatalities database, Safe Work Australia. Explanatory notes are available on the following webpage:

<https://www.safeworkaustralia.gov.au/doc/explanatory-notes-safe-work-australia-datasets>

**TABLE 3 – TOP QUINTILE OF DANGEROUS OCCUPATIONS (SERIOUS INJURY ONLY, BY MINOR SUB-GROUP)**

**Category**

Clerical and administrative workers

Community and personal service workers

Labourers

Machinery operators and drivers

Managers

Professionals

Sales workers

Technicians and trades workers

per 100,000 employees

Occupation - Minor Sub-Group	Number of serious claims <sup>1</sup>					Incidence rate (serious claims per 1000 employees) <sup>3</sup>					Number of workers (estimated)					Estimated Incidence Rate	Top Quintile?	
	2011-12	2012-13	2013-14	2014-15	2015-16p	2011-12	2012-13	2013-14	2014-15	2015-16p	2011-12	2012-13	2013-14	2014-15	2015-16p	2011-2016	Unweighted	Weighted
Defence force members, fire fighters and police	2,850	3,020	2,960	3,005	2,620	46.6	41.7	39.3	42.4	35.2	61,113	72,497	75,375	70,918	74,408	4,079.7	Y	Y
Animal attendants and trainers, and shearers	760	810	795	755	815	34.5	32.4	33.9	32.6	35.7	22,060	24,988	23,436	23,153	22,861	3,377.7	Y	Y
Machine operators	2,255	1,760	1,780	1,800	1,595	36.7	29.2	33.4	35.3	29.4	61,406	60,351	53,226	51,021	54,169	3,280.1	Y	Y
Truck drivers	5,845	5,385	5,460	5,160	4,750	37.3	30.5	32.5	27.6	25.9	156,856	176,790	167,749	186,877	183,389	3,051.6	Y	Y
Health and welfare support workers	3,875	3,965	3,600	3,610	2,835	33.3	35.6	30.8	32.6	21.5	116,517	111,419	116,995	110,743	131,883	3,044.0	Y	Y
Farm, forestry and garden workers	2,885	2,890	2,645	2,645	2,575	31.5	36.3	29.9	28.7	25.1	91,459	79,700	88,584	92,221	102,687	3,000.1	Y	Y
Delivery drivers	1,280	1,250	1,080	1,160	1,230	30.2	31.6	27.5	26.7	26.1	42,377	39,547	39,344	43,440	47,164	2,831.9	Y	Y
Construction and mining labourers	4,280	3,825	3,630	3,545	3,495	31.4	28.9	27.2	26.6	25.3	136,163	132,296	133,321	133,482	138,098	2,788.3	Y	Y
Food process workers	2,510	2,145	2,050	1,835	1,620	33.7	33.7	28.9	23.1	20.8	74,579	63,599	70,960	79,383	78,065	2,771.5	Y	Y
Fabrication engineering trades workers	2,535	2,430	2,090	1,860	1,705	30.5	28.7	25.2	23.0	23.0	83,096	84,681	82,861	80,956	74,063	2,618.0	Y	Y
Bricklayers, and carpenters and joiners	2,695	2,435	2,350	2,535	2,465	28.6	25.2	23.1	24.9	23.4	94,105	96,625	101,730	101,877	105,269	2,498.0	Y	Y
Prison and security officers	1,990	1,820	1,775	1,480	1,590	29.7	26.7	23.4	21.9	23.3	67,090	68,270	75,830	67,607	68,341	2,493.2	Y	Y
Storepersons	3,515	3,195	3,115	2,980	2,685	29.4	26.3	24.7	22.2	21.7	119,724	121,495	126,259	134,469	123,500	2,476.6	Y	Y
Air and marine transport professionals	620	670	625	690	535	24.7	23.6	22.4	30.7	22.4	25,090	28,393	27,846	22,448	23,904	2,459.3	Y	Y
Personal carers and assistants	6,455	5,980	5,500	5,270	5,055	27.1	23.7	21.3	19.9	17.9	238,021	252,050	258,465	264,362	283,142	2,180.5	Y	Y
Glaziers, plasterers and tilers	875	805	765	780	855	20.7	23.1	19.0	18.4	18.1	42,272	34,792	40,159	42,377	47,212	1,972.8	Y	Y
Mobile plant operators	2,910	2,740	2,500	2,245	2,045	21.9	19.9	19.4	17.5	17.3	133,130	137,797	129,103	128,055	117,962	1,925.6	Y	Y
Automobile, bus and rail drivers	1,540	1,525	1,280	1,190	1,085	23.3	22.8	16.9	17.1	16.2	66,108	66,899	75,893	69,403	67,141	1,916.4	Y	Y
Automotive electricians and mechanics	1,840	1,765	1,845	1,760	1,580	22.4	21.0	18.8	17.4	16.3	82,227	84,014	98,331	101,231	96,813	1,900.1	Y	Y
Plumbers	1,205	1,185	1,160	1,150	1,095	19.3	18.2	18.7	17.6	16.1	62,339	65,204	62,085	65,326	68,042	1,794.1	Y	Y
Wood trades workers	450	450	370	435	460	17.8	19.5	13.6	17.1	18.2	25,342	23,133	27,216	25,462	25,223	1,713.1	Y	Y
Horticultural trade workers	1,305	1,175	1,190	1,115	1,115	18.1	15.7	16.5	15.5	16.5	72,038	75,073	72,025	71,832	67,439	1,646.2	Y	Y
Cleaners and laundry workers	4,785	4,340	3,910	3,590	3,490	19.8	17.3	15.6	15.3	14.2	241,367	251,049	250,624	235,060	245,333	1,644.1	Y	Y

Unweighted refers to the top quintile of dangerous occupation Major Sub-Group, by number of Major Sub-Groups

Weighted refers to the top quintile of dangerous occupation Major Sub-Group, by number of workers

**Notes:**

1. A serious claim is an accepted workers' compensation claim that involves one or more weeks away from work and excludes all fatalities, and all injuries and diseases experienced while travelling to or from work or while on a break away from the workplace.

3. Incidence rate is expressed as number of serious claims per 1,000 employees.

The claim numbers are rounded to the nearest 5 to maintain confidentiality. Therefore, the sum of claims may not be equal to the reported totals.

p data are preliminary and are subject to revision.

\* rate should be interpreted with caution because the relative standard error of the denominator is between 25% and 50%.

Source: National Data Set for Compensation-Based Statistics, Safe Work Australia. Explanatory notes are available on the following web page:

<https://www.safeworkaustralia.gov.au/doc/explanatory-notes-safe-work-australia-datasets>

## **ATTACHMENT 4 - Potential Considerations for Implementation**

This attachment is provided to Members to assist them to understand some of the issues facing trustees in relation to the legislation. It is supplementary information provided to assist Members with the context in which they may be asked for advice on dangerous occupations. The points discussed in the attachment are not advice to trustees and are not legal advice.

### **1. SIS Covenants**

Trustees when determining their death and disability benefit design balance the covenants within the SIS Act, the relevant covenants being:

**Inappropriate Erosion** - ensure that the insurance cover provided does not inappropriately erode fund members' account balances as required by SIS ("... to only offer or acquire insurance of a particular kind, or at a particular level, if the cost of the insurance does not inappropriately erode the retirement income of beneficiaries").

**Appropriate Cover** - Provide cover that is appropriate ("to formulate, review regularly and give effect to an insurance strategy for the benefit of beneficiaries of the entity that includes provisions addressing each of the following matters:

- (i) the kinds of insurance that are to be offered to, or acquired for the benefit of, beneficiaries;
- (ii) the level, or levels, of insurance cover to be offered to, or acquired for the benefit of, beneficiaries;
- (iii) the basis for the decision to offer or acquire insurance of those kinds, with cover at that level or levels, having regard to the demographic composition of the beneficiaries of the [entity](#)....")

**Members' Best Interests** - act in fund members' best interests ("to perform the [trustee's](#) duties and exercise the [trustee's](#) powers in the best interests of the beneficiaries").

### **2. Impact of the Legislation on Cover and Premium Rates**

Trustees will likely consider the impact on the cover provided and the impact on premium rates for all fund members, particularly under the fund members' best interest requirements of SIS, when deciding whether or not to proceed with an election and actuarial certification.

#### **Availability of Alternative Cover**

To the extent the fund member is unable to obtain cover (or obtain cover at reasonable rates) then the trustee may decide that providing appropriate Opt Out cover is of higher importance in terms of fund members' best interests than the cost of premiums and the impact this has on the ultimate retirement benefit. This is recognised in the Insurance in

Superannuation Voluntary Code of Practice (which has been adopted by most funds) which makes specific provision in Section 4.9c for higher insurance costs where warranted due to the particular circumstances relating to the membership generally and/or segments within the membership.

### **Young and Low Account Fund Members**

The impact of the legislation for some young and low account fund members may extend well beyond the time the fund member meets the criteria for Opt Out cover to commence. Cover at this point may be restricted to future events cover only for a period or in some cases forever depending on the circumstances of the fund member and the terms of the insurance policy covering the fund member. These restrictions may be more severe than for Opt Out cover. A fund member who suffers an injury or illness prior to cover commencement that manifests itself as a claim after cover commences may find their claim declined under these circumstances.

Similarly, young and low account fund members who apply for cover may, on being underwritten, be declined cover or an exclusion applied to their cover or premiums loaded. They are likely to be required to disclose this underwriting decision in any future application for cover whether with the fund, another fund or for an individual policy outside superannuation and this may impact their ability to obtain cover at reasonable rates or at all, in the future.

### **Impact on premium rates**

The legislation potentially changes death and disability designs and is likely to have an impact on premium rates. This impact may be different across a fund's membership. Some examples of the impact of these changes are set out below.

- i. One of the key features of Opt Out cover that allows it to be provided automatically and at low rates is that it is provided to all fund members and is provided at the time the fund member commences employment. This ensures a pool of lives is covered where there is:
  - a) Little or no opportunity for anti-selection on the timing of when cover commences; and
  - b) The new insured lives are relatively healthy as they have recently secured employment.

The legislation has broken this nexus for new members. As such, apart from a possible small window at commencement of membership, fund members who opt in will not receive cover on the same automatic terms as currently apply or if they do it is likely premium rates (for all fund members) will increase to cover the additional claim rates that are likely when a) and b) are removed.

- ii. Opt In fund members may be required, perhaps after an initial "window", to undergo underwriting before cover is provided or have their cover restricted to future events cover only for a period at commencement as outlined in 1. above. Underwriting is a relatively costly method of providing cover and the additional costs may be reflected in premium rates. On the other hand, these fund members should, for a period, have lower claim rates which may lead to lower rates.

- iii. In some funds with a mix of default fund members in dangerous and other occupations, the loss of the fund members in lower risk occupations from the pool of insured lives may impact on the overall risk profile of insured fund members. Depending on the extent of the fund's membership in a dangerous occupation, this could impact on the premium rates charged to fund members (either those in a dangerous occupation, or the overall membership depending on the structure of the trustee's insurance arrangements).
- iv. The lower premium volumes resulting from the legislation may lead to higher premium rates as the fixed expenses associated with the provision of death and disability benefits will be spread over a lower base.

### **3. Knowing the fund members' occupation on joining and for 1 April 2020 cancellation notice**

Whilst there is a field that allows employers to supply occupation information (free form) to the fund under SuperStream, it is not one of the mandated fields. Most trustees will not hold this information for all their fund members. If an employer supplies this information, it must be accessed and loaded as a field within the trustee's record keeping system which may not currently record this information.

For those fund members who complete an application for membership, occupation data may be available at least going forward as the question is (or presumably will be if not currently) asked of the new fund member.

Trustees who have made an election may need to consider what to do in relation to cover for fund members where the employer does not provide occupation data or provides incorrect data when the fund member first joins the fund, or within the timeframe before the insurer applies underwriting and/or cover restrictions and the trustee is unable to obtain this from the fund member. This may include developing a policy on cover and premium refunds and the associated communication to fund members.

### **4. Determining the dangerous occupations on the trustee's exception election**

The Member will most likely work closely with the trustee on the occupation list and how many occupations to include in the list given the circumstances of the trustee and the fund.

It may be more helpful for fund members if the occupations listed in a trustee's election are fewer and broad rather than many and specific. This also makes communication to fund members and employers simpler.

### **5. Misclassification of occupation**

Trustees who make an election will seek occupation data from employers and new fund members and may also develop processes and procedures to address issues of occupational misclassification, not unlike the process that has existed in group insurance for decades in relation to incorrect date of birth data.

## **6. Fund member communications**

Trustees, whether they make an election or not, will have significant additional fund member communication obligations. The communication associated with the transition period and dangerous occupation is summarised in Section 2.2.

## **7. Working with Employers**

Trustees may want to work with larger employers to ensure that SuperStream data includes occupational category and standardise the descriptions used to enable the fund's administrator to efficiently identify the occupation of fund members. Even for trustees that do not make an election this data will be very useful when reviewing their decision in future years.

Trustees may offer employers the ability to pay the premiums for employees under age 25. These rates are low relative to older ages, and this will ensure the employee is covered and has full continuity of cover at age 25 (where their account balance exceeds \$6,000 which should be most fund members, particularly with the consolidation of accounts activity that is occurring now).

This process may be extended to new employees while they are in the process of consolidating their accounts or for a period as their account balance grows through contributions.

## **8. Multiple Occupations**

Some fund members will have more than one occupation, one or more of which could be dangerous. If it is reasonable to expect that some or all the contributions of the fund member will relate to employment in the dangerous occupation, the fund member will receive Opt Out cover (if the trustee has made the election).

## **9. Trustees who currently exclude dangerous cover occupations from Opt Out cover**

Some trustees currently exclude some dangerous occupations from Opt Out cover. These trustees will need to consider how these fund members are to be treated if an election is made.

## **10. APRA**

APRA is supporting the industry through:

- a) FAQs and letter to trustees.
- b) Dangerous occupation election and withdrawal templates.
- c) APRA has confirmed that:
  - o for trustees with multiple funds a separate election is required for each fund.
  - o fund members who have elected to continue insurance (e.g. through a PYS opt in) do not have to elect again under PMIF.
  - o the \$6,000 account balance test will be account based rather than product based as suggested by the PMIF Act.

## **ATTACHMENT 5 – Mapping Occupations**

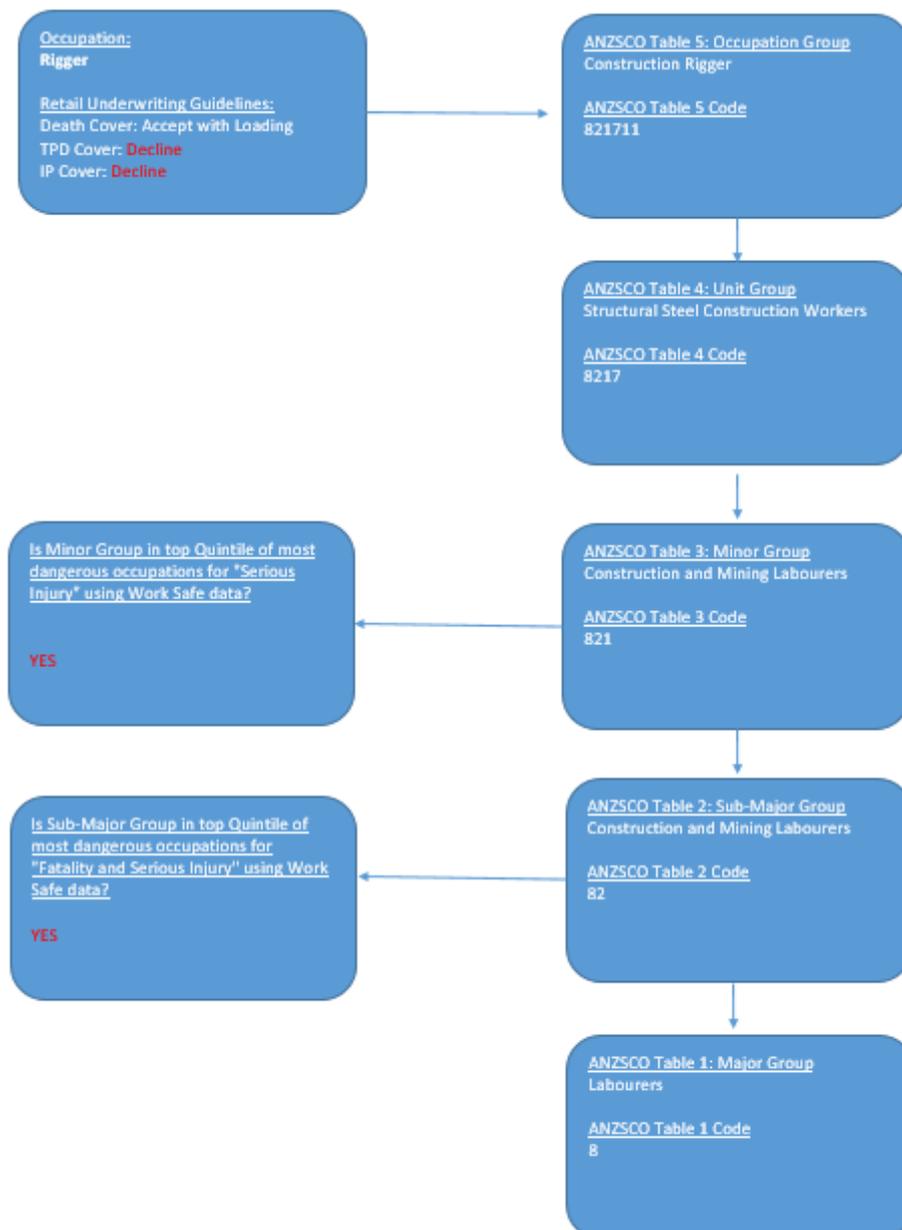
Below is an example of the mapping of a specific occupation to the higher ANZSCO sub-categories of occupation.

The examples illustrate the complexity facing the Member in performing the assessment of whether an occupation would qualify for the Dangerous Occupation exemption given the publicly available data.

In Example 1 we have an occupation (Rigger) which maps to an ANZSCO Sub Major and Minor Group which is in the top quintile of most dangerous occupations by Work Safe Australia data and so would appear to qualify for the Dangerous Occupation Exemption.

However, in Example 2, we have an occupation (Linesworker) that would be declined for individual retail TPD/IP cover (according to a selected retail underwriting guide) but which does not map to an ANZSCO Sub-Major or Minor Group which is in the top quintile. The Member may decide in this example that the occupation is in the top quintile based on the proportion of occupations in the Decline category and that if Safe Work Australia analysis did go to this level it would support the decision.

Example 1: Rigger



Example 2: Linesworker (telecommunications):

