

REST Industry Super withheld paraplegic woman's disability insurance



Maurice Blackburn Lawyers partner Josh Mennen represented 'Ms Jones' for her claim against REST. Louie Douvis



by [Sally Rose](#)

A paraplegic woman's battle to receive a disability insurance payout from REST Industry Super highlights how, critics say, thousands of its members are being ripped-off by fine print exclusions.

REST Industry Super and its group insurer AIA Australia withheld a lump sum payout on total permanent disability insurance worth about \$110,000 owed to a former McDonald's employee, who became a paraplegic after walking off a balcony while suffering psychosis in 2012.

The superannuation fund and insurer finally came to an "in principle" agreement to honour her claim on Wednesday evening, less than two hours after receiving Fairfax Media's questions relating to the matter.

At the woman's request, she is referred to in this story as "Ms Jones".

Under a confidential settlement, Ms Jones now expects to receive the full value of her total and permanent disability insurance (TPD) payout, plus interest, and reimbursement for her related legal costs.

REST and AIA's failure to honour the TPD claim has caused significant financial hardship to Ms Jones, who lives alone in a housing commission flat and survives on a government disability pension. Ms Jones has even had to pawn her mobile phone to get cash to buy groceries, making her difficult to contact at times.

Related articles

Why the government is raising 30-year debt

6 mins ago

Bank tribunal 'would be a huge mistake'

50 mins ago

Cattle and sheep the new finance battleground

1 hr ago

NSW LPI auction kicks off with expressions of interest

Brokers run numbers on higher bid for UGL

Due to both her paraplegia and mental health history, Ms Jones has complex and expensive health-care needs.

"I'd love to be able to work again but it is probably not going to happen," she said. "Everything I've ever done, like being a cashier or a cleaner, I can't do now."

Maurice Blackburn Lawyers partner Josh Mennen lodged a claim with REST on her behalf in early 2013. It was rejected by underwriter AIA, on the grounds that Ms Jones had ceased to be covered by the policy a number of years earlier.

A technical clause in the 35-page AIA group TPD insurance policy for REST members stipulates an individual ceases to be covered 72 days after they stop working for a contributing employer. Ms Jones had not worked for McDonald's, which opened the account on her behalf in 2005, since October 2010.

Also buried in the fine print is another clause that invalidates the TPD policy when the former employee has a balance of less than \$3000 in the related default super account. Ms Jones had about \$1500 in her REST account at the time of her catastrophic spinal chord injury.

But in July 2013, three years after the policy was supposedly null and void, Ms Jones' REST member statement clearly stated she was still being charged an premium for TPD cover and was entitled to a lump sum payout of \$111,000 in the event she was totally and permanently disabled.

REST did not respond to questions about why, if Ms Jones was not covered for TPD insurance, it continued to deduct premiums and issue statements stating she was.

Neither did the fund answer questions about how many of its members are being charged for a group death and TPD insurance policy they are not covered by.

A REST spokeswoman confirmed members are expected to be aware of the fine print and inform the fund when they are no longer eligible to be covered.

REST is one of the country's biggest industry super funds, holding \$37 billion in assets on behalf of 1.8 million members, most of whom are employed in the retail and fast-food sectors. The fund's chief executive officer Damian Hill, who declined to be interviewed for this story, recently [told a Senate inquiry](#) that 62 per cent of its members were women, typically low-income casual and part-time workers with broken work patterns and low balances.

This demographic profile indicates that a significant portion, conservatively thousands, of REST's 1.8 million members are likely to be disadvantaged by the exemption clauses in its TPD policy.

"This case is one particularly egregious example of the disastrous consequences for average workers of premium gouging by super funds and big insurers," Mr Mennen said.

"There are likely many thousands of REST members who, unbeknownst to them, are paying for insurance cover they don't actually hold."

An AIA spokesman suggested the exclusions to cover were designed to protect members' savings.

"We support our partners having provisions within their policies to avoid unnecessarily eroding retirement balances through insurance premiums," he said.

AIA Australia chief executive Damien Mu, who declined to comment for this story, is a director of the Financial Services Council and co-chair of its board committee for life insurance.

McDonald's Australia senior corporate communications manager Chris Grant said all employees were provided with "very clear documentation and resources" to understand their superannuation entitlements.

Recommended



Traders sceptical of quick recovery for pound



Houses of a certain age are making adults of a certain age realise time...



2016 Nobel Economics Prize awarded to Oliver Hart and Bengt Holmstrom



Freehills disrupts itself with low-cost start-up



Developer 'destroys' young couple's dreams as Ryde home sells over reserve

Recommended by

Special Reports

Power 2016: Who really runs Australia

UBS builds corporate, social, environmental index

Melbourne designers concoct ultimate gin glass

SomnoMed finds Philippines ideal hub for its devices

Covert power Australia: the top 15 people

How to think like an entrepreneur

Local produce passion fuels Bendigo food rush

Bali a new IT hotspot

How the powerful get social media so wrong

How Daniel Agostinelli turned \$46K into \$50m

PwC partner yearns to cycle Wild Atlantic Way

Business divided on ASEAN infrastructure improvements

Waleed Aly says 'what we're all thinking'

Well-paid execs lack incentive to innovate

Everything went wrong on this director's trek

Lessons learnt in Asia platform for Jord's growth

Cultural power in Australia: the top 15

The retail millionaire machine

Volvo plans to offer fully self-driving cars

When universities feel they must say no

[SUBSCRIBE](#)

[LOGIN](#)

TOOLS

- Markets Data
- Australian Equities
- World Equities
- Commodities
- Currencies
- Derivatives
- Interest Rates
- Share Tables

FAIRFAX BUSINESS MEDIA

- The Australian Financial Review Magazine
- BOSS
- BRW Lists
- Chanticleer
- Luxury
- Rear Window
- The Sophisticated Traveller

CONTACT & FEEDBACK

- FAQ
- Contact us
- Letters to the Editor
- Give feedback
- Advertise
- License Content

ABOUT

- About us
- Our Events
- Digital Subscription Terms
- Newspaper Subscription Terms
- Site Map
- Corporate Subscriptions

CONNECT WITH US

YOUR OPINION IS IMPORTANT TO US

[GIVE FEEDBACK](#)

CHOOSE YOUR READING EXPERIENCE