AustralianSuper

Our insurance strategy

Our insurance strategy is to offer cover that can help members build a secure future for themselves and their families. We know that affordable cover is important for members and believe that, for most people, this can be achieved by having insurance through their super fund.

Here you'll find more information on:

- our insurance principles
- cover design considerations, and
- our claims management approach and philosophy.

Our insurance principles

At the heart of AustralianSuper's insurance strategy are our ten insurance principles.

1. Sustainable and competitive insurance premiums

Our insurance should be sustainable and competitive with the costs being borne by the insured members or relevant contributing employers. We'll act through pricing and/or product design to ensure that the risk pool, and pricing, does not deteriorate to the disadvantage of members. The cost of insurance (premiums) for basic cover (also referred to as default cover) should not exceed 1% p.a. of salary over the member's lifetime (in super) to retirement or erode the ultimate retirement balance by more than 10%.

2. Compliance with legislation

AustralianSuper's insurance products and services comply with obligations imposed by all relevant Acts and all subordinate legislation to those Acts (including Regulations, Determinations, Orders, Rules) and relevant mandatory Standards and Codes.

3. Fair insurance terms and conditions

Our insurance policies are designed to give members access to their benefits when they need them most.

4. Value to members

The insurance product should provide good value to insured members, measured by the proportion of premiums returned to members via claims payments. We'll act through pricing and product design to minimise cross subsidies where they result in poor value for money for a particular group of members or threaten price stability.

5. Insurance cover tailored to life-stages

The basic level of cover provided to eligible members is aimed at providing a minimum level of affordable cover across members' life-stages which:

- can help in providing for the basic needs of members or their dependants, and
- follows a scale where a set amount of cover is generally provided based on the member's age or salary.

6. Income Protection is the primary disability benefit

Income Protection should be the primary default disability product as it can usually be assessed more readily than permanent disability and can provide support to a member in their time of need, even when the disability is less significant or temporary.

7. Member-centric claims experience

The claims management experience is a critical moment of truth for members. Members will always be treated empathetically. We'll support vulnerable members with additional and tailored services.

8. Focus on rehabilitation

For those with disabilities, the primary purpose of insurance is to provide members with both financial support and assistance in returning to work. As such, the claim service and the rehabilitation service in particular represent a core offering to members.

9. Protecting all members by managing insurance risk

Insurance risk will be passed to selected insurer/s.

10. Strong and transparent relationships

Insurer relationships should be managed to maintain and increase capacity, reduce concentration risk, improve transparency and maintain competitive tension.

Cover design considerations

We consider every aspect of our insurance product and service with a view to achieving the best possible outcome for members and meeting members' best financial interest.

Basic insurance cover levels are set to reflect three key considerations – underlying insurance needs, member views and preferences (expressed through member feedback) and affordability.

Underlying insurance needs

AustralianSuper conducts quantitative research into the insurance needs of members and determines insurance needs for different member segments reflecting:

- family characteristics – single, with partner, number of dependent children
- living expenses, including the cost of raising children
- housing costs (mortgage or rent)
- income levels
- age and ages of family members.

These underlying needs are factored in when designing our basic cover. We also believe that it's in members' best financial interest to provide an insurance design that supports the management of claimants' conditions, enabling them to return to the workforce or to return to work sooner so that they can continue to grow their super for retirement.

Member views and preferences

From time to time we conduct member level research. Our research typically explores:

- preferences for different types of cover (Death, TPD and Income Protection)
- preferences for different levels of cover unconditionally and when related to the cost of insurance and resulting impact on retirement savings.

The research is given appropriate weight in determining basic cover levels.

Affordability

The cover levels we provide automatically to eligible members are primarily driven by considerations of affordability and our guiding principle that the cost of basic cover should be no more than 1% of salary over the member's lifetime (in super) to retirement and should not erode the ultimate retirement balance by more than 10%.

The basis for this limit is it provides a reasonable balance between a minimum level of insurance cover and the cost of that cover. Some members will have lower or higher costs of cover, as the 1% limit applies on average. Broadly we apply this limit across the membership as a whole but also specifically consider various member segments, including those below.

- **Younger members** are less likely to have children or other dependants or significant debt. We believe members under the age of 25 are at greater risk of account balance erosion and generally have lesser insurance needs and in accordance with legislation, basic cover will not be provided automatically on an opt-out basis.
- **Members with low or infrequent contributions** may include those who have taken leave for substantial lengths of time or whose working patterns are casual, part time or seasonal. In accordance with legislation, we minimise account balance erosion by ceasing insurance cover after 16 months of inactivity unless the member elects to continue cover.
- **Members nearing retirement** generally place greater emphasis on building their retirement savings than on life insurance. The cost of cover is greater for older members. However insurance needs are typically lower as many financial commitments have been discharged.

We would expect the 1% of salary limit to be achieved at all times, but in the event of a sudden increase in premiums as a result of poor claims experience or an external pricing shock, we would adjust the benefit design in a measured time frame or consider other means of achieving a return to affordability within 1% of salary.

Claims management approach

From 1 January 2021, the AFS obligations apply to RSE licensees in providing a superannuation trustee service, including the obligation to provide claims handling and settling efficiently, honestly and fairly. Our guiding principle is to ensure that all claims are managed in the best financial interests of our claimants and consistent with the terms of the relevant insurance policy.

We will do everything that is reasonable to pursue all claims with a reasonable prospect of success. If the insurer's decision is to decline or defer a claim, it's referred to our Insurance Claims Committee (ICC). Our ICC reviews all the information the insurer has relied on to make their decision and determines whether we agree with the insurer's decision. If we don't agree, we'll advocate on the claimant's behalf and return the claim to the insurer to consider further.

Our claims philosophy

Our claims philosophy reflects our values and aligns to our member first approach. We understand this is a stressful time for our members and claimants and our aim is to provide a service that is fair, ethical and transparent for all parties. AustralianSuper's claims philosophy is underpinned by the general licensing obligations, that is, to deliver claims handling and settling in a timely way, in the least onerous and intrusive way possible, fairly and transparently and in a way that supports members.

Our philosophy is to manage claims in the following way:

- Helping to identify any insurance benefits a member may be able to claim.
- Handling claims with empathy, professionalism and in a timely manner. Our objective is to make the claims process as quick as possible within a caring and supportive environment for our claimants.
- Treating claimants with respect and understanding.
- Providing service in a thoughtful and proactive manner, collaborating to meet claimant needs, solving any problems as they arise and adopting a continuous improvement approach.
- Advocating on a claimant's behalf if we don't agree with the insurer's decision.
- Supporting those with Income Protection claims to return to the workforce through our rehabilitation service.

Expectations of claimants (including burden of proof on claimants)

We have a duty to our members to thoroughly evaluate each claim based on the terms and conditions of the policy and the information provided and disclosed at the time of acceptance of cover and claim. Our aim is to provide service that is fair, ethical and transparent to members.

Support provided to claimants

We understand that making a claim can be physically, socially and financially difficult for claimants and their beneficiaries and with this in mind we:

- interact with our claimants with compassion and empathy
- provide practical solutions that recognise individual situations
- aim to resolve claims as quickly as possible, and
- will do everything that is reasonable to pursue an insurance claim for the benefit of a claimant.

Additional support provided to vulnerable members

AustralianSuper recognises that all members can experience vulnerability, and vulnerability may come from a range of factors, including physical health, language barriers, literacy, age or Aboriginal or Torres Strait Islander status. We have processes in place to identify vulnerable members and offer additional assistance where appropriate such as, interpreting services, allowing greater flexibility in providing documents and verification of ID.

Disability claim considerations

The definition[1] of TPD includes a requirement that the claimant be incapable of ever working in any job that they are suited to, based on their previous education, training or experience, or any job that they may reasonably become suited to with further education, training or experience.

This will be decided by considering things such as:

- what re-skilling, training or voluntary work they have done already
- any retraining or reskilling they reasonably could be expected to do, and
- any rehabilitation they have done already or any rehabilitation they reasonably could be expected to do.

Rehabilitation service

Consistent with our insurance principles (see page 1), we believe that the best outcome for Income Protection claimants is to return to the workforce.

This allows them to return to earn an ongoing income which is likely to exceed any insurance benefit in the long term. It's also the best outcome for a claimant in terms of psychological wellbeing, self-esteem and longer term health, all of which are demonstrated in research.

Under the Income Protection product, a member is not considered to be disabled if they refuse to accept:

- any reasonable modification or substitution of their work duties, or
- the use of any appropriate assistive aids, including those available to them through the rehabilitation service.

To support these product terms, a rehabilitation service is provided as part of the claim management model. We're supporting more members to return to good work (work that is a source of productive engagement, economic stability and personal interaction) from the start of an Income Protection claim rather than ad hoc and at various stages of a claim, which reduces likelihood of success. This has occurred by developing the capability of our claims assessors and managers. So at the same time a member is receiving their Income Protection claim payments, we're supporting a return to work.

The model has these four key elements:

- identification of suitable claims
- application of claims to a triage stream to enable appropriate allocation of resources
- rehabilitation assessment, which includes working together with rehabilitation consultants (as applicable) and other stakeholders (including the member, their doctor and employer), to develop a suitable plan to assist the member in returning to the workforce, and
- management of the rehabilitation plan.

Process to be followed by and communication with the claimant

Our aim is to assist our members to understand the claims process by explaining it in simple and clear language and maintaining regular contact with our claimants through one person ownership of claim files.

We'll always explain the reasons for our decisions and will treat all personal and medical and financial information with the utmost confidentiality.

[1] A different definition may apply if a member has been unemployed for 16 months or more at the Date of Disablement.

Contact us

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