

DEMYSTIFYING THE CHANGES TO INSURANCE IN SUPER

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Royal Commission into Misconduct
in the Banking, Superannuation and
Financial Services Industry



 **APRA**

INSURANCE IN SUPER CODE



Superannuation:
Assessing Efficiency and
Competitiveness

Productivity Commission
Draft Report
Overview

April 2018



~~Problems~~

Solutions

Code comprehensively tackles insurance issues

- ✓ 1% premium cap
- ✓ Simpler opt-out and opt-in for the young
- ✓ Inactivity cancels cover
- ✓ Better, quicker claims handling
- ✓ Improved communications and disclosure

Other insurance initiatives are more limited and inflexible

	Code	Productivity Commission	Protecting Super	Royal Commission
Premium cap	Yes (1%)	No	No	?
Opt-in for the young	Yes (<25 (or less))	Yes (<25)	Yes (<25)	?
Opt-in for low balances	No	No	Yes (<\$6k)	?
Inactivity cancels cover	13 months	13 months	13 months	?
Better, quicker claims handling	Yes (detailed)	No	No	?
Improved communications and disclosure	Yes (detailed)	Trade-off statement	No	?
Ongoing review	Yes	Yes	No	?
Compulsory	No	Yes	Yes	?



MAKING A
DIFFERENCE
TOGETHER

Widespread adoption will make a difference

- 95% of MySuper members will be covered
- Flexibility provisions support interests of members
- Applies to members in high risk work
- Implementation is a major piece of work

But, making the Code compulsory won't make a difference

- Government bodies and inquiries want mandatory code
- 95% coverage without compulsion
- Publication of Code implementation updates
- Monitoring and reporting





- Balance erosion and multiple cover serious issues
- Major program of work
- Don't be distracted by other changes
- Will adapt and adopt as necessary
- All about improving outcomes for members



- Responding to regulatory changes
- Supporting fund transition plans
- Meeting implementation deadlines
- Increased standardisation (definitions, forms, data)
- Review Code impact and operation

Benefits to members

**Account balance
erosion (1% of salary
principle)**

**Multiple Accounts and
Refunds**

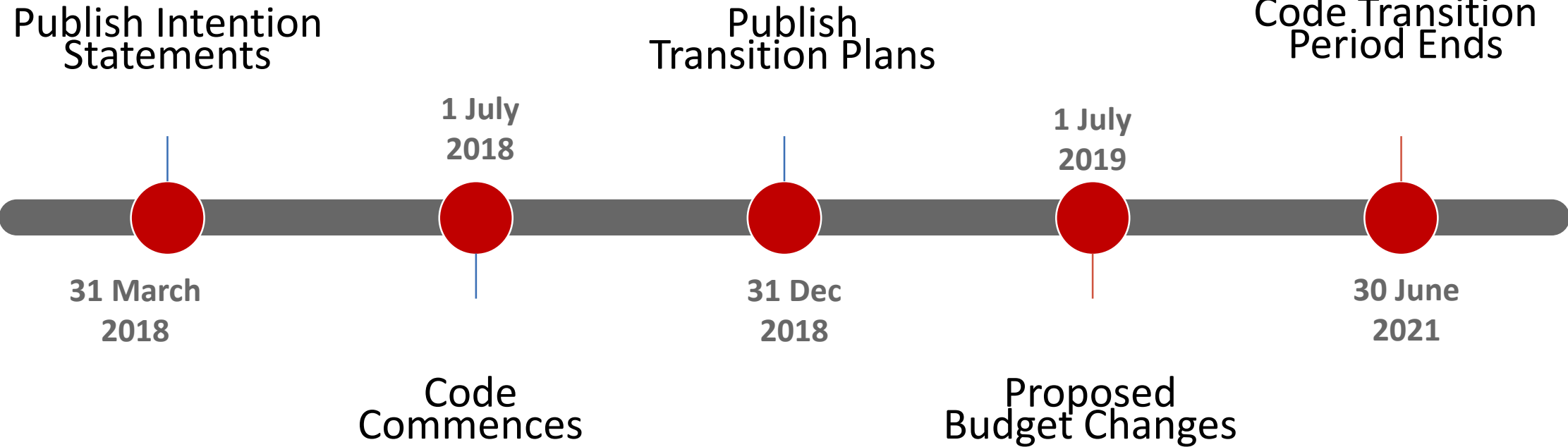
**Automatic Cessation &
Reinstatement of
Cover**

Claims Handling

**Standardised TPD
definitions**

Vulnerable Consumers

Insurance in Super Voluntary Code of Practice



TelstraSuper Corporate Plus Insurance in super fact sheet



What you should know about insurance

This fact sheet outlines automatic cover provided in *TelstraSuper Corporate Plus*.



Benefits of insurance

Insurance can give you peace of mind, provide financial support and help protect what's important to you if you have to stop work due to unexpected illness or injury.



Who pays

As part of your membership, your base level Death and Total & Permanent Disablement cover premiums are generally paid for by your employer and your Income Protection cover premiums will be deducted from your super balance.*



Changing contributions

If you elect to have your Superannuation Guarantee contributions paid to another fund, your insurance premiums will be deducted from your super balance.



Changing or canceling cover

You can cancel or change your automatic insurance cover at any time by emailing underwriting@telstrasuper.com.au or calling 1300 033 166.

What automatic insurance cover is included?†

	Terminal Illness	Death	Total and Permanent Disability	Income Protection
	Pays if you're medically certified as likely to die within 12 months.	Pays on death to your dependants or estate.	Pays if you're unable to ever work again due to illness or injury.	Provides a monthly income benefit if you're temporarily unable to work due to illness or injury, plus a monthly super contribution.
Automatic cover‡	yes	yes	yes	yes (2 year benefit period, 90 day waiting period)
Cover starts	16	16	16	16
Age next birthday as at last 1 July				
Cover ends	75	75	65	The date of your 65th birthday
Age next birthday as at last 1 July				
Are pre-existing medical conditions covered?	yes	yes	yes	yes
Is cover limited if employer contributions are not received?	no	no	no	no
	Must join TelstraSuper within 120 days of commencement of employment otherwise Limited cover may apply.			
Does work status at date of injury or illness affect cover?	no	n/a	yes *At Work* definition may apply	yes Must be permanently employed by principal or associated employer and working a minimum of 15 hours per week.
Is cover provided if a claim has previously been paid under the same type of cover?	yes	yes	yes	yes
Is there a waiting period before a claim can be made?	no	no	yes continuously absent from work for at least three consecutive months	yes 90 days

Are there other eligibility requirements?

- Member must be employed by a principal or an associated employer‡.
- Three month waiting period may not apply in some cases, please refer to the PDS for Day 1 TPD conditions.

*Eligible Fostel employees have this cost paid by their employer. †Automatic cover means cover that is automatically provided when joining TelstraSuper, subject to the terms and conditions contained in the insurance policies. For details, please refer to the TelstraSuper Corporate Plus PDS and the TelstraSuper Corporate Plus Insurance Guide available on our website. ‡At work is defined by the insurer in the Policy. †Principal employer means Telstra Corporation Limited (Telstra). An associated employer means an employer who has been approved by Telstra to become an associated employer. †Limited cover applies until in active employment for 2 consecutive months. Limited cover means that cover is only provided for an illness or injury that occurs on or after the date cover starts.

What are your options?

Do nothing

Keep the insurance cover you receive automatically.*

You should decide whether the insurance provided meets your personal needs. Your insurance needs can change over time as your circumstances change – for example, if you change jobs, start a family, divorce or your financial commitments change. You should review your insurance annually. You can view your insurance cover on your quarterly statement or by logging into your online account.

Cancel

Cancel your insurance cover.

You will not be able to claim for anything that arises after you cancel your cover. We will not deduct any more insurance premiums. If you later decide you want your cover to recommence, you will be asked to satisfy health or other lifestyle related questions before your application is considered by our insurer.

Tailor it

Change the cover to meet your personal needs.

You can apply to increase your cover. You can speak to a TelstraSuper Financial Planning adviser on 1300 033 166 to discuss your options.

Frequently asked questions

What if I need to claim?

We can discuss the claim process and related requirements with you, so that you know what to expect. We will oversee the claims process and help you step through it. Call us on 1300 033 166 or visit telstrasuper.com.au/insurance

Can I nominate beneficiaries?

You can nominate who will receive your death benefit if you pass away. Please visit telstrasuper.com.au/beneficiary for details.

What if I change my superannuation fund?

Before switching or consolidating super funds, make sure you can get the death, total and permanent disability or income protection cover you need, in your chosen fund. Be particularly careful if you have a pre-existing medical condition or are aged 60 or over.

Circumstances that may affect your insurance cover

The following may affect your automatic insurance cover:

- Ceasing work with your employer
- Low balance
- Changing or combining your superannuation accounts
- Change in your working hours or employment status
- Leave on extended employer approved leave
- Change to your residency status.

For further information, please refer to the Product Disclosure Statement on telstrasuper.com.au.

Taking action is easy



Have you used our online insurance calculator? Check to see if your automatic insurance cover meets your needs.

Visit telstrasuper.com.au/calculators



Call us if you want to learn more.
1300 033 166



Complete our online enquiry form and we'll answer your queries.
telstrasuper.com.au/contact



Send us an email to learn more.
contact@telstrasuper.com.au

For more information on choosing insurance and to better understand insurance visit the Australian Government website: www.moneysmart.gov.au

Important information

The complete terms and conditions are set out in the TAL insurance policy. All insurance cover is subject to TAL insurance policy. You can request a copy of the TAL insurance policy at no charge by calling us on 1300 033 166.

Any advice in this document has been prepared without taking account of your objectives, financial situation or needs. Because of this, you should, before acting on any advice in this document, consider its appropriateness, having regard to your objectives, financial situation and needs. You should obtain the Product Disclosure Statement and the insurance guide, available at telstrasuper.com.au and consider it before making any decision about whether to acquire the superannuation product. The superannuation product is issued by Telstra Super Pty Ltd, ABN 86 007 422 522, AFSL 236709, the Trustee of the Telstra Superannuation Scheme ABN 85 502 108 833. The information in this document is a high-level summary only and you should refer to the Product Disclosure Statement and the insurance guide.

Assessment of Compliance

- ✓ Comprehensive review of each of the 170+ requirements listed in the Code document
- ✓ Review conducted by Insurance & Claims and verified by Compliance & Risk
- ✓ Each requirement was assessed against the following criteria

All elements noted in the requirement are a part of TelstraSuper's current business procedures, governed by existing regulations or included in governance documentation.

All of these requirements can be linked to a source document.

Compliant

One or more elements noted in the requirements are a part of TelstraSuper's current business procedures, governed by existing regulations or included in governance documentation.

- Elements that **do meet** the requirements can be lined to a source document.

Partially Compliant

None of the elements noted in the requirements are a part of TelstraSuper's current business procedures, governed by existing regulations or included in governance documentation.

Not Compliant

There are no actionable requirements.

Statement

TelstraSuper Work Streams



Work Stream	Description
Code Reporting	Requirements that relate to the self-reporting and external governance of the Code
Communications	Code requirements prescribe the inclusion of specific information into new or existing Fund communication materials
Digital Footprint	These requirements all relate to making information accessible to members on the company website
Governance Documentation	Governance documentation covers updates required to the IMF, IS and business procedure documents
Process Re-Engineering	As a result of implementing the Code, changes to the existing business processes are required
Product Design	Code outlines product design elements for inclusion in the Fund's insurance policy/ies
Training	These requirements articulate minimum training for staff involved in the Insurance & Claims processes
Update SLA's	These requirements specify the service level tolerances for Insurance & Claims processes
Vulnerable Consumer Policy	Requirements that define the identification and handling of members/claimants who may be classified as 'Vulnerable'

What is TelstraSuper doing?



- A traceability matrix has been developed to track the overlap between Code, Budget and changes recommended from our recent SPS250 review
- As each requirement transitions to 'Fully Compliant' this will be updated in the matrix (including the how and the what), ensuring full transparency
- Currently in discussions with our Insurer to fully understand the impacts of the Code and Budget requirements.