

CSF Pty Limited

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FEEDBACK TO THE INSURANCE IN SUPERANNUATION WORKING GROUP

In the account balance erosion paper, we support:

- Different designs for different cohorts. This is most important for casual employees. There is a strong case to exclude casuals from default insurance or at the least, to limit the level of IP cover to an amount equal to annual salary.
- A defined maximum premium level on automatic insurance. This may be administratively complex. Collecting salary data is not common.
- Consistent definitions for when cover ceases and re-commences. Essential.
- Standards for refunding premiums against multiple IP policies. We agree. This is linked to point one above. Refunds where IP insured is higher than actual salary. It would also be wise to set a time limit for backdating of refunds.

The actual cost of IP for a young person, say 25 year old is only \$64 per year. However, with multiple accounts and multiple policies the costs do count. We would support a practice of writing to members - after twelve months of no contributions- notifying that cover will cease. This is our practice with IP but could be extended to Death and TPD.

We do not object to the suggestion that a low balance with no contributions for twelve months would have all insurance cover cancelled.

We do note that many complaints arise, however, when members cover is cancelled and members are not aware of same.

In the claims handling paper, we support:

- Common principles
- Clear time frames for processing, especially managing expectations at eligibility stage
- Minimum communication standards
- Good practice guidance

These are all noble aspirations. Our focus is to manage expectations at the earliest possible point in the clearest possible fashion.

We strongly support and Industry Code, similar to the Life Insurance code. Alignment makes good sense. Now is absolutely the right time. Funds will differentiate their products on service, process and design.

Standards could be set industry wide covering SLAs, eligibility rules and key definitions. These need to be common to all.

We do not support an industry funded claims assistance service. We prefer a model of internally dedicated case managers. The proposal does not suit small to medium funds where personal service is our strength.

As indicated above, we believe the most critical factor is managing expectations as early as possible. Theses should be commenced at the assessment of eligibility stage with clear timeframes understood.

In the Member Communication and Engagement paper, we support:

- Plain language and terminology, especially consistent definitions
- Financial literacy
- Timely, targeted and relevant communication, supporting the management of expectations, particularly with claimants.
- On-line resources, tools and education

These are all essential. We support a standard Key Fact Sheet. If there was a code of practice then key principles could go into an industry KFS. Individual funds would issue specific communication covering engagement, processes, claims handling, case management and individualised service.

Peter Haysey

Deputy Chair
Catholic Super

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