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From: Ian Harcla <IHarcla@lgiasuper.com.au>
Sent: Friday, 20 October 2017 12:46 PM
To: AU-FMISwg-PMO
Cc: Robert Pare
Subject: Feedback - Insurance in Superannuation Code of Practice

Feedback on the Code from LGIASuper is as follows:

Feedback on the Insurance in Superannuation Code of Practice consultation paper

4.8 – What about mandated contributions above SG? LGIASuper receives 18% mandated contributions on behalf of its members in Queensland local government. Can this section be expanded to allow mandated contributions above SG to be used for enhanced insurance arrangements for AIM's?

4.8 – As salary data isn't usually available for most Superannuation funds, wouldn't 1% (or 0.5%) out of a member's 9.5% SG contribution be more appropriate (and accurate) as this represents 1% (or 0.5%) approx of salary and would be able to be member specific rather than using some sort of age based average.

13.1 to 13.21 – This should align directly with the Superannuation Complaints Tribunal legislative requirements for handling complaints.

15.2 (b) – What are the reporting requirements to the Code Administrator and what is the expectation for Board and Executive reporting?

General comments

No mention of how the code is to incorporate the minimum My Super insurance requirements.

No mention of how a Fund's Insurance Management Framework, which currently stipulates the basis of a Fund's Insurance Benefit design, is to incorporate the requirements to meet the Code.

The increased cost of administering an insurance program incorporating the Code will either be incorporated into a Fund's premiums (as an insurance admin fee) so driving up the cost of premiums subsequently reducing the value of insurance or be funded by a Fund's member administration fee which would mean that all member's (including members without insurance cover) will be paying for the increased costs of administering an insurance program incorporating the Code. There is no mention in the Code of how these increased costs should be funded.

The increased member communication on insurance on lapsing of cover does not address the lack of member engagement.

Feedback Questions

B.1

All trustees would be bound by the Code if compliance was required under SPG 250 Insurance, APRA's Superannuation Practice Guide on Insurance. APRA requires compliance with requirements in SPG's on an "if not why not" basis which would appear applicable here.

Regards

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