

Submission number: 2014/11

18 February 2014

Consultation on proposed Modification Declaration – SIS Regulations regarding self-insurance

ASFA's submission welcomed the consultation by APRA on this proposed Modification Declaration and supports the aim of enabling an RSE licensee to receive a successor fund transfer (SFT) of members of defined benefit (DB) funds with self-insurance arrangements, subject to an application to APRA to vary Condition B.1 of the RSE licence.

We also provided a number of comments in relation to the proposed wording of the Modification Declaration, including:

1. Ensuring that the Modification Declaration allows the continuation of self-insurance arrangements where more than one SFT takes place.
2. Ensuring the Modification Declaration does not preclude self-insurance where there has been a change of category of an existing DB member who moves, for example, from a category without a temporary disability income benefit to a category with a self-insured temporary disability income benefit.
3. Pointing out that the footnote to the letter to all RSE licensees dated 5 February 2014 (which accompanied the Modification Declaration) was inconsistent with the decision to permit disability insurance to be provided by general insurers, as reflected in paragraph 6(a) of Superannuation Prudential Standard SPS 250 – Insurance in Superannuation.