

INSURANCE IN SUPERANNUATION VOLUNTARY CODE OF PRACTICE

**Annual Code Compliance Report
for the financial year ending 30 June 2020**



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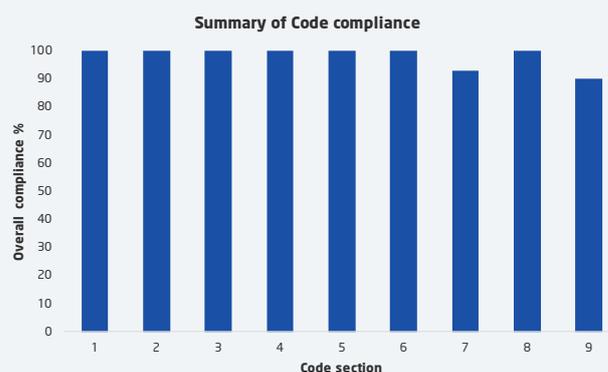
Executive Summary

Sunsuper are strong supporters of the Insurance in Superannuation Voluntary Code of Practice (Code) and its adoption by the broader Superannuation industry. The overarching objective of the Code is to improve the insurance in superannuation offered to members and the processes by which insurance benefits are provided, ensuring automatic insurance in superannuation “is appropriate and affordable” and does not inappropriately erode future retirement income. The Code provides a range of initiatives that are beneficial to all members, including enhancing our claims service, improving member engagement, education and awareness of insurance, and improving the member experience.

Sunsuper’s commitment to the Code is evidenced by the Fund taking a leadership position in both the development of the Code, being the first and only fund to adopt the Code, upon its commencement on 1 July 2018.

Sunsuper has completed a review of our compliance with the Code for the financial year to 30 June 2020. We are pleased to advise that our overall compliance with the key sections of the Code is 98%.

The below graph shows our average compliance with each of the key sections of the Code. Further information about how Sunsuper complies with these sections of the Code is detailed within this report.



General advice disclaimer

This document contains general information only and doesn't take into account your personal objectives, financial situation or needs. You should consider the appropriateness of the information in this document with regard to your objectives, situation and needs. You should obtain financial advice tailored to your circumstances. Call us if you would like to speak to a qualified financial adviser.

Financial Services Guide (FSG)

Contains information about the financial services Sunsuper Pty Ltd provides and will help you decide whether to use these services. Visit [sunsuper.com.au/fsg](https://www.sunsuper.com.au/fsg) or contact us for a copy.

Protecting your privacy

Sunsuper respects the privacy of the information you give us. If you require a copy of our Privacy Policy visit [sunsuper.com.au/privacy](https://www.sunsuper.com.au/privacy) or contact us.

1. Application of Code

This report covers the following products for which Sunsuper Pty Ltd is the Trustee:

- *Sunsuper for life*,
- *Sunsuper for life Business*, and
- *Sunsuper for life Corporate*.

Sunsuper operates to the standards listed in the Code. This report outlines our compliance with the key areas of each section in the Code.

2. Insurance strategy

We have published our Insurance Strategy on our website, in accordance with section 4.3 of the Code. This can be found at [sunsuper.com.au/members/insurance/insurance-in-superannuation-voluntary-code-of-practice](https://www.sunsuper.com.au/members/insurance/insurance-in-superannuation-voluntary-code-of-practice), and is repeated below:

Our Insurance Strategy is articulated as a set of Insurance Objectives / Principles as outlined below.

Insurance Objectives/Principles

The following Insurance Objectives/Principles have been adopted in developing the insurance strategy ensuring that the premium structure and levels are sustainable, taking into account the impact premiums have on members' retirement benefits.

1. Product and services;
 - are designed in our collective members' best interests,
 - are appropriate and affordable for our membership,
 - take into account the views / feedback of members,
 - contain innovation which is valued by a significant portion of our member base and delivered cost effectively,
 - are continually reviewed and updated, and
 - are viewed as being above the industry benchmark (e.g. top quartile for features / functionality and premiums (voluntary cover – at occupational category level, default cover – Funds with a similar occupational profile)) over the solution life cycle,
2. Premium cross subsidies are limited across ages and gender as far as is practicable,
3. Transition between products should occur easily and without diminished benefits,

4. Members are able to easily tailor their insurance cover (pricing, features, service) to meet their specific needs, and
5. Member communication and service capabilities are efficient, understandable and respectful to members and their beneficiaries.

3. Benefit design

The Code requires that the benefit design for Automatic Insurance Members is appropriate and affordable. This aligns with Sunsuper's purpose to "inspire and empower Australians to fulfil their retirement dreams". As part of the adoption of the Code, the appropriateness of the insurance benefit design, including types and levels of automatic insurance cover, for Sunsuper membership generally and for particular categories of members was reviewed.

Sunsuper for life

With *Sunsuper for life*, eligible members can get automatic protection for what matters most - their earning capacity and their family's financial security. Eligible members automatically receive Standard Death and Total & Permanent Disability Assist cover, unless they have told us that they do not want this cover. Eligibility includes attaining age 25 and reaching an account balance of \$6,000.

We have assessed the affordability of the insurance benefit design for Automatic Insurance Members and confirm that the premium cost of the benefit design does not exceed 1% of an estimated level of salary¹ for our membership generally, for younger members, or for members with low balances.

Sunsuper for life Corporate and Business

Sunsuper provides a flexible range of insurance solutions to employers through our *Sunsuper for life Corporate* and *Sunsuper for life Business* offerings. The insurance provided to employers as part of *Sunsuper for life Corporate* and *Sunsuper for life Business* is generally tailored to the specific needs of their employee groups. For a small number of employers, the nature of their employment is of a high risk or manual nature, and insurance is a benefit that is of a high value to these groups. In these circumstances, whilst every opportunity continues to be utilised to provide insurance cover with a premium cost not exceeding 1%, there will be some instances where this continues to apply.

We have assessed the affordability of the insurance benefit design for Automatic Insurance Members and confirm that the premium cost of the benefit design does not exceed 1% of an average level of salary² for our membership generally, for younger members, or for members with low balances.

1. For Salary we have used the Australian Taxation Office (ATO) average as outlined on the ATO website for each age cohort.

2. For this purpose, Salary is defined as the last salary reported to the Fund by the member's employer.

4. Cancellation and reinstatement of cover

The code requires that Sunsuper allows all members to reduce or cancel their cover at any time. Sunsuper provides a variety of options for members to reduce or cancel their cover including verbally, in writing or online. We have included instructions on how to cancel or reduce insurance cover in the insurance welcome pack, disclosure information, as part of annual statements and on our website.

For any members where we have not received an eligible contribution (e.g. an employer contribution) for 12 months, Sunsuper automatically cancels any insurance cover effective 12 months after receiving the last eligible contribution (contribution inactivity), where the member has not elected in writing to keep their cover.

Members are communicated with, at a minimum, 3 times prior to the cancellation of their insurance cover and provided with a letter confirming that the insurance cover has been cancelled.

Written communications are provided at 6, 9 and 11 months after the receipt of the last eligible contribution. These include information about the member's current insurance cover (compared to their cover at the end of the previous financial year); and provides information about options to cancel insurance cover immediately, reduce insurance cover, or keep insurance cover.

A written communication is provided after the insurance cover has been cancelled confirming that the insurance cover has been cancelled and providing how to re-instate the insurance cover.

Where we have cancelled insurance cover, members have had the opportunity to reinstate their insurance cover within 60 days (some restrictions apply).

No Instances of non-compliance have been identified for the financial year to 30 June 2020.

5. Helping members to make informed decisions

The Code contains a number of requirements focused on providing members with clear and timely communications on an ongoing basis.

Sunsuper provides the following customer communications:

- A standalone *Welcome Insurance Summary* for new members. This is in addition to their Welcome to Sunsuper communication, and is to provide members with clearly identifiable insurance-specific information at the commencement of their automatic insurance cover.
- An *Annual Insurance Summary* is sent to members each year and provides them with their individual insurance information, including an individualised erosion message, if applicable.
- Three communications are sent prior to a member's insurance cover being cancelled. The purpose of these communications is to explain the pending cancellation of cover and provide the opportunity for members to retain their cover.
- Insurance cessation confirmation sent to members after insurance cover has ceased due to contribution inactivity (i.e. no contributions in preceding 12 months).
- *Restart Summary* sent to members after receipt of an SG contribution (but only if the member has also met the Standard cover eligibility criteria of attaining age 25 and reaching an account balance of \$6,000, where applicable) that triggers insurance cover to restart.

In addition to the individualised insurance communications outlined above, Sunsuper provides the following at a Fund level to clearly outline Sunsuper's insurance offering:

- A *Key Facts Sheets (KFS)*, in a standard industry format, which is published on the Fund website (or microsites for Corporate and Business plans). The *KFS* provides high-level fund-specific information in a format that is consistent across the industry, to help members better understand their cover and to compare cover across different superannuation funds.
- Clear 'intention' and 'comprehension' statements published on the Fund website and included in disclosure material. These have been developed in conjunction with the insurer, and explain our intention in providing insurance cover and how the definitions we use will be applied in practice.

Insurance related customer communications are reviewed regularly to ensure acronyms and jargon are removed wherever possible, and replaced with plain language definitions and standardised headings.

Additionally, Sunsuper has a dedicated insurance notifications team and this been an ongoing initiative to assist members with their specific claims enquiries. The insurance notifications team assists members in identifying their eligibility to lodge claims and to identify any opportunities to assist them with the claims process.

No instances of non-compliance have been identified for the financial year to 30 June 2020.

6. Supporting vulnerable consumers

The Code requires funds to better identify and support people who may have a particular vulnerability that may impact on their ability to access insurance, make a claim, make an enquiry or complaint, or communicate with us. Sunsuper has put the following in place to support vulnerable consumers:

- A vulnerable consumer's policy that outlines various avenues available for our employees to support identified vulnerable consumers. For example, translation services.
- Teams, such as our insurance claims teams, have detailed guidelines and training to identify and support vulnerable consumers through the claims process.
- Sunsuper has established an internal working group to identify further opportunities to support vulnerable consumers. For example, introduction of a Reconciliation Action Plan.

This supports our compliance with this Code requirement for the financial year to 30 June 2020.

7. Handling claims

The Code provides a detailed claim process for members. Our claims philosophy is published on our website and can be found here [sunsuper.com.au/members/claims](https://www.sunsuper.com.au/members/claims) and is repeated below.

Sunsuper claims philosophy

We adopt a professional, compassionate and respectful approach to claims management by actively keeping customers at the heart of everything we do.

Each claim is unique and we are sensitive to our customers' needs at a difficult time - be it due to an illness or injury, or due to the loss of a loved one. As our member's advocates, we will do everything that is fair and reasonable at a time when you need it most.

We are committed to being easy to deal with and providing exceptional levels of service to all of our customers.

We seek to be industry leading and innovative in our approach to claims management whilst ensuring we are fair and reasonable to all stakeholders.

Sunsuper's dedicated claims teams ensure that claimants are assisted throughout the claims process from notification until a decision is received and communicated to members/claimants. The Code requires that we handle claims in accordance with certain processes and timeframes. Sunsuper has put in place systems and processes to manage all claims in accordance with the Code.

A key part of Code compliance monitoring is to understand not only the end to end Customer experience, but also performance against individual elements of each claim. Key compliance information is included in the following paragraphs.

Claims handling practices are continuously improved to reflect feedback from our customers, to address identified themes impacting performance, and also in response to additional industry changes.

Throughout the course of the year, Sunsuper continued to focus on, and improve results achieving conformance with the Code claims handling requirements in 96% of instances in June 2020.

Wherever activities have not been completed within the required timeframes, Sunsuper takes steps to ensure members were not adversely impacted.

As each claim is unique, the timeframes required by the Code may be impacted by the following:

- Delays in returning documentation and/or communications from members, beneficiaries or authorised representatives.
- Quality reviews of complex claims to ensure fair and reasonable outcomes for members.
- Specific circumstances of a particular claim which require additional time in support of member outcomes.

As part of the claims philosophy and as a profit-for-members fund, our customers sit at the heart of everything we do. This includes continuing to improve our claims handling practices.

We regularly review our internal processes including the practices of service providers, invest in training for staff and review the number of claims professionals required to support members. We will continue to invest in claims management as necessary to ensure members' best interests are maintained and Code conformance is achieved and maintained.

We recognise that each claim is unique, and as required by the Code, each claim has multiple component activities to be completed within specified timeframes. For the financial year to 30 June 2020 we did not achieve compliance with some activities required by the Code as follows:

- Death claims: 7% of activities were completed outside required timeframes.
- Terminal Illness or Terminal Medical Condition claims: 6% of activities were completed outside of required timeframes.
- Income Protection claims: 9% of activities were completed outside of the required timeframes.
- Total and Permanent Disability claims: 7% of activities were completed outside of the required timeframes.

8. Refunds

The Code requires funds to refund insurance premiums to you in the following circumstances:

- At claim time we identify that you have multiple automatic insurance covers in superannuation and your benefit is offset or not able to be claimed on because you have claimed on another benefit under a similar policy.
- We identify that you were not eligible to claim against automatic insurance cover for any event from the start of cover.
- You make a claim that is accepted and your cover ceases under the terms of the policy on the date you became eligible to claim.

No instances of non-compliance have been identified for the financial year to 30 June 2020.

9. Making enquiries and complaints

The Code requires funds to manage and respond to enquiries and complaints in accordance with certain processes and timeframes. Sunsuper responds to all enquiries and complaints in accordance with the processes outlined in the Code.

Enquiries

Insurance claims enquiries occur at various points throughout a claim, however, the highest volume of enquiries is in the initial stages when customers are seeking information about insurance claims. Once a claim has commenced, communication timeframes and methods are determined with each claimant or their representative in accordance with the Code. Each claim is unique and non-compliance can occur when acknowledging or responding to enquiries due to availability of claimants or their representatives or delays in receiving documentation from members, beneficiaries or their authorised representatives.

We have not complied with the timeframes listed in the Code for insurance claims enquiries in 5% of cases for the financial year to 30 June 2020.

Complaints

Regular feedback and training is provided in regards to resolving any individual incidents and ongoing training is also conducted with regard to the identification of complaints. We have not complied with the timeframes listed in the Code for insurance complaints in 14% of cases. These were largely due to some minor delays in the acknowledgment of complaints.



Contacting us is easy

- 🖱️ sunsuper.com.au/contact-us
- ☎️ 13 11 84 (+61)7 3121 0700 when overseas)
- ✉️ GPO Box 2924 Brisbane QLD 4001

Need assistance? Call our translation service on 13 14 50 and follow the prompt.

Hai bisogno di assistenza? Chiama il nostro servizio di interpretariato telefonico al 13 14 50, e su richiesta conferma la tua lingua "italiano".

如需協助，請撥打13 14 50 使用我們的翻譯服務，並在聽到提示後說普通話。

Cần sự trợ giúp - gọi điện cho dịch vụ thông dịch của chúng tôi số 13 14 50 - và nói "Vietnamese" (Tiếng Việt) ở câu nhắc

통역이 필요하세요? 13 14 50으로 전화하셔서 '한국어' 혹은 'Korean' 이라고 말하세요.

لصحتنا ودعم اسمنا الذي يدل على تميزنا اذنا 131450 " لوبيب ارا " لوقب ةيبرع ل راتخاو ، راي تخال ااطع ل دنع لى لى ةح اتم ل ا ةم جرت ل ل ةم دنغ

This document is prepared and issued by Sunsuper Pty Ltd, the issuer and Trustee of the Sunsuper Superannuation Fund (referred to as "the Fund" or "Sunsuper"):

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ABN 88 010 720 840
AFSL No. 228975

Sunsuper Superannuation Fund
ABN 98 503137 921

Unique Super Identifier (USI) 98 503 137 921 001
My Super Authorisation 98 503 137 921 996



For further information on the ratings methodology used and awards refer to sunsuper.com.au/ratingsagencies

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