



MEDIA RELEASE

Tuesday 14 December 2021

RELEASE OF FSC STANDARD PROHIBITING OCCUPATIONAL EXCLUSIONS

The Financial Services Council (FSC) has released an enforceable Standard which will remove occupational exclusions and occupation based restrictive disability definitions in default life insurance cover in superannuation.

FSC CEO Sally Loane said: “The Government’s ‘Your Future, Your Super’ reforms introduced an important consumer protection to ‘staple’ superannuation members to their fund, so that they take their superannuation account with them from job to job. Stapling will save consumers \$1.8 billion in unnecessary fees over the next three years.”

“However, under these arrangements some consumers may be unable to claim on their life insurance cover because their fund has occupational exclusions and occupation based restrictive disability definitions in the default cover they offer to their members,” Ms Loane said.

“Wanting to avoid this, the FSC and its life insurance and superannuation members have introduced an enforceable Standard to end the use of these types of exclusions, which will take effect from 1 January 2023, following a one-year transition period.

“The Standard applies to both FSC superannuation and life insurance members, while creating a powerful new industry norm for non-FSC superannuation funds. The design was developed after public consultation with retail and industry superannuation funds, life insurers and consumer advocates.

“FSC analysis shows that by applying the Standard to the FSC’s superannuation members, the Standard will remove 87 per cent of all occupational exclusions and occupation based restrictive disability definitions that currently exist in the industry, by 1 January 2023.

“An obligation on life insurers to not offer occupational exclusions and occupation based restrictive disability definitions to any superannuation trustees, together with ongoing consolidation in the superannuation sector and a powerful new industry norm is expected to see the remaining use of these terms removed in the near term.

“This Standard demonstrates that when policy settings change, the life insurance and superannuation sectors will take proactive steps to protect consumers. The FSC is very pleased to be working with our members to deliver on this goal,” Ms Loane added.

Compliance with FSC’s Standards is compulsory for FSC Full Members. By adhering to FSC’s Standards, member companies are required to operate with integrity, transparency and in the interests of customers.

A full copy of the Standard can be found here: <https://www.fsc.org.au/web-page-resources/fsc-standards/2361-fsc-s27>

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About the Financial Services Council

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing almost \$3 trillion on behalf of more than 15.6 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world.