



MEDIA RELEASE

Thursday 12 August 2021

INDUSTRY INITIATIVE ON OCCUPATIONAL EXCLUSIONS

The Financial Services Council (FSC) is initiating a process to consult with the superannuation and life insurance sectors, consumer advocates and other stakeholders with the aim of removing exclusions based on occupational classification within default group life insurance policies in MySuper.

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 account with them from job to job. Stapling was a recommendation of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry and the Productivity Commission's report into the efficiency and competitiveness of the superannuation system.

The FSC strongly supports the implementation of stapling as it will prevent the creation of duplicate accounts that cause the erosion of superannuation savings. In a small number of instances, however, superannuation members can be stapled to a MySuper fund that has default group life insurance that contains exclusions based on occupational classification. In a small number of instances when an employee moves between occupational classifications, at time of claim they may find themselves unable to claim against their default insurance coverage in the MySuper product.

This concern was raised by stakeholders during parliamentary debate and the FSC and life insurance industry agree that it is in the best interests of consumers to design a solution, now that stapling is legislated to take effect from 1 November 2021.

The FSC has today issued a policy proposal that the life insurance and superannuation industries could implement to address this issue. Stakeholders are encouraged to provide feedback by Friday 3 September through policy@fsc.org.au.

The policy proposed can be accessed here: <https://fsc.org.au/resources/2242-fsc-occupational-exclusions-consultation-paper/file>

As part of this process the FSC would welcome feedback on the options outlined in the consultation paper to implement this solution. The FSC will also consult with the Australian Competition and Consumer Commission (ACCC), Australian Securities and Investments Commission (ASIC) and the Australian Prudential Regulation Authority (APRA).

- Ends

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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.