

AustralianSuper submission on FSC policy paper

3 September 2021

By email: policy@fsc.org.au

Re: **Stapling and Group Life Insurance Policies in Superannuation**

AustralianSuper is pleased to make a submission on the FSC's policy paper issued on 16 August 2021.

About AustralianSuper

AustralianSuper is Australia's largest superannuation fund and is run only to benefit members. Almost 2.5 million Australians are members of AustralianSuper and we invest over \$230bn of their retirement savings on their behalf. Our purpose is to help members achieve their best financial position in retirement. We are proud to be the nation's top performing superannuation fund over the past 7, 10, 15 and 20 years (to 30 June 2021).

AustralianSuper works hard to maintain appropriate, value for money insurance for members, aligned with their needs and ensuring their retirement outcomes are not compromised. We make no profit from insurance – the premiums we charge members are used entirely to benefit insured members of the Fund.

Key points

- 1) AustralianSuper **supports** the FSC's solution as articulated in its policy paper (subject to clarification regarding point 2) below):

***“Problem:** Where the default life insurance in a MySuper product has exclusions that apply to certain occupations (for example, working in a hazardous workplace), a member working in one of those occupations may be unable to claim for the default insurance for which they have been paying insurance premiums.*

***“Solution:** The FSC proposes to introduce a prohibition on the use of any terms in MySuper group life policies that would cause a claim to be declined in default group life insurance in superannuation on the basis of a change in the occupational classification of the member.”*

- 2) We suggest explicit clarification in relation to employment with the armed forces. An AustralianSuper member's cover currently ceases when they commence employment in any capacity with the armed forces of any country. On balance, we feel this is reasonable, bearing in mind:
 - The existence of significant death and disability benefits under the Military Superannuation and Benefits Scheme and the Military Rehabilitation and Compensation Act 2004; and
 - That the purpose of insurance in MySuper generally is not for military compensation.

3) Subject to clarification regarding our point 2) above, AustralianSuper supports the mechanism numbered "2" in the FSC's policy paper to implement this change; i.e.

"2. Introduce an enforceable FSC Standard that requires FSC members to not establish group policies that contain these terms and remove them from existing policies, noting that not all superannuation trustees are members of the FSC."

If you have any further queries please do not hesitate to contact Richard Land, Head of Insurance Product & Pricing on 0437 921 779, rland@australiansuper.com.

Yours sincerely,

Richard Land

Richard Land

Head of Insurance Product and Pricing

Member Experience

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