

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

Suncorp

SC121QON

Dr LEIGH: In terms of your life insurance and TPD policy, your insurer is Asteron, which is the most complained about group life insurer. Asteron's complaints are 19 times higher than TAL, for example. Why do they suffer so many complaints?

Mr van Horen: Unfortunately, I won't be able to comment on Asteron. You may be aware that Suncorp sold its life business last year to TAL, so there may be multiple providers of life products to our members, but that is an entirely separate business now. If you are looking for specific details on their operations, I would need to take that on notice.

Dr LEIGH: But Suncorp members are getting insurance through Asteron; I am not sure how you can wash your hands of this.

Mr van Horen: I am not sure as to the mix of how much is Asteron and how much is TAL. I would have to take that one away.

Dr LEIGH: Would you accept that your customers are better off being looked after by TAL than by Asteron?

Mr van Horen: I don't want to get into a comparison of one third party versus another. It definitely matters—we are not trying to wash our hands. To the extent that is a relevant part of our overall proposition, it does matter to us. I would need to check the details of it.

Dr LEIGH: As I understand, there has been an issue about the TPD definition, which is not particularly attractive to members who are part-time employed. Have you notified your members who are part-time employed that, if they are not full-time employed, then they will face difficulty claiming under the TPD policy?

Mr van Horen: It is not an issue I am aware of as yet. I would have to investigate that.

Dr LEIGH: So you have not done anything on that front?

Mr van Horen: I am not aware of it. I have been in the business three months, and it has definitely not been an issue that has been escalated. I have spent a fair bit of time getting my arms around the business to..."

Answer:

Asteron Life and Superannuation Limited (ALSL) is a wholly-owned subsidiary of TAL but remains as a separate APRA-regulated life insurer. ALSL are the primary insurer for members of the Suncorp Master Trust (SMT), however group insurance arrangements also exist with MetLife Insurance Limited and MLC Life Limited for specific employer arrangements within the SMT. TAL does not insure any members within the SMT in its own right.

When ASIC first published claims-related statistics in late March 2019 on the MoneySmart website following joint ASIC/APRA research, Suncorp promptly approached ALSL on 1 April 2019 to understand ALSL's outlier results. A comprehensive response was provided by ALSL highlighting

several historical factors and statistical anomalies which influenced the reported outcome. Through ALSL's response, Suncorp were given comfort the statistics presented were not indicative of the experience for members of the SMT but were heavily influenced by a combination of the scale of ALSLs group insurance business at the time and the high volume of aged late-notified TPD claim disputes associated with a heritage insurance policy Sunsuper held with ALSL up until 2011.

Suncorp does not believe the current TPD definition for SMT members has been a major concern to membership. In the last two financial years, Suncorp has received insurance-related complaints from less than one percent of the insured membership within the SMT per annum. Of those complaints only three appear to be linked to a TPD definition. In FY2019 and FY2020, insurance-related complaint volumes were primarily driven by the impacts of the Protecting Your Super and Putting Members Interest First changes, including the increases in insurance fees, along with the cancellation of cover. The second largest driver of insurance-related complaints in the period was general administrative/service timeliness matters unrelated to claims activities.

Members are routinely referred to the disclosure material in fund welcome packs, insurance commencement letters, annual statements, and insurance-change communications. The SMT insurance policies and product disclosure materials include eligibility terms which outline members must be gainfully employed for a minimum of 15 hours or more each week in order to claim against the "Occupational" TPD definition. Members must be engaged in full-time domestic duties in order to claim against the "Home Duties" TPD definition. Members who are unemployed or employed for less than 15 hours each week can claim against the "Activities of Daily Living" TPD definition. Members can also claim against the "Specific Loss" or "Significant Cognitive Impairment" TPD definitions (as available) irrespective of their employment status or working hours.

Notwithstanding the above, Suncorp has commenced a comprehensive review of insurance arrangements with a view to simplify and make insurance arrangements more affordable along with aligning insurance services with best practice requirements under the Insurance in Superannuation Voluntary Code of Practice. The review also includes a re-examination of TPD claim definitions with a view to simplify and remove the "Activities of Daily Living" definition, but without denying TPD protection to members who may be unemployed or working minimal hours.

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Mr SIMMONDS: Thanks, Mr Van Horen, for your evidence today. A couple of questions I have asked of others in your position as well: how many employers do you have default status with?

Mr van Horen: Employers? I do not know the exact number off the top of my head, but a proportion of our fund will be corporate schemes. In other words, employers are using Suncorp Super as their default fund.

Mr SIMMONDS: Will you take it on notice to have a look for the percentage for that?

Mr van Horen: Yes; no problem.

Answer:

Suncorp does not have default status under any Modern Awards. However, employers are free to use Suncorp products as their default fund or contribute to choice accounts nominated by their employee. Suncorp does not actively track the current default status of employers who have used the SMT as a default fund. Nonetheless, in the past 12 months, 187 employers have introduced new members to the fund while a further 805 employers have continued to contribute on behalf of existing employees.