

17 January 2025

Mr Sean Turner
Secretary
Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

By email: economics.sen@aph.gov.au

Dear Mr Turner,

Re: Improving consumer experiences, choice, and outcomes in Australia's retirement system - responses to Committee questions.

TAL welcomes the opportunity to support the work of the Senate Economic References Committee and its inquiry into improving consumer experiences, choice, and outcomes in Australia's retirement system.

Following the hearing TAL attended on 3 December 2024, TAL is pleased to respond to the following questions.

1. Can you please provide the contract that deals with the payments TAL makes to Cbus?

The model that governs the determination of premiums is called the Partnership Sharing Model (PSM). This is a Premium Adjustment Model as referred to by Ms Oliver. The PSM contract sets out the process and methodology as to how premiums for the Policy will be determined. It does not reference any principles that relate to the claims handling process. It includes details of how the two premium components (as outlined below) will be determined:

- a) Future annual premiums which are determined with reference to the best estimate of claims to be paid; and
- b) Annual premium adjustments which calculate the difference between the best estimate basis and the actual claims paid. This can result in a payment from TAL to Cbus or from Cbus to TAL.

The specific contractual terms of the PSM are commercially confidential. These terms contain competitive commercial information and intellectual property which TAL has built over many years, and as such, TAL has a strong preference to maintain the confidentiality of these details.

As a life insurer and financial services licensee, TAL has legal obligations that apply to its claims handling process. TAL is also a voluntary subscriber to the Life Insurance Code of Practice. These, together with our contractual commitments, govern our claims handling activities.

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2. Can you please provide the SLA metrics with Cbus, and where TAL has failed to meet those metrics throughout 2022 and 2023?

TAL's claim related SLAs and service level outcomes are listed below for calendar years 2022 and 2023. Where relevant, SLAs are consistent with, or exceed, the standards set by the Life Insurance Code of Practice. TAL subscribes to the code.

Service	SLA and service outcomes for 2022 and 2023
Initial Assessment and next action completed	<p>SLA is for initial assessments and next actions to be completed within two or five business days, depending on claim type. Throughout 2022 and 2023, TAL met this SLA:</p> <ul style="list-style-type: none"> • 99% of the time for death claims. • 98% of the time for terminal illness claims. • 89% of the time for total and permanent disability claims. • 99% of the time for income protection claims.
Regular update to member prior to making a decision.	<p>SLA is for members to receive an update on their claim status 20 business days from notification of an active claim, or from last contact. Throughout 2022 and 2023, TAL met this SLA 98% of the time.</p>
Claim Decision Finalised	<p>SLA target is for claim decision to be finalised and the decision notified to customer within 10 – 180 days from the received date, depending on claim type. Throughout 2022 and 2023, TAL met this SLA:</p> <ul style="list-style-type: none"> • 79% of the time for death claims (SLA of 10 business days). • 84% of the time for terminal illness claims (SLA of 10 business days). • 90% of the time for total and permanent disability claims (SLA of 180 calendar days). • 89% of the time for income protection claims (SLA of 60 calendar days).
Full response to all member claim enquiries	<p>SLA is for members to receive a full response to claim related inquiries within 10 business days. Throughout 2022 and 2023, TAL met this SLA 96% of the time.</p>
Review of a declined decision from the Trustee	<p>Trustee requests for TAL to review a declined claim are typically rare, generally numbering between zero and two per month. Where a request is received, the SLA is to complete the review within two – five business days, depending on claim type.</p> <p>Throughout 2022 and 2023, TAL met this SLA 78% of the time.</p>
Assessment of claims for interest	<p>SLA is for any member request for consideration of an interest payment to be assessed within five business days. Throughout 2022 and 2023, TAL met this SLA 100% of the time.</p>

Acknowledgement of all member email enquiries	SLA is for member claims related email inquiries to be acknowledged within one business day. Throughout 2022 and 2023, TAL met this SLA 100% of the time.
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Yours sincerely,

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James Connors

Head of Corporate and Government Affairs

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