

Senate Economics References Committee

Improving consumer experiences, choice, and outcomes in Australia's retirement
system

Responses to additional questions on notice – 14 March 2025

Opening Statement

You closed by stating that you have “*grown rapidly*”, “*are keeping up with member expectations*”, and “*you take accountability*”.

1. Is Cbus expecting to bring in executives with more appropriate experience to manage that growth and member expectations?
2. Who has taken accountability for these ongoing and consistent failings? Have there been any executive or Board resignations?

Response

Cbus Super focuses on delivering the best retirement outcomes for our members. Our members expect us to focus on their retirement security, and that’s what we do every day.

The board and leadership team are committed to continuing to improve our systems and processes. We are working to strengthen our governance and operations to better serve our members.

We take our responsibilities to our members very seriously and are committed to ensuring that we operate to the highest standards of governance and compliance to provide the best retirement outcomes for our members.

Link/MUFG Partnership

When announcing its partnership with Link Group to help process claims, Ms Walker stated, Cbus has *“built a strong forward planning capability into the partnership, which includes intelligent reporting and timely access to fund data to enable better outcomes for members.”*

3. How accurate is this statement?
4. What failures occurred between Cbus and Link/MUFG?
5. How have you shown that you’re making a difference for members in how you have made improvements?
6. How many of the 10,000 death and total and permanent disability claims remain outstanding? 1000?
7. How long have the longest claims been outstanding?
8. How did these alleged failures come about?
9. Who is responsible for these failures occurring?
10. How has your “no-nonsense member first attitude” benefitted those Cbus members whose death and total disability payments were delayed?
11. When did you first become aware of the problems with processing insurance claims at Cbus?
12. What was your role, as Group Executive of Member Experience, in managing the timely processing of members’ claims?
13. Has Cbus delivered great insurance outcomes for your members with TAL
14. What is the relationship like between Cbus and TAL?
15. Who is responsible for claims handling?
16. Who is responsible for keeping the member updated and requesting documents in a timely fashion?
17. Who sets service standards in the service agreement?
18. Did the Cbus board ever approach TAL about raising service standards in the wake of ASIC’s raising concerns?
19. What was the driver of the delays to customer claims?

20. When was the board and executive advised about a possible breach relating to the payment of insurance claims?

21. When was ASIC informed?

22. When did the board and executive know about the administration issues?
(Firstly, the Risk Committee, and the full Board)

23. Did the board or executive do any planning/analysis in the wake of the pandemic about their reliance on third party providers?

24. Has ASIC's investigation triggered a review of other customer services such as complaints handling? Should this have been brought in-house earlier?

Responses Qs 3 – 24

Insurance through super is often a key financial safety net for many members if they are injured or unable to work. Cbus Super offers members insurance options that can be tailored to meet the needs of members working in the building, construction and allied industries.

Insurance is issued under a group policy with our insurer, TAL Life Limited.

Cbus Super offers several different types of cover, including death, total and permanent disability, and income protection insurance.

In FY24, Cbus Super accepted 3,633 claims and paid out \$384 million in benefits to members and their beneficiaries. Also, in FY24, acceptance rates of all claims was 96.8 per cent over the last three financial years.

This information, and further detail about insurance through Cbus Super is available in the Cbus Super Annual Integrated Report 2024 at pages 54 and 55: <https://v3au.zone-secure.net/drive/22393/.Cbus-annual-integrated-report-2024/#page=54> (Annexure 1)

Cbus Super has implemented a number of measures that are reducing delays and is committed to further improving management of insurance claims.

Cbus Super has established a compensation program for affected members which is being implemented.

As the Committee is aware, these matters are the subject of ongoing legal proceedings in the Federal Court of Australia (being FCA File Number VID 1226/2024).

The Committee can refer to Cbus Super's statement regarding insurance claim delays here: <https://www.cbussuper.com.au/about-us/news/media-release/asic-proceedings> (Annexure 2)

As previously advised to the Committee, including on 19 February 2025, Cbus Super does not intend to comment further on matters subject to legal proceedings at this time as doing so may prejudice the proceedings and would not be beneficial to members.

Cbus Super has also agreed to a comprehensive work program with APRA under an enforceable undertaking to strengthen risk management and governance.

This work program builds on progress already made to improve Cbus Super's operational risk management following leadership changes. The work program will further uplift Cbus's operational risk management and oversight of insurance and outsourcing arrangements to ensure members remain at the forefront of our decision making. The Committee can refer to Cbus Super's statement here: <https://www.cbussuper.com.au/about-us/news/media-release/cbus-super-agrees-with-APRA-to-revamp-risk-management-oversight> (Annexure 3)

ISA

25. How much does Cbus pay Industry Super Australia for membership?
26. What qualifications were required for your Industry Super Australia Board appointment?
27. What was the process of you being nominated by your members to the ISA Board? Did you run against anyone else?

Response:

In FY24 Cbus Super contributed \$3.36 million to participate in ISA's programs. This information is available publicly here:

<https://www.cbussuper.com.au/content/dam/cbus/files/governance/reporting/amm-fy24-detailed-website-disclosure.pdf> (Annexure 4)

Cbus Super has previously responded to questions from the Committee relating to the process of being nominated to the ISA board, noting Ms Walker was nominated to the ISA board by the Cbus board and appointed through ISA's corporate governance process.