

From: [Christopher Ramsay](#)
To: [AU-FMISwg-PMO](#)
Subject: Insurance in Superannuation Discussion Paper "Claims Handling": QSuper submission
Date: Friday, 5 May 2017 4:10:08 PM
Attachments: [image002.png](#)

Good afternoon,

Thank you for the opportunity to comment on the Insurance in Superannuation Working Group (ISWG) Discussion Paper 'Claims Handling'.

QSuper has more than 550,000 members made up of current and former Queensland public sector employees and their spouses with over \$65 billion funds under management. This makes us one of the country's largest superannuation funds. In 2016 QSuper launched a wholly-owned life insurance company, QInsure, a first for a profit-for-members' fund that allows us to provide more personalised insurance options and benefits for members.

The combined businesses of QSuper/QInsure insurance claims management operation is amongst the largest in Australia.

QSuper is supportive of the ISWG in their endeavour to address the issue of improving claims management practices for superannuation members. Please find below comments on the proposed principles and feedback questions within the discussion paper.

Responses to The Insurance in Superannuation Working Group Discussion Paper 'Claims Handling'

| Consultation Point | Proposed Principle/Feedback Question | QSuper comments |
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| | <ul style="list-style-type: none"> • Appropriate governance arrangements be put in place by each superannuation fund in relation to claims handling • Each superannuation fund should be aware of and monitor claims activity and durations through the entire claims journey, and should not wait for the insurer's decision prior to commencing their involvement in the claim. This will allow superannuation fund to consider whether any additional documentation may be required to enable the benefit to be released from the superannuation environment once the insurer has made a decision, and to ensure that the superannuation fund | <p>Governance Arrangements required under Prudential Standard SPS250 Insurance in Superannuation (SPS250) are currently adequate and Trustees should be able to demonstrate compliance with those arrangements. However, enhanced best practice guidelines may be beneficial in further defining good practice in claims handling.</p> <p>QSuper agrees with funds taking a proactive approach to monitoring claims activity and durations throughout the claims journey being involved from the notification of the claim through either the provision of, or monitoring of, the relevant processes and determinations.</p> <p>To avoid increased cost and extended time frames for members, QSuper believes clarity in the code is required that outsourcing agreements can enable insurers and /or third party administrators to perform the actions required to meet agreed standards on behalf of the fund. It is our view that funds should be required to demonstrate they are monitoring the</p> |

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| <p>Proposed Principles</p> | <p>oversees the time frames in which the insurer is assessing the claim</p> <ul style="list-style-type: none"> • The superannuation fund's arrangements with a third party administrator must allow the fund to impose the appropriate service levels referred to later in this paper where the administrator plays a role in the assessment and processing of a claim • An eligibility assessment takes place early in the claim assessment journey so as to identify up front whether the member had cover in place at the relevant date, or should have had cover in place • Superannuation funds should proactively take measures to ensure that the fund and insurer claims philosophy is sufficiently aligned to meet member obligations • Superannuation funds should publish their claims philosophy on the fund's website either in full, or in summary form | <p>insurer's performance against the mandate and taking action to address any failures against the mandate.</p> <p>We would support a principle that funds/insurers request relevant information and determine cover eligibility and benefit entitlements as soon as reasonably possible.</p> <p>QSuper believes it is reasonable that Trustees should document and publish their claims philosophy and principles and ensure these are aligned with the insurer. SPS250 current requires Trustees to assess alignment of Trustee/Insurer claims management philosophies.</p> |
| <p>Feedback Questions: Proposed Principles</p> | <ol style="list-style-type: none"> 1. Do you agree that an industry code should be developed to guide superannuation funds in the principles applied when handling claims? 2. Are there any other guiding principles that you believe should be incorporated in the Code? | <p>QSuper supports the development of an industry code and has a preference for a principles based code that will enable funds to provide for their specific member needs through continued differentiation.</p> <p>By providing for differentiation, principles based standards will allow a fund to identify its key service and standards. It is our view that members will benefit if funds publish these services and standards.</p> <p>QSuper believes that standards in the code should be framed in a way that will not inhibit future product and service innovation.</p> |
| | <ol style="list-style-type: none"> 3. What do you consider to be appropriate time frames for superannuation funds to take the actions set out in section B.2 (proposed standard time frames)? | <p>QSuper's preference is that Trustees engage with their members, stakeholders and insurers and establish and report their own service standards that will enable the fund to provide for their specific member needs.</p> <p>QSuper believes that standards should</p> |

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| <p>Feedback Questions: Standard Time Frames for Superannuation Fund Claims</p> | <p>4. Are there any actions required by the superannuation fund that should have a time frame established?</p> | <p>strike a balance between fitting within appropriate fund processing timeframes and meeting member expectations.</p> <p>An issue identified with mandated timeframes is potential industry reputation risk if timeframes are assessed as poor by members.</p> <p>Furthermore, income protection claims and TPD claims may be initiated through the same process, and therefore IP and TPD products, and assessment, may be integrated depending on product design. The relevant services and service mandates agreed between the Trustee and Insurer should be documented within the Service Level Agreement.</p> |
| <p>Feedback Questions: Enhancing Communication Through the Claims Journey</p> | <p>5. Do you agree with the development of minimum communication standards for superannuation funds?</p> <p>6. Should they be mandatory or good practice guidance?</p> <p>7. What additional/alternative communication should be required to improve understanding of and confidence in the claims process for people claiming?</p> | <p>Consistent with our view in relation to the proposed principles, QSuper prefers good practice guidance rather than mandatory standards.</p> <p>QSuper is concerned about the potential for members to receive multiple correspondence from a fund and an insurer that may be duplicate in content. We believe this would not add to the member experience, while adding cost to funds and insurers. We believe there should be clarity in the code on the responsibility of funds and insurers regarding the type of communication sent to members.</p> |
| <p>Feedback Questions: Claims Handling Governance</p> | <p>8. Do you agree with the development of guidance in relation to governance standards for superannuation in relation to claims handling set out in section B4 (claims handling guidance)?</p> <p>9. Should this be good practice guidance or mandatory minimum standards?</p> <p>10. What, if any, additional areas should be addressed with respect to governance standards and claims handling?</p> | <p>QSuper notes that mandatory governance arrangements are currently regulated by SPS250. Consistent with our previously stated view, if an industry code contains guidance regarding governance standards our preference would be for good practice guidance rather than further mandatory minimum standards.</p> |
| | <p>11. How can superannuation funds better access and use data and technology to improve the claims handling journey for customers?</p> <p>12. Do you support the reporting of claims data</p> | <p>QSuper believes a guideline on the purpose of definitions, relating to retirement adequacy, and measurement on claims handling related data is appropriate. It is important that any guideline does not inhibit product and service innovation that may further improve retirement adequacy and member outcomes. For measurement to</p> |

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| <p>Feedback Questions: Further Considerations</p> | <p>funds for publication? If so, what information should be reported/published?</p> <p>13. Should the current exemption of claims handling from being considered a financial service be removed?</p> <p>14. Is there merit in considering the establishment of an industry-funded claims assistance service to assist people who are having difficulty in understanding the claims process? If so, how would such a service operate and be funded?</p> | <p>be effective, agreed industry standards are required on what data is reported. Additionally, it is QSuper's view that claims reporting needs to be aligned with underwriting reporting to provide a holistic view of risk acceptance and management e.g. high decline rates in underwriting might result in lower decline rates in claims and vice-versa. Reporting of only one component may not represent true value for members.</p> <p>QSuper's preference is for the current exemption of claims handling from being considered a financial service to remain in place as governance arrangements for claims management by a super fund are currently regulated by SPS250.</p> <p>QSuper acknowledges the current review of the financial system external dispute resolution framework and the findings of the interim report. Consistent with our submission to the review, QSuper believes that a well-resourced external dispute resolution body with a triage and fast-track process will reduce response times, may restore confidence in the body and reduce the number of claimants resorting to the Court system.</p> |
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For further or specific details, please do not hesitate to contact me.

Regards,

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