



Navigating life together

ABN 75 004 274 882 AFSL No 238096

Level 9, 2 Park Street

GPO Box 4528

Sydney NSW 2001

1300 555 625

5 May 2017

Mr Jim Minto

Chair of Governance Board

Insurance in Working Group

C/- ISWG Secretariat

Via email ISWG-PMO@kpmg.com.au

Dear Jim

MetLife response to ISWG Discussion Paper on Claims Handling

We would like to thank the Insurance in Superannuation Working Group for this opportunity to comment on the Claims Handling Discussion Paper.

As outlined in our previous submission on the Discussion Paper on Account Erosion, we believe that the key principles underpinning the development of a code of practice or guidance for trustees should be:

- Fairness – treating insureds with fairness during all parts of the insurance lifecycle and across all sectors of the industry
- Transparency – providing members with clear and timely communication
- Efficiency – seeking ways to make insurance processes easier and quicker for members through collaboration between trustees, insurers and administrators
- Sustainability – the long term availability of insurance that is appropriately priced.

We are broadly supportive of the proposals outlined in the Claims Handling Discussion Paper, in particular the timeframes for managing claims which are designed to be aligned to the FSC's Life Insurance Code of Practice.

Our key concern is that the principles of fairness and efficiency should be fundamental in the development of any code or guidance for trustees. Trustees, insurers and administrators should work together collaboratively to establish robust claims handling processes, with a minimum of double-handling and delays in 'hand-offs' between different parties. Innovation and technical solutions should be encouraged. Therefore, there should be sufficient flexibility in the code or

guidance for trustees to develop processes that improve efficiency while having appropriate governance controls in place.

There are some aspects of the discussion paper which imply a degree of granularity in the oversight of the insurer which may not be conducive to efficiency and timeliness. The nature of governance controls and oversight which the trustee puts in place needs to be flexible, depending on the circumstances of the fund and its relationship with the insurer, for example, the size of its claims portfolio, the volume and types of claims received, and kind of delegations in place. For instance, for some types of claims, review of insurer decisions on a sampling basis may be appropriate, while still being consistent with the trustee's duties.

As an example, on page 7 of the paper, the following step is described: "The superannuation fund's independent review of the insurer's decision". MetLife submits that independent review of every decision of the insurer may not be appropriate in all cases and would add to the timeframes for claims handling.

We also have the following specific comments on the discussion paper.

Handling of complaints

The Discussion Paper refers to the *Superannuation Industry (Supervision) Act 1993* which obliges trustees to take reasonable steps to ensure that they have arrangements under which a complaint will be dealt with and properly considered within 90 days from when the complaint was made (s101).

The Discussion paper notes that future guidance for trustees may encourage trustees to respond more quickly to complaints.

MetLife is of the view that timeframes for complaints handling should be dealt with in a trustee code. Further we recommend that the timeframes align with the timeframes required of members of the Financial Ombudsman Service – that is 45 days, subject to certain exceptions. Having processes for the fair and timely handling of complaints is essential for improved trust and confidence in the industry. Today's consumers expect that providers of service will be able to respond to complaints quickly, and certainly faster than 90 days.

Claims Assistance Service

The Discussion Paper puts forward the suggestion that the industry consider establishing a claims assistance service. MetLife would not support such a proposal for the following reasons:

- MetLife is of the view that other initiatives, such as the FSC Life Insurance Code of Practice and the proposals in the ISWG's discussion papers, should be given sufficient time to deliver their full benefits before introducing further complexity into the system;
- Introducing another party to the equation would lead to more complexity and delays in the process and would not be conducive to improving efficiency and timeliness;
- Establishing an industry-funded service would pose significant challenges in ensuring that the service is independent and free from conflicts of interest.

However, it may be incumbent on trustees and insurers to consider whether claimants with special challenges are provided with extra assistance during the claims process and whether the ISWG

should provide guidance in this regard. Such claimants could include those with low levels of literacy, hearing or sight impairment, mental health conditions or language difficulties.

A more pressing need is ensuring that the Superannuation Complaints Tribunal is fully funded and that it can deliver faster decision times to service superannuation funds members

We look forward to further dialogue on these critical issues for the industry.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'D. Stewart', with a stylized flourish at the end.

Deanne Stewart
Chief Executive Officer