



MEDIA RELEASE

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Call for submissions on *Insurance in Superannuation Working Group (ISWG) discussion paper on Premium Adjustments Mechanisms*

The *Insurance in Superannuation Working Group (ISWG)* today released the fifth in a series of discussion papers as a further step towards developing an Insurance Code of Practice for superannuation trustees.

The paper, *Premium Adjustment Mechanisms*, outlines how practices sometimes described as ‘profit share arrangements’ apply across the industry and operate in practice.

Proposals include enhancing transparency and introducing tight rules as to how any surplus that can arise is to be credited directly for the benefit of insured members.

ISWG Chairman Jim Minto said the arrangements have proved valuable, especially in stabilising premium changes for members and they have operated efficiently and effectively.

“Given the public interest in these mechanisms, it is very appropriate arrangements are formalised consistently in all cases, properly disclosed and operate within tight parameters that protect members’ interests,” he said.

“Under this proposal any excess that arises can only be used by a trustee to offset future premiums for insured members.”

Five discussion papers have now been released and the ISWG is well advanced on the drafting of a Code of Practice to be released in November 2017.

The ISWG has been identifying changes to improve superannuation member value and protections. Work priorities include:

1. Reducing benefit erosion on superannuation account balances for members, including establishing the right level of automatic cover for young people and low income earners;
2. Reducing inappropriate, multiple insurance policies;
3. Providing better and more timely assistance to members during claims;
4. Improving superannuation fund member communications on insurance;
5. Improving data standards to improve service to members; and
6. Undertaking independent research on the costs and benefits of group insurance within superannuation.

Industry and stakeholder feedback will help shape an enforceable Code of Practice and Good Practice Guidance for trustees.

How to make a submission: Submissions in respect of the proposals in the discussion paper should be sent to ISWG-PMO@kpmg.com.au by no later than **12 September 2017**.

For further information, please contact the Insurance in Superannuation Working Group Chair, Jim Minto via jrminto@bigpond.com

About the Insurance in Superannuation Working Group

The Insurance in Superannuation Working Group (ISWG) is comprised of Australia’s superannuation bodies, the Australian Institute of Superannuation Trustees (AIST), the Association of Superannuation Funds of Australia (ASFA), the Financial Services Council (FSC), Industry Funds Forum (IFF) and Industry Super Australia (ISA), who share the common belief that group insurance in superannuation is fundamentally the right policy setting for millions of Australians. This group also includes representative life insurers, superannuation funds and consumer advocates.