

# INSURANCE IN SUPERANNUATION VOLUNTARY CODE OF PRACTICE ANNUAL CODE COMPLIANCE REPORT – JUNE 2021

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## 1. APPLICATION OF CODE

This Report has been prepared by OnePath Custodians Pty Limited ('OPC') to meet the requirement under section 14.2(b) of the Insurance in Super Voluntary Code of Practice (the Code).

While we are currently not fully operating in accordance with the Code, analysis of the requirements of the Code and the impacts to people, process and systems has progressed over the last 12 months.

This Report sets out the sections where we currently comply and the sections which we continue to work towards compliance under our Transition Plan (refer to section 2 for further details) by 31 December 2021.

This Report applies to the Fund for which we are the Trustee. We are the Trustee of the Retirement Portfolio Service (RPS) (ABN 61 808 189 263) (Fund) which offers ANZ and OnePath branded retail and employer superannuation products. The following products are issued through the RPS:

- ANZ Smart Choice Super and Pension
- ANZ Smart Choice Super for employers and their employees<sup>1</sup>
- ANZ Smart Choice Super for QBE Management Services Pty Ltd and their employees<sup>1</sup>
- Integra Super<sup>1</sup>
- ANZ Super Advantage<sup>1</sup>
- OneCare Super<sup>2</sup>
- OneAnswer Frontier Personal Super
- ANZ OneAnswer Personal Super
- OptiMix Superannuation
- PortfolioOne Superannuation and Pension Service
- Grow Wrap Superannuation and Pension Service
- OnePath Savings products (superannuation) (formerly known as ANZ Savings products (superannuation) prior to 22 February 2021)
- OnePath Traditional products (Whole of Life and Endowment) (includes what used to be known as ANZ Traditional products (Whole of Life and Endowment) prior to 22 February 2021)
- OnePath Plus Personal Super (Personal Retirement Plan)
- World of Protection & Heritage products<sup>2</sup>

<sup>1</sup> These are products that are considered to have Default Insurance cover for eligible members as defined in the Code.

<sup>2</sup> These products are insurance only products.

The insurance cover offered within our products are arranged with multiple insurers. In addition, our product offering includes both group insurance and individual policy arrangements.

## 2. CODE TRANSITION

This Report sets out our progress against and updates to our Transition Plan. The Transition Plan can be obtained from our [website](#).

In parallel to the implementation of key regulatory initiatives, such as Protecting Your Super (PYS) and Putting Members' Interests First (PMIF), we've set out below some of the key activities completed to date as we track towards full Code compliance by 31 December 2021.

In July 2020, further changes were made to the Code by changing the reinstatement of cover clause into recommencement clause. This was in response to some superannuation funds receiving differing advice about the legally permissible operation of the reinstatement cover clause in light of the legislation.

Additional changes were applied to the Code in February 2021 which delayed the final implementation date by six months to 31 December 2021.

We have developed key communications as required by the Code. These include: the Annual Code Compliance Report (section 14.2b), **Key Facts Sheet** (section 5.5) and our **Claims Philosophy** (section 7.6).

To the extent appropriate, the best interest of our members takes precedence over any Code requirement.

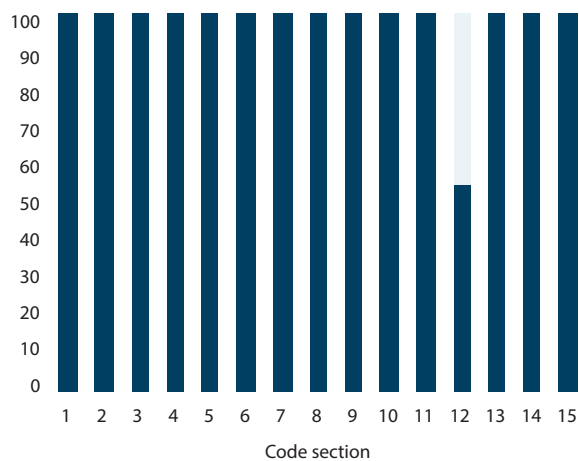
## 3. SUMMARY OF CODE COMPLIANCE

We have set out areas of compliance identified as part of our analysis and any steps we are taking to improve our Code compliance.

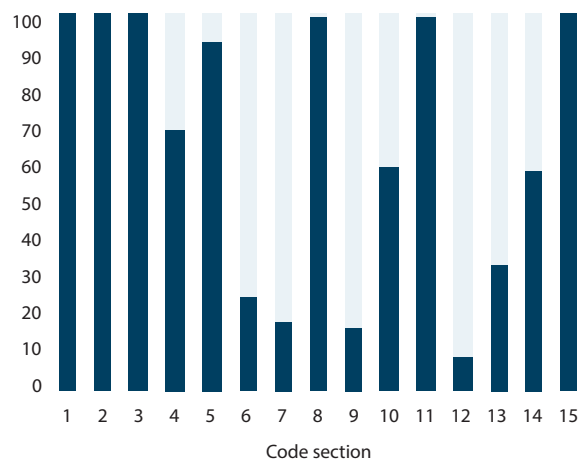
Further, in light of the extended Code compliance date of 31 December 2021, our Transition Plan and milestones have moved. We continue to progress our compliance initiatives to achieve compliance by the revised Code compliance date. Please refer to the Transition Plan for the revised dates.

The following graphs set out the extent of the analysis completed and the level of compliance with each section of the Code.

GRAPH 1: COMPLETED ANALYSIS (%)



GRAPH 2: COMPLIANCE TO DATE (%)



We have included further details on key areas of Code compliance and corresponding improvements below.

## 4. INSURANCE STRATEGY

We have an insurance strategy, as required under superannuation law. We have reviewed and updated our insurance strategy for the requirements of the Code. Work has progressed to issue our insurance strategy in an appropriate and easy-to-understand language for publication on our websites, as required under section 4.3 of the Code. The Insurance Strategy will help members decide whether insurance cover is appropriate for them. This is on-track to be available by 31 December 2021 in line with our Transition Plan.

## 5. BENEFIT DESIGN

The Code requires our benefit design to be appropriate and affordable. As such, we undertook a review of the insurance cover we offer to make sure the appropriate levels of cover, terms and pricing are made available to our members.

We are currently assessing the impacts on our membership resulting from the implementation of PYS and PMIF legislation. From this work, we will consider how our benefit design may need to change in line with the Code requirements. Any changes to the benefit design will be progressively applied. We comply with the following sections of the Code.

- Section 4.5 – when we design our insurance benefits, we take our members' characteristics such as age, gender, work status, salary, claims history and other relevant information available to us.
- Section 4.6 – our automatic insurance cover is affordable and will not inappropriately erode our members' retirement savings.
- Section 4.7 – we regularly review and adjust our automatic insurance design, to ensure it remains affordable to our members.
- Section 4.10 – we have a process whereby our Insurance arrangements are reviewed at least every 3 years.
- Section 4.12 – when changes to the benefit are offered, our members are provided with options to change or cancel their insurance cover.
- Section 4.13 – if there is a material change to the member's insurance cover, a written notification is provided at least 30 days in advance.
- Section 4.14 – we offer our members practical methods to cancel or reduce their insurance cover.
- Section 4.17 – we confirm in writing any insurance cancellation including the cancellation date.
- Section 4.19 – if we are required by law, we cancel a member's insurance cover, unless a member tells us that they want to keep it.
- Section 4.25 – when possible, we advise our new members of any other insurance cover they may have.

For our automatic insurance products (ANZ Smart Choice Super and Pension, ANZ Smart Choice Super for employers and their employees, ANZ Smart Choice Super for QBE Management Services Pty Ltd and their employees, Integra Super and ANZ Super Advantage), we don't currently comply with the following sections of the Code.

- Section 4.8 – the Code requires that the fees for automatic insurance cover do not exceed 1% of an estimated level of salary of the general membership. In many cases, we do not have our members' individual salary details. Therefore, we estimate their average salaries using their Super Guarantee (SG) contributions over a 12-month period.

Where we do not hold members' occupation details, these members are deemed to belong to an occupation category which assumes some degree of manual labour.

For the reasons listed above, some of our members may pay more than 1% of their salaries in insurance premiums. We continue to work with our insurance partners and employers with the aim of becoming fully compliant with the automatic insurance cover 1% premium cap, whilst still providing benefits tailored to the specific needs of our members and being cognisant in particular of automatic insurance cover, members may not be able to obtain alternative cover, for example, members in Hazardous or Dangerous occupations. To facilitate compliance with the Code, we are also introducing the compulsory capture of members' occupation details, which will support us in meeting the Code requirement.

- Section 4.11 – although we review our members' automatic insurance cover at least once every three years, there are instances where complying with the 1% cap would reduce a member's insurance cover amount. At the time of publication of this Report, it is not deemed to be in the members' best interest to adopt a reduction in cover to comply with the 1% cap. We continue to engage with our members to build awareness of the insurance cover they hold through their superannuation account and ways that they can reduce or change their cover.

## 6. HELPING MEMBERS TO MAKE INFORMED DECISIONS

The Code contains several requirements focused on providing our members with clear and timely communications on an ongoing basis. We are continuing to update our disclosures and websites to improve communications and the information available to members.

In line with sections 5.5, 5.6 and 5.10(a) we have developed and published Key Facts Sheets on our website allowing members to easily compare the key features of our insurance offerings against others in the market.

Upon joining, we issue welcome packs to our members and in line with section 5.9 (b, c, d, e, f and g), the welcome pack includes information about the member's insurance cover such as cover amount and premiums.

To comply with sections 5.13, 5.14 (a, b, c, d, e, f, g and h), 5.15 and 5.16 of the Code, we have reviewed and published our definition of Total and Permanent Disability cover, using plain language.

We will comply with section 5.17 (a, b, c, d, e, f, g, h and i), for Financial Year 2020–2021 annual member statements for some of the products listed above (ANZ Smart Choice Super and Pension, ANZ Smart Choice Super for employers and their employees and ANZ Smart Choice Super for QBE Management Services Pty Ltd and their employees and Integra Super). Compliance for the rest of the products will be achieved in the Financial Year 2021–2022 annual statements.

In line with section 5.18 (a and b), we contact the member if a change in their employment affects their insurance cover or if they are no longer covered due to the terms of the relevant insurance policy.

As required in section 5.19, we include details of the member's insurance cover in relevant communication so they can assess if their insurance cover is appropriate to their circumstances.

We promote digital tools (such as insurance needs calculators) to help our members in decision making when it comes to their insurance cover. This is in line with section 5.20 of the Code.

We are on track to comply with section 5 of the Code by the end of 2021, in line with our Transition Plan.

## 7. SUPPORTING VULNERABLE CONSUMERS

The Code requires us to better identify and support people who may have a particular vulnerability that may impact on their ability to access insurance, make a claim, make an enquiry or complaint, or communicate with us. We treat every customer on a case by case basis and aim to provide additional support where requested by the member or we feel is necessary. We are currently defining what a vulnerable consumer means for us and considering support services that we will offer to different types of vulnerable consumers. Where required, we'll enhance our processes and implement new ways to meet the requirements of the standards to support members.

We are on track to comply with this section of the Code by 31 December 2021 in line with our Transition Plan, subject to industry bodies finalising the requirements for the Vulnerable Consumers Policy.

## 8. HANDLING CLAIMS

Section 7 of the Code provides detailed guidance about how the claims process should work. We strive to make sure our claims management is fair and reasonable for all our members. We're committed to delivering a consistent and customer-centric approach to claims management. Significant analysis has been undertaken in relation to handling Claims. We've identified that we partially comply with a number of sub-sections of the Code and we are on track to comply with this section of the Code by 31 December 2021 in line with our Transition Plan. We comply with the following sections of the Code.

- Section 7.1 – we acknowledge that each claim is unique and must be dealt with on its own merits and we're committed to being easy to deal with.
- Section 7.3 – we have implemented policies and processes that enable us to help navigate members through the claims process.
- Section 7.5 – we have implemented appropriate governance arrangements for handling claims.
- Section 7.6 – we have published our Claims Philosophy on our website. We've reviewed the claims philosophy for each insurer we use to assess alignment to our Claims Philosophy. We're currently satisfied that all insurers' claims philosophies align to our own.
- Section 7.7 – we have clearly defined steps for the trustee, insurer and member as part of the claims process.
- Section 7.8 – we already comply with claim timeframes as set out by the Financial Services Council Insurer code.

## 9. REFUNDS

We are working with our insurers and our Administrator to meet the requirements of the Code in relation to refunds (section 11). Based on our analysis we significantly comply with a number of sections and are on track to achieve full compliance by 31 December 2021 in line with our Transition Plan.