

# INSURANCE IN SUPERANNUATION VOLUNTARY CODE OF PRACTICE – TRANSITION PLAN

Issue date: June 2021

## OnePath Custodians Pty Limited, ABN 12 008 508496

We have opted into the Insurance in Superannuation Voluntary Code of Practice (the Code), which commenced on 1 July 2018.

Subject to proposed and significant changes in superannuation legislation, we intend to transition to the standards of the Code on the dates shown below, with full adoption by 31 December 2021.

This Transition Plan applies to the products in the Retirement Portfolio Service.

Industry bodies recognised that the Code required further revision and, therefore, modifications were made to the Code.

Further revision of the Code is expected due to the upcoming changes to the insurance in super regulatory requirements which include the revision of APRA's Insurance in Superannuation Prudential Standard, regulation relating to the new Design and Distribution Obligations and the ASIC's Internal Dispute Resolution regulatory guide.

As such, the below timeframes are subject to future legislative changes or future revisions to the Code.

Our compliance with the Code is reported separately in our annual Code compliance report in June each year.

## HOW AND WHEN WE WILL COMPLY WITH THE CODE?

We will prioritise the best interest of our members and any law or regulation where it is inconsistent with the Code. Due to the complexity and volume of changes required, we have undertaken a phased compliance approach. The timeframes shown are subject to best efforts. We may not publish another Transition Plan.

Code Standards	How we will comply	Status	Target full compliance date
<b>Section 4</b> Appropriate and affordable cover (4.2–4.13)	<p>We have an insurance strategy, as required under superannuation law. We'll review and update our insurance strategy for the requirements of the Code. We will segment members to identify and provide insurance cover that is appropriate. For example: by age, gender, employer contributions levels, industry and occupation.</p> <p>We will design cover appropriate for our members' needs and we may test premiums for affordability and consider erosion of balances. We will update our processes, websites, customer disclosure and correspondence to reflect the outcomes of our member segmentation and what this means for the insurance cover design.</p> <p>We will negotiate our insurance contracts with insurers and advocate for member segment-appropriate terms. Where we decide to change any benefits offered or premiums, and if the impact is deemed material then we provide a written notification at least 30 days before the change takes effect.</p>	In progress	31 December 2021

Code Standards	How we will comply	Status	Target full compliance date
<b>Section 4</b> Appropriate and affordable cover (4.2–4.13) (continued)	<p>The transition to this section of the Code will progressively apply as the guaranteed premium rate periods expire for our insurers.</p> <p><b>1% insurance fee cap – ANZ Smart Choice Super for employers and their employees and ANZ Smart Choice Super for QBE management and their employees.</b></p> <p>The Code requires that the fees for automatic insurance cover do not exceed 1% of an estimated level of salary of the general membership.</p> <p>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.</p> <p>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.</p> <p>For the reasons listed above, some of our members may pay more than 1% of their salaries in insurance premiums.</p> <p>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.</p> <p>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.</p>		
<b>Section 4</b> Cancellation, communication, restarting of the cover and duplicate cover (4.14–4.25)	<p>Where appropriate we allow members to cancel cover via our digital application, over the phone or in writing.</p> <p>We have developed communication to clearly explain impacts of cancelling cover and member choices.</p> <p>We communicate to confirm cancellation of cover.</p> <p>We provide members opportunity to cancel their automatic insurance cover or increase their cover amount. We have updated our processes to align with the required changes in insurance arrangement, disclosure and refunds. We have processes in place to help identify whether members have duplicate insurance cover.</p>	In progress	31 December 2021
<b>Section 5</b> Helping members make informed decisions (5.1–5.23)	<p>Where possible we have used plain language in our insurance communication.</p> <p>We have created artefacts and published on our website. These artefacts are designed to help provide high-level understanding of our insurance arrangement.</p> <p>We have updated our disclosure documents to include our intention in providing Total and Permanent Disability cover and Income protection cover and applied consistent headings.</p> <p>We have a 'lost member' and ATO reporting process.</p> <p>We will continue to review the quality of our member communication and create new member communications if required.</p>	In progress	31 December 2021
<b>Section 6</b> Supporting vulnerable customers (6.1–6.12)	<p>We will have internal policies to help our staff to identify and help our vulnerable customers.</p> <p>We will review our current processes for supporting vulnerable members.</p> <p>We will also implement new ways to comply with the standards of this section in relation to supporting vulnerable customers.</p>	In progress	31 December 2021

Code Standards	How we will comply	Status	Target full compliance date
<b>Section 7</b> Handling claims (7.1–7.35)	We have published our claims philosophy on our website. We are reviewing our claims processes to ensure we meet the timeframe and communication requirements under the Code. A number of other items in this section have been implemented. We will implement the remaining items in a phased approach between now and 31 December 2021.	In progress	31 December 2021
<b>Section 8</b> Premium adjustment (8.1–8.5)	This section impacts a limited segment of our membership. We have updated annual reports, relevant disclosure documents, annual statements to include information about premium adjustment. Our premium adjustment mechanism is governed by a board approved insurance reserving policy.	In progress	31 December 2021
<b>Section 9</b> Promoting our insurance cover (9.1–9.4)	We have processes in place to remediate members if we have inappropriately applied cover. Member remediation may vary depending on circumstances. A number of other items in this section have been implemented. We will implement the remaining items in a phased approach between now and 31 December 2021.	In progress	31 December 2021
<b>Section 10</b> Changes to cover (10.1–10.17)	We have updated our member portal to include an insurance needs calculator. We have updated our processes, disclosure statements and other member communications to include information on changing or cancelling cover and consequence of making such requests. We maintain oversight processes to monitor our service providers actions. A number of other items in this section have been implemented. We will implement the remaining items in a phased approach between now and 31 December 2021.	In progress	31 December 2021
<b>Section 11</b> Refunds (11.1–11.3)	We have reviewed our current refund rules. We have enhanced our processes and implemented new ways to comply with the standards of this section in relation to refunds. We aim for full compliance with this section by 31 December 2021.	In progress	31 December 2021
<b>Section 12</b> Staff and service providers (12.1–12.11)	We have processes to monitor activities of our service providers. We will enhance our processes and if required, negotiate with our service providers to comply with the standards of this section. We will work with our staff, service providers and insurer to ensure they are aware of the Code. We aim for full compliance with this section by 31 December 2021.	In progress	31 December 2021
<b>Section 13</b> Making enquires and complaints (13.1–13.20)	The Code owners have recognised that the Code may require further revision and modifications due to the upcoming APRA Insurance in Superannuation Prudential Standard, regulation relating to the new Design and Distribution Obligations and the ASIC's Internal Dispute Resolution regulatory guide. As such, further review of our processes is underway and we will make changes, as required, to comply with the standards of this section in relation to enquiries and complaints.	Under review	31 December 2021
<b>Section 14</b> Making enquires and complaints (14.1–14.9)	We partially comply with few items in this section. We will prepare systems and processes to enable compliance with promoting, monitoring and reporting on the Code.	In progress	31 December 2021