

# Transition plan for the Insurance in Superannuation Voluntary Code of Practice

## Background

On 18 December 2017, three superannuation industry associations (the Australian Institute of Superannuation Trustees, Association of Superannuation Funds of Australia and Financial Services Council) released the Insurance in Superannuation Voluntary Code of Practice (**the Code**).

The Code is a framework to promote greater understanding, clearer accountability and consistency of delivery of the insurance provided by all super funds.

Super funds will need time to change systems and processes to support the new requirements of the Code. Accordingly, super funds have until 30 June 2021 to fully transition to the Code.

Super funds are to publish their plans to fully transition to the Code by 31 December 2018.

## Benefits of the Code

The Code recognises the significant benefits of insurance within superannuation. It will enhance these benefits through new industry standards and expectations for several key issues, including:

- Simpler processes for members to opt out of automatic life insurance;
- More timely and responsive support for members when making a claim;
- Easier to understand member communications about insurance; and
- Cancellation of multiple insurance cover for inactive members, after first contacting affected members.

## Action being taken by legalsuper

The Board of Legal Super Pty Ltd has adopted the Code, affirming legalsuper's commitment to the highest standards when providing insurance for our members.

legalsuper already meets most requirements of the Code.

Our transition plan sets out the timeframe over which we expect to comply with the balance of the requirements.

## Impacts for members

There are no immediate impacts for members. We reinforce to members that it is prudent for members to periodically evaluate the appropriateness of their existing level of insurance cover and consider whether it should be increased or decreased.

We will keep members informed of any changes and their impacts. The transition plan provides high level dates for the timeframe which key areas of change will be implemented.

If you want to discuss your insurance cover, please contact us on 1800 060 312 or [mail@legalsuper.com.au](mailto:mail@legalsuper.com.au).

A copy of the Code is available [here](#).

## **Transition plan for the Insurance in Superannuation Voluntary Code of Practice**

This transition plan sets out the key dates by which legalsuper intends to implement the requirements of the Code. Should there be a change in dates, the transition plan will be updated.

### **Automatic cessation & reinstatement of cover**

These requirements are expected to be implemented by 1 July 2020.

#### **Automatic cessation of cover**

Currently, insurance premiums are deducted as long as a member's balance is sufficient to cover the premium.

In future, the Code will require member's life & TPD insurance to automatically cease if the member has not made changes to the default cover received on joining, and their account balance is below \$6,000 with no contribution having been received for a period of 13 months. We will write to impacted members and inform them that their cover will soon cease unless they elect to continue cover.

#### **Reinstatement of cover**

Currently, where a member's cover ceases due to there being insufficient balance to pay the premium, cover cannot be reinstated without underwriting.

In future, cover will be able to be reinstated if the member informs us within 60 calendar days and their balance is sufficient to pay the premium owing.

#### **Refund of premiums**

Where we determine that a member is not eligible to claim against their default insurance, we will refund premiums to their account for the period during which they were ineligible.

## **Benefit design & premium standards**

These requirements are expected to be implemented by 1 July 2020.

#### **Benchmarking of insurance arrangements**

Currently, legalsuper benchmarks its insurance arrangements when the insurance policy is due to be renewed.

In future, due to the Code an additional review will be commissioned which will include an evaluation of the following:

- a) Appropriateness and affordability of insurance cover;
- b) Impacts of the cap on premiums proposed by the Code whereby premiums are to not exceed 1% of salary;
- c) Whether the insurance arrangements adequately cater for the needs of different membership cohorts; and
- d) Adequacy of options to tailor insurance cover for individual circumstances.

## **Balance of the requirements of the Code**

These requirements are expected to be implemented by 1 January 2021.

Currently, information to help members make decisions about their insurance options is available in the Product Disclosure Statement, Additional Information guides and at our website.

In future, we will be reviewing all member communication material to ensure it is easy to read and uses plain language.

We will also be transitioning to a service model of specialist claims staff trained and skilled to proactively and sensitively manage processing of member claims and keep you informed at every step of the way.

**If you have questions, please contact legalsuper on 1800 060 312 or [mail@legalsuper.com.au](mailto:mail@legalsuper.com.au).**