

Insurance in Superannuation Voluntary Code of Practice

WHAT IS CODE OF PRACTICE ALL ABOUT?

The Code provides a framework for super funds that aims to ensure that the insurance cover super funds offer their members is affordable and appropriate to their needs.

The Code sets out a range of measures including:

- simpler and easier ways for members to opt out of insurance;
- steps to reduce the number of members who have multiple insurance policies they may not need and could be paying unnecessary fees for; and
- increased help for members making a claim.

The Code has limited application to the Challenger Retirement Fund. It will only be relevant for the Challenger Retirement Fund - Term Life [Under Super] Plan (Plan) which is a risk insurance ('risk only') superannuation product, wholly insured via a group life insurance policy issued by MetLife Insurance Limited (MetLife).

Challenger Retirement and Investment Services Limited (CRISL), the Trustee of the Plan, has entered into an Administration Services Agreement (Agreement) with MetLife for the provision of Administration Services for the Plan.

The Plan offers Death, including terminal illness, and Total & Permanent Disablement (TPD) insurance cover to members. TPD cover ceases at age 65, however, members are still eligible to contribute to the Plan to maintain Death and terminal illness cover until either policy cessation age or until age 75, if they are gainfully employed. The Plan was closed to new membership in 2007 but is maintained for the benefit of existing members.

CRISL has a legal requirement as Trustee to perform its duties and exercise its powers in the best interests of members. It will therefore comply with the relevant applicable sections of Code to the extent that the Code's provisions are in the best interests of Plan members, and consistent with the Trustee's other legal obligations. The Trustee intends to comply, on this basis, with all relevant and applicable standards of the Code by no later than 30 June 2021, which allows for any existing contractual arrangements to be adjusted.

If a requirement is found to not be in the best interests of members, the Trustee will publish it in its annual Code compliance report.

- Read the Insurance in Superannuation Voluntary Code
<https://www.challenger.com.au/-/media/Challenger/Documents/Disclosures/Insurance-in-Superannuation-Voluntary-Code.pdf?la=en&hash=F6B7C22F6B63D89F259D1D8002FD2BDCEF047982>

TRANSITIONING TO THE CODE

On 19 March 2018 the Challenger Retirement Fund's Trustee stated its intention to adopt the Insurance in Superannuation Voluntary Code of Practice (Code) which commenced on 1 July 2018. There are agreements in place with service providers (including administrators) to support Challenger to meet its commitment under the Code.

In transitioning to the Code:

- We identified sections of the Code that are not applicable due to the Plan being closed to new membership, a 'risk only' product offering and restrictions contained within the contractual insurance policy terms and conditions. As set out in section 3.6 of the Code the below groupings will be excluded from our Transition Plan:
 - Benefit design and premiums (sections 4.1 to 4.17 and 4.22 to 4.24), and
 - Automatic cessation of cover and reinstatement (sections 4.25 (e) and (f), 4.27 to 4.31).

The rest of the applicable sections of the Code are addressed below:

- In compliance with the Code we will continue to provide annual insurance policy renewal notices outlining your insurance coverage, covering the sum insured, premiums payable, what happens if you cancel or are replacing your policy, experiencing financial hardship paying your premiums and how to make a claim. (section 4.18(c) to 4.21 Cancelling your insurance cover and section 5.17 & 5.18(c) Communicating during the term of your cover)
- In compliance with Code, once your Claims has been assessed and accepted we will refund any premium deducted back to the date of disability or death. (section 11 - Refunds)
- We do not intend to change any existing communication material because we consider that it currently meets Code requirements. (section 5.1 to 5.4 Helping members to make informed decisions)
- As part of our commitment to providing quality service to Plan members, we endeavor to resolve all complaints quickly, with due care, integrity and in line with community standards and expectations. In compliance with the Code our policy is to acknowledge any complaint within five business days of receiving it and investigate, properly consider and decide what action (if any) to take and to communicate our decision to you. (section 13 – Making enquiries and complaints)
- We are currently reviewing our claims handling process to ensure that roles and responsibilities of the Trustee and MetLife (as both the insurer and administrator) are clear. The Code imposes specific timeframes for communicating with members which are similar with the Trustee's and MetLife's current timeframes. Where practicable, any changes required will be implemented by 1 July 2020.

- We do not presently allow for cancellations via the phone or Website. Should you wish to cancel your insurance policy, you may at any time by giving notice in writing to MetLife GPO Box 3399 Sydney NSW 2001. Such cancellations will be effective from the next premium due date and there shall be no entitlement to a pro rata refund of premium.

Your insurance will automatically be cancelled by MetLife if the premium or any instalment of premium has not been paid within 30 days of its due date.

- MetLife, our service provider, will be trained to provide assistance and support to you when required, though there will always be some situations that cannot be anticipated and therefore, cannot be catered for. (section 6 - Supporting vulnerable consumers and section 12 Staff and Service Providers)
- We will comply with the Code requirements regarding promoting, monitoring and reporting under the Code. We expect our first Code compliance report to be published on our Website on or before 31 December 2019. (section 14 – Promoting, monitoring and reporting on the Code)

Should you have any questions regarding your Term Life [under Super] Plan, please get in touch with one of MetLife's friendly Customer Experience Consultants on 1300 555 625 or via email auserVICES@metlife.com.