



# AMP INSURANCE MEMBER OUTCOMES ASSESSMENT

## INTRODUCTION

In this report, Equity Trustees Superannuation Limited (**we, our, us**) publishes the results of our annual assessment of how well the AMP Insurance product (the **Product**) issued from the National Mutual Retirement Fund (the **Fund**) provides member outcomes and promotes members' financial interests. The assessment is based on information as at 30 June 2021.

## COVERAGE

This assessment covers the following 19 versions of this Product, each of which provide life and TPD cover through a suite of retail insurance policies.

Version	Product Code	Name
1	NMRACL001	Australian Casualty & Life Standard – Superannuation
2	NMRACL002	Australian Casualty & Life Association – Superannuation
3	NMRACL003	Australian Casualty & Life (Special) – Superannuation
4	NMRARS001	Association Riskpro Superannuation – Series 3
5	NMRCAR001	Converted Association Riskpro Superannuation – Series 3
6	NMRCMS001	Converted Mitre Superannuation
7	NMRCRP001	Converted Riskpro Superannuation – Series 3
8	NMRCRP003	Converted Risk Protection Package - Series 1
9	NMRCSN001	Count - Superannuation
10	NMRCSR001	Converted Superannuation Risk Protection Plan
11	NMRCWR001	Converted Workplace Riskpro Superannuation – Series 3
12	NMRMCA002	Mitre Converted Association Risk Pro Super
13	NMRMIS001	Mitre Superannuation
14	NMRMWR001	Mitre Workplace Risk Pro Superannuation
15	NMRRPS001	RiskPro Superannuation – Series 3
16	NMRRPS002	RiskPro Superannuation



Version	Product Code	Name
17	NMRRPW001	Risk Pro Workplace Superannuation
18	NMRSRP001	Superannuation RiskPro Association
19	NMRWRS001	Workplace Riskpro Superannuation – Series 3

## METHODOLOGY AND STRUCTURE

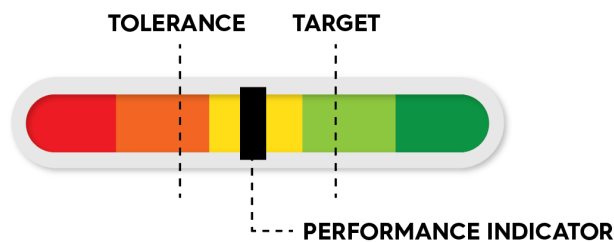
In conducting this assessment, we compared the Product to other choice superannuation products included in statistical data published by the Australian Prudential Regulation Authority (**Comparable Products**) using the criteria in Part 6 of the *Superannuation Industry (Supervision) Act 1993* and Prudential Standard SPS 515 *Strategic Planning and Member Outcomes*.

This report includes:

- our overall assessment of whether the Product provides optimal member outcomes and promotes their financial interests;
- a dashboard that depicts our assessment of the Product’s market-relative performance for each outcome we aim to provide members;
- a table summarising the key metrics that we relied on when making this assessment; and
- our commentary on this performance that includes action items to improve suboptimal performance.

For each member outcome, the dashboard presents the relevant segment of market performance. The width of each segment is based on the range of market performance for each outcome and is specific to each outcome. The positioning of the black performance indicator bar against the colour coding is our assessment of how well the outcome has been delivered. The assessment of each member outcome is based on several equally-weighted metrics. Accordingly, if one metric is outside our tolerance level it doesn’t automatically mean the entire member outcome is outside our tolerance level.

*Example dashboard for illustrative purposes only*



The target is generally the average position of the Comparable Products while the tolerance level is the trigger for us to consider any necessary actions to improve member outcomes.

Please visit our [website](#) to view a short video that provides more information about the operation of the dashboard.

## OVERALL ASSESSMENT

Having carefully considered the comparisons of the Product with Comparable Products set out in this report, including the dashboards, metrics, commentary and other relevant information available to us at the time of writing, we have concluded that as a result of the following factors the Product is promoting members’ financial interests:

1. the options, benefits and facilities offered in the Product are appropriate for members;
2. the insurance premium charged for the Product does not inappropriately erode members’ account balances;



3. the insurance strategy for the Product is appropriate; and
4. the scale of the Product and the Fund does not disadvantage members.

## DASHBOARD

### STRATEGIC CONTEXT

Working together with the Fund’s Promoter, Resolution Life, the Fund’s purpose is to enhance retirement outcomes for members through providing: new and different service options to simplify member effort, product and pricing strategies, and potential new business offerings in service of the membership.

To support this purpose, our goals for the Fund are to enhance members' retirement balances through reduced fees, provide members with confidence through reliable and clear delivery of regulatory compliance, satisfy members through engaging member service that assists them to grow their account balances, grow member balances through competitive investment returns in line with stated objectives and targets, and effective governance and risk management to protect members' interests.

The Product is a choice insurance-only product.

### INSURANCE CLAIM MANAGEMENT

Outcomes	Valid claims are accepted and paid in a timely manner.				
<b>The Product’s performance relative to Comparable Products</b>					
Metrics	Ref	Metric Label	Value	Tolerance	Target
	5.1	Insurer’s declined claims ratio - life cover	10.81%	3.70%	2.42%
	5.2	Insurer’s average time to decision - life cover	0.98	2.03	1.37
	5.3	Insurer’s declined claims ratio - TPD cover	0.00%	17.30%	12.27%
	5.4	Insurer’s average time to decision - TPD cover	4.44	5.80	5.01
	5.7	Insurance-related EDR complaints	0.90	2.37	1.01
	5.2 and 5.4 The time to decision is measured in months. 5.3 – 5.4 TPD means “Total and Permanent Disablement”. 5.7 EDR means “External Dispute Resolution”. 5.7 This is the annual number of insurance-related complaints to the Australian Financial Complaints Authority per 10,000 member accounts.				

#### Commentary

The performance indicator measures the acceptance of insurance claims, the timeliness of claim decision-making and the quality of the claims process against Comparable Products.

The performance indicator, which meets our target, is based on an equal weighting of all the metrics in the above table.

The insured benefits in this Product are supported by retail life insurance policies. For this suite of policies, in the year ended 30 June 2021 the Fund’s Insurer:

- paid 33 death benefit claims and declined 4 death benefit claims; and
- paid 8 TPD benefit claims and did not decline any TPD claims.

We review all declined insurance claims to make sure the insurer has acted fairly and reasonably, and consistently with the relevant policy terms and conditions. Based on these reviews, we are comfortable that the denied claims have been



considered appropriately.

The average time to decision meets our target. No remedial action is required as a result of this assessment.

The number of insurance-related complaints that have been made to the Australian Financial Complaints Authority does not meet our target and is within our tolerance level. No remedial action is required as a result of this assessment.

As a result, we are comfortable that valid claims are accepted and paid in a timely manner.

All insurance cover is voluntary. We believe that the appropriate level of insurance cover is a balance between the amount of cover required (based on the maintenance of the member's, and their dependants', standard of living in the event of a claim) and the affordability of that cover for the member.

Members have the opportunity to seek personal financial advice if required, select their own level of insurance cover and cancel their cover if no longer required. Therefore:

- the insurance premiums charged for the Product do not inappropriately erode members' account balances; and
- the insurance strategy for the Product is appropriate.

## MEMBER SERVICES

Outcomes	Administration services satisfy member expectations.				
<b>The Product's performance relative to Comparable Products</b>					
Metrics	Ref	Metric Label	Value	Tolerance	Target
	7.1	Administration-related EDR complaints	2.93	4.82	2.07
	7.2	Service Level Achievement	70.03%	90.00%	95.00%
<p>7.1 EDR means "External Dispute Resolution".            7.1 This is the annual number of administration-related complaints to the Australian Financial Complaints Authority per 10,000 member accounts.            7.2 Service level achievement measures the portion of new member, contribution and benefit payment transactions that were processed within our service level.</p>					

### Commentary

The performance indicator measures the delivery of administration services against our service levels.

The performance indicator, which does not meet our target and is within our tolerance level, is based on an equal weighting of the above metrics.

Service level achievement (70%) is outside our tolerance level. The major contributor to this is the Fund's separation from the AMP Group, which has delayed the processing of benefit payments. Although our 5-day service level has not been achieved, benefit payments are generally made within the longer (30-day) timeframe allowed for choice products under the superannuation law. We continue to work with Resolution Life to improve service levels in the interests of members.

The number of complaints about administration services that have been made to the Australian Financial Complaints Authority does not meet our target and is within our tolerance level. No remedial action is required as a result of this assessment.

As a result, we are comfortable that administration services satisfy member expectations because the number of administration related complaints requiring external remediation is within our tolerance level, and transactions are being processed in accordance with our service level or the superannuation law. Therefore, we consider the options, benefits and facilities offered in the Product are appropriate for members.



## SUSTAINABILITY

**Outcomes** The Product and Fund are sustainable and likely to deliver optimal outcomes in the future.

The sustainability of the Product and Fund relative to Comparable Products



Metrics	Ref	Metric Label	Value	Tolerance	Target
	8.2	Movement in member accounts p.a.	-9.72%	-36.39%	-8.01%
	8.3	Average member age	56.6	58.00	48.70

### Commentary

The performance indicator measures the Fund’s sustainability and likelihood of delivering optimal outcomes in the foreseeable future against other funds.

The performance indicator, which does not meet our target and is within our tolerance level, is based on an equal weighting of the above metrics. No remedial action is required as a result of this assessment.

As the Fund is closed to new members, movements in member accounts and the average member age are expectedly below our targets. We expect these indicators will move further away from our targets as members move closer to retirement.

With total member benefits of \$6.4b and almost 222,000 members, the Fund retains sufficient scale to support member outcomes into the future. Nevertheless, we continue to monitor the impact that the expected reduction in Fund size may have on member outcomes.

Therefore, we are comfortable that the scale of the Product and the Fund does not disadvantage members.

## LIQUIDITY

**Outcomes** Benefit and rollover requests can be met in a timely manner from insurance policies.

The Product’s performance relative to Comparable Products



Metrics	Ref	Metric Label	Value	Tolerance	Target
	9.1	Insurer financial strength rating	A-	BBB	AA

### Commentary

The performance indicator measures the Fund’s ability to meet benefit and rollover requests in a timely manner.

The performance indicator does not meet our target and is within our tolerance level. No remedial action is required as a



result of this assessment.

We regularly monitor whether the insurance policies would be able to meet cash requirements in extreme situations. Based on our analysis, we consider that benefits are supported by an insurer with a strong capacity to meet its financial commitments.

As a result, we are comfortable that the level of liquidity risk for the Product is acceptable.