

AMP INSURANCE (RISKPRO)

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 (RiskPro) 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 2020.

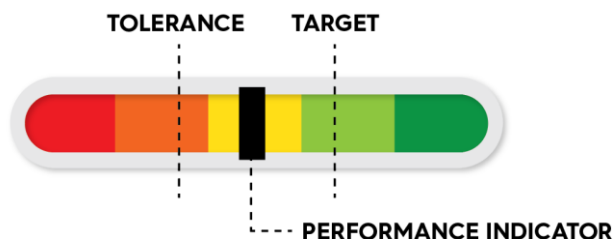
METHODOLOGY AND STRUCTURE

In conducting this assessment, we compared the Product to other similar superannuation 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 comparison includes outcomes related to insurance claims; and the options, benefits and facilities offered to members. These options, benefits and facilities include administration, sustainability (as a measure of the ability to deliver optimal member outcomes in the future) and liquidity.

This report also includes 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.

Example dashboard for illustrative purposes only



The target is the average position of broadly similar products while the tolerance level is the trigger for us to consider any necessary actions to improve member outcomes.

OVERALL ASSESSMENT

Having considered the information available to us at the time of writing, including comparing the Product with similar superannuation products, 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 premiums charged for the Product are appropriate;
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

Together with the Fund’s promoter, AMP Life Limited (**AMP**), our purpose for the Fund is to enhance member retirement outcomes through offering new and different service options which simplify products and pricing, and enhance member engagement.

To support this purpose, our goals for the Fund are to enhance member outcomes and experience, manage risks effectively, meet compliance requirements, and provide operational excellence.

The Product is an insurance-only superannuation product.

INSURANCE CLAIM MANAGEMENT

Outcomes Valid claims are accepted and paid in a timely manner.

The Product’s performance relative to other similar products



| Ref | Metric Label | Value | Tolerance | Target |
|-----|---|--------|-----------|--------|
| 5.1 | Insurer's declined claims ratio - life cover | 0.53% | 3.70% | 2.42% |
| 5.2 | Insurer's average time to decision - life cover | 1.22 | 2.03 | 1.37 |
| 5.3 | Insurer's declined claims ratio - TPD cover | 19.66% | 17.30% | 12.27% |
| 5.4 | Insurer's average time to decision - TPD cover | 5.11 | 5.80 | 5.01 |
| 5.5 | Insurer's declined claims ratio - IP cover | 9.07% | 7.80% | 5.59% |
| 5.6 | Insurer's average time to decision - IP cover | 2.14 | 2.50 | 1.87 |
| 5.7 | Insurance-related EDR complaints | 0.08 | 2.37 | 1.01 |

5.2, 5.4 and 5.6 The time to decision is measured in months.
 5.3 – 5.4 TPD means “Total and Permanent Disablement”.
 5.5 – 5.6 IP means “Income Protection”.
 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 metrics in the table relate to the insurer’s management of claims for superannuation policies generally, rather than for the Product specifically.

We review all declined insurance claims to ensure the insurer has acted fairly and reasonably, and regularly monitor the time it takes in making decisions. Based on our analysis we consider that the insurer accepts and pays all valid claims in a reasonable timeframe, and that any outcomes that are outside our tolerance level are due to the circumstances of individual claims.



MEMBER ENGAGEMENT AND EXPERIENCE

Outcomes Administration services satisfy member expectations.

The Product's performance relative to other similar products



| Ref | Metric Label | Value | Tolerance | Target |
|-----|---------------------------------------|--------|-----------|--------|
| 7.1 | Active member ratio | 71.68% | 68.18% | 82.74% |
| 7.2 | Administration-related EDR complaints | 0.81 | 4.82 | 2.07 |

7.1 The active member ratio is the portion of member accounts that in the last two years have received a contribution, rollover or transfer; or have made benefit payments.
7.2 EDR means "External Dispute Resolution".
7.2 This is the annual number of administration-related complaints to the Australian Financial Complaints Authority per 10,000 member accounts.

Commentary

The metrics in the table relate to the Fund rather than the Product.

The Product provides members with reasonable quality administration services. Members are reasonably engaged and complaints requiring external dispute resolution are low.

SUSTAINABILITY

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

The Product and Fund's sustainability relative to other similar products



| Ref | Metric Label | Value | Tolerance | Target |
|-----|----------------------------------|---------|-----------|--------|
| 8.2 | Movement in member accounts p.a. | 279.87% | -36.39% | -8.01% |
| 8.3 | Average member age | 55.9 | 58.0 | 48.7 |

Commentary

As the Fund is generally 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 \$6.2b and almost 234,000 members remaining, the Fund retains sufficient scale to deliver scale benefits and support member outcomes in the future which include tax advantages for premium payments. Nevertheless, we continue to monitor the impact that the expected reduction in Fund size may have on member outcomes.



LIQUIDITY

| | | | | | |
|---|---|-----------------------------------|--------------|------------------|---------------|
| Outcomes | Benefit requests can be met in a timely manner from insurance policies. | | | | |
| The Product's performance relative to other similar products | | | | | |
| Metrics | Ref | Metric Label | Value | Tolerance | Target |
| | 9.1 | Insurer financial strength rating | A- | BBB | AA |

Commentary

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. The Product was able to meet its cash requirements despite the impact that COVID-19 had on markets.