

FSC Standard 28: Handling Group Life Insurance Claims in Superannuation

INSIGHTS

The Financial Services Council (FSC) has released an enforceable standard (FSC Standard No 28) for handling life insurance claims in superannuation. It replaces the former claims handling guidance note, FSC Guidance Note 42, developed jointly with the Australian Institute of Superannuation Trustees (AIST) and the Association of Superannuation Funds of Australia (ASFA).

This standard sets out the minimum level of service that members should expect from their super fund when making a life insurance claim.





FSC Standard No 28 only applies to relevant FSC superannuation Members that provide claims handling services for life insurance products. The FSC Life Insurance Code of Practice (the Life Code) contains separate provisions which regulate how a life insurer must respond to a claim.

FSC Standard No 28 commenced operation on a voluntary compliance basis from 1 January 2023 with full mandatory compliance set to commence on 1 July 2023.

We're here to help

Please speak to your Client Manager if you require any assistance in reviewing your claims handling practices prior to the 1 July 2023 mandatory compliance date.

FSC Standard 28 Snapshot

-  FSC Standard No 28, which commenced on a voluntary basis from 1 January 2023, sets out the minimum level of service that members should expect from their super fund when making a life insurance claim.
-  The standard only applies to FSC's super members who are trustees holding a public offer or extended public offer license to operate a Registerable Superannuation Entity (RSE) under the provisions of the Superannuation Industry (Supervision) Act 1993.
-  Trustees may choose to implement additional processes and standards for better customer outcomes.
-  FSC Standard No 28 seeks to avoid duplicating or repeating any relevant legislation; rather, it supplements it. FSC Standard No 28 also does not prescribe how obligations imposed by legislation or regulatory instruments work in practice.

How does this impact TAL and your fund?

Although trustees and life insurers each have separate responsibilities for claims handling, the Life Code claims handling provisions generally apply to life insurers.

FSC Standard 28 addresses the circumstances where the trustee handles claims. The trustee would look to their existing claims handling processes (which may differ from trustee to trustee) to confirm whether it complies with Standard 28 and/or the Life Code.

For example, where a member makes a claim directly with the life insurer rather than to the trustee, the Life Code will apply with regards to how the life insurer acknowledges the claim and takes it forward, including any relevant timeframes that apply to the life insurer.

The trustee may delegate any claims assessment function to its life insurer in agreement with the life insurer. However, the trustee must remain independent from the life insurer's claim assessment and decision. The trustee is expected to oversee the conduct of the life insurer and ensure that the life insurer's claims philosophy aligns with the trustee's expectations.

What does this mean if your fund is not an FSC member?

For those trustees/funds who are not members, FSC Standard No 28 can act as an additional resource to complement an insurance management framework.

What does this mean for super fund members?

In short, members should expect to see a high quality and seamless claims service whether received from the Trustee or the life insurer.

TAL will continue to give your members the highest quality service to allow them to claim with confidence. We know that no two claims are alike and that making a claim can be an unfamiliar experience at a challenging time. Making a real difference during a difficult time is the most important thing we do; it's why we're here.

We're here to help

TAL is committed to ensuring continuity of key industry standards as it transitions its industry association membership from the FSC to the Council of Australian Life Insurers. TAL will continue to be bound by the Life Insurance Code of Practice and life insurance industry standards in the interests of serving and supporting our customer, partners, and their members.

Please speak to your Client Manager if you require any assistance in reviewing your claims handling practices prior to the 1 July 2023 mandatory compliance date.