

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS INSURANCE SECTOR

TAL Life

Answers to questions on notice in writing:

TAL04QON: I don't think anyone imagines the economy is going to bounce back in six to 12 months, so this could become a major issue. You're clearly not willing to give an undertaking to the committee to not increase your reliance on the ADL test. Perhaps then you could take on notice to provide us with some statement about how you intend to deal with the issues raised by ASIC going forward and to ensure that customers aren't arriving in a jobless environment by your reliance on that test.

Answer: TAL is working with our superannuation fund partners on better alternatives to the ADL definition. As an example, TAL began working with CBUS to produce its "Everyday Working Activities" definition with an 86% claims acceptance rate (the highest surveyed) in September 2018.

We are currently working with our other superannuation fund partners and Trustees to review their definitions to consider moving to the "Everyday Working Activities" or other alternatives to ADL definitions.

In the meantime, TAL supports the FSC industry initiative which is designed to further support customers making a TPD claim who may have their employment impacted as a result of the COVID-19 pandemic.

This initiative is designed to help customers making claims if they:

- Were working in their normal capacity on 11 March 2020, when the World Health Organisation declared coronavirus to be a global pandemic,
- Have had reduced working hours or lost their job due to COVID-19 since 11 March 2020,
- Become disabled as a result of an illness or injury between 11 March 2020 and 27 September 2020 inclusive,
- Have maintained their TPD cover at the time they become totally and permanently disabled, and
- Lodged their completed claim form on or before 1 January 2021.

If customers meet the above criteria, then on an ex-gratia basis participating life insurers, (including TAL), will assess customer claims using the applicable disability definition based on their working

arrangements as at 11 March 2020.

This change means that those customers who have had work hours reduced or have been temporarily stood down as a result of the Australian pandemic response will not be disadvantaged at claims time due to this change in their circumstances.

As stated, TAL supports this FSC industry initiative, we will continue to monitor the situation, and this position will be reviewed again prior to 27 September 2020.

TAL will also continue to work with the trustees of its superannuation partners to develop a sustainable longer-term solution for ADL definitions.