

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

AustralianSuper

- AS25QW:**
- a. Does the fund maintain a reserve at least partially funded through insurance premiums, rebates from an insurance company (such as profit share arrangements) or tax benefits that have arisen from insurance?
 - b. The total value of that reserve?
 - c. The total value of tax rebates received from the ATO on insurance premiums?

- Answer:**
- a. There are two reserves which are partially funded through insurance premiums.
 - The Insurance Reserve is operated in accordance with the Insurance Reserve Policy. The purpose of the Reserve is to cover timing differences between the charging of insurance premiums to members' accounts and premiums becoming due to the insurer under insurance contracts, noting that premiums due to the insurer may be adjusted upwards or downwards under the Fund's Premium Adjustment Model (incorporated in the Fund's insurance contract) depending upon claims experience.
 - The Administration Reserve is used to fund the operations of the trustee office. A portion of insurance premiums are contributed to this reserve exclusively to cover the operating costs of the insurance product.
 - b. Per AustralianSuper's financial statements, as at 30 June 2019, the balance of the Insurance Reserve was \$109m and the balance of the Administration Reserve was \$55m (as per the response to part a, not all of the Administration Reserve is attributable to the insurance product).
 - c. For the 30 June 2019 income year, AustralianSuper did not receive any rebates from the ATO in relation to insurance premiums.