



11 December 2017
Committee Secretary
Joint Parliamentary Committee on Corporations and Financial Services
Parliament House
CANBERRA ACT 2600
corporations.joint@aph.gov.au

Life insurance industry inquiry – Cbus

Thank you for the opportunity to appear before the Committee on Friday 1 December 2017. I am pleased to provide the following additional information in response to questions that were raised during the hearing. I have also attached a submission regarding Cbus' insurance offering and our member health related partnerships.

Requests for full medical records

I can confirm that Cbus (both itself and through its insurer TAL Life) **do not** request full medical records of members when they either apply for underwritten cover or when they lodge a claim and are being assessed.

The practice is to request medical information relevant to the disclosed health issue only on the claim that they have lodged.

Health Act restrictions

Cbus would be supportive of the Government removing any legislative barrier that currently prevents an insurer from early or earlier intervention in the management of claims.

Potential options that could be undertaken earlier by an insurer that would improve the health of individuals that generally are not permitted relate to:

- One off intervention surgeries
- A course of physical therapy
- Psychological or psychiatric therapy

Currently non-health insurers are not permitted to offer services on a contracted basis that are provided by health insurers under the *Health Act*. For example, currently hospital treatment may be delayed for an extended period due to public hospital waiting list durations. However, if the restriction was removed the non-health insurer could fund surgery promptly to aid a faster recovery.

Cbus insurance cover eligibility

Default cover

We wish to clarify the cover provided to Cbus members on a default basis. For eligible members between ages 15 and 69 insurance cover is automatically provided. They need to be in active employment on the date their cover starts and the eligibility requirements for cover to be provided are:

- They are not currently applying for, not entitled to, or haven't been paid a TPD or terminal illness benefit from any super fund or life insurance policy; and
- They have not been diagnosed with an illness that's likely to lead to their death within 24 months from their date of diagnosis.

Conditional acceptance cover

If a member qualifies for default cover then within 6 months of the commencement of employment with their first Cbus employer they can elect additional cover above the default level (to set limits) without any medical underwriting. This is subject to the same anti-selection eligibility requirements that apply to default cover, but need to be confirmed at the time of making the application during that 6 months period. Outside of these arrangements members can go through the Fund's underwriting process.

Underwriting exclusions

Cbus does not exclude occupations, apply minimum working hours or members with medical history from access to insurance cover other than the anti-selection eligibility requirements noted under the eligibility requirements for default cover or conditional acceptance cover explained earlier.

It is possible for applications that go through the underwriting process that the members who do have medical issues may be offered insurance cover with an exclusion against a specific nominated cause.

This is known at the point of offering insurance cover to the member and they can decide if they want to take out cover on this basis or not, knowing exactly what they **are covered for** and what they **are not covered for**.

Cbus specialised insurance

Cbus offers specialised insurance for the specific needs of our members. In high risk industries (such as building) workers may not have access to any appropriate or affordable insurance cover. Many insurance products in the market do not cover various occupations in the construction and building industry. These can be dangerous jobs; however, that is precisely why a fund such as Cbus adds significant individual and public value by covering all these occupations with appropriate insurance products.

Please feel free to contact James Bennett, Public Policy & Media Officer, on (03) 9910 0218 if you have any questions in relation to this submission.

Yours sincerely



Robbie Campo
Group Executive
Brand, Advocacy, Marketing & Product

Cbus insurance offering

Cbus offers specialised insurance offerings that address the specific needs of employees and employers, and add value through tailored product design. In high risk industries (such as building) workers may not have access to any appropriate or affordable insurance cover. For example, Cbus examined the insurance products associated with *MySuper* from five prominent retail funds and whether they would cover various occupations in the construction and building industry. Professions, such as dogman/rigger,¹ labourer or scaffolder would not be eligible for death or TPD insurance if they were with any of these funds. These can be dangerous jobs; however, that is precisely why a fund such as Cbus adds significant individual and public value by covering all these occupations with appropriate insurance products.

Cbus provides insurance for 600,000 of its members. For eligible members, a default package of death and total & permanent disablement cover is automatically provided. Within the first 6 months of commencement of employment and fund membership members have the ability to increase cover to nominated levels subject to the satisfaction of limited eligibility qualification.

Members can reduce or cancel insurance cover at any time and this is available through a range of forums, including an online service that is well utilised.

Cbus premiums

Cbus recently announced² a better insurance deal for members that will see premiums per unit of Death & TPD insurance cover for most members go down by 25 per cent while TPD cover increases for the majority. Default cover for 15 to 20-year old members will also be reduced, based on our analysis of members' needs and recognising that young Cbus members are less likely to have dependants or mortgages and that more super savings earlier is critical over the long term for retirement balances.

These changes recognise the different needs that members have at different stages in their lives with a focus on ensuring they've got the cover they need while maximising their retirement outcomes.

¹ A dogman or rigger specialises in the lifting/moving of large and heavy pipes and equipment. They must work together to ensure the slings are safely placed on the equipment to be lifted and that the slings are loaded onto the crane's hooking correctly. A dogman or rigger then directs the crane operator by either radio or hand signals to advise him when the load can be lifted and moved.

² Cbus announces better insurance deal for members - 7 July 2017 - <https://www.cbussuper.com.au/about-us/news/media-release/cbus-announces-better-insurance-deal-for-members>

Claims payout rates; overall and young members

Insurance cover for members is important and our philosophy is that wherever possible legitimate claims should be paid quickly. Over 85% of our TPD claims are paid. For the 2016/17 financial year claims payments totalled \$129m for Death and \$94m for TPD. There was a total of 2,368 insurance claims with 2,239 of these being approved. This service helps our members and gives them and their families peace of mind if they can no longer work due to illness or injury.

The Cbus default benefit design reflects the changing needs of our membership, particularly for younger members. For example, with death benefits, around 90% of benefits are paid to the parents for members who die under age 21. Whereas for members who die between age 21 and 25 over 70% of benefits are paid to dependents or the estate. The Cbus default design recognises this critical change at this age point.

This experience recognises that members typically have dependents, debts, and/or responsibilities 3 to 4 years after they commence work. In the case of Cbus members who commence typically as unskilled workers, skilled technical workers or apprentices this at the end of secondary school. That is age 17 or 18 plus 3 or 4 years = age 21.

Claims experience

The effective and timely management of members insurance claims is an important test of their insurance cover. The process to lodge a claim and get to a decision should not be difficult to navigate for a member.

Cbus supports the claim handling requirements of the FSC Code for insurers and the proposed claims handling requirements in the ISWG Code of Practice for superannuation funds.

For total & permanent disablement claims Cbus targets a timeframe of 6 months from the time of lodgement of a claim by a member to a decision of the claim being communicated to the member. This is increasingly the experience and Cbus is delivering on this target.

Cbus research indicates that two-thirds of members recognise the group buying power benefit of Cbus obtaining insurance on members' behalf. In addition, three-quarters of members trust Cbus to put in place the right levels of insurance.³ Cbus was also the 3rd highest ranked fund, for our insurance options in a nationally representative sample of 6,720 Australians.⁴

³ Cbus Insurance Product Development Report, EY Sweeney 2015.

⁴ Investment Trends May 2017 Member Sentiment & Communications Report, based on a survey of 6,720 super fund members

Insurance Code

We are supportive of there being a Code of Practice that articulates best practice standards for insurance within superannuation. Cbus has constructively participated in the Code development process and we are pleased that both the format and content of the Code have evolved to enable trustees the scope to tailor insurance to meet members' needs and interests.

2017 Cbus member health partners overview

Cbus focuses on members' best interests and that includes their financial, physical and mental health. In addition to delivering life insurance to more workers in the building and construction industry than any other provider, Cbus supports programs and services that deliver better health outcomes for Cbus members. We do this through partnering with organisations who are focussed on addressing the health and wellbeing issues faced by workers in the building and construction industry.

The Member Health program considers three key areas of focus:

- Mental health and wellbeing
- Older Workers/Redundancy
- Asbestos exposure

1. Mental health and wellbeing

Purpose: Cbus partners with organisations who believe that member wellbeing is connected to having a healthier workforce.

Mates In Construction (MIC), Incolink, OzHelp and SuperFriend are organisations who make a significant contribution in achieving a healthier workforce through the delivery of suicide prevention programs and broader mental health promotion within the construction industry.

Mates in Construction

Mates in Construction (MIC) was set up by industry in response to the disproportionately high rate of suicide evident in the Construction industry.

It is now widely accepted that the delivery of on the ground, face to face prevention, awareness and support work is essential to addressing the issue of suicide in the building and construction community. MIC visit workplaces and deliver general suicide prevention and awareness training, as well as recruit onsite volunteers to receive further training to be an onsite resource for co-workers in need of assistance. MIC offers an important industry led approach to an industry problem 'where it's all about Mates helping mates'.

MIC operate across 4 states nationally and have trained over 80,000 workers since they began in 2008.

In addition to their training and assistance program, MIC participates in academic research aimed at understanding the underlying causes of suicide for workers in Construction and further developing targeted intervention strategies.

Overall program partnership – Cbus has been a significant supporter of MIC since its inception in 2008. Recent statistics indicate that suicide rates in Queensland fell 7.8% during the first five years of the MIC training programs, compared to a slight increase amongst Queensland men generally. Whilst this outcome can demonstrate

that targeted, evidence based interventions saves lives, MIC continue to test their program to better understand its effectiveness.

Cbus is a national strategic industry partner of MIC which supports the ongoing delivery of their life saving program for workers in construction, many of which are Cbus members.

SuperFriend

SuperFriend is a national mental health promotion foundation focused on creating mentally healthy workplaces to reduce the incidence of suicide and the impact of mental illness on individuals and organisations.

SuperFriend partner with a range of superannuation funds and group insurers to embed mental health and wellbeing best practices into 750,000 workplaces.

Cbus partners with Superfriend to promotes their programs and services through our employer relationships.

Incolink Lifecare Program

The Lifecare program focuses on the wellbeing of young people in building and construction.

The program raises awareness of suicide and its risk factors with apprentices while at they are at TAFE and educators address range of suicide risk factors including: stress, depression, relationship issues, financial difficulties and work/life balance.

Lifecare also offers counselling and support for building trades apprentices and young workers throughout Victoria.

Cbus partners with the Lifecare program established in 2012, which funds the position of a Lifecare worker to assist in the program's delivery.

OzHelp Foundation (ACT)

The OzHelp Foundation (ACT) was established through government funding to specifically address suicide prevention for men. The organisation's central mandate is 'Healthy men at work - Healthy men for life' and focuses on assisting men in hard to reach workplaces.

OzHelp offers health screening, training, counselling and work place programs. National office is in Canberra, OzHelp's training and support services extend throughout NSW, the Pilbara region in WA and Darwin in the NT.

Approximately 71,500 people have received services from OzHelp in the past three years, with over 34,000 of those occurring in the past 12 months through the delivery of OzHelp's range of services, programs and events.

Overall program partnership – Cbus acknowledged as supporting partner for the delivery of OzHelp program in publications, event collateral and at tradie focused 'tune ups' and training sessions.

OzHelp Tasmania

OzHelp Tasmania delivers suicide prevention and awareness services throughout Tasmania. Established in 2007 in response to concerns raised by key industry stakeholders, including Cbus, at the high level of suicides occurring in the Tasmanian construction industry.

OzHelp Tasmania's training is delivered in all TasTafe building and construction apprentice courses and reaches approx. 80% of all apprentices in the industry sector in Tasmania. OzHelp Tasmania has seen a reduction in the number of suicides in the industry since its inception.

Training programs are delivered onsite via employers and the support service works with 900 clients each year, on average.

Overall program partnership - Cbus acknowledged as a Key Partner for the delivery of onsite Tool Box sessions and Lifeskills training programs delivered at TAFEs. Cbus has presenting opportunities at the TasTAFE sessions.

2. Older Workers/Redundancy

REconnect project

Cbus partnered with SuperFriend to pilot the REconnect program, an initiative to develop evidence based communications, in consultation with the Australian Psychological Society (APS), for Cbus to maintain connection with members to support their mental health and wellbeing through a time of uncertainty as they experience job insecurity, job loss or redundancy and potential financial and emotional stress.

Construction workers generally are more vulnerable to experience substantial breaks in employment as many are hired on a contract by contract basis. The impacts can be significant affecting psychological, physical and financial health.

The program's topics include: self-care, finding work, managing stress, budgeting, social support and seeking help/referral.

Our evaluation of the two-stage pilot during 2017 showed members found the 8-week communication program valuable and that it provided practical support during a stressful time. The REconnect program will be imbedded in Cbus' regular communications schedule and formally launched during the first quarter of 2018.

3. Asbestos support, safety and management

The debilitating health effects of exposure to asbestos are well known, but what is less well known in the community is that asbestos continues to make its way onto Australian construction sites through unregulated, imported, building materials.

Purpose: Cbus partners with organisations who, collectively, are focused on providing a range of asbestos related services.

Asbestos Safety and Eradication Agency (ASEA)

ASEA is a Government agency established to provide a national focus on asbestos issues which go beyond workplace safety to encompass environmental and public health issues. ASEA runs an annual summit to continue the conversation around issues the sector faces regarding dangers of asbestos and its legacy. It's a forum for those working in the sector to discuss best practise in management and safety.

ASEA promotes research and networking with others working with or affected by asbestos, including the danger of overseas asbestos building products making their way into Australia.

Major event partnership - ASEA Summit. Inclusions: branded event collateral, lectern, venue signage and exhibition booth

Asbestos Diseases Support Society (ADSS)

The Society works closely with medical and legal professionals experienced in asbestos related diseases. ADSS works to:

- help those who have been affected by asbestos
- reduce the number of people being exposed to asbestos and future incidences
- provide support to sufferers, their carers, families and friends
- promote awareness about the dangers of asbestos exposure
- address physical, emotional and welfare needs when diagnosed with an asbestos related disease

Event partnership - ADSS Race Day. Inclusions: branded event collateral, advertisement in the race book, naming rights for a race, attendance.