

CommInsure Corporate Insurance Superannuation Trust

CommInsure Corporate Insurance Superannuation Trust (CCIST)

Year in Review 2020

Summary

Thank you for reading the CommInsure Corporate Insurance Superannuation Trust (CCIST, Plan) product summary which includes the product determination, and a summary of our annual member outcomes assessment for the 2019-2020 financial year.

The 2019-2020 financial year was an unprecedented year with challenges arising from prolonged drought conditions, the worst bushfire season on record, and the onset of COVID in February 2020 which impacted business and communities on a global scale.

CCIST was established in 2008 and was the first risk only corporate insurance superannuation fund of its kind. CCIST gives employers an opportunity to provide death, or death and total & permanent disability (TPD) insurance cover for their employees, our members. During the financial year we increased our membership by 14% and as at 30 June 2020 there were 7,091 members.

CCIST has no investment component, and our participating employers pay all costs associated with the insurance, and in doing so, may provide members with financial protection against adverse future events such as death or total and permanent disablement.

Our insurer is The Colonial Mutual Life Assurance Society Limited, known as CommInsure, which is bound by the Life Insurance Code of Practice. This year, when the World Health Organisation (WHO) declared the coronavirus outbreak to be a global pandemic, our insurer committed to the following:

- Life cover taken out before 11 March 2020 would have no exclusions preventing the payout of a death claim related to coronavirus, if the member followed the Government travel advice.
- Members who lost their job, were stood down or had reduced working hours due to COVID-19 would not have their TPD claims impacted – this initiative was extended

- to 1 January 2021 for claims lodged by 31 March 2021.
- Our members who are frontline health workers could still obtain cover even though they may be exposed to coronavirus – this initiative was extended until 1 January 2021.

These commitments provided comfort to both our existing and new members through this uncertain and challenging time.

Based on the assessment of the outcomes achieved and evidence contained in this summary, we have determined that:

- members' interests are being promoted;
- the basis for the setting of fees is appropriate for members;
- the Plan members are not disadvantaged or inappropriately financially affected due to the scale or costs of our business operations;
- the options, benefits and facilities offered under the product are appropriate to members; and
- the insurance strategy for the product is appropriate to members.

As members do not accrue an account balance, and therefore there are no funds invested, we have determined that the investment strategy for the Plan, including the level of investment risk and the return target, is appropriate to members.

Insurance, member services, product options

We offer competitive insurance premiums to participating employers, and members get the benefit of the automatic acceptance limits offered by CommInsure, subject to eligibility criteria, without requiring medical evidence.

Our members are provided with either death only, or death and TPD as required by their employers. Members, who are terminally ill, may also receive their death benefit insurance amount while still alive. These benefits are tax-free.

As the employer pays for the insurance premiums, the Trustee does not look to measure the impact of insurance premiums eroding members retirement income.

Our insurer guarantees to renew the insurance cover each year, provided members are still employed by the sponsoring employer. Our insurer will not cancel insurance cover or increase premiums due to any change in the health, occupation, or pastimes of the members during the guarantee period unless the change affects more than 25% of the membership. This provides cost security for employers paying the premiums.

Our members can nominate a binding or non-binding death benefit nomination.

During the year, 100% of insurance claims submitted were approved.

In total:

- 2 Death claims were paid to the value of \$1,002,433.31.
- 5 TPD claims were paid to the value of \$1,466,338.36.

Member services provided by our administrator were generally within accepted timeframes, and we had no recorded complaints during the year.

Based on the above, the Trustee has determined that the insurance strategy, member services, and product options for CCIST is appropriate to members. Since all insurance premiums are paid for by the participating employer, we have determined that there is no inappropriate erosion of members' retirements income due to the impact of insurance premiums.

Fees, investment returns and risk

CCIST provides insurance cover for members within a superannuation environment. It has no investment component, and therefore investment returns, or risk is not applicable, since members do not accrue an account balance. We offer a convenient way for employers to arrange tax effective life insurance for employees.

All costs, including insurance premiums and administration costs, are paid for by the employer, with no impact to members. The scale and costs of our business operations therefore do not impact our members.

Based on the above, the Trustee has determined that the basis for the setting of fees is appropriate for members, and the scale or cost of our business operations, are not inappropriately affecting the financial interests of members.