

Insurance in Superannuation Voluntary Code of Practice Transition Plan

Aracon Superannuation Pty Ltd as Trustee of the Aracon Superannuation Fund (the Fund) confirms that it had adopted the Insurance in Superannuation Voluntary Code of Practice (Code of Practice), which commenced on 1 July 2018 on 20 December 2018 except for Sections 4 – 6 and 8 - 11.

This was appropriate at the time as the Fund did not offer any automatic insurance or default cover as its members were supported by a financial adviser. Members could request the Trustee to enter into individual insurance arrangements that they have selected with their financial adviser.

From the 22nd October 2019, the Trustee of the Fund commenced offering Group Insurance through Hannover Life Re of Australasia to members of particular Sub Plans in the Aracon Superannuation Fund. and adopted all provisions of the Code of Practice.

The products offered by the Trustee and covered by the code are:

- Death Cover;
- Total & Permanent Disablement (TPD) cover; and
- Terminal Illness benefit
- Income Protection

The tables below provide an overview of our transition dates for key items of the Code. A full copy of the *Insurance in Superannuation Voluntary Code of Practice* can be located on our website at www.araconsuper.com.au/Insurance

The Insurance Management Framework is an Aracon Board reviewed internal document that outlines our insurance framework.

The Retail Insurance Products, requested by a member, approved by the Trustee and offered through Life Insurers who are members of the Financial Services Council (FSC), will also be covered by the Code. Any insurer that the Trustee contracts with must be members of the FSC and bound by the FSC Life Insurance Code of Practice.

Our approach

The Trustee completed an initial review of the Code requirements in December 2018 to identify the areas where the Code requirements were applicable to the Fund.

Our intent is to have the Code fully implemented by 31 December 2020 but no later than 30 June 2021.

This transition plan provides an overview of our implementation as described in Section 3.6 of the Code.

Benefit design and premiums

Code Section	Included items	Status	Transition Date
Benefit design (4.2 to 4.9)	<ul style="list-style-type: none"> Design of insurance benefits Publishing our insurance strategy Membership characteristics when designing insurance benefits Appropriateness of our benefit design Affordable cover that doesn't inappropriately erode the retirement income of our members Automatic insurance cover that does not exceed 1% of an estimated level of salary for our membership 	Partially implemented due to new start up Sub Plans Design has been made in consultation with the Sub Plan Promoters	December 2019
Categories of Membership (4.10 to 4.13)	Insurance design considerations for: <ul style="list-style-type: none"> Members under the age of 25. Members with low or infrequent contributions 	Partially implemented due to new start up Sub Plans Design has been made in consultation with the Sub Plan Promoters	December 2019
Reviews and changes to benefit design (4.14 to 4.17)	<ul style="list-style-type: none"> We will review and update the benefits we offer at each insurance contract renewal which is due 14.9.2022. We will assess the premiums for our default members at each policy renewal date or no later than every 3 years. If we change the benefits offered, you will be provided with the details of changes. If the impact on your cover or premiums is material, we'll let you know at least 30 days before the changes take effect in writing. 	Implemented	N/A

Automatic cessation and Reinstatement of cover

Code Section	Included items	Status	Transition Date
End of cover (4.25 (e) & (f) and 4.27)	<ul style="list-style-type: none"> Cessation of income protection cover if the account balance is insufficient to meet the next premium payment Cessation of death and TPD cover if at the end of the period for which premiums have been paid immediately after the date their account becomes Inactive, except where they are an Exempt Member. 	Implemented	N/A
Reinstatement of cover (4.27 to 4.29)	<ul style="list-style-type: none"> Ability for basic cover to be reinstated within 60 days if cover has ended due to lack of contributions (subject to eligibility). 	Implemented	N/A

All other Code items

A number of Code items were either in place already or have been implemented. For the remaining Code items that aren't already in place, the Trustee will implement them in a phased approach between now and 31 December 2020 but no later than 30 June 2021.

An overview of our current implementation is included below. If there are changes to our implementation plan or updates available, we'll detail these on the insurance page of our website.

Section	Section Title of Code	Implementation Status
3.	Scope of the Code	Partially
	Who is bound by the Code	Yes
	What products are covered by the Code?	Yes
	When does the Code apply from?	Yes
	Our relationship with Insurers	Yes
	Legal status of the Code	Yes
4.	Appropriate and Affordable Cover	
	Benefit Design	Yes
	Categories of our membership	Yes
	Reviews and changes to benefit design	Yes
	Cancelling your insurance cover	Partially
	Communicating to you about your lack of contributions	Partially
	Reinstatement of cover	Yes
	Duplicate insurance cover	Partially
5.	Helping Make Members to make informed decisions	
	How we will provide you with information	Partially
	Explaining our definitions	Partially
	Communicating during the term of your cover	Partially
	Lost members	Yes
6.	Supporting Vulnerable Consumers	
	Vulnerable Consumers	Partially
	Providing information	Yes
	Interpreting services	Partially
	Guardianship	Yes
	Release of funds	Partially
7.	Handling Claims	
	Principles of claims handling	Partially
	The claims process	Yes

	Making a claim	Partially
	While a claim is being processed	Partially
	Review of insurers decision	Partially
	Claim decision	Yes
	Income Protection claims	Partially
8.	Premium Adjustments	Partially
9.	Promoting our Insurance Cover	Yes
10.	Changes to Cover	
	Changes to cover	Partially
	Transfer between divisions	Partially
11.	Refunds	Not in place as yet
12.	Staff and Service Providers	Partially
13.	Making enquiries and Complaints	
	How to make an enquiry	Partially
	How to make a complaint	Partially
	External determination of complaints	Yes
14.	Promoting, Monitoring and Reporting on the Code	
	Our role	Partially

We will transition to the particular standards of the Code on the following dates:

1 July 2020: Sections 7 and 13

We will review our claims handling processes and timelines and our inquiries and complaints handling procedures to ensure they are Code compliant during the first half of 2020.

1 July 2020: Sections 12 and 14

We will develop and roll out a staff and Service Provider training programme on the requirements of the Code during the first half of 2020.

We will commence Code monitoring by the end of 2020.