

# PPS MUTUAL INSURANCE PRODUCT



Member Outcomes Assessment For The Year Ended 30 June 2021

28 February 2022

**DIVERSA**

## EXECUTIVE SUMMARY

### Introduction

The PPS Mutual Insurance Product (PPSM) provide members with access to death and disablement insurance cover inside superannuation. PPSM doesn't provide accumulation style superannuation account balances or investment returns to members.

This Member Outcomes Assessment focuses on an assessment of product appropriateness against key factors that can affect superannuation, specifically consideration of PPSM's insurance strategy and insurance fees. Unlike a typical superannuation fund's Member Outcomes Assessment, this report does not contain comparative analysis relating to fees and costs, investment returns or investment risk as these elements are not relevant for PPSM given its structure as an insurance-only fund.

Ultimately a determination (contained on the following page) is made for PPSM as to whether the products are serving the financial interests of the members. This assessment was undertaken in February 2022, and is relevant for the financial year ended 30 June 2021.

### Product Determination

The Trustee has determined that it is promoting the financial interests of the beneficiaries of its product on the basis that:

- Insurance Premiums when compared against peers for different types of risk and levels of cover across various age groups are generally inline with peers for white collar professionals.
- On new business issued from quotes generated after 9th May 21 - stepped death rates decreased by 24% and stepped TPD rates by 27%. These reductions will be passed on to existing members at their next anniversary after 1 June 2021.
- PPSM issued profit-share assignment for the year of 6% of premiums paid plus 2.75% of opening balances.
- PPSM has strong claims approvals for claims received.

## PRODUCT APPROPRIATENESS ASSESSMENT

### Insurance Strategy & Fees

PPS Mutual has been established on a mutual model, the PPS Mutual product also offers a profit-sharing arrangement with members. PPSM provides members with access to insurance offering death, total and permanent disability and disability income insurance benefits. It does not provide members with access to an accumulation account.

PPS Mutual is only available to individuals who are eligible to practice in one of 24 professions including doctors, lawyers, accountants and engineers. The insurance cover is tailored to meet the needs of professionals and designed to be flexible to the member's changing needs.

PPS Mutual's product has a number of unique features that have been developed for the professional market:

- The ability to increase cover without medical underwriting on certain career events such as setting up private practice,
- Cover automatically indexes each year in line with the higher of inflation or the increase in professional earnings; and
- The ability to take a career break and then return the sum insured to the previous level without medical underwriting.

PPSM does not provide default level of cover. The product is designed for risk and level of cover to be determined with the consultation of an advisor by the insured.

As this product is designed for financial adviser consultation, financial advisers determine the appropriateness of the insurance and the cost of the cover, as such, the Trustee does not look to measure the impact of insurance eroding members' retirement income for members. Based on the above we have determined that there is no inappropriate erosion of members' retirement income due to the impact of insurance premiums.

However, pages 8- 10 contain analysis of insurance premiums against alongside 10 peers\* based on 3 different risks and levels of cover between the ages 20-55 in 5 year increments. The 3 risk types and levels of cover include:

- Life Cover \$1m- White Collar Professional
- Life Cover \$1m + TPD Cover \$1m - White Collar Professional
- Life Cover \$1m + TPD Cover \$1m + IP \$7.5k (30 day wait, To Age 65) - White Collar Professional

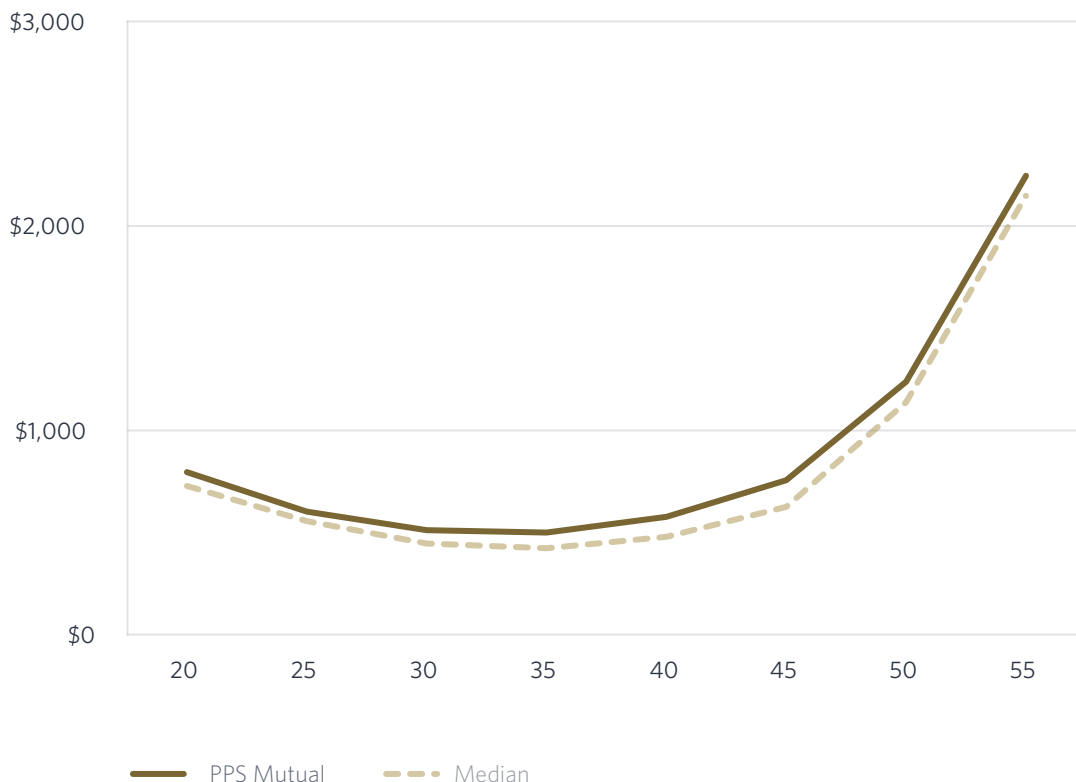
The Trustee has determined that PPSM insurance premiums are generally competitive against peers.

**Costs Comparison \$1M Life Cover standalone**

The following table and graph compare PPSM's insurance premiums for \$1m life cover standalone for a white collar professional at unisex rates against 10 other peers\* between the ages 20-55 in 5 year increments.

PPSM's premiums are slightly less competitive at all age levels for \$1M Life Cover standalone at white collar professional rates. PPSM's premiums are slightly higher cost than the peer median at all age groups.

Age	20	25	30	35	40	45	50	55
PPS Mutual	\$796	\$602	\$511	\$501	\$576	\$757	\$1,237	\$2,246
Median	\$728	\$555	\$447	\$422	\$479	\$625	\$1,137	\$2,148
High	\$941	\$806	\$540	\$540	\$576	\$766	\$1,383	\$2,609
Low	\$616	\$486	\$382	\$356	\$426	\$512	\$873	\$1,636

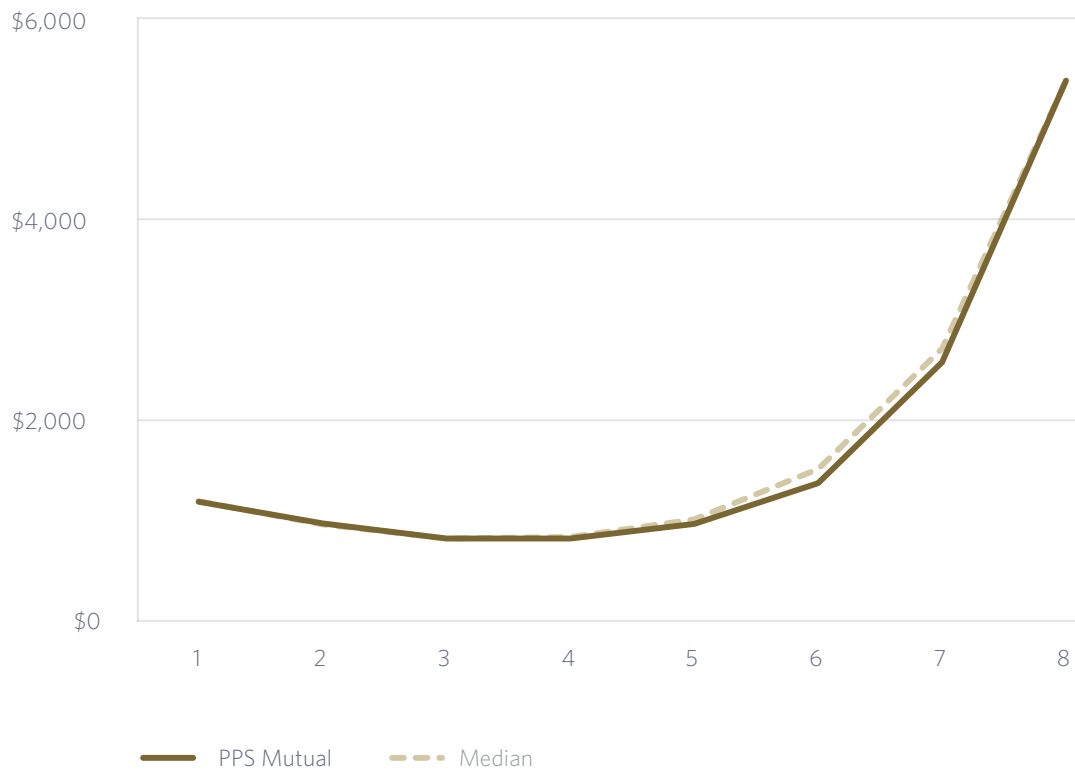


**Costs Comparison Life Cover \$1m + TPD Cover \$1m**

The following table and graph compare PPSM's insurance premiums for \$1m life cover + \$1m TPD Cover for a white collar professional at unisex rates against 10 other peers\* between the ages 20-55 in 5 year increments.

PPSM's premiums are competitive at all age levels for \$1m life cover + \$1m TPD cover at white collar professional rates. PPSM's premiums are inline with or lower cost than the peer median at all age groups.

Age	20	25	30	35	40	45	50	55
PPS Mutual	\$1,189	\$959	\$817	\$833	\$1,006	\$1,509	\$2,717	\$5,397
Median	\$1,186	\$966	\$817	\$816	\$962	\$1,370	\$2,581	\$5,397
High	\$1,494	\$1,192	\$999	\$990	\$1,223	\$1,778	\$3,201	\$6,748
Low	\$1,048	\$837	\$717	\$699	\$874	\$1,240	\$2,277	\$4,711

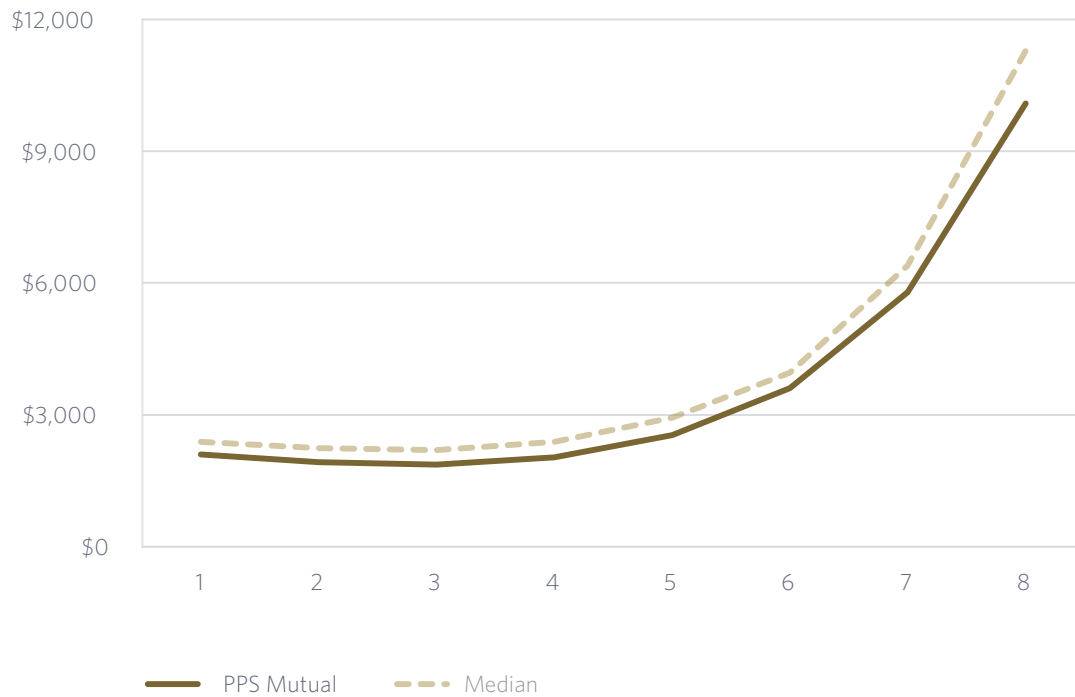


**Costs Comparison Life Cover \$1m + TPD Cover \$1m + IP \$7.5k (30 day wait, To Age 65) - White Collar Professional**

The following table and graph compare PPSM's insurance premiums for \$1m life cover + \$1m TPD Cover + \$7.5k Income protection till age 65 with 30 day wait period for a white collar professional at unisex rates against 10 other peers\* between the ages 20-55 in 5 year increments.

PPSM's premiums are competitive at all age levels for \$1m life cover + \$1m TPD Cover + \$7.5k Income protection till age 65 with 30 day wait period at white collar professional rates. PPSM's premiums are lower cost than the peer median at all age groups.

Age	20	25	30	35	40	45	50	55
PPS Mutual	\$2,097	\$1,918	\$1,862	\$2,030	\$2,537	\$3,611	\$5,786	\$10,083
Median	\$2,386	\$2,242	\$2,198	\$2,386	\$2,941	\$3,958	\$6,394	\$11,284
High	\$3,517	\$3,198	\$3,104	\$3,464	\$4,188	\$5,361	\$8,099	\$13,886
Low	\$2,094	\$1,871	\$1,823	\$2,030	\$2,424	\$3,178	\$5,040	\$9,034



## Insurance Claims

PPSM had 2 income protection claims for the period with both approved. The Trustee has determined that based on the strong claims approval, that the financial interest of beneficiaries is being met with regards to claims services for PPS Mutual Super fund insurance plan.

PPSM	Accepted	Declined	Acceptance Ratio
Death	0	0	No claims to Consider
TPD	0	0	No claims to Consider
Terminal illness	0	0	No claims to Consider
Income Protection	2	0	100.0%
Total	2	0	100.0%

## Options, Facilities & Benefits

PPS Mutual Super fund with its mutual fund structure provides beneficiaries access to profit sharing agreement. Additionally they have digital offerings to assist the insured and their advisors in servicing their insurance. PPSM provide advisor on boarding involves training and accreditation process before being able to recommend PPS Mutual Professionals Choice. PPSM's tools to members' financial advisers to support members' needs, include:

- Training and support for back-office teams as well as for the advisers;
- The ability to quote online with a highly visual quoting tool that demonstrates the benefits and structures selected;
- The ability to make changes to client details and quote and apply for additional business online;
- Regular briefings on industry issues; and
- Support in developing marketing tools for adviser groups.

The Trustee has determined that the options, benefits and facilities offered under the product are appropriate to members.

## DIVERSA

### Disclaimer

- The material included in this presentation (Material) is produced by Diversa. It is designed and intended to provide general information in summary form on legal topics, current at the time of publication, for general informational purposes only. The Material may not apply to all jurisdictions.
- The Material does not constitute legal advice, are not intended to be a substitute for legal advice and should not be relied upon as such.
- You should seek legal advice or other professional advice in relation to any particular matters you or your organisation may have.
- No claim or representation is made or warranty given, express or implied, in relation to any of the Material. You use the Material are entirely at your own risk.
- The Material remains the intellectual property of Diversa and its related bodies corporate and must not be copied, shared, or reproduced without express prior authorisation.

### Limitation of Liability

- Where conditions and warranties implied by law cannot be excluded, Diversa limits its liability where it is entitled to do so. Otherwise, Diversa is not liable for any loss or damage (including consequential loss or damage) to any person, however caused, which may arise directly or indirectly from the Material or the use of such Material.
- Diversa is not responsible for ensuring that any of the Material is accurate, current, suitable or complete although Diversa uses every reasonable endeavour to maintain the accuracy information available, however, some or all of the information may, from time to time, be amended, or become superseded or otherwise inaccurate.

### No client-solicitor relationship created

- The transmission or receipt of any Material is not intended to create, nor should such transmission or receipt be taken as creating, a client-solicitor relationship between Diversa and the recipient.