



When it matters most

Rethinking claims handling across
insurance in superannuation

Background

Over recent years, there has been an increased focus by regulators on the role that superannuation funds play across the insurance claims process. This focus has been on the ultimate outcome to members in the moments when members are most vulnerable and rely on their insurance, such as at time of death, faced with a disability or having a serious illness.

Superannuation trustees are legally required to act in the best financial interests of members. This duty extends to insurance in superannuation. Superannuation trustees must ensure that when it comes to insurance, claims are handled efficiently, honestly and fairly. It is critical for superannuation trustees to assess whether insurance claims processes are robust, aligned to regulatory requirements and support in meeting member outcomes.

“ *Better service is especially important during sensitive and vulnerable moments in members’ lives. Super funds have a responsibility to support members or their beneficiaries during these times, not add to their stress.* ¹ ”

Regulatory context

Since 2021, claims handling has been formally regulated as a financial service under the Corporations Act, meaning superannuation trustees must handle and settle insurance claims **efficiently, honestly and fairly**.

In January 2025, the Australian Government announced the introduction of mandatory service standards for the superannuation industry.¹ The new standards are expected to target critical areas, such as:

- The timely and compassionate handing of death benefits;
- Fair and efficient processing of insurance claims; and
- Clear, respectful and accessible communications with members.

The Australian Government is working with industry stakeholders to develop mandatory and enforceable service standards. Additionally, ASFA has released a Claims Handling in Superannuation standard intended to provide superannuation trustees and funds with information and guidance on better practices.

The upcoming revised APRA SPS 515 Strategic Planning and Member Outcomes standard, effective 1 July 2025, sets APRA’s expectations on factors superannuation trustees should consider when setting benchmarks for member outcomes assessments, including:

- How beneficiaries engage with and claim on their insurance, such as opt-out and opt-in rates for default beneficiaries, claims pay-out ratios, claims handling procedures and processing times, claim withdrawal rates, the number of insurance-related disputes, the time taken to resolve disputes, and policy lapse rates.

¹ Source: <https://www.superannuation.asn.au/wp-content/uploads/2025/01/20250128-MANDATORY-SERVICE-STANDARDS-FOR-THE-SUPERANNUATION-INDUSTRY.pdf>

Industry current state

In March 2025, ASIC published a report (REP 806)² that sets out observations from its review into the death benefit claims handling practices of 10 superannuation trustees. Whilst some superannuation trustees demonstrated good practices, the report found systemic issues that highlighted the following:

- **Zero** of the superannuation trustees reviewed had monitored or reported on their end-to-end claims handling processes or performance
- **27%** of claim files reviewed involved poor customer service
- **8% vs 48%** was the difference in claims closed within 90 days between the slowest and fastest trustee
- **First nations** postcodes generally experienced greater delays than other members
- **78%** of claim files reviewed were delayed by processing issues within the superannuation trustees' control.

² Source: <https://download.asic.gov.au/media/edznpbwm/rep-806-published-31-march-2025.pdf>

Common pain points we are seeing

Common pain points that have been experienced across the industry include:

- **Excessive delays** with claim times often exceeding 6-12 months. These delays can cause real financial harm to members or their beneficiaries.
- **Inadequate communication with members** erodes trust members have of superannuation funds if they are not being updated on the progress of their claim or receiving sufficient support and guidance to help them through the claim process or in understanding the claim outcomes.
- **Complex claims processing** lengthy claim forms, excessive evidence requirements, or other factors, can create hurdles for members to claim and can even discourage them from claiming altogether.
- **Inconsistency in claim outcomes** as a result of how claims are handled, settled or outcomes are decided. These inconsistencies can indicate shortcomings in the claims process, which result in increased stress to members.
- **Member vulnerability** is not necessarily being identified early on in the claims process and may not receive the appropriate support through a one size fits all approach. The claims process and operating model needs to accommodate the varying unique needs and circumstances of members and provide extra care to those experiencing vulnerability, and needs to be supported by adequate training and processes.

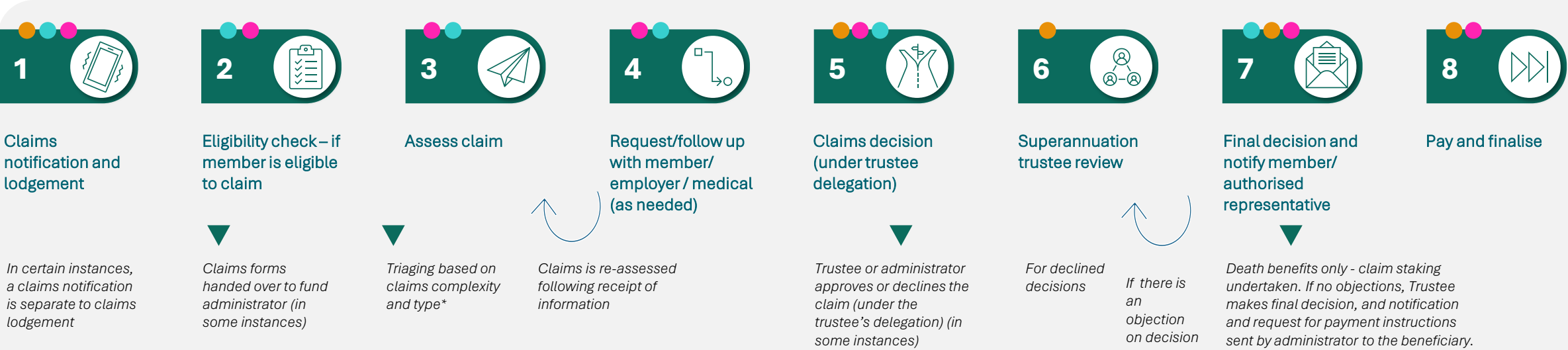
Fulfilling claims is a core component of the insurance in superannuation offering. Given the above pain points, superannuation trustees need to consider the effectiveness of claims handling frameworks in place. This is further discussed on pages 4 to 6.

Claims processes and complexities involved

Superannuation funds have varied claims handling frameworks depending on:

- the stakeholders involved in the claims process and their roles i.e. administrators and insurers; and
- the modes of communication, systems, tools and capability, including digital claims portal, and use of phone and paper.

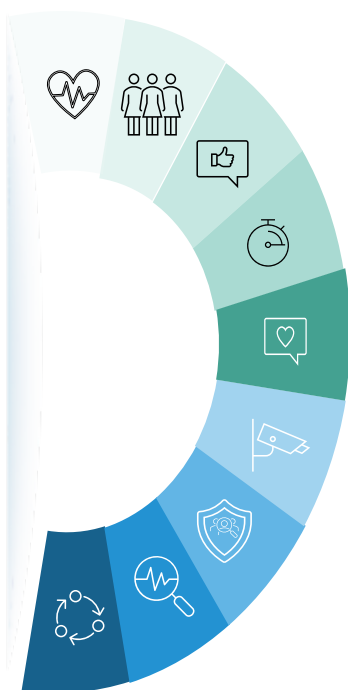
The above can result in challenges and difficulties, in turn impacting the ability to meet member outcomes, meet regulatory expectations, and ability to conduct oversight and monitoring activities. Below we outline an indicative claims process depicting some of the complexities involved, assuming all claims requisite information has been received to progress the claim.



*Triaging will be dependent on the claims processes the insurer or the administrator has to further support claims assessment

What does this mean for superannuation trustees?

With the spotlight on insurance claims, superannuation trustees hold the keys to aligning insurance outcomes with member expectations, regulatory obligations and industry leading practices. Leading practice is for superannuation trustees to have in place an effective end-to-end claims handling framework that has considered learnings from regulatory reviews and enforcement. There is an opportunity to consider the below higher-risk areas today and identify where enhancements can be made to improve member outcomes.



Support members through the process

Ensure website and inhouse communications of the Fund, Insurer and Administrator align and provide informative information on the claims process, what to expect and indicative timelines. Develop support materials for certain junctures in the process to help those claiming navigate the process. Consider enabling members to have a key contact point during the process and how you identify and communicate with vulnerable members or key cohorts of members they may need support.



Clear roles, responsibilities and accountabilities

There is a need for clear and documented roles and responsibilities and defined accountabilities across the full claims lifecycle, including handovers.



Oversight and monitoring practices

Superannuation trustees need mechanisms that monitor the end to-end claims lifecycle and compliance, and challenge insurer's and administrator's practices, claims outcomes.



Cultural alignment between teams and organisations

The claims philosophies, practices, and people need to support a consistent culture, and deliver fair and transparent outcomes across the insurer, administrator and the fund. Consider co-designing processes and consider putting metrics and measures in place to show if the claims philosophy is being adhered to.



The members' voice in governance

Various feedback channels need to be utilised to understand members' views on insurance arrangements and claims processes, and these need to be acted upon.



Simple and streamlined the claims process

Reducing and removing unnecessary hurdles to members through enhanced transparent processes, using technology enablers, can improve outcomes and reduced bottlenecks.



Data driven reporting

Clearly defined KPIs and RAS metrics with supporting data that highlights trends and outliers in process to quickly identify issues to management, committees and the board.



Adequate support for members experiencing vulnerability

Robust practices and processes that support with identifying potential vulnerabilities and providing members with extra care support at claims time is crucial.



Escalation paths and feedback loops

Established escalation pathways within the fund and across the insurer and administrator to tackle systemic issues and drive continuous improvement including into product design.

What immediate next steps should superannuation trustees be considering?

Superannuation trustees should start considering and undertaking the following steps to enhance their claims handling framework:



Health checks and deep dive gap assessments

Assess the current state of the end-to-end claims handling frameworks, focusing on the people, the processes and controls, governance mechanisms and the technology supporting claims across different parties involved and monitoring them. Consider co-designing



Data and technology uplift

The use of data and technology to support claims handling and related outcomes should be considered and uplifted. This include the use of AI where feasible and data models to obtain ongoing insights.



Claims operating model

Review the overall operating model across the fund, insurer and administrator so that it remains effective and a high standard of claims handling practices are maintained. Consider the end-to-end cycle timeframe and the timeframe for each step in the process to understand the true member experience and root cause of key points of delay for resolution. Set fit for purpose metrics that monitors the end-to-end cycle and intervals in the process to understand outliers in the process.



Refine and define claims strategy

Superannuation trustees must define the outcomes it looks to achieve for its members and have mechanisms in place to act on specific elements of the claims handling framework.



Focus on aged claims

Review of outstanding claims that are delayed, for example claims delayed by more than 12 months or nearing 12 months, need a more stringent approach. Tailored processes need to be either built or uplifted for aged claims, and should address root causes associated with delays.



Insurance management framework review

Review of the superannuation trustee's claims philosophy and approach to claims management regardless of who is responsible for handling of claims i.e. insurer and administrators, to ensure alignment with SPS250 under its insurance management framework, considering opportunities for efficiencies, synergies and better practice to meet key requirements.



Insights on specific claim types

Review of specific claims types, such as TPD or death, to see how policy terms are being applied and claims outcomes being achieved, and consider how the insights can feed into improving insurance cover and claims handling practices.



Capability review

Assess the capability of the teams and resources supporting the claims handling framework, within insurers, funds and administrators, and consider opportunities to improve to better support claims handling.

Authors



Steve Freeborn
Partner
Superannuation



Melissa Gomes
Partner
Superannuation



Jennifer Shaw
Director
Superannuation



Sarah Warn
Director
Superannuation



Brad Oldridge
Director
Claims Process & Operations
Specialist



Bhrajna Kalaiya
Director
Insurance Claims Specialist

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