

Insurance Due Diligence Services

Insurance can be a complex minefield for superannuation funds.

The provision of professional advice by an insurance broker and consultant can be critical to the success of a fund. Whether the input extends to:

- Benchmarking a fund's insurance arrangements against its key competitor funds
- Reviewing the nature of risks covered under a policy against a list of uninsured risks
- Establishing the adequacy and scope of the fund's Trustee's Liability insurance policy
- Establishing the financial performance of the insurance arrangements over time
- Advising the Trustee as to the level of contract certainty that is in place to protect the fund and their members
- Advising the fund in relation to the adequacy of their General insurance program to cover their operational requirements
- Advising the fund in relation to their General insurance needs in respect of any direct investments in the area of Property
- Advising the fund in relation to M&A activity

The insurance market is both dynamic and constantly evolving. Whilst a fund's insurance program may have been deemed adequate one year this does not mean that the program has maintained currency or relevancy over ensuing years.

Accessing truly professional insurance advice provides the fund with a significant measure of control and due diligence protection.

As change is constant, a fund's risk profile and their insurance needs can materially alter as a result of the rolling out of new products and/or services to members or as a result of the selection of a new service provider.

Moreover, the fund may have identified, quantified or treated a range of new operating and emerging risks. These issues combined may in turn give rise to an automatic review of the fund's insurance arrangements.

Just as a fund may organise for an independent health check to be undertaken in relation to its risk management or compliance framework, IFS Insurance Solution's Insurance Due Diligence service can assist the fund to obtain the necessary comfort that their insurance program is deemed best practice in the market and continues to meet the needs of the fund and its key stakeholders.



Such a Due Diligence service may also assist the fund to:

- Identify key governance issues that may affect the level of contract certainty in place for the fund
- Identify the key strengths and weaknesses of its program
- Identify any areas for improvement and resolution with its insurance service providers
- Assist the fund to align its member retention, business development strategies or risk management framework to its insurance program

Trustee's Responsibilities and Risks

Trustees of superannuation funds have a fundamental duty to act in the best interests of their members and adhere to the duties and responsibilities outlined in the Trust Deed and certain legislation.

This responsibility extends to how insurance is transacted and arranged between the fund and their insurer, how insurance is delivered to members and also how the fund arranges insurance to protect itself, its Directors, Executives, Staff and its assets.

The continuous introduction of legislation means that although all care may be taken, inadvertent errors and disputes can occur that could lead to trustees requiring to defend both their actions and decisions.

Ensuring that the overall insurance program of the fund is both effective and adequate is therefore a critical element in the decision making processes of the fund.

This is because any actual or alleged breach of duty could result in adverse legal action, putting at risk the personal assets of the individual trustees and the reputation of the fund.



In this set of circumstances, it is critical that the fund's insurance program is able to respond and provide indemnity to the fund, the corporate trustee, its Directors and Executives and any other body that may require indemnification.

Risk Profiling & Gap Analysis - An Analytical Approach to Policy Adequacy

IFS Insurance Solutions follows a structured and analytical approach to Insurance Due Diligence Services. This approach, summarised below, is designed to ensure that the final insurance outcomes are aligned with the needs and business objectives of our clients.

It also ensures that our client's insurance arrangements are integrated with their marketing, communication, business development, administration, compliance and risk management strategies at all times.

We can assist funds to review and advise on whether their existing Group Insurance, Trustee's Liability and other insurances provide the required level of protection and/or meet current market best practice.

In respect of Group insurance we can provide a range of Due Diligence services that help superannuation funds to:

- Understand the financial performance of their insurance arrangements including the underlying claims experience versus premium levels
- Track the key performance indicators of the current arrangements including service delivery
- Undertake product development
- Review member needs in respect of adequacy and/or relevancy and seek input from key stakeholders
- Review the policy document wording and PDS to ensure consistency of terms and conditions
- Strengthen or implement controls for better insurance data management
- Undertake an audit of claims and underwriting processes
- Understand how the product offering compares in the market against their key competitors

In relation to Trustee's Liability insurance and related insurances including General, we can also provide a range of Due Diligence Services that assist funds to:

- Address the adequacy of current indemnity limits and levels of deductibles via Risk Profiling and Gap Analysis techniques
- Benchmark current limits and deductibles against industry standards
- Assess the availability of additional Crime, Fidelity and Fraud coverage and Cyber Risks.
- Address the operational or investment needs and objectives
- Assess the adequacy of policy wordings and exclusions
- Align the insurance program to the risk management goals and objectives

IFS Insurance Solutions's team of experienced consultants are able to provide a diagnostic analysis covering the fund's insurance offering and overall program.

Our client advocacy focus, coupled with the capability and expertise of our staff, means that we are well positioned to advise client funds on a range of critical due diligence insurance matters for resolution and improvement.

About IFS Insurance Solutions

IFS Insurance Solutions was established in 1995 by Industry Fund Services (IFS) to provide a range of value-added, strategic insurance related services to industry super funds and associated network entities.

Specifically, IFS Insurance Solutions was created to provide:

- Strategic and forward thinking insurance strategies and services
- Insurance programs that are firmly aligned with the fund's needs and requirements
- Tender management services to ensure the ongoing currency of the client's program
- Insurance product development to reflect changing market conditions or emerging risks
- Ancillary insurance products to the fund, their members and associated entities

We hold the appropriate license, Professional Indemnity insurance and expertise to provide the required breadth and level of services sought by clients.

Talk to the insurance experts.

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**Insurance
Solutions**

Our Services

- › Group Risk Insurance
- › Professional Risks

- › General Insurance
- › Group Income Protection (EBA)
- › Employee Benefits

- › Affinity Programs
- › Advisory and Consulting

Better results.