

NEOS Super Plan

NEOS Protection – Year in Review 2020

We are required to assess our performance and, based on that assessment, make an annual determination that we are promoting the financial interests of our members.

Summary

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.

Whilst facing these challenges, NEOS was able to promote its members' best interests and was able to assist its members in their time of need.

During the NSW bushfires, NEOS introduced a new hardship support offer which allows the waiving or pausing of premiums for people affected by major unforeseen events such as bushfires or pandemics.

As a fully Australian based, digital led business, NEOS was able to transition to a working from home environment seamlessly, ensuring members received the support they needed during the COVID lockdowns.

A focus for FY 2020 was to continually improve operational services for members, including the launch of the NEOS PrIority PRIORITY claims service.

In FY 2021 NEOS will continue to focus on providing good value products to members, whilst meeting APRA's expectation with respect to disability income product design, and ASIC's expectations regarding Design and Distribution Obligations (DDO).

Determination

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

- members' interests are being promoted;



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NEOS Life (NEOS) is a registered business name of Australian Life Development Pty. Ltd. ABN 96 617 129 914 AFSL 502759

- the basis for the setting of fees is appropriate for our members;
- 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 our members; and
- the insurance strategy for the product is appropriate to our members.

Since 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.

Member services and product options

Claims

NEOS' focus is on providing fast and excellent support to our members, in particular during the most difficult times in their life, when making a claim.

To this end, we launched the **NEOS PRIORITY** brand in FY 2020. NEOS PRIORITY is NEOS' claims service, designed to ensure members have the best possible experience. We can promise this because:

- All our claims managers have a minimum of 10 years' relevant experience.
- Our claims managers are empowered to make decisions to ensure every claim is processed as efficiently as possible. They're experts after all.
- We provide a claims service, not a claims call centre. This means every claim is looked after by a single claims manager who has the skills to manage the claim from first contact, through the assessment process, to payment and rehabilitation.
- Our claims managers are empowered to make common-sense decisions to ensure every claim is processed as sensitively and efficiently as possible. If a process doesn't work for a customer, a different way will be found.
- We're 100% focused on providing the best life insurance solutions for the advised channel.
- Our claims team is not distracted by direct or group claims and they're specialists in advised life insurance.

In demonstrating our commitment to continual improvement, this year we developed the capability to pay members' disability income claim benefits on the same day they are approved by the Insurer.

Service

NEOS is committed to providing members the best service possible.

Pleasingly, we have received independent confirmation that we are meeting this objective.

In 2019/20 the Adviser Ratings Marketplace survey awarded NEOS with a Net Promotor Score of 51 – the highest of any life insurance provider in Australia (and higher than major international brands such as Apple), with the next best score for an Australian life insurance provider being 29.

Furthermore, financial advisers ranked NEOS as highest in every service category, including underwriting and claims handling.

This is a vote of confidence from financial advisers that their customers, fund members, will be cared for in their time of need by NEOS (note: there were 2,425 reviews in the 2019/20 survey).

Product

The NEOS Protection product is a highly rated and competitive product available to members only through financial advisers. Some key differentiations not available in all comparable products include:

- A 3 year-rate guarantee applies to all new plans.
- Suspending Cover Benefit is available for members suffering financial hardship.
- A Waiver of Premium While Involuntarily Unemployed Benefit is available to all members.
- Waiver of Premium While on Parental Leave Benefit is available to members who purchase disability income protection.

Based on the above, the Trustee has determined that the member services, and product options for the NEOS Protection product, are appropriate to our members.

Insurance

NEOS provides members with access to retail insurance offering death, total and permanent disability, and disability income insurance benefits.

To the extent that the Trustee can claim a tax deduction for the insurance premium it pays to the insurer, this tax benefit is passed on to the member by reducing the amount of insurance premiums paid by the member via rollover from another superannuation fund.

As this is a financial adviser product only, 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' retirements income due to the impact of insurance premiums.

Fees, Investment Returns and Risk

NEOS 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. Similarly, there are no direct fees that members are charged.

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