



White Paper

APRA Prudential Practice Guide SPG 250

FINEOS Compliance

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APRA's SPG 250 Prudential Practice Guide advises RSEs on formulating an insurance management framework.

FINEOS offers a best practise claims management system to address APRA's guidelines.

1. Introduction

In the 'Prudential Practice Guide SPG 250 - Insurance in Superannuation' APRA sets out guidelines for Registrable Superannuation Entity (RSE) Licensees for the formulation of their insurance management framework.

While the responsibility of compliance with the SPG 250 ultimately sits with the RSE licensee, part of its contractual agreements with their insurer may see the allocation of some responsibility to the insurer, such as the maintenance of claims and data management.

As the provider of an insurer's claims management system, FINEOS sees itself as playing an important role in ensuring compliance with SPG 250 regulations for both the RSE licensee and the insurer. FINEOS strives to keep up to date with the latest Australian Life Insurance trends and regulations so that the FINEOS claims solution may be adapted to this changing industry and best serve FINEOS customers.

This document provides a summary of APRA's Prudential Practice Guide and the FINEOS best practice solution response to these requirements. It is hoped that the noted functionality along with that outside of this document will continue to provide the service edge needed for FINEOS users to win and hold group business. As will be seen throughout this document, the FINEOS solution not only succeeds in meeting these SPG 250 regulations but exceeds far beyond, with unrivalled features that provide measurable improvements to all aspects of life claim management.

For further information on FINEOS in the Australian market please contact Dave Matthews Dave.Matthews@FINEOS.com.

2. Glossary of Terms

The following terms are used in this document and are listed here for clarity.

Table 1: Glossary of Terms

Term	Description
AAL	Automatic Acceptance Level (Maximum pre-approval level of cover for default members)
APRA	Australian Prudential Regulation Authority (the governing body of Superannuation in Australia)
My Super	The recently introduced Australian superannuation regulation requiring all RSEs to provide a complete superannuation product designed to best suit the needs of their default member base.
SCT	Superannuation Complaints Tribunal
RSE	Registrable Superannuation Entity (the Fund holding a member's Superannuation benefit)
SIS Act	Superannuation Industry Supervision Act 1993
SLA	Service Level Agreement (Contractual agreements between the RSE and the insurer for measurable aspects of a claim)

Claim records are expected to be maintained for at least 5 years.

3. Summary of Key Prudential Guideline Points

3.1 Insurance Management Framework

- Under the SIS Act, a RSE Licensee is generally required to provide default death and permanent incapacity benefits to all beneficiaries as part of their “My Super” insurance product solution. This product can also provide additional insurance types on receipt of a member application.
- APRA expects an RSE Licensee to develop its insurance management framework to pay particular attention to factors that could adversely affect insured benefits. All identified and potential risks to insured benefits must be monitored. Claim process related risks include the general administration of the claims, assessment of claim eligibility and communication with beneficiaries. Additional risks include the access to adequate data to assess the performance of the insurer arrangement, due diligence of insurer selection and appropriate transfer of risk between insurers.
- SPG 250 requires an RSE licensee to review its insurance management framework every three years to ensure it remains appropriate, but suggests prudent practice would be to undertake an annual review.
- APRA expects that a process that supports timely communication with beneficiaries is in place.
- The insurance management framework should include specific consideration to the Insurance Contracts Act 1984 compliance in regard to its relationship with the insurer.

3.2 Data Management

- Claim records from at least five years duration are expected to be maintained. The records help support the insurer tender process as well as the identification, monitoring and management of insured benefit risks. While five years is the requirement, prudent practice would be to maintain information for as long as possible, beyond the expiry of insurance risk.
- The claims data expected to be kept includes: complaints and disputes, additional cover, reasons for lodging claims, details of insurance cover, claim amounts and applicable claim dates such as event, admission, notification and payment. This applies to both closed and on-going claims.
- Where the RSE licensee outsources its claim administration it is expected that it would receive periodic reporting of relevant insurance information so that claims information reviews can be conducted over time.
- APRA recommends the maintenance of insurance product details including membership types, changes in cover, changes to AALs and changes to insurance processes.

3.3 Selection of Insurer

- When selecting an insurer, APRA expects that an RSE licensee would consider, in addition to cost, the services offered by the insurer. These services include claims and data management, reporting provisions and claims management resources.
- The SPG 250 asks licensees to give particular consideration to the claims philosophy of the insurer. Claims philosophy is a reflection of insurers’ ability and willingness to assess and pay legitimate claims and includes measurable factors such as rejection rate, acceptance rates, overturned SCT decisions and processes that support procedural fairness.

3.4 Insurance Arrangements

- Within the arrangements between the RSE licensee and the insurer, minimum requirements are specified by APRA. These requirements include procedures for notifying and paying claims, communication with the beneficiaries, SLAs relating to processing, assessments, decisions and payments, and addressing disputes relating to claims.

Claim records
can be kept on
the FINEOS
system for
an unlimited
timeframe.

4. FINEOS Solution

4.1 Insurance Management Framework

- The FINEOS solution provides an Australian industry specific claims management solution for life insurance claims. The highly configurable design allows for the easy addition or amendment of claim or benefit types to keep up to date with product and regulatory advancements.
- FINEOS acknowledges the high number and potency of potential risks associated with the administration of claims and seeks to combat these through its leading claim functionality. This functionality includes:
 - The capture of comprehensive claim and associated party data in one electronic file to ensure adequate data for commercial and regulatory requirements are met;
 - Field level audit trails;
 - Comprehensive claim management workflow processes to reduce risks of crucial steps and data being missed through error;
 - An analytics module, which incorporates predictive scoring for claim triage, ad hoc reporting, data visualisation and analysis.
 - Validations throughout the applications to maximise data integrity;
 - Payment authorisation and automated eligibility rules to ensure claims are only paid where eligible;
 - Segregation of duties including '4-eye' checks on payments to eliminate internal fraud;
 - Security within the system preventing unauthorised users viewing secured data or doing work for which they do not have authority;
 - A party record structure which can be used for profiling Medical and Legal claim participants. This profile can be used to identify unusual activity across the insurer's claimants;
 - Tracking of outstanding and received Managed Requirements (claim requirements);
 - An adjustment framework for interest;
 - Capture of SLAs on tasks and within a claim's underlying workflow processes.
- Recording of communication is made easy through FINEOS with the availability of Contacts, Documents and Notes sections to record claim duration contact with insured and claims related parties. SLAs on workflow tasks ensure member communication requirements do not go unnoticed by claim assessors. All member communication can be stored together in easy-to-use categories and any sensitive information can be secured to limit access to certain individuals or departments. Communication can be sent to and from the system using pre-loaded document templates or emails to internal or external parties using their preferred contact methods. The print case file functionality can provide a full claim summary at the press of a button for investigations such as legal suits or SCT hearings.

4.2 Data Management

- FINEOS offers an unlimited timeframe for the length of time claim records can be kept on the system. As part of a standard 'manage claim' process, closed claims are archived after 90 days but are still available in the system for reopening and reporting.
- All claim attributes have the potential to be recorded on FINEOS, allowing enhanced operational reporting, historic trending and forecasting. This covers, but is not limited to, the APRA requirements of complaints and disputes, additional cover, reasons for lodging claims, details of insurance cover, claim amounts and application claim dates such as event, admission, notification and payment for on-going and closed claims. The latest FINEOS version offers a user interface reporting dashboard that can be configured for quick relevant reports.

FINEOS' solution provides insurers with a tangible advantage when tendering to RSEs.

- FINEOS Analytics uses previous claims experience to drive specific actions, behaviours or routing on the current claim book. Analytics can have direct impacts on many areas in an organisation including claims management techniques, underwriting rules and experience, product design, product pricing and product marketing. Some of the potential applications of FINEOS Analytics within Claims Management include decision support for individual claims, provider management and process optimisation.
- All data in the system can be used for inclusion in tailored reports so the RSE Licensee can satisfy their SPG 250 compliance. Alternatively, partitioning of the FINEOS system is available where a party such as a Fund or Third Party Administrator can be provided with access to the FINEOS system through the insurer's platform, and view claims and data relevant to them. The platform can be configured to provide view-only access to a subset of insurers' claims or can include administration abilities so that the RSE Licensee can be more involved in the servicing of its member's claims and build its member relationship.
- Members can also be granted access to a subset of the FINEOS system through FINEOS Viewpoint. Here, depending on the access configured, members can register their own claims, login to view claim progress and more effectively communicate with claims assessors.
- FINEOS can store policy information in the Plan Manager component of the system. This module covers high level policy details, plans under the policy, benefits available under the plans, and benefit level entitlements within the benefit, such as coverage, waiting periods, reinsurance treaties and exclusions. As insurance products change over time these policies can be versioned. Versioning keeps a history of how the product changes over time, as well as providing claimants with the correct version according to the incident date.

4.3 Selection of Insurer

- FINEOS believes that the claims management solution it provides to insurers is a tangible advantage in the tender of insurance arrangements. The comprehensive system allows for the reporting requirements, risk reduction and transparency that RSE licensees are looking for in their insurer's claim management. The measurability of these features provides insurers with objective statistics to support their tenders.
- Insurers utilising the FINEOS system can make use of data providing insights such as rejection and acceptance rates, and complaints. Processes can be built into the system to manage business requirements such as complaints, procedural fairness on claims and reinsurance approvals. These, along with any other RSE licensee requests can be used to satisfy SPG 250 requirements around the defined claims philosophy.
- FINEOS' claim philosophy is a customer centric model with functionality to increase the speed and accuracy of decisions, and improve return to work outcomes. FINEOS uses best practice pathways, which can be individualised for client needs and continue to monitor and build on these with change based on actual experience.
- FINEOS is the Australian Life Insurance market leader for Claims Administration with a presence in six of the top ten life insurance companies. This industry popularity provides additional benefits during claim takeovers. The possibility of transferring open claim data between insurers on FINEOS as part of a claim takeover allows the new insurer to grasp a greater understanding of its new business and enhances its forecasting ability.

Claims in FINEOS can be compared with 'Reed durations', enabling more accurate insurer-specific duration guidelines to be developed.

4.4 Insurance Arrangements

- The FINEOS solution includes strong processes for managing claim and benefit durations, registering claim details and the set-up of payments. As noted in section 4.1, the recording of communications is comprehensive. The SLAs that exist within an insurance arrangement can be measured and reported on in a number of ways depending on the arrangement requirements. For example, the status of steps within a claim process or task allows cycle time measurement between different stages of a claim, and individual tasks or processes can be configured with SLAs for user-interface tracking by system users.
- Insurers can also produce more specific reporting such as claim cycle times for claims with legal representation, which can be used for setting SLAs, setting member expectations and identifying areas for improvement in the claim process. Reporting on the medical duration of claims can be compared with Reed durations, and a more accurate insurer specific set of duration guidelines can be developed.
- Rehabilitation in FINEOS has been developed into a key feature of the system as insurers and Funds begin to place more emphasis on returning claimants back to their pre-disability life and ultimately off claim. As this service has the potential to significantly reduce Total Permanent Disability and long term salary continuance claims, FINEOS has put together a complete module for managing rehab. Functionality includes the ability to record:
 - pre-claim information;
 - scores in relation to ADLs;
 - education;
 - employment;
 - client goals;
 - treatment plan to achieve goals;
 - tracking of goals;
 - clinical information; and
 - outcome measures.

5. Conclusion

The FINEOS Claims Management solution provides comprehensive capability, specifically designed for the Australian market, for insurers to ensure they meet the demands placed upon them by RSEs as a result of APRA's 'Prudential Practice Guide SPG 250 - Insurance in Superannuation'.

About FINEOS

FINEOS is the leading claims solution for the global Life, Accident and Health insurance industry and supports the processing of Life, Disability, Critical Illness, AD&D, Waiver and a number of related lines. FINEOS supports both group and individual business claims on a single platform and can be used by organizations of all sizes, from small departmental claims teams to very large teams with thousands of users and millions of claims. FINEOS currently works with over 50 insurance carriers and counts six of the top 20 Life & Health carriers in the US and four of the top Life & Health carriers in Australia as customers. For more information, visit www.FINEOS.com