Our premium adjustment arrangements

AustralianSuper operates a Premium Adjustment Model (PAM) with the Insurer. It covers all the current insurance arrangements and all insured members within the Fund.

Here you'll find information about:

- how the premiums we pay to the Insurer are calculated
- our Insurance Reserve and how it's reviewed, and
- the Insurance Reserve balance at the end of the financial year.

AustralianSuper insurance is provided by TAL Life Limited (the Insurer), ABN 70 050 109 450, AFSL 237848.

Under the PAM, premiums paid to the Insurer increase (within limits) or decrease depending on the amount of claims in previous years. Premiums charged to members, through deductions from their super accounts, reflect:

- premiums expected to be paid to the Insurer to provide insurance cover and the costs incurred by the trustee in managing the insurance business
- an allowance for potential increases in insurer premiums if more claims emerge than expected
- downward (or upward) adjustments to allow for any reductions (increases) in insurer premiums that have occurred due to favourable (unfavourable) past claims experience.

Because claims often emerge a long time after the event that gave rise to them, premium adjustments can relate to a number of different historical periods. Premium adjustments for each historical period are recalculated each year for several years, with the Insurer retaining the risk that claims emerging subsequently exceed those expected.

About AustralianSuper's Insurance Reserve

AustralianSuper maintains an Insurance Reserve that's managed in accordance with our Insurance Reserve Policy. Under the Insurance Reserve Policy:

- If insurer premiums are adjusted downwards as a result of the PAM, the amount of that reduction must be paid into the Insurance Reserve.
- If insurer premiums are adjusted upwards as a result of the PAM, the amount of that increase may be funded via payments from the Insurance Reserve.
- Allowances in member premiums for potential increases in insurer premiums if more claims emerge than expected are transferred to the Insurance Reserve.
- Investment income less associated investment costs and tax are credited to the Insurance Reserve.
- Payments from the Insurance Reserve are used exclusively for the benefit of insured members of AustralianSuper through reductions in members' insurance premiums and meeting insurance administration costs.

The Insurance Reserve review process

The Insurance Reserve is subject to a formal annual review which considers the adequacy of the reserve, any release that may be possible from the reserve and the impact on future member premiums. The recommendations in the review are subject to approval by the Group Executive, Finance and Operations.

The Insurance Reserve Policy itself is reviewed every two years.

In summary, the Insurance Reserve is used to cover timing differences between the charging of insurance premiums to members' accounts and the use of those premiums to meet the cost of premiums due to the Insurer under the insurance contract and the operations of the insurance business.

Insurance Reserve

	2023 ($m)	2024 ($m)
Balance at start of financial year	245	388
Net transfers to/from reserve	0	0
Operating result	143	121
Balance at end of financial year	388	509

In 2023 the premium adjustment was a $132m decrease in the premium paid to the Insurer.

In 2024 the premium adjustment was a $141m decrease in the premium paid to the Insurer.

Contact us

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