

Charter

Australian Retirement Trust

ABN 88 010 720 840

Insurance & Actuarial Committee Charter

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1. Background and Purpose

This charter governs the operations of the Insurance & Actuarial Committee (Committee) which is a sub-committee of the Board. The Committee was established on 28 February 2022.

The purpose of the Committee is to assist the Board meet its responsibilities and shall have responsibility:

- Of oversight of QInsure as the sole shareholder of QInsure, and
- To oversight actuarial related matters for defined benefit plans pursuant to SPS 160 - Defined Benefit Matters and self-insurance arrangements;
- To ensure that QInsure insurance arrangements adequately address the minimum requirements set out in APRA's Prudential Standard SPS 250 Insurance in Superannuation and the insurance covenants in the SIS Act
- To manage the different needs of the Fund as shareholder (on behalf of all members) of QInsure and policyholder (on behalf of insured members) with QInsure;
- To monitor the Fund's investment in QInsure given the existing capital invested, the potential for additional capital requirements and any potential returns on capital.

The Committee will also provide input to the Member Outcomes' Committee on:

- The Insurance Management Framework to ensure that it reflects the benefits and risks associated of using QInsure as the insurer for the Government Division;
- The Government Division's insurance offering to reflect its membership including such things as coverage, underwriting, and general affordability for members.

The Committee will fulfil its purpose by carrying out the activities outlined in the Responsibilities section in this Charter, as well as any other matters referred to it by the Board from time to time.

2. Authority

2.1. General Authority

The Committee may consider any matters that the Committee Chair considers fall within its responsibility. The Committee will consider matters in detail in order to make a recommendation to the Board or approve any matters falling within its delegation.

The Board has delegated some areas of authority to the Committee to make decisions on behalf of the Board in order to facilitate timely consideration and approval of business matters.

All Committee decisions are carried if two-thirds of appointed Committee members agree to it.

2.2. Reporting Responsibilities

The Committee papers will be made available to Committee approximately one week prior to the Committee meeting.

The Chair must provide a report to the Board as soon as practicable after each meeting of the Committee including a summary of any decisions made by the Committee.

3. Duties and Responsibilities QInsure

The Committee will:

- a. Provide input to the Member Outcomes' Committee's on any assessment of the suitability of QInsure having regard to the appropriateness of the insurance offering, the competitiveness of the premiums, and the claims handling services.

- b. Provide input to the Member Outcomes' Committee in relation to the review the Insurance Management Framework and claims' philosophy to ensure that all prudential and regulatory requirements are met.
- c. Provide input into the Member Outcomes' Committee's oversight of the triennial external review of the Framework as required by Para 29 of Prudential Standard SPS 250: Insurance in Superannuation ('SPS 250').
- d. Carry out ongoing monitoring of QInsure that meets any obligations of the Board as sole shareholder of QInsure. This may include:
 - Review reporting from Management about the ongoing relationship with the insurer, the level of adherence or otherwise with contractual obligations and any issues that might materially affect the Fund's ability to make insured benefits available to beneficiaries.
 - Review reports on the operations of the insurer to ensure consistency with the Fund's insurance objectives and strategy.
 - Monitor the Fund's investment in QInsure which may include considering the assumptions which formulate QInsure's premium pricing or reserving given the potential impact of these assumptions on the company's capital position.
- e. Establish, monitor the effectiveness of, and enhance as required, the communication protocols (if any), between the Committee and the QInsure Board.

Oversight of Actuarial Related Matters for Defined Benefit Plans

- f. Review and recommend to the Board changes to the Defined Benefit Policy;
- g. Review and approve the Self Insurance Policy;
- h. Monitor the self-insurance reserve(s) that are in place for the Defined Benefit legacy business;
- i. Provide oversight of actuarial related matters for defined benefit plans including:
 - Review and recommend to the Board the appointment (and re-appointment) of the Fund actuary and the Government Division actuary;
 - Approve the appointment (and re-appointment) of each corporate plan actuary;
 - Review and recommend to the Board the actuarial investigation reports and any interim actuarial investigation reports of the Government Division;
 - Approve the actuarial investigation reports and any interim actuarial investigation reports of the corporate defined benefit plans;
 - Recommend to the Board for approval of a restoration plan of a defined benefit plan;
 - Recommend to the Board for approval the shortfall limit of a defined benefit plan (note that only a new shortfall limit or a change in the shortfall limit is recommended to the Board);
 - Approve the annual self -insurance attestation (if any) for a defined benefit plan.
 - Approve the closure of a defined benefit corporate plan or the closure of the defined benefits for a participating employer within a defined benefit corporate plan.
 - Approve a 'deemed' defined benefit fund.
 - Approve member benefit augmentations involving more than 1 member.
 - Approve a change in investment strategy for defined benefit assets above \$100 million.
 - Note the half yearly reporting on actuarial matters relating to defined benefit plans.

Other defined benefit obligations are delegated to Management.

Other Responsibilities

- a. Regularly report to the Board about Committee activities, issues, and decisions;
- b. Annually review and assess the adequacy of the Committee Charter; and
- c. Recommend to the Board the appointment (if any) of a Committee Expert.

The Committee is also able to request Management to prepare submissions on issues the Committee considers appropriate.

4. Size and Membership of the Committee

The Committee will be comprised of at least three, and not more than six, of the Board members.

The Chair of the Committee (“**Chair**”) will be determined and appointed by the Board.

The Board may appoint independent, specialist Committee members or advisors to the Committee where this is allowable under APRA’s Prudential Standards.

Members shall have diverse, complementary backgrounds and the Committee collectively should have the appropriate skills and experience to undertake its responsibilities. The Committee’s skills, knowledge and experience are outlined in the Fit & Proper Policy.

All members shall have, or shall develop, adequate knowledge across the fitness competencies, as well as a satisfactory understanding of a topic (including receiving further explanation of the topic if required) in order to make an informed decisions.

Committee members are required to participate in an ongoing professional development program.

5. Meetings

The Committee will meet as often as is reasonably required but at least three times per year.

The Chair will set the agenda and determine the manner in which a meeting of the Committee will be conducted. A decision of the Chair on any matter relating to the conduct of the meeting is final. If the Chair is unavailable to attend a meeting and has not nominated a Committee member to Chair the meeting in their place, those Committee members present shall elect a Chair for the duration of the meeting.

Reasonable notice of the business to be transacted at any meeting together with supporting materials will be given to each member of the Committee. This will normally be approximately 5 days prior to the relevant meeting.

Urgent matters requiring the approval of the Committee between scheduled meetings may be dealt with by way of a circulating resolution signed by all members of the Committee.

The Committee may hold meetings, or permit Committee members to take part in meetings, by telephone, video conference, or any another form of communication that allows reasonably contemporaneous and continuous communication between the Committee members taking part in the meeting.

It is expected that each Committee member will make every effort to attend each meeting of the Committee. If a quorum (being, at least a majority of Committee members) is not present within 15 minutes after the time set for a meeting of the Committee, the meeting is adjourned and may be convened to such place and time as the Committee members present decide. The Committee members will be advised of the new time and place of the meeting.

A resolution of the Committee is passed if two-thirds of appointed Committee members agree to it. If a resolution of the Committee is not passed, it may be referred by the Chair to the Board Chair for further consideration.

6. Role and Responsibilities of the Chair

The Chair will preside over each meeting of the Committee and is responsible for ensuring the Committee is well informed and effective, that the members of the Committee, individually and as a group have the opportunity to air differences, explore ideas and generate the collective views and wisdom necessary for the proper operation of the Committee and that the Committee members maintain a positive and cooperative working relationship.

7. Secretarial Function

The Chair will from time to time appoint a person to act as Secretary to the Committee and shall be responsible for keeping minutes of meetings of the Committee and circulating them to Committee members and non-committee Board members. The Secretary shall also be responsible for keeping records of the Committee's decisions and recommendations.

The Chair must ensure that minutes of the meetings and records of the Committee's decisions and recommendations are kept, and a copy of any of them signed by the Chair is taken to be a true record unless the contrary is proved.

8. Committee Performance

The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively by reference to current best practice.

9. Conflicts of Interest

It is acknowledged that each member of the Committee will comply with the Australian Retirement Trust **Conflict Management Policy**.

10. Appendices

Appendix 1-sets out key accountabilities of the Committee.

Appendix 1

Committee Accountability List

This list summarises key accountabilities (that occur regularly) set out in Charter. Charter provides further detail.

No.	Item	Review Only (RO)	Approve (A)	Recommend to Board (RB)
1	Oversight of QInsure as the sole shareholder of QInsure and responsibilities outlined in sections one and three of the Charter			
2	Oversight actuarial related matters for defined benefit plans pursuant to SPS 160 - Defined Benefit Matters and self-insurance arrangements.			
2A	Changes to Defined Benefit (DB) Policy			RB
2B	Changes to Self Insurance Policy		A	
2C	Monitor self-insurance reserve(s) in place for DB legacy business.	R		
2D	Provide oversight of actuarial related matters for DB plans including <u>approve</u> : <ul style="list-style-type: none"> • appointment (and re-appointment) of each corporate plan actuary; • actuarial investigation reports and any interim actuarial investigation reports of the corporate defined benefit plans; • annual self -insurance attestation (if any) for a DB plan. • closure of a DB corporate plan or the closure of the defined benefits for a participating employer within a DB corporate plan. • a 'deemed' DB fund. • member benefit augmentations involving more than 1 member. • a change in investment strategy for DB assets above \$100 million. 		A	
2E	Provide oversight of actuarial related matters for DB plans including recommend to the Board: <ul style="list-style-type: none"> • appointment (and re-appointment) of the Fund actuary and the Government Division actuary; • the actuarial investigation reports and any interim actuarial investigation reports of the Government Division; • a restoration plan of a DB plan; • the shortfall limit of a DB plan (note that only a new shortfall limit or a change in the shortfall limit is recommended to the Board). 			RB
2F	Note the half yearly reporting on actuarial matters relating to DB plans.	R		
3	Other			
3A	Annually review and assess the adequacy of the Committee Charter.			RB
3B	Appointment (if any) of a Committee Expert.			RB