

A group of diverse children are gathered outdoors in a garden. One child in the center is holding a clear glass jar containing soil and green plants. Other children are looking at the jar with interest. The background is bright and sunny with green foliage.

# Sustainability Review 2015

# By your side for life

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**Helping Australians enjoy lives filled with choices, options and freedoms – no matter what happens – is why we are in business. It's a very special responsibility that we now hold for 40% of working Australians and we are committed to being by their side when they need us. A sustainable business is at the heart of ensuring we can deliver on those promises, now and in decades to come.**

## About this report

Our sustainability report covers the period from October 2014 to March 2016.

It outlines how we are making TAL a more sustainable business to ensure we can continue to deliver on the promises we make to our customers and the Australian community.

TAL is a wholly-owned subsidiary of The Dai-ichi Life Insurance Company, Limited, a listed Japanese life insurer, which produces a sustainability report incorporating the sustainability performance of all of its subsidiaries and affiliates.

The financial figures reflect the statutory accounts of TAL for the financial year ending March 2015.

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**Brett Clark**  
Group CEO and Managing Director

“

**Our sustainability depends on our ability to simplify what we do and, in turn, create a deeper understanding and trust with Australians”**

## Message from our CEO

In April 2015, I was honoured to take on the role of CEO of TAL. I am keenly aware of the responsibility we carry for millions of Australians.

What we do is special – TAL protects people, not things. Every day we work to help Australians protect the choices, options and freedoms that matter to them and which they've worked so hard to achieve.

There is a very human element to our business and relationship with the community that few businesses have. It is a privilege to be able to help Australians when they need us most.

Life insurance plays an important role in society and the economy. It protects working Australians against a fundamental risk – the inability to earn an income and protect their lifestyles and families. Without the support of the life

insurance industry, hundreds of thousands of Australians and their families would be financially devastated.

But unfortunately life insurance is sometimes complex and it is more difficult to understand than other products and services. For this reason, life insurance products need to be made less complex and more transparent. This is a challenge for TAL and also the life insurance industry. The sustainability of what we do depends on our ability to simplify what we do and, in turn, create a deeper understanding and trust with Australians.

This is an important time for our sector. Industry standards are firmly on the agenda with reform of adviser commissions and the development of a life insurance code of practice. As Australia's largest life insurer we believe we have a responsibility to challenge ourselves and the industry to break down the barriers that get in the way of Australians adequately protecting the choices, options and freedoms that matter to them.

It would be hard to find a financial services business today in Australia that does not

talk about deeper customer engagement and being a leader in customer experience. There is very little new in any of that. But how we deliver on this very important ambition will be the test. We will be judged by what we do and not what we say. This year we have spent considerable time thinking about this and the wider role we play in the Australian community. The creation of our TAL Community Foundation is an important milestone.

I am proud of the work we do and the support and compassion we have demonstrated to Australians and their families. This report highlights how we are continuing to build a sustainable business so we can deliver on the promises we have made, for many decades to come.

We want a sustainable business and sustainable sector that provides exceptional value for all Australians.

**Brett Clark**  
TAL Group CEO and Managing Director

# Our business

TAL is Australia's largest life insurer<sup>1</sup>. We are owned by The Dai-ichi Life Insurance Company Limited one of Japan's largest life insurers. We provide life and disability insurance and income protection solutions to more Australians than any other insurer.

“

What was a very upsetting time for me was handled by Insuranceline with such efficiency that I was literally gobsmacked. Everything was first rate and I can't thank you enough”

Claimant

## A business model built around customer choice and enduring partnerships

We believe that it is important that Australians have choice in how they access life insurance, to suit their needs and preferences, and our business model reflects that.

- We sell directly to consumers through our Insuranceline brand as well as for a number of major partner brands.
- We distribute life insurance through financial advisers with our flagship TAL Accelerated Protection product.

- We are a leading provider of life cover through superannuation and are proud to be the insurance partner for many of Australia's leading superfunds.

## We are in the business of helping people

To provide financial and emotional support when Australians need us most is the promise at the very heart of what we do. As important to our future business is how we can support more Australians back to health and work: over half of the claims payouts we now make are to people who are ill or injured.

## We are our people

We are a people business and so culture is a matter of strategy for us. We place high leadership priority on ensuring we have a caring, resilient, diverse workforce.

<sup>1</sup> NMG Total Market Report  
31 December 2015

**By your side for life**

#1 life insurer for Australians



Over 4 million Australians protected



\$2.6 billion premiums in force



\$1.1 billion paid in claims



**Winner**

Australian Banking & Finance, Life Insurance Company of the Year, 2015 Winner



Smart Investor Blue Ribbon Awards, Best Income Protection Policy 2015 Winner



AFA and PFL, Life Company of the Year 2014



Life Insurance Provider of the Year 2014



**Enduring partnerships to protect more Australians**

TAL adviser commitments launched



Partnership with AustralianSuper now in its sixth year: 900,000 insured members



New partnership with Cbus: Approx. 580,000 insured members



“Best in class” reputation with our partners: RepTrak reputational tracking score of 86.6/100 from superfunds, alliance partners and advisers



**Claims as our biggest and best talking point**

23,600 claims paid in 2015



61% of all claims paid were for living benefits



A Net Promoter Score of +57 for claims



(Source: Post Claim Email Survey for Insuranceline, TAL Retail Customers and Advisers, 1st October 2015- 14th April 2016)

91% of Insuranceline claimants agree “Insuranceline made it easy for me to handle the claim”



**A people business**

1,600 employees



Top quartile staff engagement ranking within the Australian and New Zealand employment markets



We’ve closed the gender pay equity gap



Employer of choice Employer of Choice for Gender Equality Citation by the Commonwealth Workplace Gender Equality Agency



# Engaging our stakeholders

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Engaging with our stakeholders, of all kinds, and listening to their perspectives and issues is how we ensure we are building a business that will be sustainably successful. This helps shape how the Executive team think about the material risks for our business and ensure our decision making reflects what's reputationally important.

Listening to customers comes first. We exist to protect people and ultimately our customers will judge the merits and value of our business.



Customers

2,700 customers responded to our engagement survey during 2015



1,800 claimants and advisers invited to provide feedback about their claim experience



Real-time NPS (Net Promoter Score) feedback now in place across 6 critical customer touchpoints, and more in development



Employees

88% response rate to our annual culture and engagement survey



Volunteer staff “brand ambassadors” taking a lead role in reviewing our values to ensure they are right for our future



Regular CEO and senior leadership briefing sessions for all staff



Partners and advisers

Dedicated relationship teams for our partners



Externally-administered reputation survey to 267 advisers, 53 key superfund stakeholders in the funds, and 28 alliance partners



4,000 advisers visiting our ‘TAL Commitments’ site as part of our dialogue on life insurance reform



Government and regulators

Submissions to the Financial Systems Inquiry (FSI) and the Parliamentary Joint Committee recommendations to lift the professional, ethical and education standards in the financial services industry



Industry

Industry engagement through our involvement with the Financial Services Council, with our CEO, Brett Clark, recently becoming a Board member and chairing the working group developing the life insurance Code of Practice



Membership of the Business Council of Australia



Community

Flagship partnerships: Jawun and the Australian Business & Community Network through the newly-created TAL Community Foundation



SuperFriend association



Community day for 1,600 TAL employees



# Our sustainability themes

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As Australia's largest life insurer in a societally-important and increasingly dynamic sector, we are well positioned to make a difference. Our four sustainability themes reflect the areas in which we believe we can make the most social, commercial and reputational impact.



**Staying true to our purpose**

This year, the CEO and Executive Team have spent significant time reflecting on what we stand for as a business and how we ensure we are building a company that we are proud to hand to the next generation of TAL people.

Our mission - by your side for life - talks to a long-term intent to build a company that Australians trust to have by their side to protect the choices, options and freedoms that matter to them. Trust and transparency are central themes for us. They are themes not only for us but for the whole sector and are areas that all of our stakeholders are thinking about.

**Creating value for the people that matter, the Australian community**

Our sustainability depends on our ability to simplify what we do and, in turn, create understanding and trust with Australians. We are the biggest Australian life insurer<sup>2</sup> but our ambition is to be the best in the eyes of the people that matter: our customers and the Australian communities we exist to serve.

This year we have refined our sustainability themes to more closely align with what we stand for as a business. Through our strategic decisions and investments we are embedding these themes into the heart of our business in ways that will create sustainable value for the future.



<sup>2</sup>NMG Total Market Report 31 December 2015

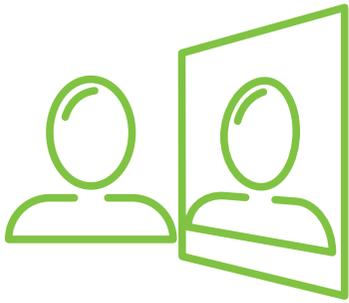


## Trust and transparency



Being a sustainable business means putting trust at the centre of what we do.

Our mission - by your side for life - talks to a long-term intent to build a company that Australians trust to have by their side to protect the choices, options and freedoms that matter to them. We will continue to take an active role in shaping the discussion on industry standards.



### Raising industry standards

An important milestone for the life insurance industry in building consumer trust and confidence is the Code of Practice being drawn up by the Financial Services Council (FSC). The Code will commit life insurers to strong standards of customer service and improve consumer protection in the key areas of underwriting and claims. Our CEO, Brett Clark, is chairing the FSC working group to develop the Code with the intent to have it in place by July 2016. This will be an important step in raising industry standards, and helping consumers better navigate our products and services.

### Simplification

Central to running an effective and sustainable life insurance business is robust long-term risk management. That requires technical detail which can be complex and our regulators, boards, shareholder and others expect this rigour from us. However, if we are to really breakthrough to the customer, then we must simplify our industry.

People will understand our industry better if we make it simpler to understand. At TAL, our strategy reflects an intent to simplify everything that we do - products, processes and most importantly, language.

There is much to do. During this year we have:

- Completely redesigned our Insuranceline website to make it easier for customers to get a quote and apply for cover online
- Reviewed and rewritten our most important pieces of customer correspondence, representing over 400,000 customer interactions per year.

### Sustainable insurance pricing for superfund members

The past few years have seen substantial losses in the group insurance and reinsurance sector and increases in the price paid by Australians who have insurance through their super fund. While the causes are many and varied, this has predominantly been driven by increasing numbers of claims for Total and Permanent Disability, with claims sometimes being made many years after the person was first disabled.

Insurance through a group superannuation arrangement is one of the most efficient and value for money ways Australians can access insurance. Ever increasing prices, which are paid for out of superannuation balances, are not the solution to this increase in claims, as ultimately this erodes retirement savings. Instead, TAL has responded with a number of measures to keep

- Invested in online pre-assessment and tele-underwriting to make the underwriting experience simpler and quicker. 1 in 3 adviser-submitted applications now use tele-underwriting.
- Introduced a streamlined identity check process for our superfund members, using the government's Document Verification Service (DVS), taking out paperwork and time.
- Made it easier to lodge a complaint online and by phone.

insurance affordable for the millions of Australians we protect by:

- Working transparently with all of our superannuation and other group scheme partners and sharing our analysis to understand the causes of the problems and using this analysis to identify solutions, including assisting funds to increase member awareness of insurance
- Working with these partners to change products to better assist people to return to work while still having fair access to insurance cover
- Putting in place fair and aligned commercial arrangements with our superannuation and other group scheme partners whereby the members of the scheme or fund will ultimately benefit if claims experience improves.

Superfund and other group scheme members are now starting to see the benefits of these changes through price reductions.

## Supporting a reformed financial advice sector

Over the last year we have been an active participant in the discussion over adviser commission structures and consumer best interests. Our partnerships with advisers are important to us and vital to the financial wellbeing of Australians. Consistently we see evidence that Australians are better off when they receive quality financial advice.

We are committed to seeing the advice industry thrive through these changes and in July we announced our TAL Adviser Commitments to reflect this.



## Sustainable partnerships with our TAL commitments

- TAL has a strong history of supporting and working in partnership with advisers.
- They cover partnership, advocacy, value, education and investment.
- In July we announced five key commitments to this partnership, and an investment of \$150 million over five years to achieve them.
- Through our TAL commitments we created an open dialogue with advisers on how we can work together to create a more sustainable future.

“

**Fantastic – for a smaller practice like mine the cost of these [sorts of initiatives] have thus far been prohibitive for me or I’ve had other priorities...Thanks TAL, I’m so impressed with these new initiatives!”**

### Claims as our biggest and best talking point

Our claims experience is our most significant reputational issue in the eyes of the people who matter most to our business – our customers and partners. Our reputation and capability in claims management is critical to TAL's strategy. We are investing more in our claims capability than any other part of our business. This investment covers new systems and digital capabilities, as well as enhanced customer rehabilitation and broader customer wellness initiatives.

Continually improving claims experience is an area of constant focus for us as a business. Product definitions are important here also. As part of a long-term commitment to

customers, we regularly update product definitions to reflect medical advancements, customer needs and product sustainability. TAL's leading Accelerated Protection product has been updated 10 times since its launch in 2009, ensuring we are aligned to the latest trends in benefit design and definitions and passing back benefit improvements to our policy holders.

We deeply respect the significance to our customers of the claims experience with TAL. This year we put in place a set of claims commitments, to ensure our customers feel they are treated with the sensitivity and professionalism they are right to expect.

“

**I was very impressed by how sympathetic the staff were and patient with my questions. Everything was handled so speedily and efficiently”**

## Our Claims commitments

### We'll always:

- 1 Put ourselves in your shoes
- 2 Tell you what we're doing – and do it
- 3 Take the initiative to make your life easier
- 4 Be informed and find the answers
- 5 Ask the right questions to make sure we understand your situation

- Our Claims commitments were born out of extensive consultation with TAL and Insuranceline claimants, advisers and our superfund partners, as well as an in-depth analysis of claims feedback data.
- Members of the claims team co-created the commitments with

- customers, testing them and refining them together.
- These now form the backbone of our claims service promise and the basis for quality assurance and staff coaching and development.





## People and culture

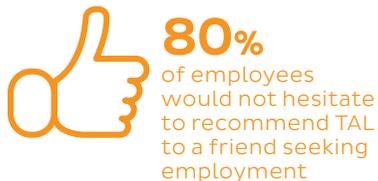


**Being a sustainable business means building a culture where people can thrive.**

**We are a people business. And that starts with our own people. A working culture and environment where people are motivated and inspired and can enjoy careers filled with choices, options and freedoms is the sort of business we want to be.**



(4% higher than  
the Australian  
Insurance  
industry)



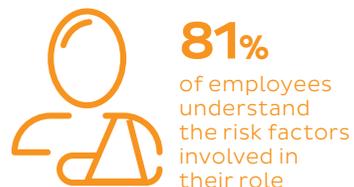
(8% higher than  
the Australian  
Insurance  
industry)

### Making culture matter

At TAL, we believe that having engaged, motivated and happy people leads to better outcomes for our customers, partners and the communities in which we operate. We also aim to provide everyone with meaningful work that makes a difference and provides opportunities to utilise their strengths in a flexible and supportive environment.

We recognise that our culture is integral to the sustainable success of our business and we promote a culture that fosters a shared identity, embraces diversity and encourages active participation. One way we measure our culture is through our annual engagement and values survey. In 2015, our engagement score was 67%, maintaining our top quartile engagement position within the Australian and New Zealand employment markets. We achieved our highest ever level of participation of 88%, up from 81% in 2014. Our people really value having a voice in the organisation.

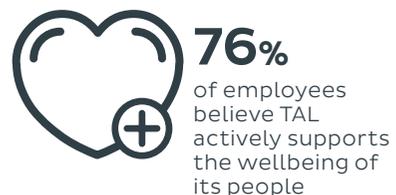
It is equally important that our culture is built around doing the right thing. At TAL, everyone is responsible for recognising the importance of making the right decisions in their day-to-day work, in line with our values as an organisation. This is at the heart of our risk culture, is an area we are developing and expect to be able to report on in 2016.



### Wellbeing

The wellbeing of our employees is critical. We want to ensure we have an engaged and healthy workforce who can help us to implement our strategy and achieve our organisational goals. This means taking an active and holistic approach to supporting the financial, mental and physical wellbeing of our people.

In common with most large employers, mental wellbeing has been an area we are giving particular focus to. This year we have introduced resilience training to the organisation. Initially intended for our customer facing teams to provide them with techniques and approaches to deal with change, difficult situations and complex conversations, it was so well-received that we are now extending the option to the whole organisation.



“

Flexible working enables a good balance between work and other commitments. As a career orientated female who has plans to start a family in the future, the security of knowing TAL provides the flexibility to support this creates a great environment and encourages long-term careers at TAL.

In fact, the flexible working offered here was a strong factor for me in choosing TAL as a place to work. We can take advantage of a range of flexible working measures, including permanent or 'as needs' based working from home arrangements, which is how I work flexibly at the moment. In the work that I do, it is especially good for me when I have late shifts. TAL continues to upgrade our technology so working from home is becoming more seamless. I really appreciate the flexibility working from home gives me”

**Alison Grimshaw**  
Underwriting team



This year 71 parents completed our Working Parents program, which provides practical strategies for balancing work and family responsibilities.

77 employees called our Employee Assistance line, which provides free professional and confidential counselling and advice on life issues.



### Understanding and Developing our People

At TAL we recognise that all our employees are talent. For us it's about ensuring we have the right capabilities and the right aspirations for each individual to succeed in their current and desired future roles. Our approach to talent management is comprehensive, inclusive and transparent. We regularly seek to understand our employees' strengths, ambitions and development options in a way that provides TAL and its employees with a clear view of current capabilities and future needs. Regular and comprehensive feedback is a critical element of our approach, supported by individual development plans and talent profiles that encompass performance, career aspirations, development options, and succession plans.

At TAL we partner with all employees to create fulfilling careers. Developing our people and continuously striving to improve the capability of the organisation is a key enabler to our success.

### Diversity and inclusion

Diversity and inclusion is a defining feature of the culture at TAL. As an employer of approximately 1,600 people across Australia serving four million customers, it's important we understand and reflect both the diverse range of people we serve and the communities in which we operate.

We recognise that prioritising diversity and inclusion is critical to our reputation, sustainable success and culture. We have a CEO-led Diversity & Inclusion Council, which meets quarterly to develop strategies and a calendar of activities to ensure TAL remains a respectful, inclusive and appealing place to work.



In particular we are focusing our efforts on gender equity and flexibility.

- In 2015, we were recognised as a leader in gender equality for the second year running. In November, we were awarded an Employer of Choice for Gender Equality Citation by the Commonwealth Workplace Gender Equality Agency (WGEA) for our efforts to make lasting change to achieve gender equality.
- We closed the gender pay equity gap. Reporting from WGEA shows there is a 35% gap between the base salaries of men and women in the Australian financial and insurance services industry<sup>3</sup>. We took action to move from a 28% gender pay gap in 2012 to having closed the gap by March 2016.
- As at 31 December 2015, 33% of our top three levels of leaders were women, up from 29% in 2014. Our 2020 goal is to have 50% female senior leaders and our commitment to achieving this is reflected in making this a performance goal for our Executive Team. We also continue to monitor gender representation through our recruitment and internal promotion processes.

<sup>3</sup> <http://data.wgea.gov.au/overview>



## Keeping pace with changing customer needs and expectations



Being a sustainable business means ensuring our customer experience meets the evolving needs of our customers – now and in the future.

It is not of course new that consumer expectations and behaviours are rapidly changing, driven largely by digital in its widest sense. But the life insurance sector has had some insulation from these changes as a result of our intermediated business models. This is changing and we must too.



### Innovating the customer experience

Consumer behaviours are changing. At TAL we see a future where we will have more direct relationships with customers as well as higher expectations from our partners on delivering a contemporary experience for their members or clients.

The most material trend we see in consumer behaviour is the shift towards self-direction, with consumers increasingly wanting to research their options in a way that meets their need for control, enabling them to ultimately make an informed decision themselves. This is very evident in other categories – from banking to travel. To explore application of this trend to our future business, we use in-depth ethnographic research with consumers to understand frustrations, unmet needs and

failures in the end-to-end life insurance journey. We also look at how consumer behaviours and expectations are being shaped by their digital experiences in other areas of their lives.

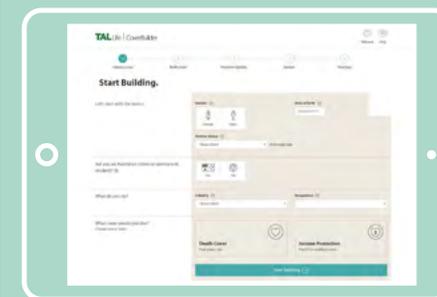
TAL created an Innovation team two years ago to focus our future-facing thinking and development. In the last year we have added to this capability with a dedicated Design team and User Experience lab, giving us the ability to rapidly prototype new customer experiences and test and refine them with real customers.

Our strategic intent is to ensure that our customers have choices and options in how they interact with TAL at every step of their customer journey. We will continue to invest in designing, testing and building customer experiences to substantiate this intent and meet the unmet needs of self-directed consumers.

### Investing in enabling digital capabilities

Investing in digital is essential to enable us to create new value for our customers and partners, now and in the future. This year we have made significant investments in enabling the digital capabilities we need to ensure we can deliver personalised, relevant experiences for our customers of the future, specifically:

- **Data:** Ensuring our customer data is organised and accessible so it can be used as an asset to personalise the customer experience.
- **Marketing automation:** The capability to use data on customer behaviour to create more relevant offers and campaigns.
- **Content personalisation:** A flexible content management system to underpin our customer-facing websites, giving us the ability to more readily update content and personalise customer journeys.



### Test and learn with self-directed consumers: a “CoverBuilder” pilot

- Reimagining the life insurance purchase experience to enable consumers to play with their options and, through doing so, reach an informed confident choice on what's right for them.
- Breaking cover into “blocks” to make the risks more vivid, borrowing from studies in behavioural economics.
- The customer is able to see the impact on premium of adding or removing blocks and answer underwriting questions as they go.
- Enabling both entirely self-directed and guided journeys with a more visual, engaging interface.

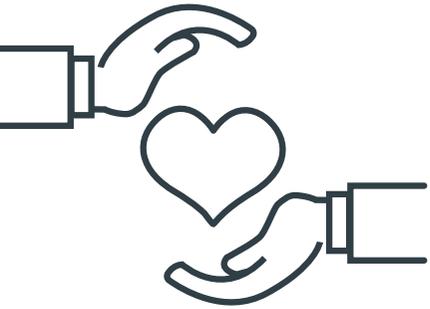


## Supporting the Australian Community



Being a sustainable business means making a positive impact on the communities we serve.

We see our role in supporting Australians to protect the choices, options and freedoms that matter in their lives going beyond simply the provision of insurance policies. The creation of our TAL Community Foundation is an important milestone.



### The TAL Community Foundation

We believe in making a positive impact on the communities we serve. In late 2015, we established the TAL Community Foundation, to support activities in the Australian community that help people to have choices, options and freedoms in their lives.

We have chosen three initial focus areas, aligned with this purpose:

- The Indigenous Community:** Partnering with Jawun, a not-for-profit organisation which aims to increase the capacity of Indigenous leaders, organisations and communities to achieve their own development goals, by organising for skilled secondees to work with the community. Our first secondments will take place in May 2016.
- Children from disadvantaged backgrounds:** TAL has recently become a member of the Australian Business & Community Network (ABCN). ABCN partner schools with business to improve opportunities and outcomes for disadvantaged school students. TAL people will volunteer time to support students through reading and counting buddy programs for younger students, and mentoring through employability workshops for older students. We launched our relationship with a donation to ABCN's Scholarship Foundation.
- Mental health:** TAL has long been a significant supporter of SuperFriend, a national workplace mental health foundation created by the Industry Funds Forum to reduce the incidence of suicide and the impact of mental illness on individuals, employers and workplaces. Through the TAL Community Foundation, our people will be actively involved in volunteering and skills sharing.

To drive engagement right across the organisation the TAL Community Foundation will match funds raised by employees in support of charities that align with any of the three key focus areas. Through this program, TAL aims to support our people to make double the difference for the community.



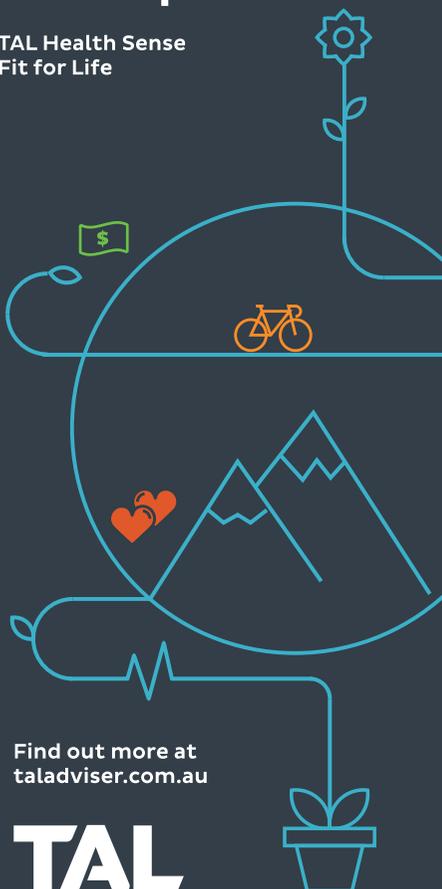
### Healthy living

The life insurance sector clearly has a role to play in encouraging and rewarding healthy behaviours. In 2015 we were excited to launch TAL Health Sense: Fit for Life. This program rewards customers for thinking sensibly about their health by providing a discount for customers with a healthy body mass index. In practice this has meant that over 70% of all new policies since launch have received the benefit of the Health Sense discount.

This is just a start. The program will continue to evolve with new initiatives and tools to encourage and reward Australians for maintaining good health.

## Rewarding clients for thinking sensibly about health has never been simpler.

TAL Health Sense  
Fit for Life



Find out more at  
[taladviser.com.au](http://taladviser.com.au)

**TAL**

### Reducing our environmental impact

TAL is now a significant employer, with major office presences in both Sydney and Melbourne. This scale comes with a responsibility to manage and reduce our environmental impact.

We lease our TAL offices in buildings designed around sustainable principles, with Green Star Electricity, Water and Indoor Air Quality ratings. In early 2016 we have committed to an external carbon footprint review so that we can get a full understanding of how we might minimise our impact. We have already committed to increased use of green energy and continue our pursuit of a “paperless” office environment.

“  
**In my experience, introducing a set of positive habits is the biggest driver of health behaviour change”**

**Paul Taylor**

TAL Health Sense: Fit for Life partner, leading  
Executive Performance Coach at The Body-Brain  
Performance Institute

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