



MEDIA STATEMENT

Tuesday 11 February 2020

RESPONSE TO CHOICE ARTICLE

Please quote Financial Services Council (FSC) CEO Sally Loane

Original article: [three reasons the TPD insurance in your super might be junk.](#)

The FSC does not agree with the numbers relied on in the Choice article, which looks to be based off ASIC Report 633. In that report, ASIC have relied on out of date data from 2016/17, mostly before the Life Insurance Code of Practice came into force.

The FSC has been vocal about this in the past:

<https://fsc.org.au/resources/1915-fsc-media-statement-response-to-abc-730/file>

<https://fsc.org.au/resources/1869-fsc-media-release-response-to-asic-tpd-report/file>

The 12 million stated in the choice article and in ASIC Report 633 at paragraph 20 has no quoted source. Meanwhile, APRA confirmed that there were 12 million superannuation **accounts** with TPD in 2018, not 12 million **Australians**.

Below is relevant data from APRA showing superannuation accounts with TPD. You will see that this can only be superannuation accounts with TPD, rather than Australians, because the 12 million superannuation accounts with TPD are spread across multiple insurers.

For example, if an Australian had two superannuation accounts which both had TPD, but with different insurers, that Australian would be counted twice in the table below. ATO data shows there were 1.57 accounts per Australian in 2018.

TPD	As at 31/12/2018			
	Lives insured	Annual premium	Market share	Sum insured
	(thousands)	(\$ thousand)	by annual premium	(\$ million)
AIAA	2,684	407,391	18.2%	390,015
Allianz				
AMP	342	67,227	3.0%	67,860
Asteron	53	13,209	0.6%	11,345
ClearView				
CMLA	982	186,081	8.3%	176,729
Hallmark				
Hannover Re	269	52,239	2.3%	60,815
HCF				
Integrity				
MetLife	1,857	302,871	13.5%	336,013
MLC	747	184,053	8.2%	203,759
NobleOak				
OnePath	734	151,807	6.8%	143,541
Qinsure	396	155,965	7.0%	113,355
St Andrews				
Swiss Re				
TAL	3,380	596,686	26.6%	471,017
Westpac	556	122,915	5.5%	120,138
Zurich				
Total	11,999	2,240,444	100.0%	2,094,588

Regarding claims data, KPMG on behalf of the FSC, collects TPD claims data every six months - an initiative that is unique to the Australian life insurance market in its granularity and timeliness.

- KPMG/FSC data to July 2019 shows 86 per cent of all TPD claims are paid in the first instance. This includes claims against all definitions, including ADLs which are used internationally, and were developed by the medical community.
- Between 1 January and 30 June 2019 there were 11,604 TPD claims, of which only 6 per cent were assessed by ADLs, and of that 6 per cent, 61 per cent were paid representing a 52.5 per cent improvement in claims paid since 2016/17.
- The rate at which TPD claims are withdrawn has also significantly improved. Recent data for the 6 months to 30 June 2019 shows that only 1 in 19 claims are withdrawn, which is a 58 per cent improvement since 2016/17.
- This shows that the Life Insurance Code of Practice, which was introduced on 30 June 2017 to improve outcomes for consumers, is working and has made a significant difference.

Finally, we strongly refute the claims made in the report that consumers are being sold “junk” insurance. TPD in superannuation provides good value for money, paying out more than 90 cents in the dollar. Consumers should always ask their superannuation trustee about their life insurance cover if they are not clear on what is covered.

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