



MEDIA RELEASE

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STAY TUNED FOR A NEW GENERATION OF INCOME PROTECTION COVER

The Financial Services Council (FSC) has thrown its support behind the framework recently proposed by APRA and the Actuaries Institute consultation on governance for individual income protection.

FSC CEO Sally Loane said: “According to a recent KMPG report on international comparisons of income protection products, Australia offers the most generous and comprehensive income protection policies of any developed market in the world. This has exacerbated the recent increase in the incidence and duration of claims, including for mental health conditions.

“We know there’s a direct link between increasing claims costs and increasing premiums, which is why Australians have seen rising income protection premiums,” Ms Loane said.

“To address this, the life insurance industry is committed to developing new, more affordable types of income protection cover to give Australians more choice.

“For people with existing cover, the choice is likely to come down to either keeping their existing generous type of cover with potentially increasing premiums, if they can afford to, or switching to more affordable income protection cover.

“APRA has set out its roadmap. The life insurance industry is ready to design a new generation of products that will aim to deliver the three “A’s” as follows:

- **Availability** of financial protection for Australians today, and for future generations.
- **Affordability** so that Australians can afford the coverage they need, both now and into the future.
- **Assurance** that your life insurance company will be there for you when you need to claim.

“We expect the new generation of income protection products to be available in 2021.”

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About the Financial Services Council

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing almost \$3 trillion on behalf of more than 15.6 million Australians. The pool of funds under management is larger than Australia’s GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world.