

Discussion Paper: Member communication and engagement The Insurance in Superannuation Working Group

Statewide Super is an industry superannuation fund based on Adelaide with over \$7.2 billion in funds under management and over 140,000 members. We provide life, life & TPD and income protection insurance for 93,000 members of which 52,000 have default cover. Consequently, we have a keen interest in the discussion papers and industry comments on the work of the Insurance in Superannuation Working Group.

Please accept this as Statewide Super's response to the feedback questions in the *Discussion Paper: Member communication and engagement* published by the Insurance in Superannuation Working Group dated May 2017.

B.1 Feedback questions – Incorporate plain language and consumer testing

- 1. Should the current policy design and disclosure standards (plain language and consumer testing principles) in the FSC Life Insurance Code of Practice be extended to insurance in superannuation communications?**

Yes. However, further clarification is required to define what 'consumer testing' means in this context (e.g. implementation, methodology etc.)

- 2. Should the current policy design and disclosure standards (plain language and consumer testing principles) in the FSC Life Insurance Code of Practice be extended to all superannuation fund communications?**

Yes – the current policy design and disclosure standards should be extended to all super fund communications.

- 3. Should these requirements apply just to the PDS and Key Facts Sheet (KFS) only, or to all material containing insurance-related information?**

These requirements should apply to PDS documents and Key Facts Sheet only. It should not apply to all other ancillary material for the following reasons:

- The majority of members would refer to the PDS and KFS as the primary source of insurance information
- Funds require flexibility to produce promotional material without such stringent guidelines imposed.

4. Should all insurance in superannuation communications be consumer tested?

No – all communications should not be consumer tested. Furthermore, clarification is required to define what ‘consumer testing’ means in this context (e.g. implementation, methodology etc.)

B.2 Feedback questions – Develop a standard Key Facts Sheet (KFS)

5. Would consumers benefit from a simplified statement about the insurance offering a superannuation fund provides, and if so, when should it be provided to them?

Yes – consumers would benefit from a simplified statement about a fund’s insurance offering and this should be provided at joining or if the insurance product is modified. The document should be provided to the customer within the cooling off period.

6. Would the introduction of a KFS assist consumers in comparing the insurance offerings between superannuation funds?

Yes – the introduction of a KFS would assist consumers in comparing insurance offerings as it would provide a consistent way of explaining an offering to assist consumers to compare.

7. How can funds encourage members to consider the full PDS when making a decision relating to their insurance?

Funds can encourage members to consider the full PDS when making an insurance decision by:

- Using easy-to-understand language and infographics to simplify concepts (no legal jargon)
- Shorten the PDS and have any compliance/legal information at the back. The front should contain a simplistic marketing-based approach to the insurance offering with page references to more detailed product information
- Providing scenario-based examples.

8. What key pieces of summarised information should be contained in the KFS? Should the KFS be consistent with respect to content and format across the industry? If so, what sections should be consistent?

Yes – the KFS should be consistent. The KFS should include the following summarised information:

- Maximum insured benefit
- Benefit period (if applicable)
- Waiting period (if applicable)
- Key features of cover.

We agree with *Appendix C – Insurance in Superannuation KFS Prototype*, page 24 in the Discussion Paper: Member communication and engagement. However, all cover options should be included (e.g. income protection) and if the fund does not offer it, then crosses should be displayed down the column.

9. Should the KFS include member specific information or be limited to fund specific information?

The KFS should include fund specific information only.

B.3 Feedback questions – Introduction of an Insurance Welcome Pack

10. Will an Insurance Welcome Pack increase member engagement and improve understanding of their insurance cover?

No – we do not believe that an Insurance Welcome Pack will improve member engagement. We would recommend:

- Directing members to the PDS or KFS to obtain the relevant information
- Encouraging members to log in to their secure member portal to consume insurance information (e.g. calculators, key documents, forms etc.)

11. Should the Insurance Welcome Pack be sent with or separately to the Superannuation Welcome Pack?

Not applicable based on the answer to question 10.

12. In what format should the Insurance Welcome Pack be delivered to members?

Not applicable based on the answer to question 10.

13. How can superannuation funds ensure the Insurance Welcome Pack is delivered to members via their preferred communication channel?

Not applicable based on the answer to question 10.

B.4 Feedback questions – Introduction of standardised language and terminology

14. Should the industry develop standard language and terminology to assist members to better compare products?

Yes – consumers would benefit from standard language and terminology to assist members to better compare products. Reaching consensus may not be easy however as some funds have strong views on how they market their offering (eg ‘Life’ cover versus ‘Death’ cover).

15. Would standardised terminology reduce the risk of members failing to understand a product or policy’s key features and limitations?

Yes – standardised terminology would reduce the risk of members failing to understand a product or policy’s key features and limitations.

16. What are the main terms and language that industry should focus on to lift consumer understanding?

The main terms and language to be standardised are as follows:

- Default cover
- Automatic acceptance cover
- Underwriting (and associated terminology)
- The different cover types
- All terms on the KFS.

17. What period of time should the industry be given to implement changes?

Standards should come into effect on 1 July 2019.

18. Should the standard terminology only apply for insurance terms and benefits available to automatic insurance members or should it apply to all insurance products offered through superannuation?

Standard terminology should apply to all insurance products offered through superannuation.

B.5 Feedback questions – Develop a member education website and/or develop minimum education requirements for superannuation fund websites

19. Do you support the development of online member education tools focused on improving financial literacy, including education on insurance?

Yes – we support the development of online member education tools and resources to engage audiences and appeal to members over their lifecycle.

20. Who would be the best provider of information? Should government sites such as ASIC’s MoneySmart be further developed? Should existing superannuation fund websites be further enhanced or developed?

Developing a Government site similar to ASIC’s MoneySmart (or enhancing ASIC’s MoneySmart to include insurance) would be appropriate as it is independent and trusted.

Existing superannuation fund websites should also be enhanced or developed to provide online member education tools and resources. However, superannuation funds should be encouraged to link to the relevant Government site from their website.

21. What tools would be useful to give you confidence in understanding and evaluating your insurance and the options available to you?

The following tools would be useful in evaluating insurance options:

- Insurance needs calculator
- Insurance premium calculator
- Side-by-side insurance comparator.

B.6 Feedback questions – Develop standard, member-focussed event-based communications guidance and rules

22. Should the industry define the key events that will trigger the requirement for superannuation funds to actively communicate with members about their insurance arrangements?

No – the industry should not define key events as a trigger for communications to members as the trigger events likely differ for each fund.

23. If so, what should these key events be (e.g. entry into the superannuation fund, exit, when employer SG contributions cease or other events)?

Not applicable based on the answer to question 22.

24. Do you foresee any other challenges with requiring superannuation funds to communicate to members following certain key events?

Yes – certain challenges exist and include:

- The size of the fund and resources available
- The risk of saturating members with communications
- The data available to undertake trigger communications
- The location of the fund
- The triggered event
- Cost vs. benefit analysis.

25. Should minimum standards apply across multi-channel communication or should they be limited to paper-only initially?

If minimum standards apply, then they should apply to all channels..

Other considerations

This paper fails to address lost members or those members superannuation funds cannot contact.

As a solution, it is recommended that superannuation funds gather data for ‘emergency contact’ (those we can contact in the event that we can’t contact you). This additional contact could be provided online (via a member’s personal online account) or upon joining.

This approach would assist funds to find and consequently communicate important messages to members over their lifecycle.

If any clarification is required, please contact Darren Booth, Head of Product on (08) 8217 8691.

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