

MEDIA RELEASE

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STANDARD MEANINGS COULD BENEFIT INSURANCE CUSTOMERS

INSURANCE and superannuation consumers could benefit if some common descriptions were standardised, one of Queensland's largest insurance providers has told the federal government.

QSuper, which owns the QInsure business, has identified several ways similar insurance products are described differently. It has drawn attention to them in a submission to a Treasury review of universal terms for insurance.

"They may create confusion among consumers and this, in turn, contributes to many not understanding what cover they have," the Chief of Member Experience at QSuper, Mr Jason Murray, said.

But QSuper warns there are risks that too much standardisation might erode the ability of superannuation trustees to provide insurance products designed specifically for their members' needs.

The terms that QSuper has identified as candidates for standardisation include:

- Death cover and life cover each describe the same product, an insurance policy that pays beneficiaries if the policyholder dies.
- Income protection and salary continuance cover each describe an insurance policy that pays the policyholder if they are stopped from working through illness or injury.
- Pre-existing condition exclusion period, new events cover, restricted cover and limited cover all have similar application. They describe restrictions on paying out an insurance policy.
- Default cover, automatic cover, standard cover, basic cover and starter cover may be used to describe the cover provided to a member automatically on joining the fund.
- Contribution replacement benefit, superannuation contribution and superannuation contributions benefit could be terms that describe the payment made to a member's superannuation account when they are receiving an income protection benefit.
- Occupational rating, occupational category, individual work rating, occupation insurance category and occupational categories are some terms to describe a premium rating applied to a member's cover depending on their occupation.

"Insurance is never a simple product but there are close to common elements across all policies," Mr Murray said.

"Clarifying some of these terms for consumers may allow them to pay attention to the points of difference between policies."

QSuper cautions, however, against blanket standardisation in the detail of policies which may not take account of how individual funds meet their customers' needs.

Standardising some terms may lead to standardised insurance products which could be more expensive for consumers and deny them the flexibility they now have.

"There may be a real risk that standardisation of names and terms leads to the perception that cover must be standardised," Mr Murray said.

QInsure's income protection products were recently rated as the fastest to pay out and least likely to attract consumer complaints in a survey published by the national financial regulators ASIC and APRA. (<https://www.apra.gov.au/media-centre/media-releases/apra-and-asic-publish-world-leading-life-insurance-data>.)

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About QSuper

QSuper is Queensland's largest super fund according to the Australian Prudential Regulation Authority's annual fund-level superannuation statistics issued on the 21 December 2018, with \$102 billion in funds under administration. From humble beginnings over a century ago, today QSuper manages the retirement savings of more than 577,000 members. With membership previously restricted to current and former Queensland Government employees (and their spouses), QSuper opened its doors for the first time in 2017, with membership now open to anyone.

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