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Friday 9 June 2017

To the Project Managers Office  
The Insurance in Superannuation Working Group

By e-mail: ISWG-PMO@kpmg.com.au

Dear Sir/Madam

**ANZ response to Discussion Paper: Member communication and engagement**

ANZ welcomes the Discussion Paper in relation to "Member communication and engagement". We agree that member communication and engagement is one of the most important areas where change is required.

Attached are our answers to the questions raised in the Discussion Paper. ANZ supports the ISWG initiative for a Key Facts Sheet as an important step to ensuring members are given simple and standardised disclosure so that they are better able to understand their insurance coverage under super that impacts on them. We believe that there is a need for a Key Facts Sheet that contains standardised generic information for product comparison purposes and another one that contains member specific information.

We note that a number of the proposals could have significant implementation implications for trustees, and would request that appropriate transition time be provided to allow trustees and their insurers to implement the new requirements.

Please do not hesitate to contact myself or Li Chang at 02 8937 7738 if you require any further assistance.

Yours sincerely

Peter Mullin  
Managing Director Pensions and Investments  
Wealth Australia, ANZ

## ANZ FEEDBACK

### Discussion Paper: Member communication and engagement The insurance in Superannuation Working Group – May 2017

#### Questions and answers:

<b>B.1 Incorporate plain language and consumer testing</b>	
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?	<p>The Life Code has adopted good principles for disclosures relating to insurance.</p> <p>The standards introduced by the FSC Code require regular review of insurance information and documentation, incorporation of plain language principles, provision of specific key information upon purchase of a policy and consumer testing the level of understanding.</p> <p>ANZ support for these principles to be extended to insurance in super.</p>
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?	<p>As above.</p> <p>There are good reasons to extend these principles to all insurance in super products. However, short form product disclosure requirements are already fairly prescriptive. Any new industry self-regulatory disclosure requirements will need to consider current regulatory requirements.</p>
3. Should these requirements apply just to the PDS and KFS only or to all material containing insurance related information?	<p>The requirements should apply to product disclosure statements and Key Facts Sheets. Should also apply to other materials where possible.</p>
4. Should all insurance in superannuation communications be consumer tested?	<p>Yes.</p>

<b>B.2 Develop a standard Key Facts Sheet</b>	
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?	<p>We agree consumers should be provided with a Key Facts Sheet ("<b>KFS</b>").</p> <p>The KFS should be provided in the Welcome Pack, and where possible it should include as much information as possible that is specific to the member.</p> <p>A generic (product level) KFS should also be available on super fund websites.</p>

	<p>Using the same format for the generic (product level) KFS, and member specific KFS will assist with member understanding.</p> <p>A transitional period may be required to comply or adopt any new requirement for a KFS.</p>
6. Would the introduction of a KFS assist consumers in comparing the insurance offerings between superannuation funds?	Yes.
7. How can superannuation funds encourage members to consider the full PDS when making a decision relating to their insurance?	<p>As mentioned, we support disclosures to members about insurance in super that use plain language that is consumer tested.</p> <p>Super funds should encourage member engagement and provision of relevant, clear and useful information to understand their retirement options. Affordable and accessible quality advice should have a role.</p>
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?	We are of the view that the Insurance in Superannuation KFS Prototype in Appendix C is a good initiative and captures the right content and has a good format.
9. Should the KFS include member specific information or be limited to fund specific information?	<p>Ultimately, KFS' with member specific information should be the most appropriate outcome as its utility far outstrips KFS' that are merely generic. Where a fund is able to provide the member with personalised information in a KFS as part of their welcome pack this would be the preference.</p> <p>To implement the KFS requirement that is appropriately tailored to individual members is not a simple process, and will require an adequate transition.</p> <p>A generic (product level) KFS should also be available on the funds' websites to support prospective members in comparing with other products</p>

### **B.3 Introduction of an insurance welcome pack**

10. Will an insurance Welcome Pack increase member engagement and improve	We believe there is no need for a separate insurance Welcome Pack.
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understanding of their insurance cover?	Superannuation remains the right vehicle and insurance is a key feature, with clarity of the benefits through the superannuation environment clear to the customer.  Trustees should look to improve existing disclosures provided to members.
11. Should the Insurance Welcome Pack be sent with a separately to the Superannuation Welcome Pack?	As above.
12. In what format should the Insurance Welcome Pack be delivered to members?	As above.
13. How can superannuation funds ensure the Insurance Welcome Pack is delivered to members via their preferred communication channel?	As above.

#### **B.4 Introduction of standardised language and terminology**

14. Should the industry develop standard language and terminology to assist members to better compare products?	Yes. Product comparison is not the only benefit of standardised language.  Plain standardised language should also be aimed at improving financial literacy.
15. Would standardised terminology reduce the risk of members failing to understand a product or policy's key features and limitations?	Standardised terminology should ensure that super funds are all using the same language.  Standardisation should be aimed at improving consumers' understanding of life insurance in super, and life insurance products more generally.
16. What are the main terms and language that industry should focus on to lift consumer understanding?	Two terms that can be subject to greater standardisation: <ul style="list-style-type: none"> <li>• Total and permanent disability.</li> <li>• Income protection, particularly where it is provided through super as part of the default arrangement.</li> <li>• Terminal illness.</li> </ul>
17. What period of time should the industry be given to implement these changes?	Variable, depending on the measure.  A transition period of between one and two years should be permissible for more complex measures
18. Should the standard terminology only apply for insurance terms and benefits available to automatic insurance	Standard terminology should really apply to all insurance products offered through super, where possible, and not just

members or should it apply to all insurance products offered through superannuation?	default cover.
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**B.5 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?	Some education tools could be useful to members. For example, a simple tool that provides premium quote.
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?	We believe that both super fund websites and Government sites have a role to play. As do life insurers' websites.
21. What tools would be useful to give you confidence in understanding and evaluating your insurance and the options available to you?	See item 19

**B.6 Develop standard, member focused event based communications guidance or 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?	Yes. Super funds should continue to issue lapse notices including lapse warnings and lapse confirmations.
23. If so, what should these events (e.g. entry into the superannuation fund, exit, when employer SG contributions cease or other events)?	As above
24. Do you foresee any other challenges with requiring trustees to communicate to members following certain key events?	As above
25. Should minimum standards apply across multi-channel communication or should they be limited to paper only initially?	We believe that there are possibilities for better electronic communication.