

SUBMISSION ON POLICY ISSUES RAISED IN ROUND 5

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Submission for: My Self

Name of other person, business or organisation:

Do you agree to your submission being published: Yes

Do you agree to your full name being published: Yes

Your submission:

Impact of super funds providing insurance products. My concern with superannuation arrangements stems from the embedding of insurance policies within super accounts. I contend that most people including myself have no idea what insurance policies cover, how and when to claim, and what the cost (especially the whole of life cost) is. Having recently retired, I have paid more attention to my super, albeit too late, and found I was continuing to be charged premiums for income protection insurance even after advising my super fund that I had retired, and had no income to insure. After lodging a complaint to the fund these premiums were refunded. In all my working life, I cannot recall ever seeing a product disclosure statement that detailed the insurance cover and how it works. It seems to me that insurance products being attached to super accounts go under the radar for many people who, if they knew what the whole of life costs were, might chose to seek competitive quotes, or opt out all together. And that is the main problem as I see it.... insurance within super is an opt out option, whereas it should be opt in. If super funds are going to be allowed to continue offering insurance products, it must be opt in, and must detail the real costs of paying premiums out of super accounts which includes the impact of loss of compounding interest. Thank you for considering my submission. Terry Fraser