

01 June 2017

Insurance in Superannuation Working Group
Project Management Office
Via Email – ISWG-PMO@kpmg.com.au

Dear Sir/Madam

Discussion Paper: Member communication and engagement

We wish to provide you the following submission in respect of the key questions raised in the above discussion paper. Please find enclosed our responses to feedback questions in the order posed within the discussion above paper:

B.1

1. Plain language and consumer testing principles should extend to the way members are communicated to in respect of their insurance arrangements within superannuation.
2. Ideally all superannuation funds that wish to lift the level of engagement should consider the use of these principles across all aspects of their superannuation offering. Ultimately it is a challenge to engage with members more broadly in the financial services industry given the deferred benefit nature of superannuation. In reality many members will not give adequate consideration to all aspects and possibly do not see the benefit or merit in insurance until they need to claim. This increases the challenges and supports the traditional paternalistic approach to the provision of retirement savings (and insurance) more broadly. A broader approach to enable increased engagement in super will increase the interests in the insurance aspects.
3. The plain language approach must go beyond PDS and Key Fact Sheets. In reality it may well be the medium itself which deters members. The use of alternative approaches including video graphics to illustrate key concepts may have a far more powerful impact on member engagement.
4. Definitely all member interactions should be member tested to provide the optimal outcome and approaches should be constantly re-evaluated for success with varied and targeted interaction opportunities identified. Going a step further, members should be engaged to develop the communications through concept, prototype testing etc. on all mediums, using human centred design.

B.2

5. Initially when a member joins a fund. Ideally however ongoing opportunities should be evaluated based on the key life event triggers. Superstream could be used for this purpose (e.g. parental leave triggers a communication to the member to re-evaluate the level of their insurance cover, significant increases employer contributions could also be a means to trigger a communication to re-evaluate the level of income protection cover etc.). There is also an opportunity for the government to assist with awareness through income tax returns by using an interactions where the member must click/acknowledge superannuation and insurance arrangements they have to raise awareness which could be extended to publishing insurance held through each fund.
6. In reality, insurance is but one component of the decisions members are making about a retirement benefit provider. While useful it may not be the sole underlying reason a member chooses or alters a provider.
7. The method of engagement is the underlying consideration. In reality society is evolving from printed media to video and social media. Consideration needs to be given to evolving member interactions to a level and approach that suits and adequately informs the member so that retention can be ascertained and evaluated through focus groups.
8. Consistency would be helpful. Caution should be applied here. The more complex offerings could well be the offering which is in the best interests of members so care needs to be taken this doesn't result in a lowest common denominator in a strive for comparability.
9. In an ideal world a KFS would be tailored to the demographic of the member and use underlying appropriate industry of member specific data to provide a more meaningful opportunity for engagement.

B.3

10. Increased opportunities for engagement would be beneficial. The effectiveness will need to be carefully evaluated and will need to evolve through trial and error. The nature of the media and approach would need to be evaluated and tested given one method would not suit all demographics.
11. Given both messages are of significant importance it would be preferable that the messages are sent separately. Ideally through a link via a text message as generally one would assume members would be more inclined to maintain their existing mobile phone number as they change jobs and addresses.
12. Ideally a video medium would be best via an SMS link for the reasons outlined in 11 above.

13. Superstream may need to capture a member's mobile phone number (or failing this a personal email address) as a mandatory field. Alternatively, it may be worthwhile to evolve the use of MyGov to provide services for other non-government providers such as superannuation funds as a means of communicating with members.

B.4

14. In theory yes. One should however be careful with this approach for the reasons outlined in 8 (above).

15. Standardisation would assist members in understanding a product. In reality though some default members are probably more inclined to only look at the key features of their cover (other than the base amount) in circumstances where they are seeking to claim and probably rely on the paternalistic view that their provider has considered and provided appropriate cover.

16. Basic eligibility terms such as 'New Events' for example. The types of cover and what each type provides and the rationale for their importance.

17. Concepts that look at standardisation of terms and eligibility may have pricing implications so the term of the current rate guarantee would seek an appropriate period to transition.

18. In reality the same concept and approach should apply across the board.

B.5

19. Online education tools are definitely key for member engagement both in respect of insurance in super and more broadly.

20. In reality this would be the Fund. Whilst ASIC's website would theoretically be a good independent source it would be interesting to view the usage rates associated with web traffic through this site.

21. Definitely an approach that moves away from strictly offering reading material that a member should read, though in reality will simply consider the detail to be like the terms and conditions on any website and simply click that they have read the contents as this engagement method is conceived by many to simply be too difficult.

B.6

22. As a best practice this would seem appropriate. To have it in an enforceable code probably becomes too bureaucratic and takes away from Trustee's the ability to evolve their strategies.

23. Ideally as a best practice communications should occur on joining and when identifiable changes in the member data trigger key insights into the member's circumstances. For example, a change of address may be

suggestive of recent borrowings, parental leave or an employment break in the 30-45 age bracket could be suggestive of a young family etc.

24. Communication opportunities using digital technology is a far better way to engage being mindful of the costs to the broader membership of changed administrative engagement processes.

25. The member channel of choice and the one that yields the greatest effect would be the most appropriate. The industry must move beyond being wedded to printed media as the key method of member interaction particularly in respect of insurance matters.

If you have any questions in relation to our response, please do not hesitate to contact Kelly Smith (ksmith@hesta.com.au) or Michael Englezakis (menglezakis@hesta.com.au).

Kind regards

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