

**From:** [Christopher Ramsay](#)  
**To:** [AU-FMISwg-PMO](#)  
**Subject:** Insurance in Superannuation Working Group Discussion Paper "Member communication and engagement": QSuper submission  
**Date:** Friday, 2 June 2017 4:18:05 PM  
**Attachments:** [image003.png](#)

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Good afternoon,

Thank you for the opportunity to comment on the Insurance in Superannuation Working Group (ISWG) Discussion Paper 'Member communication and engagement'.

For over 100 years, QSuper has been the default superannuation fund of the Queensland Government, helping current and former public sector employees and their spouses create a financially secure future. QSuper is one of the country's largest and most respected superannuation funds, with a membership of over 560,000 and more than \$70 billion in funds under management.

In 2016 QSuper launched a wholly-owned life insurance company, QInsure, a first for a profit-for-members' fund that allows us to provide more personalised insurance options and benefits for members.

QSuper is supportive of the ISWG in their endeavour to improve the provision of insurance information to members. Please find below comments on the proposed principles and feedback questions within the discussion paper.

Proposal	QSuper Response
<p><b>Incorporate plain language and consumer testing</b></p> <p>Feedback questions:</p> <ol style="list-style-type: none"> <li>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 life insurance in superannuation communications?</li> <li>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?</li> </ol>	<p>QSuper agrees in principle with measures designed to improve disclosure to members, provide greater transparency in communications and higher standards regarding disclosure. We believe that further guidance is required on the definition, scope and application of consumer testing.</p> <p>QSuper believes there is a benefit to members and funds if members are better able to understand key documents relating to insurance and superannuation. To allow funds the flexibility to balance the cost of consumer testing/user research with benefits delivered. QSuper's preference is for any Code of Practice to give best practice guidance rather prescriptive requirements.</p> <p>To mitigate the risk of member confusion QSuper believes that it would be best practice to incorporate plain language principles in all material containing insurance related information.</p>

<p>3. Should these requirements apply just to the PDS and Key Facts Sheet (KFS) only, or to all material containing insurance related information?</p> <p>4. Should all insurance in superannuation communications be consumer tested?</p>	<p>As stated above, QSuper believes that further guidance is required on the definition, application and scope of consumer testing. While user research should be conducted in terms of the format of and way in which information is delivered, as well as general tone of voice, consumer testing down to the detailed level of all communications may be costly and time consuming.</p>
<p><b>Develop a standard Key Facts Sheet</b></p> <p>Feedback questions:</p> <p>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> <p>6. Would the introduction of a KFS assist consumers in comparing the insurance offerings between superannuation funds?</p> <p>7. How can funds encourage members to consider the full PDS when making a decision relating to their insurance?</p> <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?</p> <p>9. Should the KFS include <i>member specific</i> information or be limited to <i>fund specific</i> information?</p>	<p>QSuper believes a simplified statement and/or Key Fact Sheet (KFS) can provide members with an easier way to understand the key offerings of a product. Any requirements on funds to provide these documents should include flexibility regarding the timing and the format of delivery.</p> <p>For a KFS to be effective as a comparison tool there should be standardisation across the industry on the content and terminology that is included.</p> <p>There are a number of ways that funds can encourage members to consider the full Product Disclosure Statement (PDS), including prominence of the disclaimer on the KFS and other documents, as well as prominent signposting to the full PDS via each type of insurance communication (e.g. hyperlinks from website). However, it is important to recognise that many members will not read a full PDS and there is a need to look at alternative ways to provide members with the equivalent information in an engaging format.</p> <p>As stated above, QSuper believes that there should be industry wide consistency of the content and terminology used in the KFS otherwise the ability of the KFS to help consumers to understand and compare will be diminished. It should include types and levels of cover, as well as standard eligibility requirements and cover restrictions. Additionally QSuper believes measures that help members form a qualitative assessment should be included, for example, service level commitments/performance of the fund.</p> <p>A requirement for member specific information would require significant upgrades of systems and cost. The KFS should contain prominent and clear warnings that the information contained is fund specific as well as guidance on how to seek member specific details.</p>

**Introduction of an Insurance Welcome Pack**

Feedback questions:

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

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

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

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

The key to the effectiveness of an Insurance Welcome Pack will be delivery in an engaging format via a delivery channel suited to the member. There is a balance to be struck between the cost of providing separate insurance and superannuation welcome packs. The risk being members not consuming the information due to the volume of information provided.

Digital delivery allows better engagement and a more easily-understood message and should be the preferred method of delivery. Paper packs should be available for specific members who indicate this is their preference.

QSuper acknowledges that there may be a delay in receiving member preferences when a member joins the fund as a default member due to the time it takes for funds to receive information from the employer.

**Introduction of standardised language and terminology**

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

15. Would standardised terminology 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?

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

As stated above QSuper believes that the use of standard terminology for key elements of insurance will aid understanding and comparability of products.

As a minimum the standardisation should apply to the types of cover eg Income Protection or Salary Continuance Benefit, and exclusions eg Pre-Existing Conditions vs Limited Cover.

QSuper recognises there will be significant costs to funds in implementing standardised terminology and suggests that to minimise cost an appropriate time to implement would be at the next full PDS re-write. However, if the industry prefers to set a maximum time period for funds to implement, then QSuper suggests that a maximum 24 month lead time is appropriate.

QSuper believes the use of standardised terminology should apply to insurance offered to automatic insurance members. Funds should have flexibility to decide whether to use standardised terminology for choice cover.

<p>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?</p>	
<p><b>Develop a member education website and/or develop minimum education requirements for superannuation fund websites</b></p> <p>19. Do you support the development of online member education tools focused on improving financial literacy, including education on insurance?</p> <p>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?</p> <p>21. What tools would be useful to give you confidence in understanding and evaluating your insurance and the options available to you?</p>	<p>QSuper supports in principle the development of tools to improve financial literacy. While Government sites are important and effective in providing basic/generic information, insurance is a complex topic and there is a role to play for funds in providing information and developing tools that are tailored to meet the specific needs of their membership.</p>
<p><b>Develop standard, member focused event based communications guidance or rules</b></p> <p>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?</p> <p>23. If so, what should these key events be (e.g. entry into the superannuation fund, exit, when employer SG contributions cease or other</p>	<p>QSuper believes that to assist with increasing member engagement industry guidance on basic trigger events (e.g joining, leaving, cancellation or reinstatement of cover) is appropriate; however, funds should have flexibility to determine further key event triggered communication points that are tailored to the specific characteristics of the funds membership.</p>

<p>events?</p> <p>24. Do you foresee any other challenges with requiring superannuation funds to communicate to members following certain key events?</p> <p>25. Should minimum standards apply across multi-channel communication or should they be limited to paper only initially.</p>	<p>A potential challenge to complying with mandated events based communication is the availability of timely and accurate data.</p> <p>QSuper believes that communicating with a member in a format other than paper is acceptable provided the communication can be tracked and verified by the fund.</p>
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For further or specific details, please do not hesitate to contact me.

Regards,

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