

MEDIA RELEASE

NEW OPT-IN LIFE INSURANCE RULES FOR YOUNG WORKERS A GOOD START

9 May 2018: A new requirement for young Australians to consciously opt-in for life insurance inside superannuation plus other super changes contained in the 2018-19 Federal Budget represent sensible public policy and highlight the need for an overhaul of current group life arrangements, according to listed diversified financial services company ClearView Wealth Limited.

ClearView Managing Director Simon Swanson praised new measures that no longer force workers under the age of 25 to hold costly life insurance that they often did not need and could not afford or claim on.

He also commended measures that require super funds to actively help existing members with low account balances and those who are not currently contributing to end their life insurance arrangements.

“Requiring members to opt-in for group insurance would result in a substantial improvement in understanding what cover they have and don’t have and stop the excessive erosion of their savings by fees and premiums for life insurance policies they can’t afford and often don’t want or need,” Mr Swanson said.

But the Budget measures don’t go far enough and should be extended to make life insurance in super optional for all workers, he said.

ClearView continues to lobby for an end to the current opt-out system for life insurance because too many Australians assume they are adequately protected when they only have a fraction of the cover they need.

“While some, such as young people, end up with cover they don’t need, there are many other workers with significant needs who falsely believe they’re adequately covered through super when they are not,” Mr Swanson said.

“Australians should be encouraged to seek professional advice either via their super fund or a third party about the type and level of protection they need but the current opt-out model facilitates a set and forget approach that gives members a false sense of security.”

“If the goal of group insurance is to protect and maximise value for members, this is a highly inefficient system. It hinders optimal behaviour by discouraging members to properly assess their needs and regularly reviewing their arrangements.”

ClearView also commended Budget measures to cap fees on low-balance super accounts and a ban on exit fees plus initiatives to find and consolidate lost super accounts to minimise fees and charges.

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About ClearView

ClearView Wealth Limited is an ASX-listed diversified financial services company that specialises in life insurance, wealth management and financial advice solutions.

As at 31 December 2017, the group had \$209.9 million in inforce premium, \$2.73 billion in funds under management and 246 financial advisers.