

Consumer engagement in insurance in super

Final report

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For ASIC purposes, this is ASIC Report 673 and is available on the ASIC website at asic.gov.au

About this report

Introduction

Superannuation funds are required to provide members with death cover and total and permanent disability (TPD) cover automatically unless the member opts out. Funds can also, if they choose, provide automatic income (IP) protection cover, also on an opt-out basis. Super fund members may also choose to request insurance cover from their super fund or alter it. However, the Productivity Commission has shown that the cumulative cost of this insurance reduced projected retirement incomes over the long term especially for people with multiple super accounts. According to the Productivity Commission report only 56% of the people who tried to *cancel* their insurance thought the process was easy. However other actions – like increasing cover – were rated as easy by 77% of members attempting them.

The Australian Securities and Investments Commission (ASIC) has identified some potential barriers that could be faced by super fund members making enquiries about their insurance. Since default insurance is 'group' insurance it has therefore been designed to meet the needs of large number of people and may not suit a particular individual. Bundling of products, differences in terminology across the industry, and variation in claim processing may also be potential barriers.

What can ASIC learn from the super fund members who engaged with the insurance they have in their super? Only a small proportion of super fund members do this. What motivates them, what do they want to do, what they actually do and what is the quality of their experience? These are the main questions answered in this report.

Specific objectives

The questions asked by ASIC were:

- What do members who 'engage with' their insurance in super want to achieve?
- Do they succeed and if so why, and if they don't succeed why don't they?

By 'engage' we mean:

- Review their insurance in their super
- Increase or decrease their cover
- Cancel some or all of their insurance
- Change the occupational classification within their cover
- Check or compare their insurance cover before switching or consolidating funds.

There are potential differences in members' experiences depending on the product, i.e. on death cover, TPD and income protection/salary continuance. ASIC wanted to understand these differences, if any.

Specific questions to be answered were:

1. What these fund members did or were seeking to do
2. What the triggers were, such as marriage, divorce, birth, death, or job change; or concerns about the cost; or specific communications from their fund itself, from media reports, or from discussion with friends or colleagues.
3. The steps they took, including their perception of the experience – how easy it was to do, how helpful or not the super funds' approach and processes were; the barriers that they encountered; the quality of communication and how much they understood.

Research approach

An overview of our method

- Fifty (50) qualitative in-depth interviews were conducted face to face online using Zoom software
- Interviews were conducted by senior experienced research professionals
- The interviews took up to 45 minutes
- Research participants were recruited from the Q&A Market Research panel
- The sample was national including regional
- We named ASIC in the recruitment screener and interview introduction
- Fieldwork dates were May 8th 2020 to June 6th 2020. Note therefore that some of our participants had already started to think about the implications of the COVID 19 pandemic on their future employment.

The sample

Overall sample:

- Anyone aged 25 to 60 who has super that is not an SMSF
- Who has or believes they have insurance in their super
- Who has initiated any of the activities of interest in the last 6 months without being triggered to do so by an external professional
- Participants in a range of super funds.

The sample includes people who:

- Cancelled their cover
- Increased their cover
- Reduced their cover
- Took out a new policy
- Enquired but took no action.

For further details, please refer to the Appendix.

Executive summary

Reasons for engaging with their insurance

The superannuation fund members who were 'engaged with' their insurance as we have defined it here wanted to complete a task which was important to them. They were typically either thinking about the costs of the insurance, or about their family or other people who will be financially disadvantaged if the insured person becomes ill or dies. This was a task they felt they 'should' complete but had not considered time-critical. Most felt that it could wait until they had more time.

A journey with several stages

Journey overview

Broadly speaking there were six stages to this 'journey':

1. A trigger
2. Setting a goal and expectations
3. A delay, in some cases
4. Some form of preparation, in some cases
5. Contacting the fund, commonly using more than one channel
6. Action or inaction taken after the contact was over.

Stage 1: The triggers

There were four types of trigger. These triggers sometimes required a specific action, but more often they worked more as a prompt, that started the person wondering or thinking about or considering what kind of cover they had, whether they had too much or too little cover or whether they were paying too much. In only one case, the trigger to act was a sales call that persuaded the member to switch superannuation funds.

The triggers were:

- Actions by the super fund, or by another party
- Life stage changes
- Life events
- Exposure to other financial information.

Actions by the super fund included statements and letters about superannuation as well as statements and letters specifically about insurance.

Life stage events included marriage and planning a family, divorce or separation, and the realisation that retirement age was looming. These triggers tended to focus members' minds on the adequacy of their cover. Broadly speaking younger people thought they might need more cover, while older people wondered if they needed less.

Life events included illness, or the death or illness of a family member or friend. These triggers also focussed members to wonder about the adequacy of their cover. Would they have enough if something happened? Some had started to wonder if they had any cover to help them if they lost their job because of the COVID-19 pandemic.

Some were triggered by chance – they heard someone talking about insurance or read something from a financial commentator. Again, the consequence was to 'wonder' if they had the right cover. Some were triggered by what they read or heard to think about the relative value of insurance inside and outside superannuation.

Stage 2: Goals and expectations

The impact of knowledge on goals and expectations

The members interviewed for this study varied in how much they knew about their insurance. A few had a background in finance or law so tended to know the terminology and have some understanding of product differences. Therefore, they were clearer in their minds about what to ask for and what to expect.

Others, though, had only a vague idea what each type of policy is for, and some did not know that there are different types. This knowledge or lack of knowledge shaped their expectations and had an impact on the success of the overall journey, especially for example if they did not know the right terminology to use.

Goal: fact finding or checking

For many members, their 'journey' was a fact-finding exercise. They wanted to check what insurance cover they had. Some wanted to find out what policies they had, what they were covered for, and how much it cost. Others wanted to find out what they could change, and how much that would cost.

A definite goal was less common

Nevertheless, some did have a more definite goal in mind. They wanted and expected to be able to make some change, whether that was to cancel, increase or decrease their cover.

Some people expected to be able to find what they needed immediately or do what they wanted to do immediately. For some members these expectations matched the reality, as the information they needed was easily available and easy for them to understand. For others, though, the information they needed was hard to find and/or understand.

Goal: some wanted guidance of some kind

Some members expressed a need for something beyond straight factual information but they did not use the term advice or consider that they needed a financial adviser. They called it an 'independent take', a 'review', or asked for 'specific' information that was relevant to their personal circumstances – for example how much cover to have at a certain life stage.

In our view, these members had only a vague idea about how superannuation funds give information or provide advice and did not appear to understand the demarcation between the two. When they did not receive the guidance they expected, they were left disappointed and unsure what to do next.

Stage 3. Some delayed

Few members interviewed felt any pressing urgency to respond to the trigger so did not act on the trigger immediately. Some waited several months before doing anything. The question might be asked: why would people continue to pay higher premiums than they wanted to or remain underinsured when they could contact their fund to solve their problem? From our conversations with members, it is clear that most did not actively think about the cumulative long-term impact of higher premiums. Our research shows that members are prioritising 'getting it right' over the financial impact. Note also that some delay can be attributed to the barriers that members anticipated, as described in detail in this report. For example, some were confused about the types of policy available and what each covers. Others seemed wary of starting a phone conversation about a topic they so little understood.

Stage 4. Preparing for the contact

Typically both superannuation and insurance were back of mind. In general, members were more aware of their superannuation – their balance and the fees – than they were about their insurance. As an indicator of their level of engagement with their superannuation fund, almost everyone had to first of all check their user name or member number and password. Others looked for their superannuation statement. From an insurance perspective, they told us that they had not thought about it in some cases for years. This includes people who had recently changed super funds and therefore insurance.

The need for this preparation stage was one reason for the delay between the trigger and acting on the trigger.

Stage 5. Channels used for contact

Most members interviewed used at least two channels. The most common was to go on the superannuation fund's website followed by a phone call. Some also tried the app on their phone. Because some websites did not have the information the members wanted, or they could not find it, members then made a phone call. Some also found the information on the website overwhelming and difficult to understand so wanted to have it clarified on the phone.

Some members made a phone call before doing anything else. A few had face to face contact or email contact.

Stage 6. Action or inaction

About half of the members interviewed completed the action they had set for themselves to their satisfaction. They gained information or changed or cancelled their policy. However, others were left 'in limbo'. These members had discovered information but they did not understand it or did not know what to do about it. Some had discovered that they were unable to make the change they wanted. Some then wanted to discuss it with their partner or a professional adviser. Others said they still needed to do more research. Months had passed since their last encounter with the fund in many of these cases.

Some were able to achieve their goal in one contact. These were usually members who needed a relatively simple piece of information. Members experienced more difficulty and needed more support if they did not understand the difference between policies or the reasons for variations in cost. The most common example of this is disability cover, with members with TPD and/or income protection policies wondering whether they could claim for loss of a job.

Members who experienced the most difficulty seem to be those who wanted what could be generally described as 'advice' though they did not use that term. Examples include:

- Whether to have insurance inside or outside super
- Whether to have two of the same policies (for example two death cover policies)
- How much cover they should have.

It is possible that some members did receive advice but were unaware that they had.

Some members discovered during this process that they had default insurance which did not seem to be adequate for their needs. Some discovered that their cover was much less than they thought it was. Some discovered that they were paying for insurance inside super when they already had some outside super.

Members' perceptions of the overall experience

The most commonly expressed positive emotion was that the process was "easy" or "straightforward." Most of these comments came from people who completed their task on a website that they found easy to use.

Some also found the process empowering. About a quarter of all members interviewed felt in some way empowered or "in control" after their interaction with the fund because they had access at any time, or access to useful tools like online calculators.

Several members commented that the staff they talked to were supportive and helpful.

However, about a third spontaneously told us that they felt “*confused*”, “*overwhelmed*”, or “*uncertain*” after their interaction. They found insurance complex and difficult.

Some members felt disempowered by this process. For some this was because premiums are deducted for them without them consciously thinking about it. Some felt disempowered by an onerous process, made difficult by the lack of online resources that members wanted. On the other hand, some members had tried unsuccessfully to have quite complex questions answered through chat, the app or the website only, because the member did not want to contact the fund by phone. For some, the encounter felt “pushy” or with a sales focus.

How members’ experiences may be improved

The research has highlighted potential improvements that could be made to the members’ experiences. Many of the problems experienced by members could probably have been avoided if the member had known where to find the information that they needed on the website, and if it was easy to understand. There is now a fairly general expectation that the super website will contain such information, but the level of accessibility varies with the fund. Many members lacked the confidence to rely on web-based information, especially if it appears complex. The challenge is for the super funds to prioritise a straightforward approach to answering the most common questions and to test the usability of their approach. There are also tools that can enhance the experience and generate confidence and understanding.

Some potential improvements could be:

1. Helping members understand:
 - the differences between the insurance products on offer.
 - The differences between insurance inside and outside super.
 - Double dipping: that is whether it is possible to claim on more than one policy. Several members had heard that claiming on more than one policy was not allowed, so there was no point in having two. Questions about this came from people with death cover outside and inside super, and from people with more than one disability policy.
 - Changes in insurance needs over the course of their lives.
 - The implications of pre-existing conditions on switching.
2. Calculators on all super fund websites would help people work out how much cover they need and how much it would cost. For death cover, some people wanted to know how much cover to have, for example how much their partner would need to pay for school fees if the member died. For income protection policies, the calculation was more of a trade-off –‘if I have X cover, how much will it cost?’
3. Reminders to check insurance cover when starting a new fund or changing jobs, or when life stages change, by letter or email or with the statement.
4. Case studies on websites, or very short and clearly accessible articles on individual topics on websites, perhaps in a more journalistic style than in PDS style, to demystify and clarify some

often-asked questions. This could also include access to published self-help material. This would help with fact-finding:

- What types of insurance do I have in my super?
- What does each type of insurance cover?

Others would help members complete the task they have set out to do:

- To increase their cover
 - To decrease their cover
 - To cancel their cover
 - To take out a new policy.
5. Customer support staff to guide members on the phone through the website process appears to be a productive use of the time spent with members by fund representatives. For example, the staff member might tell the member where to find the 'How to cancel' button on the website and stay on the phone with them while they do this. Over time, this should reduce the necessity for double contacts and make members more confident.
 6. It would help if members understood the demarcation between general information and 'advice'. They don't currently know where general information ends and where 'advice' starts, and therefore do not know whether they need an adviser or not.
 7. On this point, the process of gaining access to advice could be more transparent. These members did not seem to know what or who to ask for or what the financial or other implications might be. There is a sense that the call-centre service seems an 'all or nothing' exercise so that members seem to think that if the call centre can't answer their question, then there is no one else to ask. The onus seems to be on the member to 'do more research'. Members may perceive their question to be too specific or too small for a financial planner or have other reservations about using a financial planner.
 8. Greater understanding and use of MoneySmart.

Detailed findings

1. Members' expectations when contacting their fund

1.1 While some had a specific action in mind, many engaged with the fund because they had questions they wanted to ask

This first section is about why members contacted their super fund about their insurance and what they expected. Some had a specific goal in mind, such as to cancel or increase or decrease their cover. However, many of the people we interviewed had questions they wanted answered rather than any intention to take a specific action. The type of questions they asked ranged from the relatively simple:

- Whether they had insurance cover or not
- What the policies covered them for.

To the more complex, particularly:

- How much cover they *should* have, or
- Whether to have insurance *in* super or *out* of super, or
- What are the different types of insurance policies they have cover for.

1.2 Some expected self-service

Most members expected this to be a simple self-service process, comparable to other online experiences such as general insurance.

"I was thinking very similar to car insurance and house insurance. You just put in your particulars and it spits out a number and you are able to line it up very easily and go Okay. Yep. Cool. I'm going to go with that one." Industry¹. Female. 25-40. QLD

This was especially true of members who were familiar with apps and websites who made the assumption that they would quickly be able to get answers to their questions by going online.

1.3 Others expected it to be difficult

On the other hand, some worried that it would be time consuming and daunting. Some thought the task was going to be something that was a bit beyond their skill set.

¹ This refers to the type of fund

"I find it daunting to look at big numbers and large sums of numbers and insurances and things like that." Industry. Female. 25-40. QLD

Fearing that talking about insurance with their super fund will be difficult is one potential reason why so few members engage with their fund about their insurance. The report will show that both of these expectations were sometimes correct and sometimes not. Some queries *were* simple to resolve, but others were more complex than the member had anticipated.

2. Familiarity and understanding before contacting the fund

2.1 What members knew about their insurance

It might be thought that the super fund members who were ‘engaged’ with their insurance would also be knowledgeable about it. However, our research has revealed this is not necessarily the case. While some of these members did appear to know quite a lot about their insurance cover, others knew less, with some knowing very little.

Figure 1. **Members’ knowledge about insurance at the outset**

Members with the most knowledge	Members with some knowledge	Members with less knowledge
<ul style="list-style-type: none"> •Some members knew the type of insurance policy they have and what they are paying for. •Some knew enough about insurance to know there are different types of policies (e.g. death, TPD and IP). 	<ul style="list-style-type: none"> •Some members knew they had a particular policy but not how much they are covered for or what the cover was for. •Some members understood the purpose of death cover and knew that other types of policies existed but felt uncertain about the differences between the policies. 	<ul style="list-style-type: none"> •Some did not know what insurance policy they had, if any. •Some were unaware that there are different types of insurance policies.

Members with the most knowledge knew the names of the products and had a broad understanding of the function of each product. Members with the most knowledge had learnt about insurance cover at work. Some were lawyers, accountants or similar so had some knowledge and expertise because of that. The comment below came from a lawyer who had once worked in a bank:

"Maybe also partly because in my time as a lawyer at the bank, I was involved in a lot of discussions with insurance specialists and financial planners, and so I picked up their conversation that we're having with the client. That sort of tuned me up to a lot of the things to look for, like is there a TPD component or is there wage protection?" Retail. Male. 41-50. VIC

2.2 What members did not know about their insurance

However, within our sample it was common to find members who did not know what the different types of insurance were for. This is particularly the case for income protection insurance. We heard many instances of members contacting their fund to find out if income protection policies could be used if the person lost their job.

"I asked, would this cover me if I lost my job? If I got stood down from my job at the time." Industry. Female. 25-40. ACT

There were also many questions about TPD:

"I don't really understand what I'm really covering for, as in, I thought there's a different interaction between what TPD and income protection is. Because I work in IT, I work as a system engineer. ... for me, all I need is my hands, because IT just work on hands, when am I allowed to take out income protection, as opposed to TPD? I think TPD is if I'm total employment disability, where I'm not capable of doing my job. So as long as I've got my hands, I think TPD won't cover me for anything if I ever got into a serious injury, unless I can prove I can't use my hands." Industry. Male. 25-40. NSW

As we see here, these members are typical of many who expressed themselves with uncertainty, saying they were not sure, did not know, or could not remember.

"I think it's a loss of... there's sort of... there's three main... I can't remember what they are now, but there's loss of life, loss of income or permanent disability. I think that's the three I think." Industry. Male. 25-40. QLD

The table below identifies the kind of knowledge about their cover that those with least knowledge lacked or felt they lacked:

Table 1. **Examples of low knowledge of cover before contacting the fund**

Whether they actually had this insurance or not	<i>"I didn't actually realize that I didn't have any insurance in my super."</i> Retail. Female. 25-40. NSW
What their cover was	<i>"I just don't really know what my insurance is or what I'm covered for or anything"</i> Industry. Female. 41-50. NSW
How much the insurance covered them for	<i>"Before I actually went on there this time, I would have no idea what cover I had to be honest. I just knew Super had basic cover."</i> Industry. Male. 51-60. QLD
What the insurance cost	<i>"I was curious as to what I was actually paying for the insurances."</i> Industry. Female. 41-50. VIC

The least knowledgeable members were also less familiar with the language of insurance. Some referred to their “fees” when referring to their premium for example.

“Sometimes it might take a couple of goes to really get across what I'm trying to ask about. Because sometimes you don't know what to ask for, and you need someone to help you decipher that.”

Retail. Female. 51-60. WA

Other than lack of exposure to insurance cover at work, one other reason that some had less knowledge than others was that they had paid little attention to insurance when opening their super fund.

“When you set up a super fund, it's just like, what is this? I just need one for work. I don't know what it is. And then you don't really think about, I probably should set this up right from the beginning.”

Retail. Female. 25-40. NSW

While members who were in a business or administrative job felt more confident about their potential ability to get the answer to their question, they were still not immune from a sense of difficulty to come. Sometimes this was a feeling of plunging into the unknown. As one said, they had had their fund since they were eighteen. (Retail. Female. 41-50. SA)

Members who had not looked at their superannuation statement in many years tended also to feel uncertain about their insurance cover.

“They send me statements once every six months, I believe. And I haven't really looked at all the details of what it includes.” Corporate. Female. 41-50. VIC

Finally, note that it was very common for one person in a relationship to think more about the topic than the other and sometimes acted on their partner’s behalf as well as their own.

In sum, when members contact their super fund about their insurance there is a strong likelihood that some are doing so from a low knowledge base in language that may not be technically correct. The biggest problem is poor knowledge of disability insurance, specifically what each type covers. It is worth bearing in mind that the vast majority of these members had never made a claim on any of these policies and did not know anyone who had.

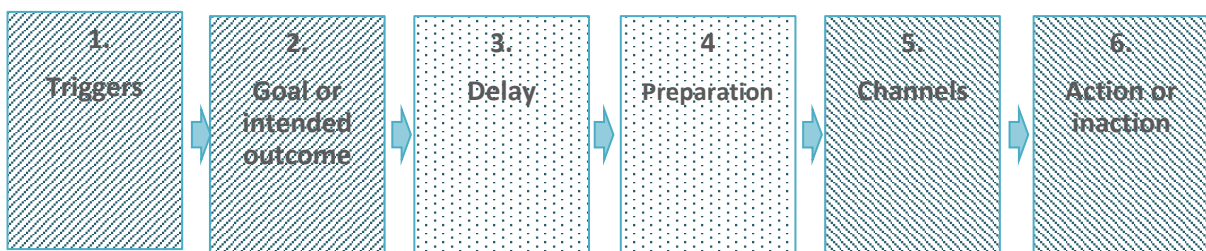
The only problem that we uncovered for death cover was whether it would be possible for beneficiaries to claim on more than one death cover policy. This is the ‘double dipping’ concern raised elsewhere in this report.

3. Members’ journey when contacting their fund

3.1 Overview of the journey

This section of the report explains the ‘journey’ that the members took to complete the task or enquiry. The diagram below shows the main journey. Stages which occur in only some journeys are in boxes with dots.

Figure 2. The stages of the journey



Each of these stages is explored fully below.

Stage 1: The triggers

There were four triggers to contact the super fund:

- Actions by the super fund, or by another party
- Life stage changes
- Life events
- Exposure to other financial information.

These are described in the table overleaf.

Table 2. The triggers

Triggers: actions by the super fund, or by another party
<p>Responding to emails and letters from the super fund, employer or union</p> <p>Some members were aware that they had received letters and emails from their super fund. Some of the emails and letters informed members that there would be some change to their cover. Sometimes, the member already knew that they should do this, so the email or letter was a prompt to act.</p> <p><i>“Basically, the first letter I got said that we’re making changes to the TPD. So then I Googled that and found out that superannuation companies have been lobbying the government for over two years. And this letter basically said this is coming into effect. I think it was November or December last year, it’s just coming into effect.”</i> Retail. Male. 51-60. WA</p> <p><i>“A lot of those, there was that June, I think, 30th deadline last year where they were going to start cancelling those insurance policies and they’re going to drop off.”</i> Retail. Male. 41-50. VIC</p> <p><i>“A lot of changes were coming, especially life insurance and other insurance would become optional. I can choose to opt out from the insurance company and do it personally or I can continue as I wish.”</i> Industry. Female. 25-40. QLD</p> <p>Some heard from their union. One union <i>“informed us through a local meeting, face-to-face meeting and also through their newsletter.”</i> Industry. Male. 51-60. QLD</p> <p>Some members ignored the letters or emails initially.</p> <p><i>“I sat on it. I didn’t act on it. I think then I got one or two repeat letters, because there was a timeline attached to it. ... As in, you put it aside in the basket to say, ‘yes, I’ll do that. I’ll get around to it.’ Working full time, you sit there and never get around to it.”</i> Retail. Male. 51-60. WA</p>
<p>The superannuation statement</p> <p>Some people were prompted to contact their superannuation fund by their superannuation statement and then they looked into their insurance.</p> <p><i>“This one occasion where I was reviewing my superannuation about three months ago, I noticed how much my super was being eroded by insurances, the fees... when I first signed up with ... my super fund, I didn’t realize that my insurance fees, I suppose, would be so, not exorbitant, but would affect the performance of my superannuation so significantly. So, when I looked at my statement about three months ago, that really triggered me to reassess as to my requirements.”</i> Industry. Male. 25-40. NSW</p>

Questions about the beneficiary

Some participants had realised that they needed to think about the beneficiary, after being prompted by the fund or other party.

"I guess one thing that prompted me is I had to add my partner as beneficiary, so that obviously I guess prompted me to do it then." Industry. Male. 51-60. QLD

Triggers: life stage change

Getting married and having or planning to have children was the prompt for some members

Some members started to think about their insurance when they realised that getting married and having children brought financial responsibilities.

"I guess looking in buying a house and having kids, it's two things where those insurances become a lot more, what's the word, important, I guess, or critical ... You've got other things, you have debts to worry about and other responsibilities. You aren't just looking after yourself." Industry. Male. 25-40. QLD

Consolidating finances after a divorce or separation

For others, it was divorce or separation. One mother who was divorced said about her child:

"He's now 10 and I'd sort of set everything up from a few years ago, when he was much younger and then I just wanted to make sure, do things change at this point in time... My work had changed a little bit that I'm casual now, not so much permanent and do things change as their ages change? Are there different criteria, is there different things I should be on?" Retail. Female. 41-50. NSW

Nearing retirement

Others started to think about their insurance in their fifties, as they thought about retirement. though in this case it was usually to do with the impact of increasing premiums on their superannuation balance.

"I think as I get older and my mortgage comes down, I think the opportunity to bring down those insurances would be a good idea because the premium I'm paying for insurance at the moment is quite high." Industry. Female. 41-50. SA

Triggers: life events

Death or illness of friend/ family member

Several people had been triggered to act because of their own illness, or the illness or death of a friend or family member.

“One of my kids, their friend's mother was diagnosed with ... breast cancer, probably about a year ago or slightly more than a year ago. She was off work for about five months because of surgery and chemo and everything. And so she was making a comment about not having had income protection insurance. Now she's not a single parent. She has a husband and so he was still working, but they really felt, financially, the loss of the income.” Retail. Female. 41-50. ACT

New role at work

In a few cases, the topic of insurance in superannuation came up when the member changed jobs.

“I just started at a new role and the HR had asked me for my (super fund) numbers, so they could obviously pay my superannuation and it just, I guess, got my interest up. I thought I would give them a call and just see what my balance was, what the insurance was, how things were looking.” Industry. Female. 51-60. QLD

COVID-19

We conducted this research with people who had contacted their super fund between September 2019 and March 2020. A few of the people interviewed had contacted their fund because they were worried what would happen if they lost their jobs or in fact had already lost their job.

“I've been stood down without pay. I thought, oh well it would have been nice to have some income protection.” Industry. Male. 25-40. QLD

“Just make sure that it protected me in case I do lose my job. Because in the current circumstance, there's no guarantee that my job at the moment will be around in say 6 months or 12 months' time. It's being supported by JobKeeper. But if that sort of finishes September or whenever, there's no guarantee. Hopefully I will be continually employed, but if I'm not, am I able to get any protection from my superannuation fund?” Retail. Male. 51-60. VIC

“I'm casual, and I actually made some inquiries about the job seeker payment, and I found out that the university had put in an application for job seeker, but there was no outcome. So I didn't know whether I was covered for any of that, the income protection, but it didn't appear that I was. It was more for other circumstances.” Industry. Female. 51-60. SA

Trigger: exposure to other financial information

Tax time

Some members routinely assess their finances at tax time, so looked at their superannuation statement. For example:

"I contacted them because every year come 3rd of June, like last year, I like to get balances to see where I'm at for tax return purposes and so on." Retail. Male. 51-60. VIC

Media

Some members were prompted to think about their insurance after reading material from personal financial commentators such as Noel Whittaker, or the book *The Barefoot Investor*, or after listening to podcasts.

"I went through this phase early this year when I was listening to financial podcasts. What I didn't realize, because we just rolled it over ... going, "Oh yeah. Well you don't want to have two Super accounts. You don't want to be paying two lots of fees. That will be really bad - we'll roll it all into" Then this podcast said to us that probably wasn't the best thing, because if you've had your super fund since you were 16 say, your life insurance and your death cover and everything would have no pre-existing conditions." Retail. Female. 25-40. SA

Conversations with others

In some cases, the trigger was talking to others – an investment group, to social media. Some conversations happened in the payroll office. This one was about a change to the waiting period for their income protection policy.

"It was only people ringing us up, because I work in payroll, and telling me that this had changed that I actually realized that we had gone from two weeks to three months, which I thought was an awful big jump." Government. Male. 51-60. NSW

This summary has described the variety of reasons for a member to contact his or her super fund about the insurance. Arguably, these triggers are not unusual. Other members are likely to have experienced the same triggers but not acted. The triggers themselves may seem insignificant – a passing comment perhaps – but they take on a significance to the individual. The trigger was in many cases a trigger to 'wonder' or 'think about' rather than a pressing concern to act. As described later in the report, worry that this would be a difficult process sometimes outweighed the importance of the trigger.

Stage 2: The goal or intended outcome

The next stage in the journey was to identify what members were trying to do. Most members in our sample were fact finding - "*checking*" - while others wanted to resolve a specific issue.

Members who were fact-finding were sometimes initially interested in their superannuation. They wanted to check their balance or look at the fees. Many participants started by logging on to the

website, and while there noticed some aspect of their insurance that surprised, puzzled or confused them.

“I logged in online, and I was looking at my balance, and trying to work out whether I've got insurance, and how much insurance I had, and what the cost was.” Industry. Female. 51-60. SA

Others knew that they wanted information about their insurance from the outset. The kind of questions they had at that time were:

Table 3. Fact finding about insurance: typical questions

Do I have insurance?	<i>“Frankly it was really simple honestly, I just rang up asking and just said that I wasn't sure if I did have life insurance or not.”</i> Retail. Female. 25-40. SA
How much are the insurance costs?	<i>“I was looking at the costs associated with my super account and what I was paying for what services I was getting and just weighing up whether the costs monthly in my mind were warranted or whether that money would be better off being put into my super and then consolidating insurances across other mediums.”</i> Retail. Male. 41-50. SA
Do I have too much cover?	<i>“I felt that I was probably over insured, but I did want to make sure that there was appropriate insurance in place for the kids.”</i> Retail. Female. 41-50. ACT A single mother with young children wanted to make sure that she could still pay her mortgage if she was too ill to work and if she dies her sons would not be left with her debts. (Industry. Female. 51-60. QLD)
Do I have enough cover?	<i>“And then I was kind of going through to see whether the amounts that they were insuring me for were in my mind and my family's mind enough to cover what we wanted to cover.”</i> Industry. Female. 25-40. QLD <i>“I wanted to check what insurances are already included as part of my super, because I wanted to know whether I needed to take insurance out with any other company external to that.”</i> Government. Male. 51-60. VIC

As this table shows, some members wanted factual information – do they have insurance. Others wanted what might be considered ‘advice’ though very few members used that term to describe what they wanted. They wanted to know if they had ‘enough’ insurance for example.

“I'd be hoping that we could, together, go through, I'd log into my account, and the customer service representative would have access to my details then and there, that we'd really drill down to specifics, and that I'm given the right information, how it pertains to me. What are the implications if I increase the cover? What am I actually covered for? Sort of forward planning. If this was to happen when I'm 60, or when I'm 65, you know? All of that. Very specific.” Government. Female. 51-60. VIC

This report shows that one of the reasons why members felt dissatisfied with their interaction with the fund was because they had not received information that was specific to their circumstances.

Some knew exactly what they wanted to do: to increase cover, decrease it or cancel it.

“I was previously holding insurance in my previous super, so when I went to (FUND), I wanted to re-initiate some insurance cover, over and above the standard cover.” Industry. Female. 51-60. NSW

Some tried to do it online and succeeded, but others needed to discuss their needs with a representative, on the phone. Several found during this process that the action they wanted to take was not as straightforward as they expected or had other consequences so their goals might need to change.

Some members discovered during this process that they had insurance they did not know about, while others had less insurance than they thought they had, and some did not have the insurance they thought they had at all. A common denominator in these cases was that the member had started a new fund without realising there would be default insurance in the new fund or conversely assuming that the insurance cover in the new fund would be higher than it actually was.

Table 4. **Problems with default insurance**

<p>Concern that the insurance cover was too low</p>	<p>One member had become a casual employee at a new employer after leaving full time work. She took the super fund she was required to use at her new employer but was disappointed to realise after about 12 months into the new job that her income protection was now much less than she expected, because it was based on her income rather than being a fixed amount. (Industry. Female. 51-60. SA)</p> <p>Similarly, one member realised after about two years at a new fund that the cover was not what she thought it would be:</p> <p><i>“I thought that the income protection insurance was quite similar to insurance that I'd had with a fund many years ago when I worked for But actually, it's not the same. So I thought that it was income protection if you weren't able to earn your wage, then this income insurance would kick in, but under (new fund), it only applies if you're unable to work due to an accident, not because you're sick for an extended period of time or any other reason.”</i> Retail. Female. 41-50. ACT</p> <p>One member had started a new fund with – as she discovered later – relatively low insurance cover. During this process she discovered that she still had a small amount of super in another fund for which she was paying insurance:</p> <p><i>“I had quite a bit of death and TPD in a very small fund, so it was being chewed away by the insurances. So, I was happy to close it and then add it to the (new fund), which had a much bigger benefit in it.”</i> Retail then Industry. Female. 41-50. SA</p>
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<p>When the member had insurance elsewhere already</p>	<p>Another discovered that her new fund was taking out insurance when she already had insurance outside super.</p> <p><i>“I saw there's money coming out every month for two other insurances. So then I had to ring them to find out how did that happen. And that's when they told me that it was something that, when you roll over to them, they automatically sign you up for these two insurances.”</i> Industry. Female. 51-60. QLD</p>
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In summary, members contacted their fund because they had a question about their superannuation, a question about their insurance or wanted to do something such as increase or cancel their cover. Some discovered during this process that they had less or more insurance than they thought, or in some cases no insurance.

Stage 3. Delay

Some members took some time before they acted on the letter or email they had received, or the conversation they had taken part in – whatever their trigger was. It was not unusual for there to be around a six-month gap.

Members who intended to contact their super fund about their insurance almost always felt it was important to them. In this case it was “very important”:

“It's very important because... the insurance that they're talking about, it was adding up to... it could be pretty expensive. It was 40 bucks a week or something. Put that over the life of the super balance it makes a huge difference.” Industry. Male. 25-40. QLD

“I believe that the amount of insurance cover that we get is extremely low and that will put the entire family at risk, if something is to happen.” Retail. Male. 25-40. NSW

However, it was rare for the people interviewed to express concern about the long term impact. For many, solving this problem was at best “moderately” important. It was something that needed to be done but it also had to fit into everyday priorities:

“Probably because at that stage I was just a little bit busy. I'd just had a pool built and there was all sorts of problems going through. But yeah, in the end it was just time and then I sat down one day and thought, “Oh yeah, that's right. I got to find out about that.” So I just made the call.” Government. Male. 51-60. VIC

For many it was not time critical. There was little sense that the bad events they were insuring against were imminent.

“It's just not something I know I need to do sort of right now, but it is something that I want to do in the next sort of three to five months to make that decision.” Retail. Male. 25-40. VIC

Stage 4. Preparation

Before getting in touch with their fund, some members felt the need to do some preparation. One person searched online after a letter from the fund. Everyone else went to their own fund first. They started by 'grounding themselves' in their own data, i.e. finding out what their balance was, or what policies they had which meant contacting their own fund. One of the most common first steps was to find their member number and go through the process of retrieving or resetting their password. Other preparation included:

- Looking for statements that had been filed or stored
- Using whatever means they could to remind themselves:

"There's a bit of preparation and that annoys me. You know, you can't just ring them up and go, "Oh, look, what's happening with my super? I feel like I need to go in there and check myself. So even though I feel motivated to do it there's a little bit of ugh, you know? Because I know there is a bit of work involved to prepare." Government. Female. 51-60. VIC

This is one of the reasons why some members delayed contacting the fund.

Stage 5: Channels for contact

Members varied in how they contacted their fund. Almost all used two or more channels though in a few cases the issue was resolved in one channel. The channels and combinations of channels used are described below.

Digital then phone channel

The most frequently used channel was the combination: website or app then phone. Indeed, over half of all members interviewed started with the website or app and then made a phone call.

For some, this was because they were unable to find out what they wanted on the website.

"I first of all went online and then I couldn't find what my insurances were." Government. Male. 51-60. NSW

"It's just not as easy to find out what you actually have in your insurance and really be clear the life and the TPD was actually part of your super package that you already had it, it wasn't really clear." Retail. Female. 25-40. SA

Some wanted to do something that was not possible on the website.

"Had to log in on the computer and then logged on and then went on to another screen, which had further details...Then looked at what insurances were there and then clicked on to see whether I could increase some of them. And then when I couldn't, I called them up to ask the same question whether further increases can be made and that was what the journey was." Retail. Male. 25-40. NSW

One member's fund had made some changes which increased her costs so she was considering cancelling it or decreasing her cover. She tried the online PDS first to check what the policy covered, found that difficult so contacted the fund by phone.

"And then it was really just about ringing them and trying to find out how easy it would be to either lower the cover or cancel it if I wish. ... the operator was a bit more sort of sales focused trying to ... They did still answer my question, but it's obviously about doing it in a way that they try to keep you continuing the insurance." Retail. Male. 25-40. VIC

Others used the phone to clarify their understanding. For example, one member received a PYSP Letter and went on the website to check. *"I was wanting to clarify, I guess, some more specific information. There's an interplay between your balance and the dates. There was a range of dates over which if your balance was at this level on this date, it would be fine. And if it wasn't at this level on this date, it wouldn't be fine."* Industry. Male. 25-40. VIC

One member had learnt that the waiting period and premium were both increasing. It was possible to change this on the website *"but probably wanted confirmation that the way I was understanding it was the correct way."* Industry. Male. 51-60. QLD

One other member was informed that premiums were increasing after he signed up to a new policy. (Industry. Male. 25-40. NSW)

One member discovered when checking her superannuation online that she had two insurance policies she was unaware of, so called the fund who explained *"that that was something that happened as soon as I rolled over, and it was automatic, and I could cancel it online if I wanted to."* She has yet to decide whether to cancel them or not. (Industry. Female. 51-60. QLD)

Some used the phone channel to correct an error after seeing it on the website.

"I just called and said I think there's a problem here because, I made these changes, and I've got this form saying that it's all been approved, but it hasn't actually gone through. And, they basically said they'd look into it, and they did actually get back to me quite quickly, and say that they had made a mistake, and that they would fix it up straight away." Government. Female. 41-50. QLD

Digital only – website only or app then website only

The next most used channel was website only or app then website. One of the reasons for this is that digital tools can be accessed anytime. However, some specifically wanted to avoid speaking to staff members. One felt for example that she felt *"dumb"* when trying to talk about insurance. (Retail. Female. 25-40. SA)

Digital-only channels suited members who were fact finding.

"So I logged onto the website and then looked at my account and looked at the transactions to see what I'm paying and then how would I increase my insurance if I wanted to, which was pretty straightforward." Industry. Female. 41-50. NSW

Access to online calculators was also helpful in fact finding.

“The next step were calculators, which I used extensively to work out the amounts of cover and then the costs of cover. And I basically selected my cover from there. I was just checking to see what sort of cover I currently had and there was options to change, so I thought it'd be good to have. So it was a general review of my situation.” Industry. Male. 51-60. QLD

Some then followed up on other sites.

“I went into the website, logged in. There were very clear indications of the amounts that I would get in terms of insurance, et cetera. What was not necessarily clear to me was the description of, for example what is TPD and what is the temporary permanent disability. Those type of things. Then you do a Google search and there's a heap of information available.” Industry. Male. 41-50. NSW

Others were able to complete their application digitally as well.

“I had to provide the documentation. I think, I may have emailed it. Everything was basically done electronically.” Industry. Female. 51-60. NSW

Most participants who used only the digital channel(s) with no other interaction completed their task to their satisfaction.

Phone channel only

The first action for a small number of members interviewed was to contact their fund by phone. One had a query about the possibility of insurance if they lost their job. *“So we thought we'd ring our super funds and because we both knew that we had income protection, but we didn't know exactly what it covered, so we thought we'd find out what that was. So, I just rang them and he rang his as well and then we asked them.”* Industry. Female. 25-40. ACT.

They were told they did not have cover if they lost their jobs, so left the matter there.

One member cancelled a policy in one phone call. *“In one phone call. I was able to get all the information I needed to understand that through my knowledge, but also adding to that, the knowledge of the consultant I spoke to and really, I didn't have any queries or questions or cause for follow up after that.”* Retail. Male. 41-50. SA

Face to face

A small number of members had a face to face interaction, for example at one of the regular seminars or webinars run by their fund.

Email

A few members used email to respond to an email from a fund.

Channel benefits and disadvantages

The table summarises the perceived strengths and weaknesses of each channel.

Table 5 . Perceived reasons to use or not use each channel

Channel	Reasons for use	Disadvantages
Smart phone App	Some used their smart phone app to check their super balance, so tried to find insurance information there too.	Not possible in most (or all) apps to make changes within the app.
Website	<p>Many were familiar with and comfortable with online.</p> <p>Some websites were easy to navigate.</p> <p>Some websites had useful online tools such as calculators.</p> <p>Websites open 24/7.</p>	<p>Some websites did not allow members to change their cover.</p> <p>Some websites were hard to navigate.</p>
WEBSITE CHAT	Some used the chat on the website to ask questions about their cover.	Some of members' website chat enquiries were never answered.
PHONE	<p>Some deliberately chose to use the phone because they were not confident in their own understanding.</p> <p>When the phone was used it was generally because the website had not permitted a certain action or had been unclear.</p>	<p>The call centres are only open during the workday. Some members could not use the phone at work, and/ or have short lunch breaks.</p> <p>Some experienced long waits on hold.</p> <p>Some were worried about their ability to explain themselves on the phone.</p>
EMAIL	A few members used email to respond to an email from a fund.	One did not get any acknowledgement of the email, or any reply.
FACE TO FACE MEETING	<p>Seminars or webinars run by the fund.</p> <p>Proximity to the fund office.</p>	None mentioned.

The PDS and other resources

In all, five people had looked at the PDS. No-one mentioned any of the other resources. The feeling tended to be that the PDS was difficult to use because of its size.

"Because even the shortened version you'll find a few little... oh okay, that said something there but does it... what about in this circumstance. And then from there you can go into the final details and have a closer read and sort of get a better understanding of it from there. But for the most part you probably don't need to read that closely. So I think it would be easier for me just to... just a

simplified version of the product disclosure statement and then from there you can refer to the actual PDS." Industry. Male. 25-40. QLD

Some sites may not make access to the PDS easy:

"The PDS's, the policy wordings and stuff, they're still not overly clear, I don't think. I just found that it was hard to navigate ... It was basically you had to close the screen where you're on with regards to changing your policy covers and then open up a new screen with regards to the policy document. So you didn't have the option to see both on the same screen. That was probably a bit of a pain. "

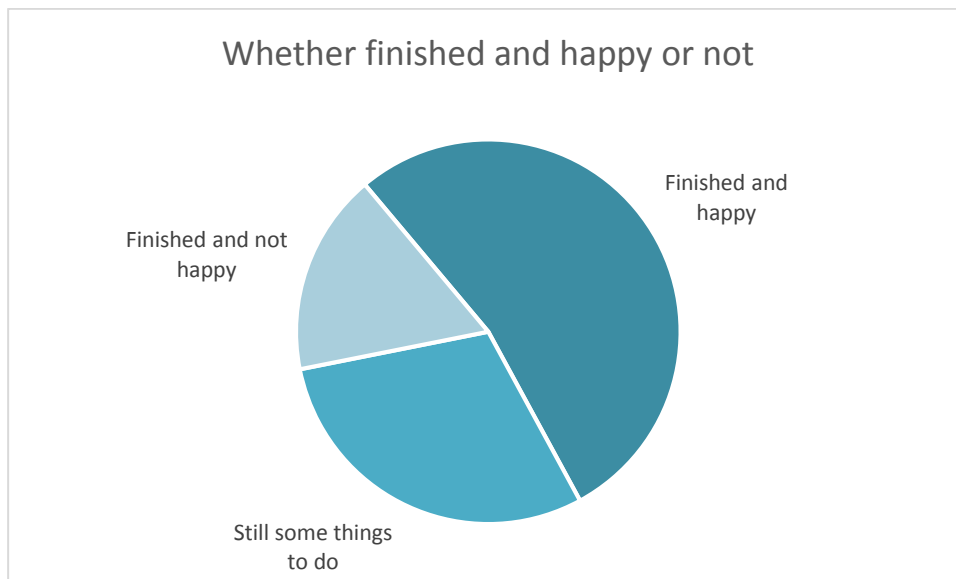
Retail. Male. 26-40. NSW

To summarise, each channel has its strengths and weaknesses and they sometimes worked well in combination. However, it is surprising how many members needed to use more than one channel – typically online and then phone. Although digital was the first channel used by most members, only six members used digital only. Based on the information we have gained from members, it seems that superannuation fund websites vary quite a lot, with some more obviously designed for self-service and others seemingly less so. Some felt the need to phone because they lacked confidence – either in their own ability to have found the right thing or to interpret it correctly. A slightly less common reason was that some members wanted information that would be designated financial advice, which of course was not available without consultation.

Stage 6. Action or inaction

We asked each member their perception of whether they had finished the task and considered themselves happy with that, had finished and were unhappy with that or still had some things to do. The results are shown below.

Figure 3. **Whether finished and if so whether happy with the outcome²**



² Each participant was asked to choose one of these.

Finished the task and happy

Just over half of all members who took part in this research reported that they had finished and described themselves as happy with the outcome. Of these, the general pattern was:

- Members who were simply checking information without needing to make any change, for example finding out how much they were covered for, found the information they wanted easily.

“There was a lot of information on the website. When I logged in into my account, it told me exactly how much I will get if I die, for example. How much my monthly payment will be, if I have a temporary disability that prohibits me from working. That type of thing. There was another one which was the TPD which was pretty much the same as what I would get if I die.” Industry. Male. 41-50. NSW

- Members who wanted to change contact details or increase or cancel their cover, were able to do so easily in one step, usually online.

“I asked how I would be able to remove the insurance coverage. Yeah, they were able to give me a pretty straightforward answer and said that the easiest way to do it is to do it online. I was okay with that.” Industry. Male. 25-40. NSW

- One person had a more complex task to achieve but the fund representative guided the member through the process while on the website. (Government. Male. 51-60. VIC)

Not finished, with still some things to do

About a quarter had not finished what they set out to do.

Several members who had recently changed jobs fell into this category. The realisation that they needed to check their insurance came a year or two after the job change. The problem that these members faced was that their new cover was lower than their previous cover. Now they need to decide what to do about that.

“I'm confused about what path to take, whether to just leave it as is, to try and increase the cover or... I'm at a bit of a stand still too, because I'm not actually, at this point in time, because I'm a casual employee, I'm confused about the long term effects. And because I don't have work, I don't know whether I can still be covered for anything like income protection if I'm not getting an income now.” Industry. Female. 51-60. SA

Someone else who had changed jobs used the website and phone to understand more about the products he was covered for, but still hasn't decided what to do because he is still unclear:

“What is a total... There's death and total disability, is it, or total something. But yeah, what that actually meant or what comes under that. If you lose your leg, does that cover it? If you lose a finger, does that cover it? If you lose an eye, you know. Where do things stop and start is sort of... And then what are you paying? How much do you pay for those? ... And that information wasn't clear in the things that you read.” Industry. Male. 25-40. QLD

Some are not sure what to do with the information they gained, because of its complexity.

“And even while they're explaining it, because you sort of start to lose track a little bit, all the facts and figures. And if you do it this way, it's going to be like this, if you do it this way, it's going to be that. And that's why I feel with any of these types of things, whether it's health insurance or super or all those ones, that it's hard to make a decision on the spot because there's so much information.”

Retail. Female. 41-50. NSW

Others are concerned with the implications.

“That's one of those things that you get the numbers and then you go away and you've got to... To call the super fund is easy, but there's stuff outside of a super fund isn't that easy, to start to look at numbers, to get our life insurance and stuff from insurance providers outside of... You've only got one super fund, whereas there's lots of insurance providers outside.” Industry. Male. 25-40. QLD

“Because once you reduce your cover, given that we're 52, it's very hard to get it back. So, I guess that's what I'm concerned about is that we make the wrong decision and can't change that.” Retail.

Female. 51-60. WA

Some wanted to discuss the information they had learned with their partner, or with an accountant, or financial planner. One member wanted to cancel her death cover so she could have TPD only - and increase her TPD cover. She was told this was not possible. She was also informed that her income protection policy had a 90 day waiting period which she wasn't happy about. She wanted to discuss this with her partner so did not make the decision there and then – and then forgot about it. (Government. Female. 51-60. VIC)

Finished the task but unhappy with the outcome

One person contacted the fund with a desire to find out more about his current cover and ended up with new policies that he doesn't think he needs or wants. (Industry. Male. 25-40. NSW)

Some of those left dissatisfied also had policies outside super or were considering that as an option. Of these, some were wondering if they needed their insurance in super at all while others wondered if they need their insurance *outside* super. They were unhappy because their question about this had not been answered.

“I have another standalone policy outside of super ... And I'd been thinking more so about the standalone policy. Do I still need it? Do I just leave the one in super or keep the standalone or possibly shop the standalone one around a little bit more and see if there's a better premium, or slightly better coverage.” Retail. Male. 25-40. VIC

One discovered that she is paying for insurance inside super when she already has some elsewhere, and now needs to work out what to do about that.

“So, it was a bit annoying. I mean all my insurance, life insurance particularly, goes to my son anyway, and I'd already covered that. I'd already looked at that, and that's with somebody else, and covered to pay my place off, give him a bit of money so he's sort of got a good head start, and I

certainly didn't need these other ones because I've got two life insurances. So it was a bit annoying because then I thought well, obviously before I cancelled them, because they get more and more expensive as you get older, and I need to do my research and decide whether it's worth holding onto them. And that is, as I said, time consuming." Industry. Female. 51-60. QLD

Some members were concerned about 'double dipping'. They had learnt that super funds would not pay out if the member had insurance elsewhere. The members who contacted their super funds about this were left uninformed and unsure what to do.

"Well, I couldn't get an answer in terms of, one, that question about whether I was actually double-dipping by having two funds that actually have the same insurance cover. I was trying to get a: if something was to happen whether I could get both payouts or was it just the one? And ... the answer was, "Oh, you'll have to check the disclosure statements of the other fund as to whether you could do that." I'm thinking, "Well, it's hard enough to get an answer from..." You don't actually get specific information. I don't know whether they do that to stop people decreasing coverage and keeping the money or the coverage with them or whether they just don't know. So, I came away from the conversation more confused than not." Corporate. Male. 51-60. NSW

One had not been allowed to make the change he wanted - to change the waiting period back to two weeks. (Government. Male. 51-60. NSW)

3.2 How members felt at the end of their journey

Members were almost evenly divided as to whether their interaction with their super fund had been positive or negative.

Easy and straightforward

The most commonly expressed positive emotion was that the process was "easy" or "straightforward." Most of these comments came from people who completed their task on a website that they found easy to use.

"So I logged onto the website and then looked at my account and looked at the transactions to see what I'm paying and then how would I increase my insurance if I wanted to, which was pretty straightforward." Industry. Female. 41-50. NSW

Some found the process empowering

About a quarter of all members interviewed felt in some way empowered or "in control" especially because they had access any time.

"Get onto the app, use the chat bot, they will reply to you. You don't have to sit there waiting for them." Industry. Male. 41-50. QLD

"Now that I know, for example, how I can access the portal and how to contact someone. I feel, prior to the engagement I had, it was always something that seemed quite nebulous, that I had no idea (about), I'd never accessed, even though I'd had this scheme for like seven years, I had never even

actively sought to check the balance or I didn't know what plan there was. So at least now, I've done that and I know that I would know how to access it easily, I know where there's someone there that I can speak to. So I feel more on top of it." Government. Male. 51-60. VIC

Access to online calculators was also empowering:

"I used three different calculators as it were. They came back with fairly similar answers, so I guess they're all based on fairly similar principles and assumptions. But for the income protection insurance, for instance, I increased the amount of cover that I had for that, but I decreased the amount of cover that I had in the death insurance, based on the recommendations from those calculators." Retail. Female. 41-50. ACT

Some felt supported by helpful staff

Several members commented that the staff they talked to were supportive and helpful.

"(They) were very good in terms of not putting you down and helping you just to feel better and, yeah, very pleasant. There was no problem there." Retail. Female. 51-60. WA

One member contacted the fund after changes had been made to the waiting period for income protection. Speaking of the fund representative:

"They are really proficient with understanding what I was seeking and how to go about responding to it. Yeah, I was really impressed with just understanding their stuff of what I was asking for and then how to maximize the benefit for me. And he also gave some further advice. He gave some examples of some famous people who'd been injured or contracted illness and that had actually lasted longer than 12 months, which is the period of time that income protection covers you for." Industry. Male. 51-60. QLD

Some felt confused or uncertain at the end

Turning now to the members who felt negatively, a relatively high proportion of members – about a third – spontaneously told us that they felt “confused”, “overwhelmed”, or “uncertain” after their interaction.

"I find insurance really confusing, I guess, just knowing what the best sort is. not really knowing what path to take next." Industry. Female. 51-60. QLD

Many participants commented on the complexity of insurance and how difficult it was to make decisions about it.

"I feel like I'm in a bit of limbo because I don't really know what we need. Now that our family lifestyle has changed, our house has changed. We're looking to buy another house. I'm on maternity leave. What type of insurances does my husband need? I think that's all a bit unknown. I don't really know what we need to be covered for." Retail. Female. 25-40. SA

"I mean, when I asked about the insurance, even just that itself was complicated. There were so many options within it. And what do you want? Well, how long do you want it for? And all that. And

it just made it quite ... I think I got presented with five different options.” Corporate. Male. 51-60. QLD

Some members felt disempowered

Some members felt disempowered by this process. In some cases this was because premiums are deducted for them without them consciously thinking about it.

“Well, it doesn't come across as a very flexible product. It's kind of like there's the automatic enrolment so to speak, but then your options are to ... fully sort of cancel it, which they don't make really easy. It's not like clicking a button online and it's done. You've still got to go through filling out a form and possibly a phone call to really try and say one last effort to save you and then they finally sort of cancel. It's not very easy to activate and deactivate it if that was truly the way it could be.” Retail. Male. 25-40. VIC

Some members felt disempowered by an onerous and difficult process.

“It's probably the website interface more so than anything. I couldn't really understand what coverages and insurances were on there, which then made me go, ... Then after that they sent me an email with the form attached...It's got all the information pages. And there's 13. So the first page we actually fill out is 33 out of 52. So that's 32 pages of just, I guess it's all the information, and wait periods, and all that sort of thing.” Retail. Male. 25-40. QLD

Some websites did not have the resources that members wanted.

“Their website.... actually, a little harder to navigate and possibly a little less substantive in that they've got this nice summary of, this is the value of your fund now. But if you want to see historical information, then it's much more difficult to find that. And some information just really isn't there.” Retail. Female. 41-50. ACT

One member was annoyed having to take the initiative to chase up her own money.

“I'm annoyed about, to be honest. I think it's the fact that I had to ring them. When I'm paying them ... This is how I see it and they may see it differently. I'm contributing money towards their managing my super fund but I think I'm a bit disappointed at the fact that it's left up to me to contact them to check that everything still suits me. I feel like they have some sort of responsibility in that too. If they're prepared to take fees out of my Super fund to manage it they should be managing it for me as an individual and not just as a whole Super fund for all of their members in a broad sense, if that makes sense.” Government. Female. 51-60. VIC

Some tried to use self-service tools unsuccessfully

Some members had tried unsuccessfully to have their questions answered through chat, the app or the website only. These questions or issues seemed complex but the member did not want to contact the fund by phone. For example, one member had two income protection policies, one in super and one outside. He was concerned that only one would pay out if he needed to claim – he could not ‘double dip’ – so he was considering cancelling one of them. He tried to read the PDS but found that difficult, then used the chat function but was not given a clear answer. As someone else

who also used only the website and the PDS explained. *“Well, there's so many different components to things, and you have to piece everything together, and you're looking at one piece of a bigger financial puzzle. And then, within that, there's also just the complexity of dealing with the super fund and their quirks and things.”* Government. Female. 41-50. QLD

For some, the encounter felt “pushy” or with a sales focus

One member received a cold call from a financial advisory firm suggesting that she move her superannuation which was in an industry fund to a retail fund, which she did. They have also suggested that she move her insurance from the default insurance in the industry fund to a new policy. She has not done so because they require her to complete an application form which she is reluctant to do as she has some minor health problems. One outcome of this was that she did not act on letters from her old fund advising that she would lose her insurance as her superannuation balance was now low. (Retail. Female. 41-50. SA)

One member completed a ‘want to find out more’ card at a superannuation seminar. The fund made a telephone appointment for him without him being clear who he was talking to or why. The outcome was that he took out insurances that he had not previously considered.

“And I just told them, “Oh, can I talk about this?” And that person said, “Okay, we'll arrange an appointment with you. What time is good for you?” And then so they booked it in, they sent me a calendar invite saying, “Your booking is at this time.” And then yeah, after that we attended the meeting, as in through audio, and we spoke about stuff. It wasn't totally based on insurance, it was also about, he wanted to know about my financial position, and all that kind of stuff. I don't know if he was trying to sell me another product, because I don't know how that was related to insurance.” Industry. Male. 25-40. NSW

It is possible that this member was speaking to a financial adviser, but if so he was not aware of that. It felt like a sales exercise to him. As someone else said:

“They definitely have the sales side of trying to push you to get extra things, extra products....This insurance, add on this, add on that...You can get a bit steamrolled, but they do it in a very nice way, don't get me wrong, they're not pushy, but a little bit steamrolling ... I got sent emails with information of the products that I wanted and even extra products as well. They definitely referred me to a website and to get on my account and definitely said to ring back. I've got a, what's it called, a particular person's name and number as well at the time. If I need to ring back.” Retail. Female. 41-50. NSW

In some cases, the fund representative criticised the product their member had.

“He did point out a lot of short comings with the products that I did have. And ... he said, maybe I need cover in case I get a disability or something that stops me from working as well. He said you can broaden your insurance cover, if you want ... it could have been better. What they did do, they appeared to have not a lot of spare time and they just said to me, well this product is very old. We don't really do it this way anymore now. You really should think about a new, modern product than

this. And he wasn't really prepared to email me options or anything like that." Retail. Male. 51-60. VIC

One person recognised that they had received advice.

"As soon as I contacted them, I had their internal financial planner contact me and asked me if I wanted to get some financial advice, and make sure I was doing the right thing. Yes, so just basically give me advice. I thought that was great, but it was too little too late." Retail. Female. 41-50. SA

Some felt they needed advice

Finally, some members were left feeling they needed advice. One member chose a level of cover on the website but was left feeling doubtful, wanting someone to advise her: *"This is how much you should be putting away."* Industry. Female. 41-50. NSW

One member with a medical condition was worried that she would lose her cover if she switched to a new insurance provider:

"That was one of the questions we were going to ask our financial adviser. Should we be getting external insurance? What type of stuff does that cover, like the superannuation insurance cover? Are there loopholes in there that they're not going to pay it out or something? Is there insurance outside of Super that's going to be better? I think that's what we really wanted to ask our financial advisor." Retail. Female. 25-40. SA

"I still need to get more information, just some clarity about insurance in my super, and what I'm eligible for, what exactly it covers, because mainly a general discussion that I had. So I need to do a little bit more research, and get information about, from the super company." Industry. Female. 51-60. SA

Some members expressed a need for something beyond straight factual information but they did not use the term advice or consider that they needed a financial adviser. They called it an 'independent take', a 'review', or asked for 'specific' information from the customer service representative:

"I would probably say something useful for me would be ... an independent take on the question of whether insurance in superannuation is good or not. So, I guess my reasoning for that is information directly from the superannuation company." Industry. Male. 25-40. VIC

"Even an annual phone call from them to schedule a meeting to say, "Can we just go over all of your super? Let's see where things are at. How it's performing. Are your insurances still ... Do they still fit you? Are they still what you want and what you think you need as you're getting older?" Government. Female. 51-60. VIC

Part of this is a concern about the integrity of financial advisors:

"I would say it also comes from a distrust of, I guess financial people due to the Royal Commission." Industry. Male. 25-40. NSW

To summarise, the process of gaining information about insurance or making changes to the insurance in a super fund presents several potential hurdles to members. While some apps or websites appear to be designed for self-service by members, others were hard to navigate and/or lacked the information the member needs. As a result – and in combination with the fact that members may find insurance confusing – members felt the need to contact the fund by phone as well. What could be a one-stage process turns out to take two or more.

Even then, members with complex decisions to make about their cover may not make them at the time of their contact with the fund as they feel perplexed and overwhelmed by the product options available. As described above, they may want advice but not use that terminology, or understand how that advice might be delivered to them by the fund. This can result in inaction, resulting in the member not having the necessary insurance, or perhaps paying too much for it.

4. How members' experiences may be improved

The research has highlighted potential improvements that could be made to the members' experiences. Many of the problems experienced by members would probably have been avoided if the member had known where to find the information that they needed, in particular on the website, and if it was easy to understand. There is now a fairly general expectation that the super website will contain much information, but the level of accessibility varies with fund. Many members lack the confidence to rely on web-based information, especially if it appears complex. The challenge is for the super funds to prioritise a straightforward approach to answering the most common questions and to test the usability of their approach. There are also tools that can enhance the experience and generate confidence and understanding.

1. Information provided on websites that is easily accessible and easy to understand to help people understand:
 - Different insurance products
"I'm still not a hundred percent sure I've got exactly what I need, but I feel better that I have something rather than nothing. It just estimated based on your expenses. It had a little bit of information, like, "This is what TPD is, this is what life insurance is." I just guessed what I would need. And then you type in the cover amount that you want." Retail. Female. 25-40. NSW
 - The differences between Insurance inside and outside super.
"When I do do the insurance part, I guess within the super fund insurance, you don't know what's reasonable because you're not comparing it to anything. You've also got a tax difference as well of one who's tax deductible, one's not outside of it. It's easy to compare three companies and say, "I know that company. I trust that company. And it's also reasonable with that two other companies, then it must be a reasonable price." Industry. Male. 25-40. QLD
 - Double dipping, that is whether it is possible to claim on more than one policy. Several members had heard that claiming on more than one policy was not allowed, so there was no

point in having two. Questions about this came from people with death cover outside and inside super, and from people with more than one disability policy.

- The implications of pre-existing conditions on switching.
2. Calculators on all super fund websites would help people work out how much cover they need and how much it would cost. For death cover, some people wanted to know how much cover to have, for example how much their partner would need to pay for school fees if the member died. For income protection policies, the calculation was more of a trade off – if I have X cover, how much will it cost?
 3. Reminders to check insurance cover when starting a new fund or changing jobs, or when life stages change.
 4. Case studies on websites, or very short and clearly accessible articles on individual topics on websites, perhaps in a more in a journalistic style than in PDS style, to demystify and clarify some often-asked questions. This could also include access to published self-help material and FAQs. This would help with fact-finding:
 - What types of insurance do I have in my super?
 - What does each type of insurance cover?

Others would help members complete the task they have set out to do:

- To increase their cover
 - To decrease their cover
 - To cancel their cover
 - To take out a new policy.
5. Customer support staff to guide members on the phone through the website process appears to be a productive use of the time spent with members by fund representatives. For example, the staff member might tell the member where to find the 'How to cancel' button on the website and stay on the phone with them while they do this. Over time, this should reduce the necessity for double contacts and make members more confident.
 6. It would help if members understood the demarcation between general information and 'advice'. They don't currently know where general information ends and where advice starts, and therefore do not know whether they need an adviser or not.
 7. On this point, the process of gaining access to advice could be more transparent. These members did not seem to know what or who to ask for or what the financial or other implications might be. There is a sense that the call-centre service seems an 'all or nothing' exercise so that members seem to think that if the call centre can't answer their question, then there is no one else to ask. The onus seems to be on the member to 'do more research'. Members may perceive their question to be too specific or too small for a financial planner or have other reservations about using a financial planner.

"I made some inquiries to try to merge them and I didn't get very good answers from each of the funds. Because, I didn't know if that cover was actually overlapping and if something was to happen I couldn't double-dip between funds. Trying to merge them would have to go through

the rigmarole of putting forms in and I didn't want to merge them and then find out later on they would reject the cover. So the question I had was, "Hey, is each fund overlapping in that I couldn't double-dip in claims?" And I couldn't get an answer from any of those funds, or the two funds that I rang, whether that was the case. Or reading the nondisclosure documentation, I couldn't actually find the clause." Corporate. Male. 51-60. NSW

8. Greater understanding and use of MoneySmart

Appendix

Research method in detail

This research was conducted using qualitative in-depth interviews conducted online, specifically, fifty (50) interviews via webcam using Zoom software.

Individual interviews were the ideal way to conduct this research because we wanted to learn about each individual person's experience in detail. Face to face interviewing was impractical as the research was conducted during the COVID-19 pandemic during April, May and June 2020. We took steps to design the Zoom interview process to make participants feel comfortable and to help them remember. Our agency has used Zoom for many years so we are comfortable with this process and delighted with the outcome.

After conducting a cognitive pilot of the recruitment screener, our fieldwork partner Q&A Market Research recruited potential candidates from their online research access panel which is certified to ISO 20252. This means that panel members are recruited from documented sources with appropriate information and their participation in the panel is monitored and kept up to date. Q&A Market Research validate the claimed identities of new panel members during recruitment and when they participate. They remove fraudulent and inattentive participants where possible.

Our survey design included disguising the topic of the research to minimise people trying to 'game' the survey. Each person who appeared to qualify through this process was then interviewed by phone by Q&A's qualitative recruiter, who asked additional probing and clarification questions. We over-recruited so that we were able to exclude from the final sample any who did not qualify.

We named ASIC as the client for the project during recruitment and during the interview.

Participants were paid a gift card incentive.

We allowed two weeks to source the sample and three weeks for the interviewing.

Fieldwork dates were from 8th May 2020 to 6th June 2020.

All but two interviews were recorded – all with the knowledge and permission of the participants. These interviews were transcribed manually.

Susan Bell and all the subcontracted researchers who worked on this project are members of the Research Society and as such are bound to comply with its Code of Professional Behaviour which includes clauses on protecting client confidentiality, and protecting respondent privacy.

Susan Bell Research is accredited to ISO 20252, and is a Research Society Company Partner.

The sample

To qualify of the study, we recruited people who

- Were aged 25 to 60 who has super that it not an SMSF, and
- Who had or thought they had insurance in their super, and
- Who had initiated any of the activities of interest in the last 6 months without being triggered to do by an external professional
- Participants in a range of super funds

We set quotas and guidelines to ensure a mix of super funds, and a broad spread of ages within gender.

The final sample:

Fund type

- Corporate funds: n= 4
- Government funds: n= 8
- Industry funds: n= 22
- Retail funds: n= 16

Gender

- Male: n= 25
- Female: n= 25

Age

- 25 to 40: n= 18
- 41 to 50: n= 15
- 51 to 60: n= 17

State

- ACT: n= 2
- NSW: n= 13
- QLD: n= 15
- SA: n= 7
- VIC: n= 10
- WA: n= 3

Limitations of our method

A limitation of all interview-based research is that it is subjective in nature. We ask people to tell us their stories as they see and remember them, and we cannot know how accurate this is. Qualitative samples are also recruited to meet specific quotas, and some people choose not to take part in them. Therefore, we cannot state that the sample from this study is representative of the population.

The research was conducted at the start of the lockdown caused by COVID19. Some members were contacting their fund about the insurance implications of losing their jobs, which may have biased the sample to income protection policies, to a degree.

We asked people to remember events of up six months ago. They may not have been able to retrieve all of the detail.

About us

Susan Bell Research is a market and social research agency based in Sydney. We have two decades' experience conducting qualitative and quantitative market and social research on financial services, including insurance, superannuation and investment. We have extensive experience working with ASIC and have also conducted research that has been published for the Productivity Commission and for the ACCC.

We are a division of Les Bell & Associates. The agency is Australian-owned and managed and AS/NZS ISO 20252 Market and Social Research certified. All researchers are members of Research Society and therefore bound by the Research Society Code of Professional Behaviour. Susan Bell is a Fellow of the Research Society.