Media Release

Increase in life insurance through super may leave Australians without enough: Macquarie Life research

4 May 2012 – A research study conducted by Macquarie Life into consumer sentiment around purchasing life insurance has revealed that expectations of life cover may be far from reality for many Australians.

The study, which captured responses from 1000 Australians, found that the number of working parents who have life insurance of some form in 2012 has changed little since a study was completed by the FSC in 2006.

Interestingly however, the number of Australians who say they have life insurance through super has grown considerably during this time, increasing from 27 per cent to 48 per cent. During the same period the number of Australians who say they have a stand-alone life insurance policy (outside of super) has dropped from 28 per cent to 18 per cent.

Head of Macquarie Life, Justin Delaney, said that while many Australians may have life insurance through their superannuation plan, the understanding of the level of cover this provides and its ability to meet their needs is a concern.

“The research we conducted has revealed some interesting insights into not only how or where Australians hold life insurance cover, but also what their expectations of that cover are,” Mr Delaney said.

“What has become clear is that life insurance through super helps provide peace of mind to Australians that they are covered in the event of the worst happening, but that they have little understanding of whether that cover would really meet their needs or those of their family, if the situation arose.”
The research showed that of those with life insurance through super only, 72 per cent saw themselves as very or reasonably well covered. Similarly, when those with life insurance through super were asked why they did not hold a stand-alone policy, the overwhelming majority said it was because they believed their super cover was enough.

“While advisers can work with their clients to review a life insurance policy within super and top it up if needed to provide more adequate cover, and advisers will certainly be doing this, in many cases the client is not willing to spend the extra time, effort or money this requires.

“Respondents who admitted they did not feel well covered said the barriers for them were cost and because they simply don’t think about it. This suggests that in the post GFC world what a client can afford to pay is becoming an increasingly influential factor, along with a shift to priorities that appear more immediate in the current climate, like securing health or car insurance.”

Of those who had a stand-alone life insurance policy in place, the highest percentage (30 per cent) were those who had a financial adviser.

“The high rate of respondents who had stand-alone life insurance and also had a financial adviser, is proof of the positive work the advice industry is doing to ensure its clients are adequately covered.

“Meaningful conversations about life insurance should start at the beginning - by considering how much life insurance cover the client truly needs to meet their requirements and expectations. This sets the foundation for achieving the right cover.

“Only once this is established can a client or adviser assess what cover, if any, they have currently and how far that goes to matching what they need.”

Other interesting findings:

- Of those who did not have life insurance, more than half (62 per cent) stated that they would certainly not get life insurance, were unlikely to get life insurance or had no idea if they would get life insurance in the future.
- Of those who held life insurance cover through super, 42 per cent of men believe this cover is enough, while 50 per cent of women believe this cover is enough.
- Of those with no life insurance, only 17 per cent saw a personal benefit in obtaining cover.
• Of those with no life insurance, 45 per cent believe private health insurance is more important than life insurance.
• Of those with no life insurance, 25 per cent believe that those with substantial assets do not need life insurance.

For further information, please contact:

Jessica Richards 02 8237 4513
Public Relations 0414 985 237

The PDS is dated 23 May 2011 and is issued by and available from Macquarie Life Limited (Macquarie Life) ABN 56 963 773 AFSL 237 497 and Macquarie Investment Management Limited (MIML) ABN 66 002 867 003 AFSL 237 492 ("we", "us", "our" or "Macquarie" as the context requires). Macquarie Life and MIML are not authorised deposit-taking institutions for the purposes of the Banking Act (Cth) 1959, and Macquarie Life’s and MIML’s obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542. Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of Macquarie Life and MIML. In deciding whether to acquire or continue to hold insurance, investors should consider the Product Disclosure Statement (PDS) available from us. This information is provided for the use of licensed financial advisers only. In no circumstances is it to be used by a person for the purposes of making a decision about a financial product or class of financial products.