



# Insurance in Super 2020 market survey

February 2021

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## 1. Introduction

### 1.1. About this Report

This Report is part of the SuperRatings Insurance in Superannuation suite of information products regarding group life insurance provided within registered superannuation funds. The entire suite comprises the following reports:

- **For Insurers:**
  - Insurer Capability Report
  - Insurer Performance Report
- **For Super Funds:**
  - Complimentary Insurer Performance Report (this Report)
  - Custom Insurer Performance Report

This Report was based on information collected in the inaugural SuperRatings Insurance Survey, conducted over May-July 2020. The Survey covered 43 registered superannuation funds.

### 1.2. About the Surveys

SuperRatings conducts two annual surveys specific to insurance in Super:

- **The Insurer Capability Survey:** this survey collects information directly from participating insurers. The collected information covers portfolio statistics, resourcing, claims, underwriting, technology, reporting and relationship management.
- **The Insurer Performance Survey:** this survey collects information directly from participating superannuation funds. The focus of this Survey is on seeking each fund's assessment of the performance of their main insurer and any other insurers with which they have regular contact. The Survey also collects detailed information about the usage of tools and facilities made available by their insurer.

### 1.3. Objectives

The purpose of this Report is to provide participating superannuation funds with a high level comparative market overview of the main group life insurers operating in the superannuation sector. This Report is not intended to provide a SuperRatings 'rating' of superannuation insurers, and any comparative assessment will be derived solely from the responses to the questions in our survey.

### 1.4. Comparison methodology

In this report, comparisons have been made among insurers, based on the relevant survey data. In all cases, comparisons were made against aggregate data for insurers. No individual responses in respect of specific insurers or funds are disclosed within this Report.

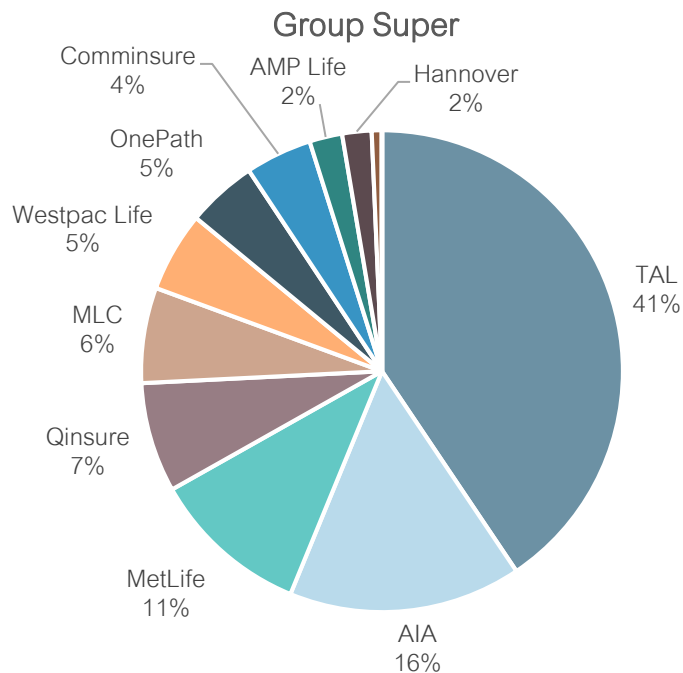
In some instances, market commentary has been informed by the super fund research that SuperRatings undertakes each year.

## 2. Industry overview

This section provides a brief overview of the group insurance market by market share and products. Data is a combination of SuperRatings survey data and APRA data at 30 June 2020.

### 2.1. Market share by annual premium

Graph 1. Market share by annual premium – group super



Graph 2. Market share by annual premium – group ordinary

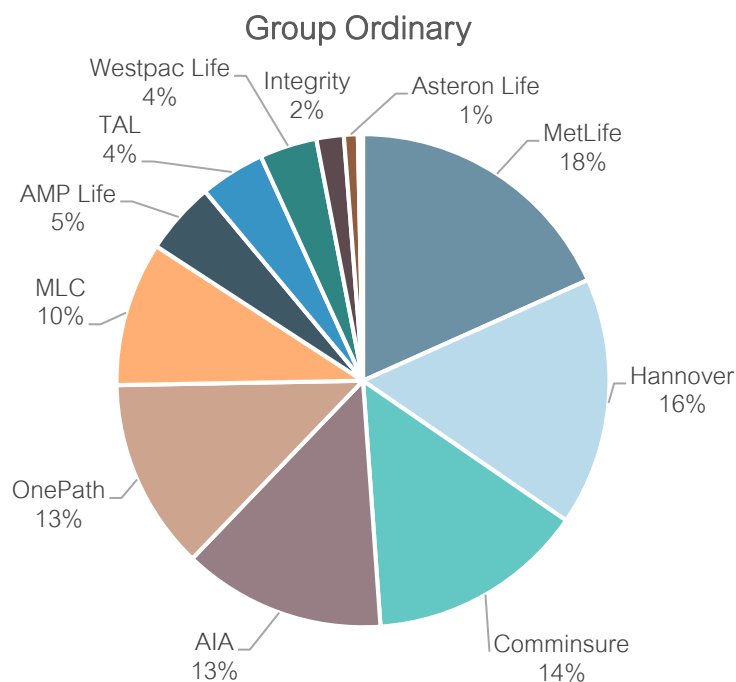


Table 1. Group Super Annual Premiums 30 June 2020

Short name	Death	TPD	DII	Total
TAL	642,804,012	943,582,988	675,173,000	2,261,560,000
AIA	329,574,277	274,246,968	267,252,880	871,074,125
MetLife	225,736,610	276,375,403	90,488,886	592,600,899
Qinsure	68,294,016	147,678,895	194,955,959	410,928,870
MLC	131,503,025	136,925,573	88,547,530	356,976,128
Westpac Life	128,622,414	110,344,379	59,739,991	298,706,784
OnePath	102,160,975	89,147,249	70,824,887	262,133,111
CommInsure	104,502,228	100,613,401	43,863,333	248,978,962
AMP Life	52,476,425	42,226,377	27,730,552	122,433,354
Hannover	40,332,637	39,131,293	30,501,201	109,965,131
Asteron Life	17,517,668	13,615,702	6,899,705	38,033,075
Zurich	36,522	-	98,186	134,708

TAL is the largest group superannuation insurer by Annual Premium, followed by AIA and MetLife. MetLife stands out with a much lower proportion of Disability Income risk than the other Top 4 insurers. QInsure is a 'captive' arrangement, underwriting only the superannuation risks associated with QSuper, the Queensland public sector fund.

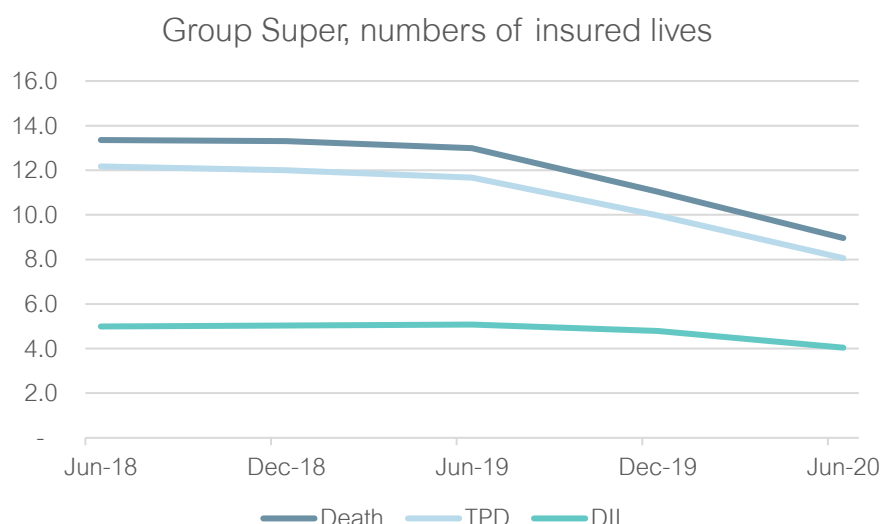
Not reflected in the table above are the recent acquisitions of CommInsure by AIA and OnePath by Zurich.

## 2.2. Impact of legislative changes

Across the industry, there have been significant reductions in the amount of cover and associated annual premiums for group super business, resulting from the PYS (Protecting Your Super) and PMIF (Putting Members Interests First) legislation.

Between June 2019 and June 2020, insured lives for death and TPD reduced by approximately 30%, after having remained stable since June 2018. Most of this reduction is likely to be the result of PYS. DII (Disability Income Insurance) suffered less reduction, due to the lower proportions of default DII in the industry.

Graph 3. Lives insured, Corporate Super 2018-2020



Over the same period, total annual premiums for death cover reduced in line with lives insured, but TPD premiums reduced by only 3.2% (compared against a 31.0% reduction in lives insured). In other words, TPD premium **rates per life insured** increased by approximately 40%, which offset the reduction that might otherwise have occurred. Premium rates per life insured for DII risks increased by approximately 6%, but we are expecting further increases (based on comments from the insurers).

The general reduction in annual premiums resulting from new legislation was expected to place upwards pressure on premium rates, due to the insurers' needs to service capital and fixed costs from a lower premium base. In addition, 2018-2020 saw a general increasing trend in disability income claims and TPD claims for mental health, which will potentially be exacerbated by the economic and social aspects of the COVID-19 pandemic, so it is likely we will see rising premiums over the next year.

