



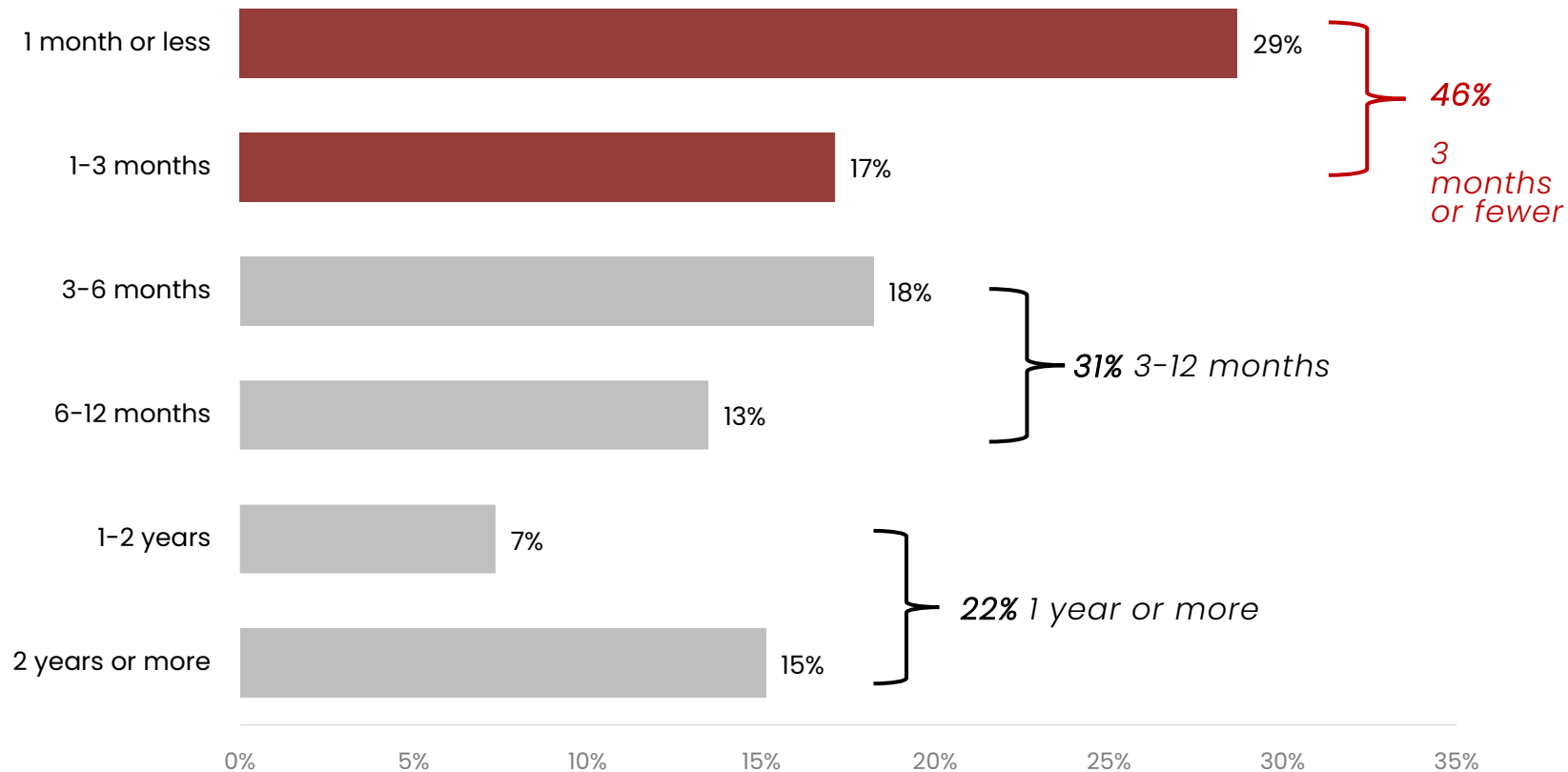
LIFE INSURANCE

The Evolution of Disability Insurance for Australian Workers

Research Report

Nearly half of Australian consumers have just 3 months' savings or less if they were injured or ill

THE INCOME BUFFER OF AUSTRALIAN consumers



The largest contingent, (29% of consumers) note they could only cover their expenses for 1 month or less in the event they were injured or ill and unable to work.

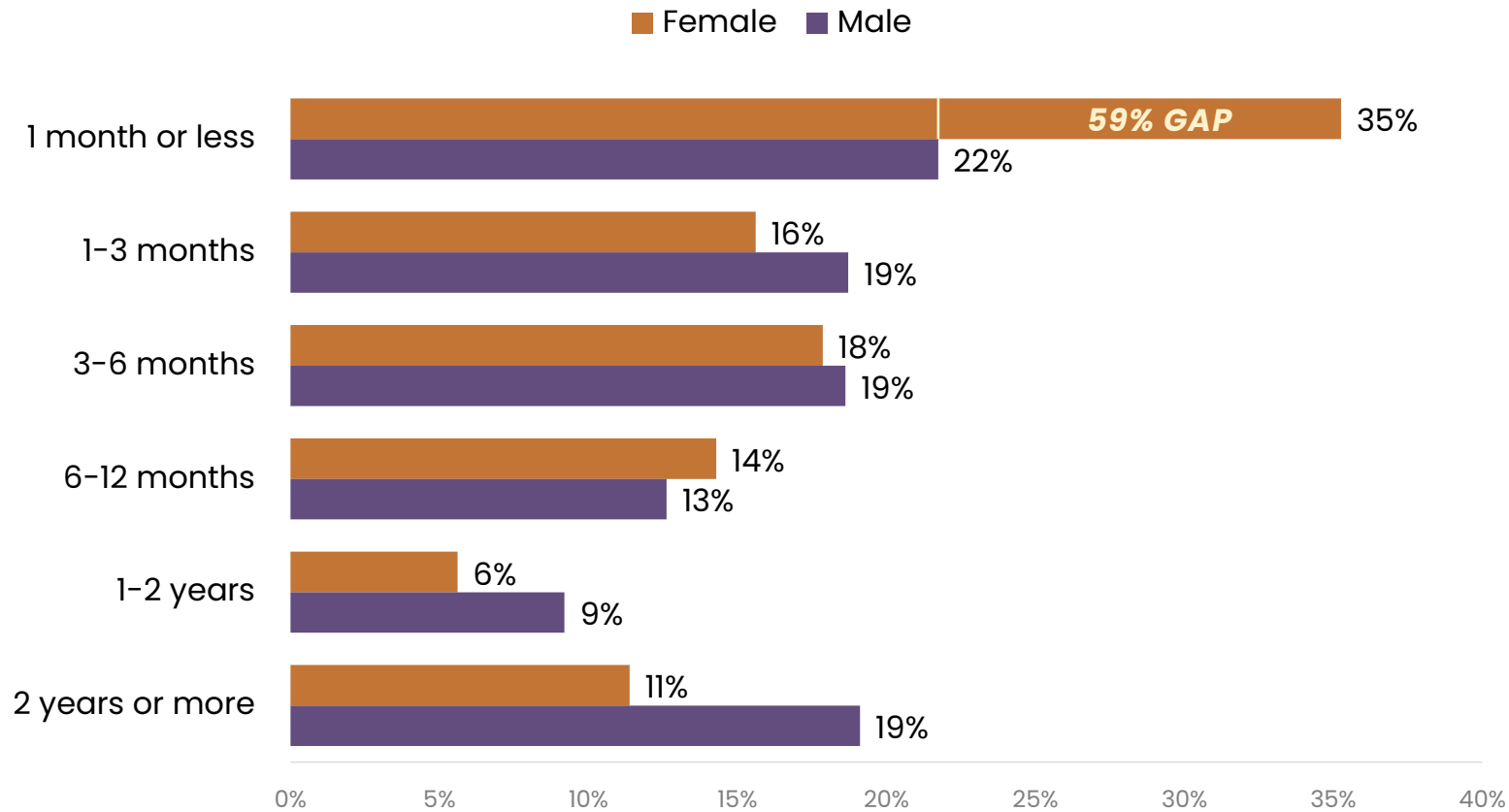
This group grows to just under half (46%) for a period of 3 months or fewer.

31% have a buffer of roughly 3-12 months, while only 22% have a buffer for a year or more.

Q: If you personally suffered from an illness or injury that prevented you from working, how long do you think you would be able to cover your expenses with your current savings and/or family support?

Women are 59% more likely to have savings of 1 month or less than men

INCOME BUFFER BY GENDER

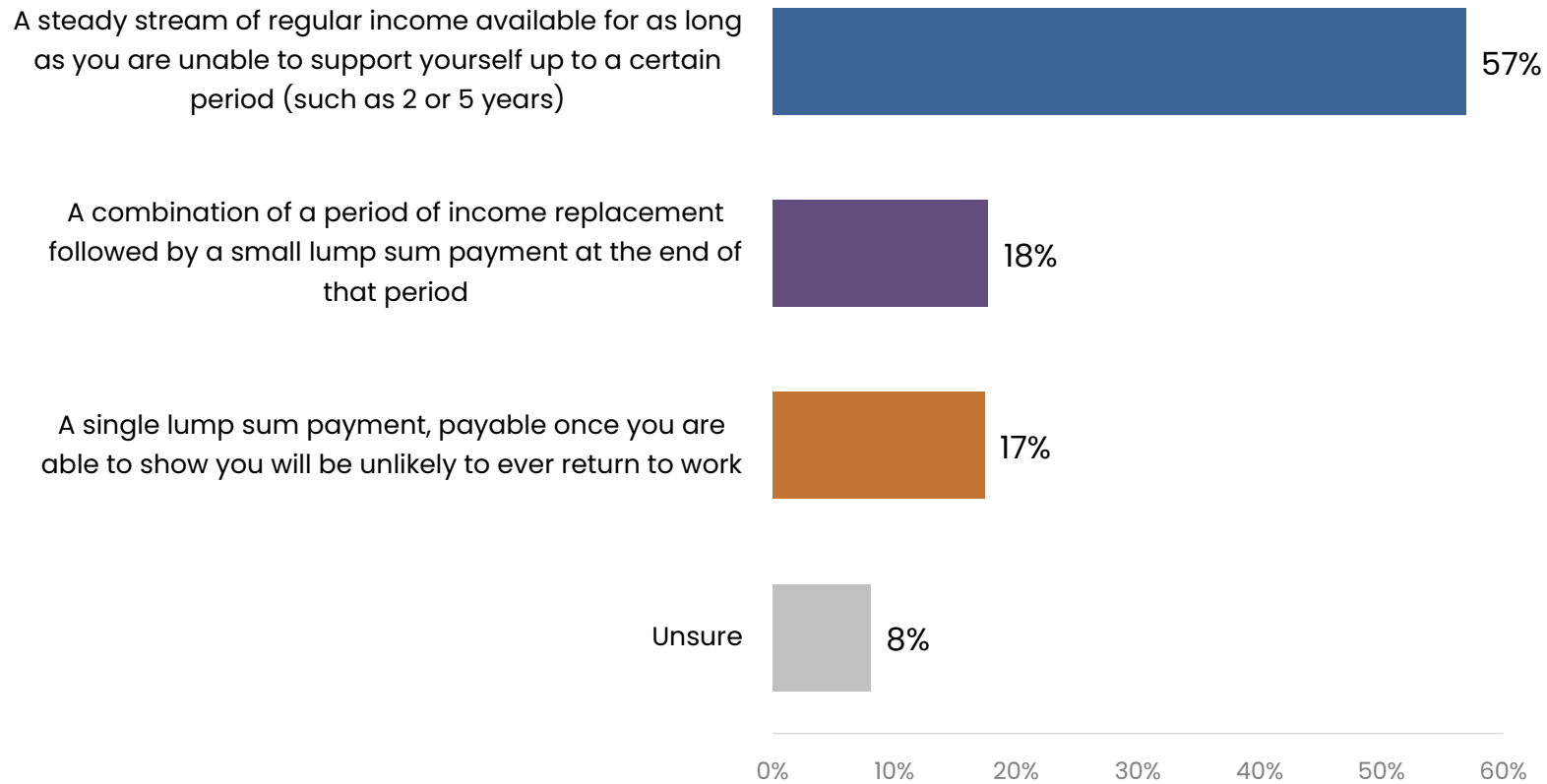


Compared to men, women are much more likely to have a narrow financial buffer, with 35% able to cover their expenses for a period of 1 month or less.

Q: If you personally suffered from an illness or injury that prevented you from working, how long do you think you would be able to cover your expenses with your current savings and/or family support?

In the event of an injury or illness, a steady stream of income is the preferred model from Australian's insurance providers

INSURANCE CONCEPT PREFERENCES (PERSONAL)

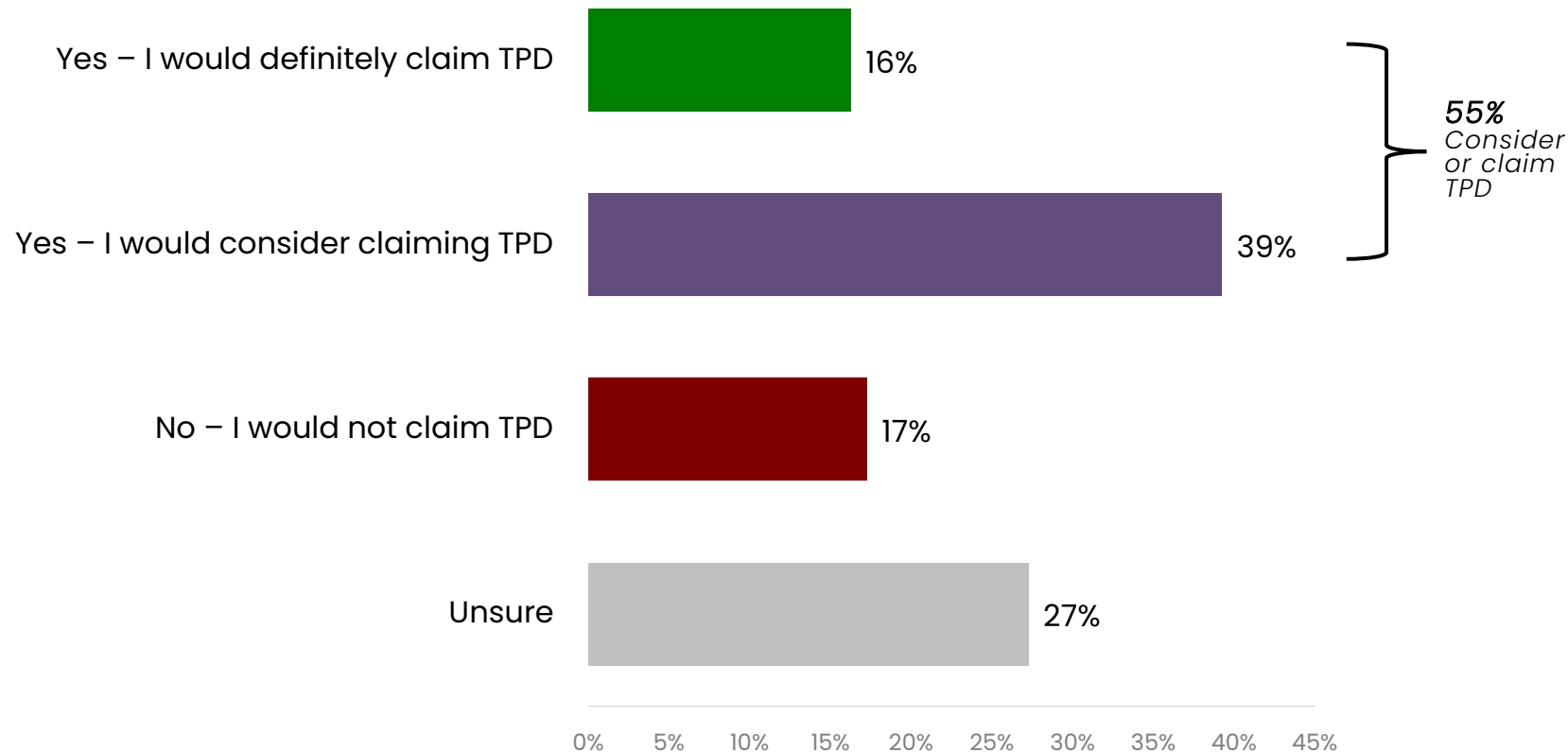


When asked what respondents would **personally** prefer if they were in a situation where they were injured or ill and unable to work, the majority noted that they would prefer a stream of regular payments for a period of time.

Q: If you personally suffered an injury or illness that prevented you from working for an extended period, which of the following would you prefer from your insurance provider, assuming you were covered in this event?

Prompted on lump sum, Total Permanent Disablement (TPD) insurance, the current default system of insurance provision, a majority (55%) say they would claim, or consider it, even if they thought they would recover

PROPENSITY TO CLAIM TPD



A majority of respondents (55%) note they would either claim or consider claiming TPD, even if they thought they would recover or return to employment.

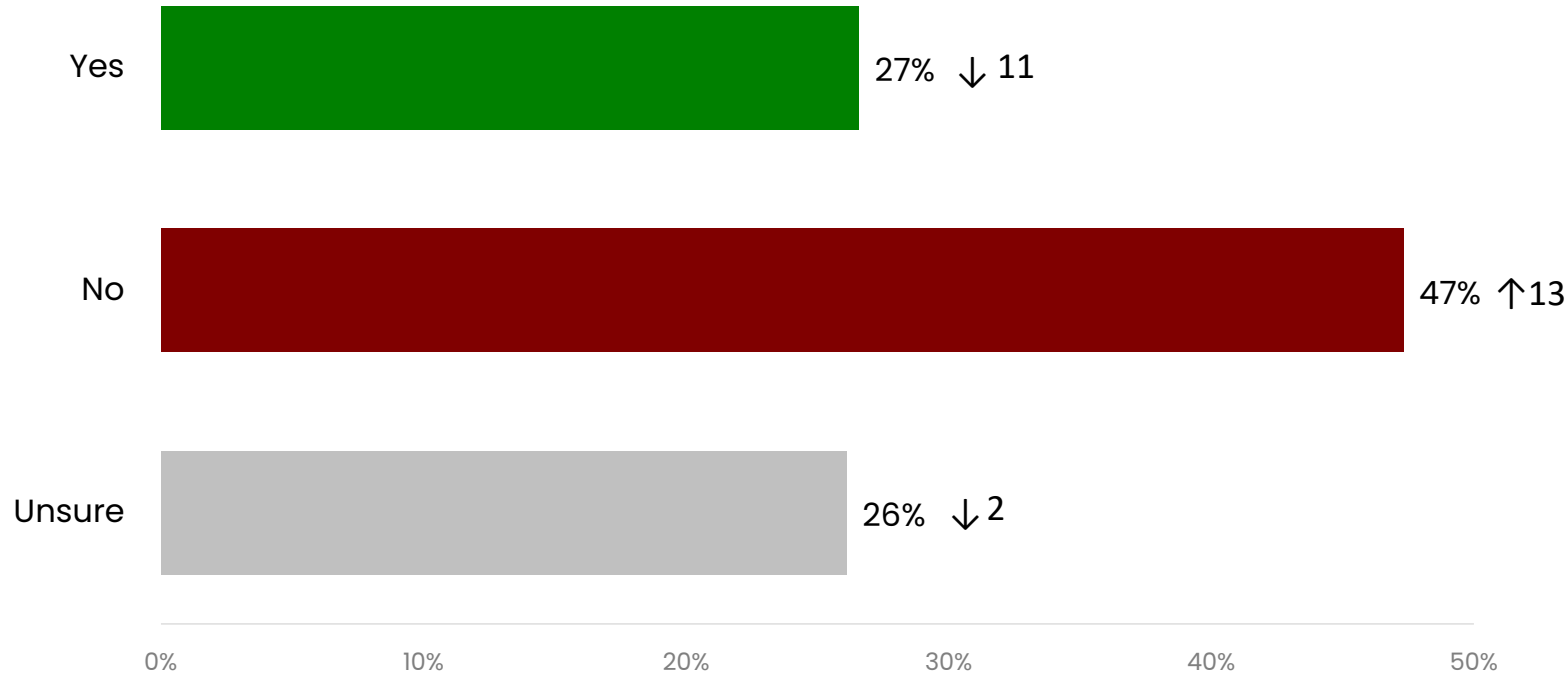
It's worth bearing in mind that engaging in this behaviour is largely soft (consideration) rather than those who would definitely claim, or not claim in such an event.

Q: Would you personally lodge a claim for TPD insurance, even if you thought you would eventually recover or find alternative employment?

But when respondents are told that claimants returning to work ultimately increases the cost of TPD coverage for all customers, significantly more find this unacceptable

CURRENT TPD PRICE STRUCTURE

** Note additional prompt: "In response to a high volume of TPD claimants eventually returning to work, insurance providers price TPD coverage higher for all customers"*



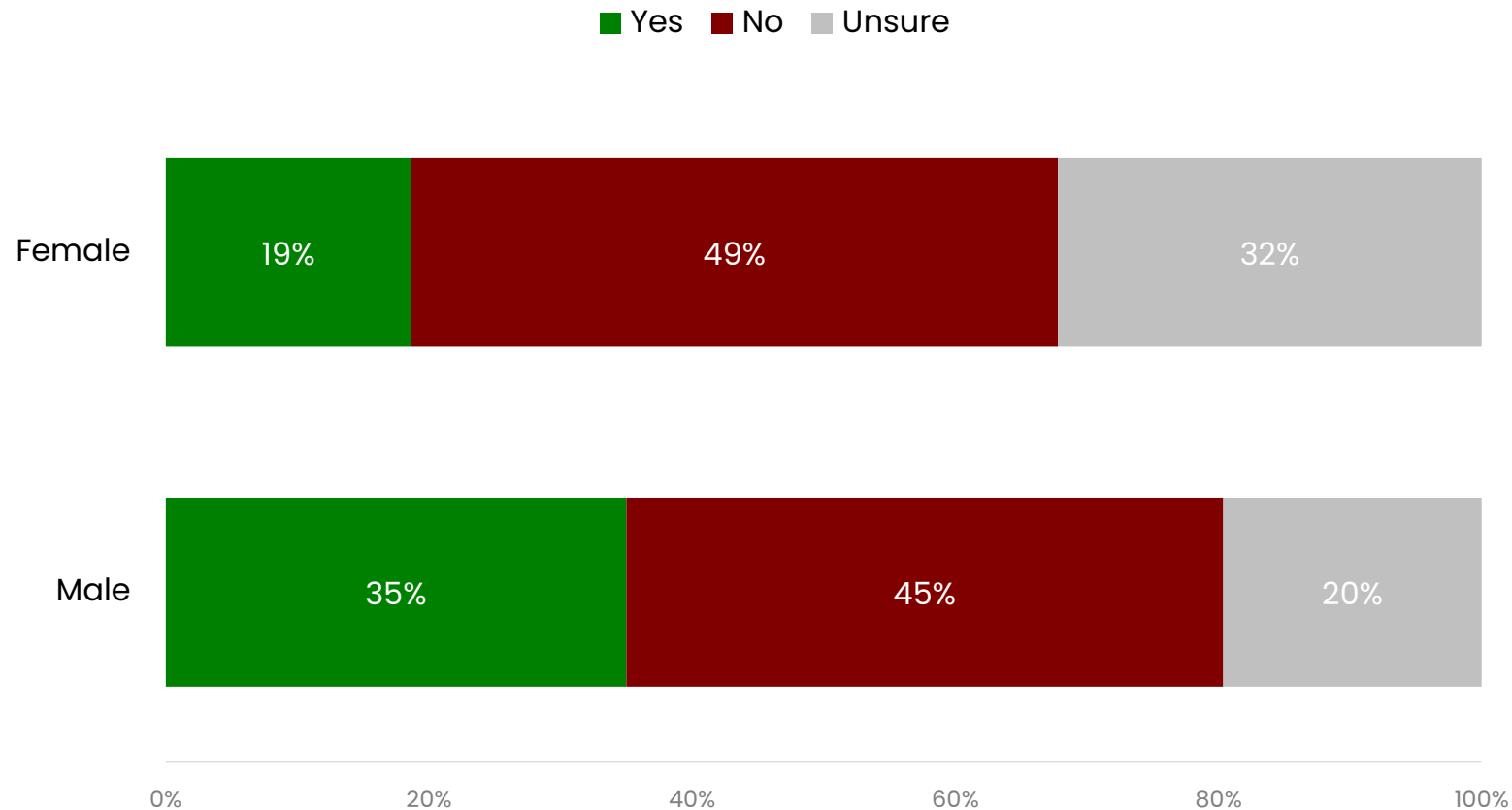
Q: In response to a high volume of TPD claimants eventually returning to work, insurance providers price TPD coverage higher for all customers. This means higher premiums paid by you personally, or out of your personal superannuation fund. In your view, is this acceptable?

While 55% noted they would claim, or consider claiming TPD even if they thought they would recover or find employment, and 38% think a lump sum payout in this context is acceptable, only 27% think it is acceptable that this means higher premiums for customers as a result.

Almost half (47%) responded that this trade off was NOT acceptable, with respondents overall citing the current system was NET -21 not acceptable.

When told that claimants returning to work ultimately increases the cost of TPD premiums for all customers, women are less likely to see the current structure as acceptable than men

CURRENT TPD PRICE STRUCTURE (GENDER)

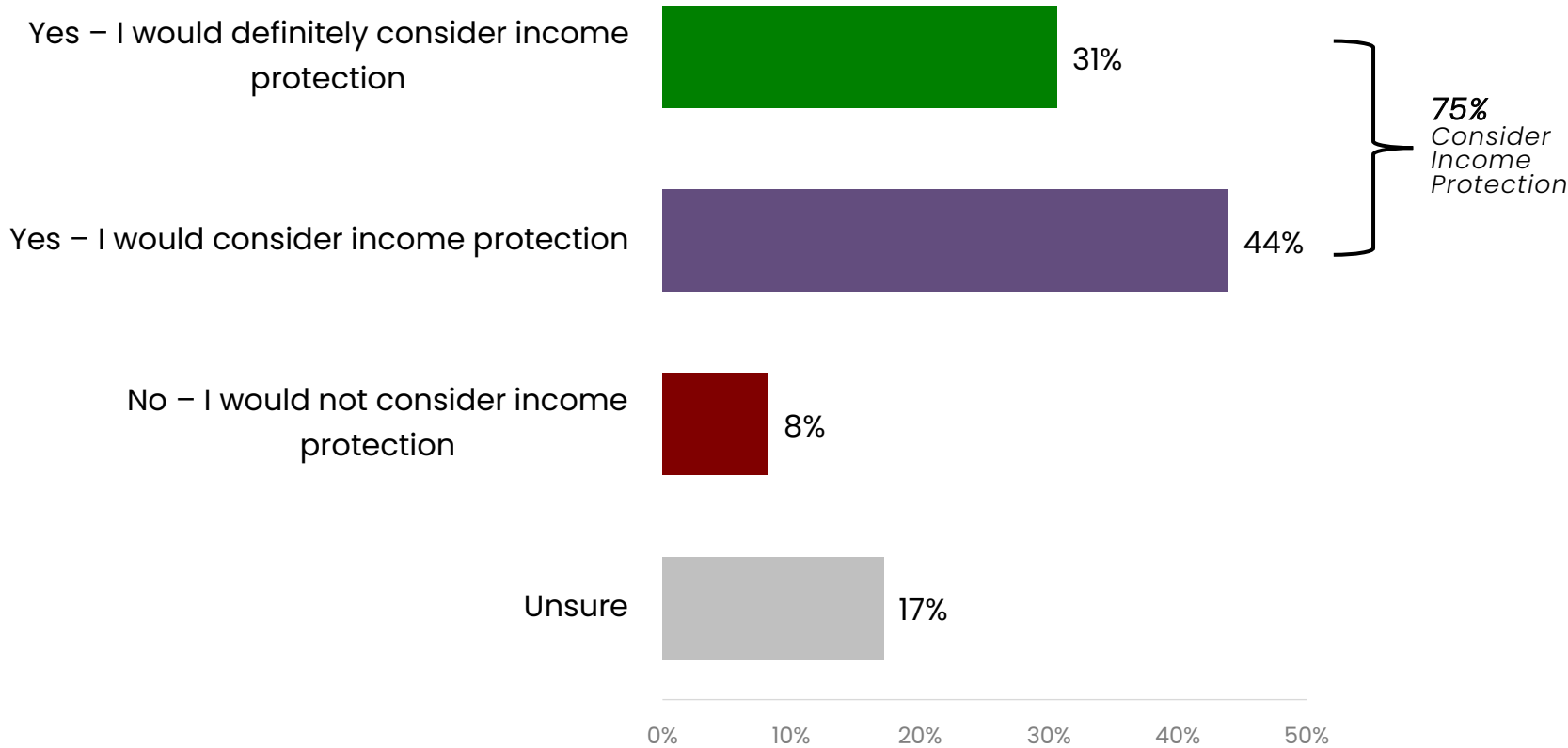


In addition to age being a component in those who view the current system as acceptable, men were more likely, albeit still against the way the current system operates (NET -10 Male vs NET -30 Female)

Q: In response to a high volume of TPD claimants eventually returning to work, insurance providers price TPD coverage higher for all customers. This means higher premiums paid by you personally, or out of your personal superannuation fund. In your view, is this acceptable? (/Gender)

Asked about a 75% income replacement insurance figure, in which funds are received sooner than TPD, a clear majority of respondents would consider income protection over TPD

INCOME PROTECTION CONSIDERATION



A clear majority of respondents would either consider income protection over TPD (44%) or definitely consider (31%).

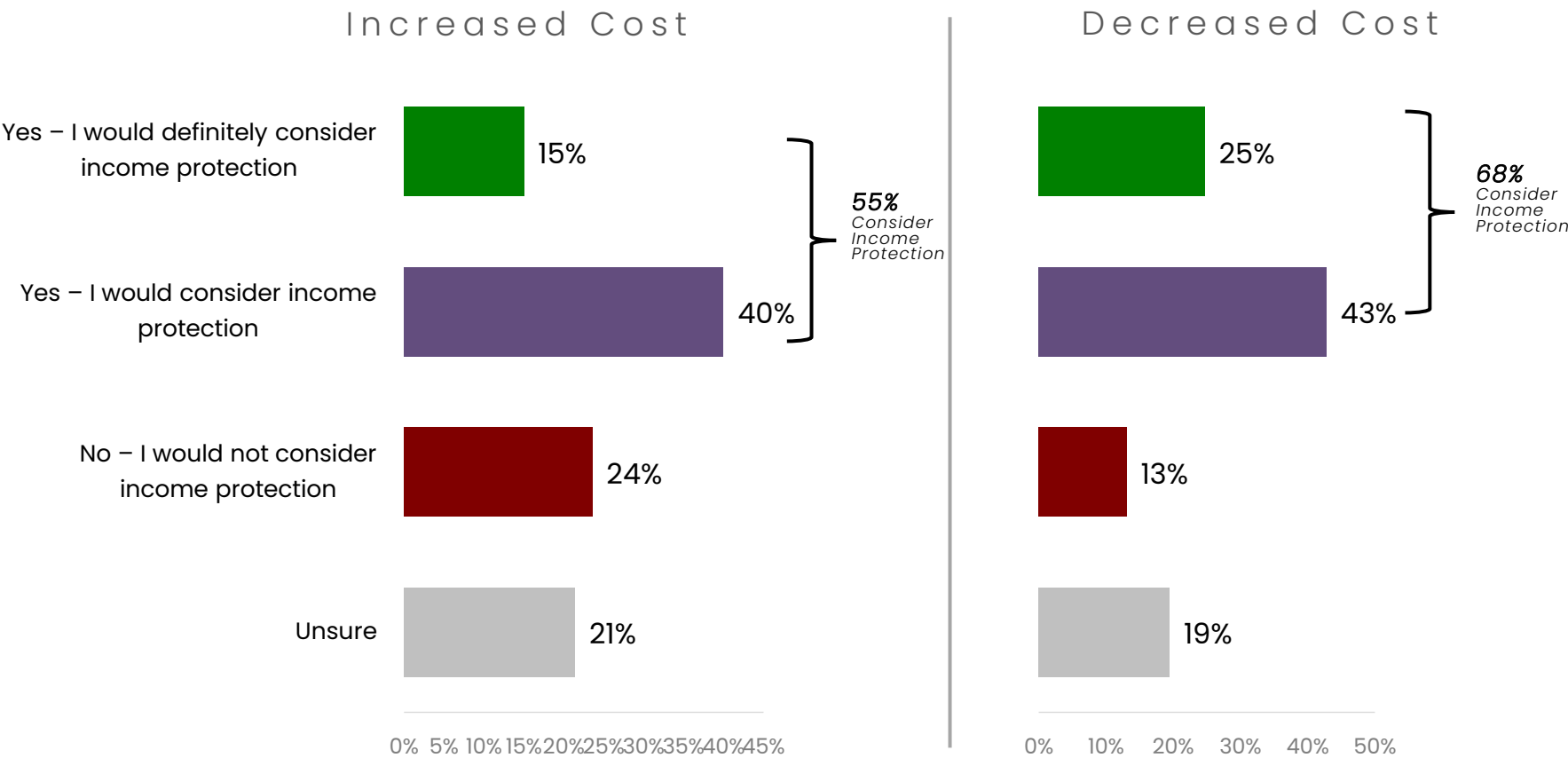
This is asked immediately following the income protection explainer prompt, assuming the cost of the two were comparable.

This clearly demonstrates and reaffirms the preference noted earlier for payment over time, with only 8% noting they would not consider this option.

Q: Assuming the cost was comparable, if you had the choice of income protection instead of TPD would you consider this option?

Even when asked about the prospect of increased or decreased premium cost, most would still consider income protection at a premium

INCOME PROTECTION CONSIDERATION (+/- PRICE)



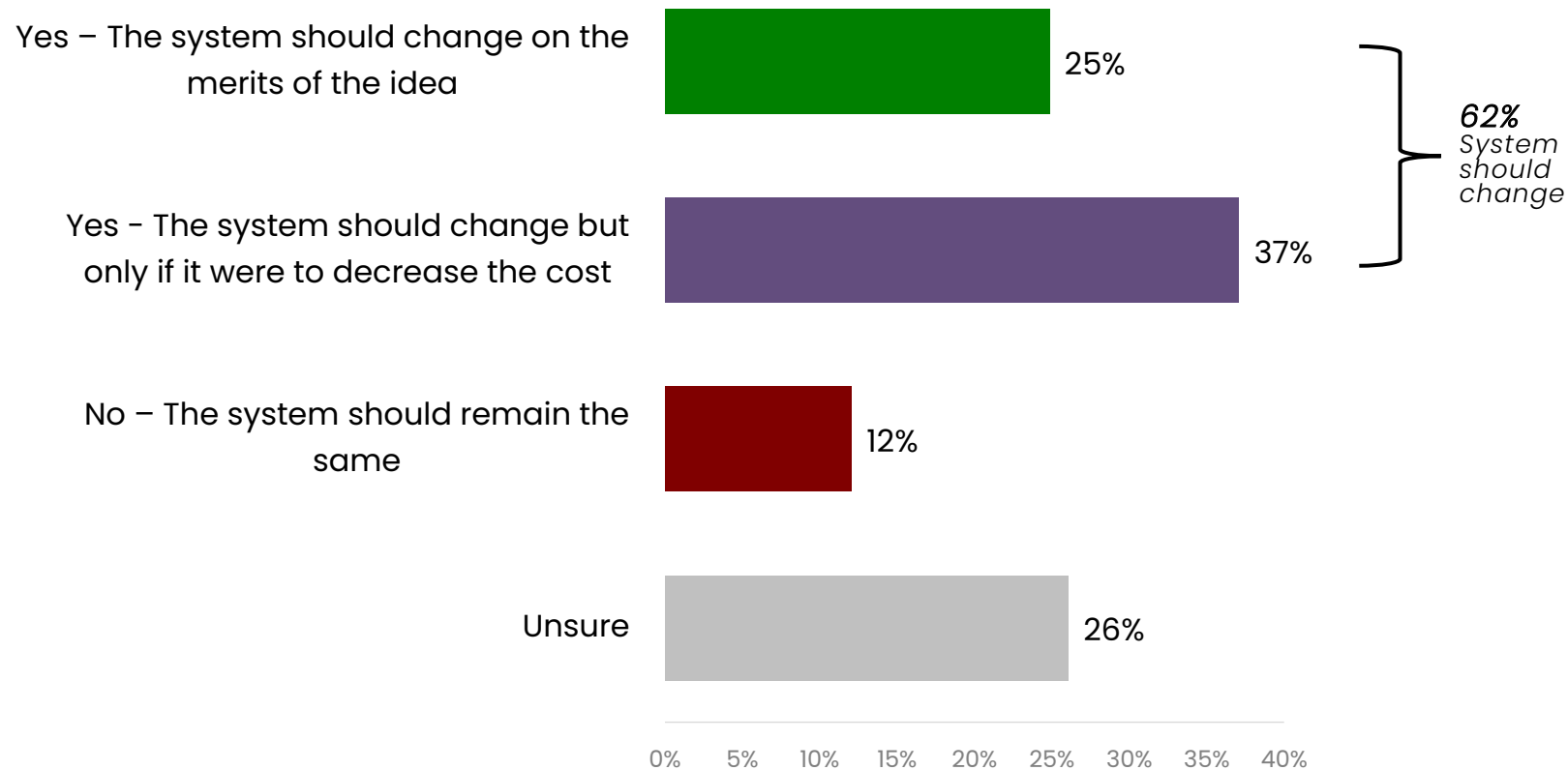
Framed in the context of cost, a majority of respondents would consider income protection even if it meant an increase in the costs of their superannuation insurance.

Even more would support income protection if it were to decrease the cost of their insurance.

Q: Would you consider this option, if it meant an increase/decrease in the costs of your superannuation insurance?

A majority of consumers support changing the current default system from TPD to income protection, but only if it is cheaper

SYSTEM PREFERENCE



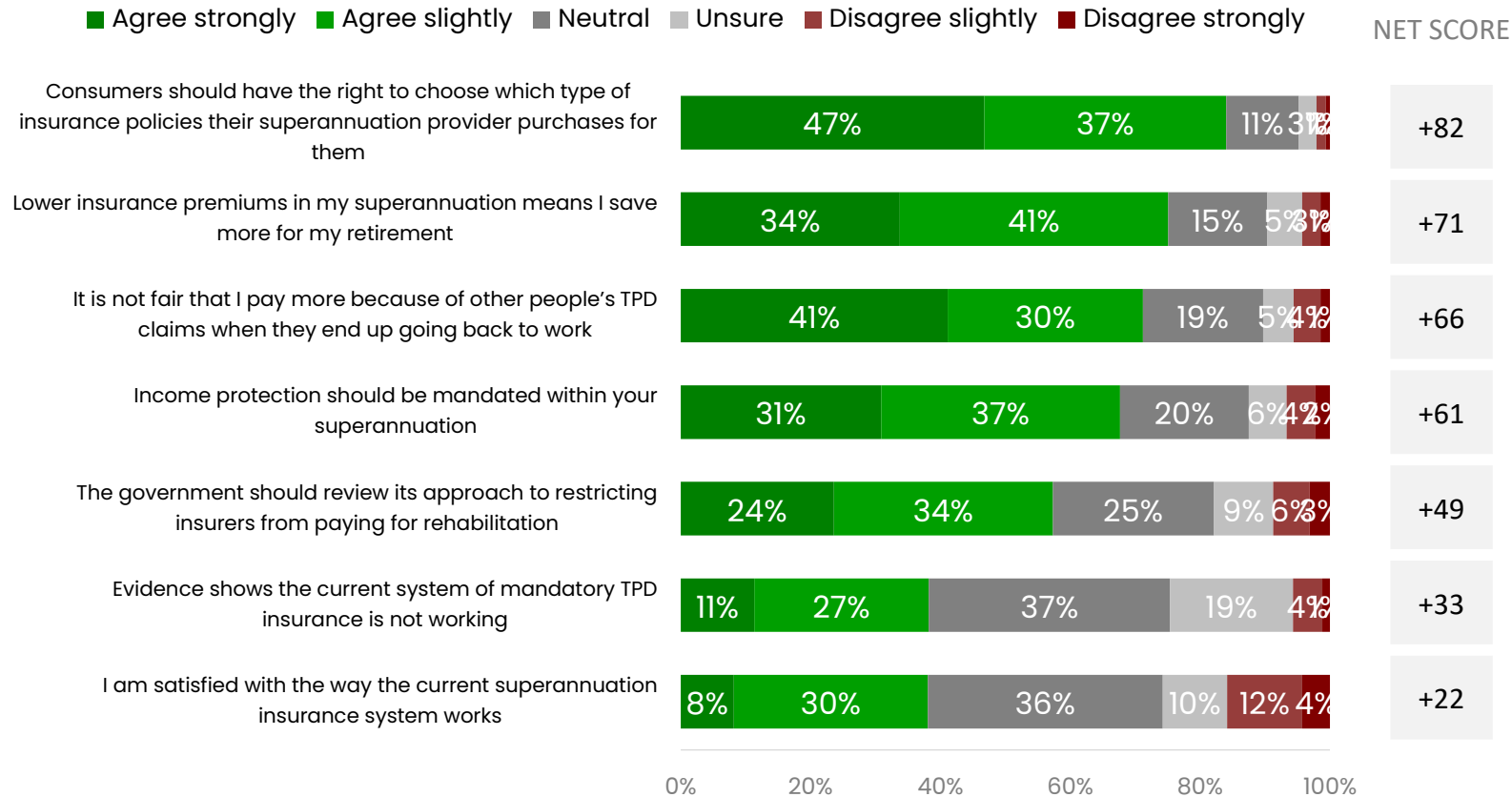
A majority of respondents would support changing the current default insurance system to income protection, if a cost savings component were included.

Though a smaller contingent, more than twice as many support changing the system on the merits of the idea alone as think the current system should remain the same.

Q: Do you think the current system of providing TPD as default insurance should change to income protection?

Consumers strongly agree that they should have the right to choose which insurance policies their superannuation provider purchases on their behalf

STATEMENT BANK



Respondents overwhelmingly agreed with statements related to consumer choice and price sensitivity.

Moreover, there is strong support for statements relating to reviewing or changing the way the current mandatory insurance system operates.

The statement with the lowest support was around satisfaction with the way the current system operates, which had an overwhelmingly level of soft opinions or neutrality, perhaps suggesting a lower level of engagement.

Q: Do you agree, or disagree, if at all, with the following statements?



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Methodology

- Interviews were conducted online.
- Sample was recruited and weighted to be representative of Australian voters
- The total sample included n=1,025 completed interviews.
- Margin of error for this survey is approx. +/- 3%

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