



Media Release

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Budget Announcement Highlights Benefits of Buying Life Insurance Direct

Proposed changes announced in the 2018 Federal Budget to remove default life insurance for some segments help to highlight other underlying issues of having cover inside super.

This is the conclusion of Anthony Brown, CEO of NobleOak.

Mr Brown said, “Many people are comfortable having their life insurance inside their super because they see it as convenient, easy and cheap. It’s very much ‘set and forget’ thinking. It also ticks the box that they don’t have to do any research or investigation as to whether the cover they have in place is right for their individual circumstances.”

“Whilst cover inside super can be relatively inexpensive compared to normal retail rates, our concern is that people often don’t realise that the amount of cover they have under super may not be sufficient to meet their financial commitments. Also, in many instances their life insurance cover is not fully underwritten and this could mean that if they have to claim, they may either then be put through an underwriting process or there could be a pre-existing condition clause that they were not aware of and which could possibly lead to a claim being declined.”

Cover bought through superannuation funds is more likely to have limited or no-underwriting. A policy that has limited underwriting at the time of purchase (where the life insurer only asks a few health and lifestyle questions), or no underwriting means further questions will be asked if a claim is made. Cover bought through superannuation funds is more likely to have limited or no-underwriting.

Research conducted by NobleOak shows that the cost of premiums is the most important factor for consumers when purchasing life insurance. A recent report by KPMG highlighted those Life Insurance premiums for cover inside super could rise 30% under the Federal Budget proposed changes.

Mr Brown continued, “We know that perceptions of high cost is a factor that deters some groups from purchasing life insurance and it is also one of the main reasons for lapsing. People don’t always understand the trade offs when taking out cover inside their super. At the same time, buying direct with some life insurers could result in paying inflated premiums because the cover is either only partially underwritten or contains ‘pre-existing condition’ clauses.”

Life cover sold direct is often heavily marketed as affordable, easy-to-buy, and with limited health questions, no health checks or blood tests.



Mr Brown said, “We recently launched a new campaign highlighting the issue of people potentially paying too much for cover. The campaign is designed to highlight the fact that quality life insurance cover is available at a lower price. The main reason for NobleOak being able to offer savings of 20% on average, compared to cover bought through an adviser or other direct insurers, is that our cover is fully underwritten and there are no adviser commissions.”

APPENDICES

Sources:

Research conducted by Pureprofile in December 2017 with 1,006 Australian resident respondents.

[Federal budget 2018: Life insurance premiums to rise 30pc under opt in](#)

[NobleOak TV Campaign](#)

About NobleOak Life Limited

NobleOak Life Limited (NobleOak), is one of Australia’s most established life insurers, and has been in the Australian market for over 140 years. NobleOak is an independent insurer providing Life, TPD, Trauma, Income Protection and Business Expenses insurance.

NobleOak keeps costs low by avoiding mass marketing and large upfront commission payments to third parties. They are able to pass savings back to their customers and clients through reduced premiums, supported by outstanding personal service.

NobleOak has a client satisfaction rating of 95.5% (2017 client survey) and is the winner of the ‘2016 Direct Life Insurance Overall Excellence Award’ issued by Strategic Insight and the 2017 and 2016 Canstar 5 Star Awards for ‘Life’ and ‘Income Protection’ cover. NobleOak was also awarded the Gold Trusted Service Award from Feefo in 2017.



NobleOak is an Australian public unlisted company regulated by APRA, with products backed by a leading global reinsurer, Hannover Life Re. For more information visit www.nobleoak.com.au



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