

## Media Release

## IFSA welcomes further analysis of Australia's underinsurance problem

Responding to the release today of research by the Australian Institute of Superannuation Trustees (AIST) and Industry Funds Forum (IFF), Richard Gilbert, CEO of IFSA said that "The release of this industry fund research is very welcome, builds on the foundations IFSA laid with its research project in 2005, and underscores the fact that underinsurance remains a critical issue for Australian families".

IFSA represents 22 Life Insurance Companies, most of which offer group insurance arrangements to the superannuation industry.

"It is clear that both the life insurance industry and superannuation funds need to do more to help Australians understand and address the underinsurance problem and this research is a welcome stimulus for further discussion and action", Mr Gilbert said.

"The cover that people may have in their superannuation funds often gives them a false sense of security as many believe they have more protection than is actually the case.

"Most superannuation funds have increased the level of default cover they offer within their schemes which is a welcome move, given today's historically high levels of debt.

"Over 37% of family income is now required to service the average new Australian home loan of \$253,000\* and excludes any repayment of credit card debt, personal loans or car loans that a family may also have.

"The research IFSA conducted in 2005 highlighted the value of financial advice in helping people ensure that they have an adequate level of cover for their individual circumstances.

"We look forward to hearing more about the research results over the coming days and to working with AIST and Industry Fund Forum on the underinsurance issue," concluded Mr Gilbert.

**For further information please call Richard Gilbert on 0417 247 998 or Simon Disney, Senior Manager, Media and Communications on 0408 161 466**

*\* Deposit Power/Real Estate Institute of Australia Home Loan Affordability Report December Quarter 2007*

**Note:** Helen Hewitt, CEO of Industry Funds Forum will present the AIST findings to IFSA members at a Key Issues Presentation on Thursday 12th June.

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*IFSA represents the retail and wholesale superannuation, funds management and life insurance industries. IFSA has over 140 members who are responsible for investing over \$1.3 trillion, on behalf of more than ten million Australians. Adherence by Members to IFSA Standards and Guidance Notes ensures the promotion of industry best practice.*