

THE COMMISSIONERS
PRODUCTIVITY COMMISSION SUPERANNUATION ENQUIRY
LOCKED BAG 2
COLLINS STREET EAST
MELBOURNE VICTORIA 3001 ATTN MSS ANGELA MACRAE &
KAREN CHESTER super@pc.gov.au

Dear Commissioners,

THE CORRUPTION OF CAPTURED INSURANCE WITHIN THE INDUSTRY

I refer to your interim report and proposed objectives of maximising net returns and providing insurance that meets members' needs at least cost.

Those objectives cannot and will not be met for as long as insurance is required of single members under the age of 30 and whilst "captured" related party insurers provide that insurance especially those providers that give financial support back to associated union and employer groups. I appreciate the concerns as to "under insurance" generally. However, the compulsory subtractions of very significant amounts when considered in proportion to the contributions made on behalf of the young, disengaged and uninformed members with duplicate accounts will continue to be contrary to these fundamental aims.

I provide a timetable as to the progress of my 23 year old son's complaint as to the above. It indicates, at best, a systemic inefficiency and, in my view, a "corruption" of the superannuation industry. The obfuscation from the Trustee as to the issue for a year confirms such systemic mis-appropriation.

Such matters have been highlighted in the press generally and by the Australian's Contributing Economics Editor Professor Judith Sloan in particular. The same Fund Trustee was also the subject of Submission # 37 to you.

I am surprised that your interim report does not refer in clearer terms to this. I note the comments as to "duplicate accounts" on page 146 and that "insurance premiums within superannuation increased significantly in recent years" on page 149. The reason for this increase is due to the "kickbacks" now flowing back from "captured funds" to their owners or related backers. This is a fundamental breach of fiduciary duties by Trustees that should be examined by the Commission before issuing its final report.

Yours sincerely

STEPHEN INGATE