

To whom it may concern,

I am an Australian citizen and have 3 daughters. They are full time students and aged 17, 19 and 21. Since legally permitted they have had a few part-time jobs from newspaper delivery, fast-food sales/service and lifesaving/-guarding.

As these activities started to earn them in excess of the legal limit for compulsory superannuation contributions they all opened accounts with different providers.

When I asked one of them what balance the account had reached she told me that it was zero.

As I was doubtful how that could be the case she produced a statement which showed that the few dollars that she had accrued were completely used up by the default insurance that comes with super.

Underinsurance and lack of superannuation cover is a well-known problem in Australia.

I question the ethics of using up however little superannuation credit a student accumulates early in their working life for a life insurance that at this stage in their young lives is completely unnecessary as they usually have no dependants or mortgage payments to worry about.

In the unfortunate situation that the whole balance is used up they are left without insurance cover and no superannuation savings.

I asked them to consider their arrangement and they have since cancelled the useless insurance cover.

It was not made easy (in comparison to signing up) and naturally no refund was given.

As this situation is surely no exception (the zero-balance affected 2 out of my 3 daughters) the insurance industry must be making millions in profits at the expense of students with hardly any benefits compared to the premiums paid. I find this practice appalling as it deprives students of much needed savings for later in life.

It has come to my attention that there might be changes to this practice replacing the default (insurance starts when not explicitly declined) with an opt-in.

I want to point out that I am doubtful as to how effective this will be in avoiding the same outcome (signing up the bulk of students by simply telling them to sign on the dotted line which will lead to the same zero balance accounts as referred to above).

Only rigorous product disclosure requirements combined with an ideally extended cooling off period will prevent young people from potentially losing hundreds of dollars during their study years.

An obligatory information on their first account statement comparable to the Minimum Repayment Warning (Australian Government Requirement) on credit card statements.

This could be worded: "Attention: You have chosen to opt-in an optional life insurance. The fees may over time consume all your superannuation savings. If you decide you don't want this insurance, you have 2/4/8 weeks to cancel and will receive a full refund of all premiums paid."

The insurance industry as well as banking are incredibly profitable and should not have to rely on student's hard-earned superannuation savings to further boost their profits.

Kind regards

Michael Altenburger (no signature)