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An Adelaide-based accounting firm is looking at providing group life insurance for self-managed superannuation fund (SMSF) members.

“We have been researching ways of providing group insurance after we discovered there was a need for life insurance in SMSFs,” SuperGuardian CEO Olivia Long told insuranceNEWS.com.au.

“We reviewed our own client base and found about 75% of our fund members didn’t have any life insurance.

“We were amazed at what percentage of our clients didn’t have any life insurance in their funds.”

Currently SMSF members have to buy life insurance at a retail rate, usually higher than the group rate offered to large industry, corporate and retail superannuation fund members

Insurers use the large membership numbers to average out the risk and thereby offer lower insurance rates to a fund’s members.

While members of a large superannuation fund usually have some life insurance, they lose this when they form their own SMSF.

Another problem for SMSF members seeking life insurance cover is that they are generally older and can experience difficulties in arranging a policy.

Ms Long says SuperGuardian provides SMSF services to clients of stockbrokers and financial planning dealer groups.

“Because stockbrokers don’t deal with life insurance, they do not offer their clients insurance and mainly dealer groups are the same,” she said.

“Our next stage will be to talk to some life insurers about offering group insurance.”