1. Rice Warner Research Reports, Tools, Briefings and Workshops

This pack provides a list and description of Rice Warner research reports, interactive tools, briefings and workshops available. Rice Warner undertakes regular and one-off reports and offers several tools and workshops to assist your business.

Our clients include superannuation funds, financial institutions, fund managers, life insurers, administrators, financial planning licensees and providers of financial software. We cover a range of topics in several areas for our client base, including:

- **Superannuation, Investments and Pensions**
  - E.g. Super Insights.
- **Life Insurance (Group, Retail and Direct)**
  - E.g. Underinsurance in Australia.
- **Advice**
  - E.g. Super Fund Advice Models.
- **Public Research and Submissions**

In addition to the formal research reports and tools, we provide regular complementary Insight blog articles on topical issues in the superannuation and insurance industries. Should you wish to receive these blogs please join our mailing list at RiceWarner.com or alternatively email insights@ricewarner.com
2. Complete List and Suggested Rice Warner Research Reports, Tools, Briefings and Workshops

Table 1 provides a listing of all Rice Warner Research Reports and Tool.

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3. Superannuation, Investments and Pensions

3.1 Superannuation Market Projections 2016

Every year, Rice Warner analyses the size and composition of the superannuation industry and projects forward assets and membership annually for the next 15 years. The analysis is based on the output of a sophisticated market and population model that reflects the market structure, population dynamics and employment trends.

The report encapsulates our view of the financial impact based on current trends. The results provide a snapshot of the future superannuation landscape based on these trends, and carefully considered assumptions which we set out in detail.

The report allows analysis of all aspects of the superannuation market including:

- Assets held on behalf of the pre-retirement population and the post-retirement population.
- Assets held by the various market segments as well as the flows between these segments.
- The impact of contributions, investment returns, insurance and tax.
- The differences in the experiences of men and women.

The analysis is delivered in three parts:

- A detailed report setting out industry trends, drivers of change and the high level results of the analysis.
- An online interactive report setting out detailed results in tables and graphs with filters which allow the user to analyse the results in detail and to export information for presentations or further analysis.
- A detailed explanation of the assumptions and methodology used.

We also provide a one hour face-to-face debriefing for management which will be provided by a Senior Consultant. This focuses on the projection results and specific insights.

Our Executive Briefings (see below) extend this presentation to include a full strategic assessment of the market.

3.1.1 Market statistics

We hold a comprehensive longitudinal database on the size and composition of the Australian superannuation market and provide analysis of this information at the industry, sector, fund and product level.

This information is provided via our online portal which allows users to further explore the data in detail as well as export data for use in slide presentations, excel analysis or other applications.
3.2 Tailored Market Projections

The *Tailored Market Projections* report and the model that supports it also allows us to provide detailed projections for individual funds. These projections provide a sound base for strategic and business planning as they show the potential performance of the individual fund in the context of the whole market. Expectations can be set realistically rather than simply relying on assumptions based on recent experiences.

The results can be determined for a number of different scenarios and are provided as an online interactive report for more detailed analysis and inclusion in presentations.

3.3 Super Insights 2017

Our Superannuation Insights study is now in its fourth year and involves gathering data from 24 participating funds providing us with over 10 million anonymous accumulation and pension accounts, from which we undertook segmentation of the results across, gender, age bands, location, account balance and many other categories.

Participants in Super Insights will again receive the benefit of analysis of their own fund, understanding of how your fund compares with a substantial peer group, and Rice Warner’s insights into what the results can mean for your strategy. Examples of areas covered include:

- Analysis of membership profile by different segments and comparison with the peer group, and identification of key strengths, weaknesses and opportunities arising from the membership profile.
- Quantifying and comparing differences between members across gender, ages and geographic area.
- Understanding inflows of funds from contributions and roll-ins, how these compare with the peer group, and key opportunities arising from these comparisons.
- Investment strategy – participation in default strategies versus choice investments, and how choice members differ from default members.
- Insurance analysis – take up of cover and average levels of cover along with analysis of insurance needs.
- Employer analysis – including average number of employers, average employer size, distribution of employers.
- Pensions – demographic and behavioural analysis of pension members including investment decisions, drawdown rates and balance analysis.
- Exits analysis – identification of key areas of leakage in absolute terms and relative to the peer group, to help inform your strategies to retain members taking into account the dynamics of different segments of your membership.

The data needed to carry out this study is de-identified member data as at 30 June 2016 together with relevant data for members who exited the fund during the financial year. The data requirements are substantially aligned with the data used for benefit statements at the end of each financial year. The process will be assisted further by most leading third party administrators now having experience of providing data for Super Insights.
3.3.1 Approach and format

Rice Warner has leveraged the infrastructure and learning from our inaugural study to enhance the offering to clients further, as follows:

- Digital delivery – Rice Warner delivers analysis and insights for you and peers, via a secure online login. This delivery method allows you to filter data dynamically, split trends across different categories (e.g. female member inflows) or run in-depth cohort analysis. The use of dashboards will allow you to combine multiple views, as well as highlight and filter data to show relationships. This approach allows you to manipulate analysis output and charts and will provide ease of reporting internally by sales and marketing teams and for Board presentations and papers.

- Longitudinal analysis for participants who took part in previous studies. This will allow funds to track retention of members, build-up of balances, participation in insurance arrangements and emerging trends in your progress in attracting and retaining members.

- Enhanced speed of processing data, using our custom-built SQL data base and experience of mapping a wide variety of data formats to a common platform.

Deliverables include:

- Analysis (including insights and commentary) of accumulation and pension membership, benchmarked against peers (overall industry and by sector).

- Digital delivery, allowing further interrogation of the data.

- A briefing with you and other relevant stakeholders at which we can demonstrate the digital capability and provide our insights.

Confidentiality

The confidentiality of the data is subject to extensive safeguards. These include avoiding the use of data that could be used to identify the members (for example, we do not need members’ names or other contact details, and can work with encrypted member numbers). In addition, we work with leading external data security experts to design, maintain and monitor our controls on data storage and access.

3.4 Super Fund Advice Models

The Super Fund Advice Models report provides review and analysis of changes in models that superannuation funds are using to deliver advice to members. The report reviews advice delivered by superannuation funds including:

- factual information
- general advice
- intra-fund advice
- comprehensive advice
- advice delivered:
  - digitally
  - over the phone
  - face-to-face.

The report covers services and advice provided, associated fees and penetration levels.
3.5 Superannuation Annual Product

The Superannuation Annual Product Review provides an overview of the trends in the superannuation market in a 12-month period. The review analyses product fees, asset allocations, and performance. Commentary is provided around market events (e.g. implementation of MySuper Dashboards) and comparison is completed on a large number of funds on several metrics.

3.6 Alternative Asset Survey and Research Report

Alternative assets have become very popular amongst institutional investors and this popularity will continue to increase as investors, particularly institutional, seek higher return opportunities in this low return environment. As the size of superannuation funds increase and the industry sees more consolidation, there has been a growing trend for superannuation funds to invest in alternative assets directly. This has been facilitated not only by the scale of Funds, but also by the expansion of their in-house investment teams. Many funds now directly employ specialist alternative managers to manage assets such as hedge funds, infrastructure, private equity, low volatility strategies, credit, commodities etc.

This research report will show how significant the allocation to alternative assets is in the superannuation industry and how superannuation funds are adopting and implementing these strategies. This report will also touch on the requirements needed to run a successful in-house alternative asset management operation and will assist you to understand the requirements and appetite for alternative assets in the future.

3.7 Market Analysis of Retirement Products

The Market Analysis of Retirement Products presents a rigorous, objective comparison of retirement products available in Australia today that is supported by Rice Warner’s independent expertise, modelling and available data.

The Market Analysis of Retirement Products includes a report which provides an overview of the analysis framework and a dashboard of the research results according to member profiles and Rice Warner’s value weightings for various product features.

3.8 Superannuation Fees Analysis 2017

Rice Warner’s Superannuation Fees Analysis 2017 is the first in a yearly, whole of market analysis of fees in superannuation. Previously these reports were sponsored by the Financial Services Council, and similar reports have been prepared by Rice Warner since 1999. The report examines:

- MySuper and Choice – impact on fees.
- Superannuation market influences (including RG97).
- Detailed fee analysis and comparisons between all super fund segments.

3.9 Superannuation Expense Benchmarking 2017

Rice Warner commenced its annual Superannuation Expense Benchmarking survey six years ago with the support of ASFA and others in the industry. Since then, we have successfully completed surveys and industry-wide reports for the 2011, 2012, 2013, 2014, 2015 and 2016 financial years.
Rice Warner has made a long-term commitment to this research to ensure that superannuation fund trustees, members and regulators have access to a consistent and objective measure of changes that impact on fees and costs.

Trustees can assess their performance against their peers and consider the sustainability of their operations by participating in our survey. The advantages of participation are:

- Expenses are benchmarked against the industry and the peer group of funds.
- Demonstration of the impact of scale and the relative position of your fund.
- Explanation of expense drivers and assistance with interpreting results.
- Analysis of specific areas of interest to Trustees.
- Details of longitudinal trends in expenses since 2013.

The 2016 financial year survey is delivered in three parts:

- A report setting out industry trends, drivers of change and the high level results of the survey.
- An online interactive report setting out the results in tables and graphs with filters which allow the user to drill down into the results in detail and to extract information for further analysis and presentations.
- A briefing with you and other relevant stakeholders at which we provide our insights from the survey.

### 3.10 Personal Investment Market Projections

The *Personal Investment Market Projections* report complements the *Superannuation Market Projections* report. It provides a projection of the personal investments market outside superannuation. In its broadest sense, the market includes all investment assets held by individuals, either directly or through financial products, trusts or company arrangements, other than assets held in superannuation funds.

The report provides insight into the forces shaping the personal investment market and their potential impact on the size and structure of that market.

The two reports together provide a unique aggregate view of the Australian savings pool.
4. Life Insurance

4.1 Underinsurance in Australia 2016

Every year we undertake a comprehensive analysis of insurance needs for all working age individuals and family groups in Australia, across life, TPD and income protection insurance to:

- Estimate the overall level of underinsurance for each type of cover, based on levels of cover currently held.

We consider the insurance needs for each family type, across factors such as age, family make-up and income levels.

The analysis covers death, TPD and income protection insurance and includes:

- The impact of social security benefits on insurance needs.
- The impact of levels of insurance held across the market.
- The impact of factors such as tax, the value of domestic production and AWOTE on insurance needs.

4.2 Group Risk Comparator

The Group Risk Comparator provides a comparison of both features and prices across 250 group insurance offers. Group insurance offers are from a range of fund and offer types in the Australian marketplace including industry funds, public sector funds, corporate offers and master trusts. Key features include:

- Pricing
  - Premium quotations for Term, TPD and Income Protection across a range of occupations.
  - Premium quotations for multiple products at one time.
  - Absolute premium and relative graphs of the premiums are automatically generated by selecting the desired products (Note: figures can be exported to excel and graphed as desired).

- Features
  - Key terms and conditions for Term, TPD and IP across the market.
  - Features can be viewed by individual fund or compared across a range of funds.

- Other
  - Monthly update of key pricing and features updates across the market.

4.3 Retail Risk Comparator

The Retail Risk Comparator is a comprehensive tool covering open retail insurance products sold by financial planners. Key features include:

- Coverage of 15 different product offerings.
  - Product splits for health discounts
  - Ordinary and super owned analysis available.
- Premium calculations:
- All ages, allowing the user to sort premiums at each age.
- Functionality to include the common options in the market, such as Level premium, Guaranteed Future Insurability, Increasing Claims Benefit and much more.
- Premium quotes are coloured to represent their respective competitive position for ease of use.
- Absolute premium and relative graphs of the premiums are automatically generated by selecting the desired products (or figures can be exported to Excel and graphed as desired).

- Features:
  - Dichotomous assessments are made of all the products researched; assessments identify key areas of value and differentiation in the market.
  - Text from each PDS is supplied to support and supplement the assessment, this can be viewed by feature, by product or the user can select multiple products and features to view at once (can be downloaded to excel for further analysis if required).

### 4.4 Retail Risk Scenario generator

The Retail Risk Scenario Generator is a comprehensive tool that allows you to generate hundreds of scenarios in one click. The tool is an Excel spreadsheet with a table allowing you to enter the assumptions and the different scenarios required. A VBA macro will then query the Retail Risk Comparator and copy the premium results into Excel files with one file for each scenario. The tool allows the user to choose between the different types of product:

- term
- term and TPD (linked)
- stand-alone TPD
- term and trauma (linked) with the option of adding a TPD benefit
- stand-alone trauma with the option of adding a TPD benefit
- income protection
- business expenses.

The tool allows simulation of all combinations of:

- sex (two choices)
- smoking status (two choices)
- sums insured (12 choices with the ability to enter a different amount for Term, TPD and Trauma)
- ages (from/to/step)
- occupation (five choices)
- options available (premium frequency, premium basis, GFI etc.).
In addition, for income protection and business expenses, all combinations of:

- waiting period (three choices)
- benefit period (three choices).

The results include all the products in the Retail Risk Comparator associated to the scenario.

Note: Access to this tool requires a subscription to the Retail Risk Comparator.

4.5 Insurance needs calculator

The insurance needs calculator is a comprehensive tool that compares insurance need with the default cover of a superannuation fund. It compares the default Death and TPD cover separately for more than 100 Employer sponsored funds for different family types and income. The results are displayed graphically as shown in Figure 1.

The tool is updated once a year for the default cover of the funds at 30 June utilising the annual research we perform to calculate the underinsurance gap.

Figure 1. Figure 1 Default Cover as a Percentage of Needs - Couples working full time, with children

4.6 Bi-monthly Retail Risk Market Update

The Bi-monthly Retail Risk Market Update provides review and analysis of product, pricing and public policy changes in the retail insurance market over a two-month period. This report is directed at product, pricing and sales teams.

The report provides analysis of product and pricing changes and the impact to quartile ranks for all on-sale retail insurance products. Pricing scenarios are provided for ages 20 to 70. In depth analysis and commentary is provided for significant product releases.

4.7 Quarterly Group Risk Bulletin

The Quarterly Group Risk Bulletin provides review, analysis and commentary of topical issues in the group insurance market. The subject matter covered in the bulletin is adjusted each quarter to reflect the current market and will be of interest to a range of insurance experts including product and pricing teams.
An example of topics covered are:

- long term pricing structures and profit sharing
- data management
- evolving product design and pricing changes in group insurance.

4.8 Direct Life Aggregator Review

The Direct Life Aggregator Review provides a summary of all aggregator sites selling life insurance products in Australia. The report reviews current online functionality including:

- product availability
- pricing
- needs analysis
- commissions paid
- purchase options
- insurance information.

4.9 Insurance Affordability Study

The Insurance Affordability Study considers the affordability of default insurance cover within superannuation funds at an industry level. The study highlights areas of concern for Trustees to consider to minimise the risk of premiums inappropriately eroding the retirement income of beneficiaries.

Insurance Affordability Study highlights:

- Member groups where insurance premium deductions negatively affect retirement balances.
- Market trends as it relates to premium rates.
- Death, TPD and IP price changes during the 2015 calendar year.
- Affordability projections across four member scenarios.

Note: Tailored affordability research for an individual fund can be undertaken as a consulting assignment.

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- stand-alone trauma with the option of adding a TPD benefit
 income protection
 business expenses.

The tool allows simulation of all combinations of:
 sex (two choices)
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 ages (from/to/step)
 occupation (five choices)
 options available (premium frequency, premium basis, GFI etc.).

In addition, for income protection and business expenses, all combinations of:
 waiting period (three choices)
 benefit period (three choices).

The results include all the products in the Retail Risk Comparator associated to the scenario.

Note: Access to this tool requires a subscription to the Retail Risk Comparator.

4.11 Retail Risk Product and Pricing Annual Review

Based on data housed in Rice Warner’s insurance databases the Retail Risk Product and Pricing Annual Review provides a detailed analysis of all pricing and product changes for each on-sale retail insurance product and tracks all changes over a 12-month period, highlighting the impact to overall quartile rank.

4.12 Group Risk Product and Pricing Annual Review

Based on data housed in Rice Warner’s insurance databases the Group Risk Product and Pricing Review provides an outline of all pricing and product changes for group insurance products in a 12 month period. The report highlights trends and significant changes in the group insurance market.

4.13 Group Insurance Market Landscape Tracker

The Group Insurance Market Landscape Tracker provides information on all group insurance products held in our database. The tracker is updated annually with the following information for each on-sale group insurance product:
 Product ID
 Name
 State
 Admin
 Death & TPD rates effective date
 Death & TPD rates guarantee period
 Death & TPD rates renewal date
- Death & TPD insurer
- IP rates effective date
- IP rates guarantee period
- IP rates renewal date
- IP insurer
- Additional comments.

The tracker assists insurers and re-insurers to target upcoming tender opportunities. Allowing for improved strategic planning. The tracker provides the ability to investigate a fund’s current circumstances and the explore the opportunity of a fund considering a change in insurer.