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Joint statement by CASE and LIA on National Financial Literacy Survey

CASE AND LIA TO LAUNCH INITIATIVES TO PROMOTE A MORE FINANCIAL SAVVY SOCIETY

Findings of the National Financial Literacy Survey underscore the Life Insurance Association's (LIA) view that Singaporeans are not planning adequately for retirement and life's unforeseen events. However, the survey also demonstrates CASEs concern that many Singaporeans do not fully understand the insurance and investment products that they are buying. For instance 48% respondents did not know that they were entitled to cancel their insurance policy within the 14 days free look period; 58% thought that all bonuses in insurance policies were guaranteed; 70% did not know that they will not get any money back when a term policy insurance policy ends. A lot of work needs to be done to help the public understand insurance policies better.

However, its president, Mr Jason Sadler, said that it was encouraging to know that Singaporeans have a healthy attitude towards money management. Nonetheless, more needs to be done to ensure clarity and understanding of the many options that are available for financial planning, especially for the retirement years.

"Investment Linked Life Insurance Plans are a case in point," said Mr Sadler. "Here is a financial product category that allows for precise customisation for each individual, yet the very fact that there is a gamut of options to select from warrants a diligent fact-finding process by consumers in consultation with their financial planners in order to create an appropriate plan. Consumers should not rush into a purchase, without taking time to fully understand the nature of what they are buying, and exploring the different options that are open to them. Financial Advisors are responsible for assisting consumers to evaluate the options and ensuring that the product meets the consumers' needs"

Mr Yeo Guat Kwang, President of the Consumer Association (Case), agreed that consumers need to be more proactive and involved in their financial planning options, while the selling process by insurers and their representatives needs to be more consumer-friendly and transparent.

"It is clearly a win-win situation for life insurance businesses and consumers when there is clarity at the onset and expectations are well managed," said Mr Yeo.

To this end, CASE and LIA will continue to work closely to identify gaps in consumer understanding of life insurance products and launch initiatives to enhance public understanding. In the pipeline are forums, educational literature and media strategies to reach consumers. In addition, both parties agree that consumers aggrieved by the market conduct of insurers or their representatives can refer their disputes in the first instance to the insurance company and if this is unsuccessful, subsequently to either IDRO or CASE Mediation Centre for resolution.

CASE and LIA will also use the MoneySENSE programme to launch some of their initiatives.