

Wednesday December 30, 2020

Insurance Council welcomes final report of ACCC's Northern Australia insurance inquiry

The Insurance Council of Australia (ICA) has welcomed the release of the Australian Competition and Consumer Commission's (ACCC) Northern Australia Insurance Inquiry

ICA CEO Andrew Hall said: "Insurance in the north, and in other areas exposed to high levels of risk, can be costly. We are encouraged by the findings within the report and look forward to working with government and industry to address affordability and availability issues of insurance in northern Australia."

Mr Hall said addressing affordability concerns, reducing risk, and building better aligns directly with the ICA's goal of creating a resilient Australia.

The 2020 General insurance Code of Practice will have new policies to support customers experiencing family violence and financial hardship provisions, streamlining complaints processes, and the introduction of mandatory investigation standards.

"The insurance industry has long endorsed the need to update outdated tax duties, reduce its complexity and increase its fairness. We agree the burden of stamp duties is falling more heavily on consumers exposed to greater natural disasters and other risks and support the idea of reforms to remove or re-base state and territory stamp duties on home, contents, and strata insurance products. This has the potential to immediately relieve pricing pressure for all consumers in northern Australia," Mr Hall added.

The ICA would strongly support reforms to land use planning and building standards by expanding the remit of the Australian Building Codes Board to include property protection.

"The Insurance industry is already working with resilience agencies, scientists, local government, and the building sector to develop above code standards for homes and commercial properties.

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In November ICA and Master Builders Australia formed a working group to address this issue. The Building Stronger Homes Roundtable will enable builders and insurers to work together, harnessing industry insights from both insurance data and builders experience to help map actions that can improve the resilience and insurability of existing and future Australian homes.

The insurance industry shares community concerns and emphasises its desire to continue working with local, state and Commonwealth governments on developing practical, workable, and sustainable solutions for all parts of Australia that experience natural disasters.

The ICA will release a more comprehensive review of the final report findings and its 38 recommendations in early January 2021.

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ABOUT THE INSURANCE COUNCIL OF AUSTRALIA:

The Insurance Council of Australia (ICA) is the representative body of the general insurance industry in Australia. ICA members represent about 95 per cent of total premium income written by private sector general insurers. Insurance Council members, both insurers and reinsurers, are a significant part of the financial services system.

Insurance Council members provide insurance products ranging from those usually purchased by individuals (such as home and contents insurance, travel insurance, motor vehicle insurance) to those purchased by small businesses and larger organisations (such as product and public liability insurance, professional indemnity insurance, commercial property, and directors and officers insurance). September 2020 Australian Prudential Regulation Authority statistics show that the general insurance industry generates gross written premium of \$51.8 billion per year and has total assets of \$136.5 billion. The industry employs approximately 60,000 people and on average pays out about \$171.4 million in claims each working day.

Over the 12 months to the end of September 2020 the industry's net profit after tax (NPAT) was \$0.9 billion - a 73 per cent decrease from the prior year's NPAT of \$3.4 billion. The industry's underwriting result was \$1.6 billion, falling by 16 per cent from \$1.9 billion in the prior year.