

8 April 2008

Insurance Council Welcomes DOFI Announcement

The Insurance Council of Australia today welcomed the announcement by the Hon Chris Bowen MP, Assistant Treasurer and Minister for Competition Policy & Consumer Affairs, of exemption arrangements concerning direct offshore foreign insurers (DOFIs).

“The Insurance Council is pleased that the new Federal Government is delivering on one of the recommendations of the HIH Royal Commission by deciding to regulate DOFIs,” said Ms Kerrie Kelly, Insurance Council CEO. “Australian consumers will now be protected from non Australian regulated insurers currently outside the reach of Australian law. The regulation of DOFIs will also deliver a level playing field amongst domestic and foreign insurers.”

“The exemptions are the outcome of a lengthy consultation process undertaken by Federal Treasury with all stakeholders and have resulted in a workable basis on which to start the new regulatory regime. It is important that Treasury has committed to regularly reviewing and adjusting as appropriate the exemptions in light of experience with the type of insurance being placed with offshore insurers,” said Ms Kelly.

“The Insurance Council is pleased the Minister has reiterated that the exemption from authorisation is to apply in limited circumstances where Australian risks cannot be appropriately placed with an Australian insurer.”

The Insurance Council looks forward to the release in late April of the exposure draft of the regulations implementing the exemption arrangements. Insurance Council members will continue to work with the Government to ensure that the exemption arrangements are effective and provide appropriate protection for Australian consumers.

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