

June 28, 2012

Insurance Council welcomes Federal Government's response to insurance inquiries

The Insurance Council of Australia (ICA) today welcomed the tabling of the Federal Government's response to House of Representatives Standing Committee investigations into the operation of the insurance industry during disasters and the issue of rising strata title premiums.

ICA CEO Rob Whelan said: "Much has been achieved over the past 18 months through close co-operation between the insurance industry and the Federal Government, including development of the long-awaited standard definition of flood and direct liaison on key consumer and industry issues.

"The general insurance industry reaffirms its commitment to continuing its work with the Federal Government and agencies to resolve issues of flood insurance and affordability, as well as taking its own proactive steps towards making insurance more easily understood by consumers."

Last month the Board of the Insurance Council of Australia formally appointed financial services lawyer and academic Ian Enright to conduct an independent review of the General Insurance Code of Practice. His terms of reference specify that the recommendations of all recent government inquiries be considered in the review, which starts in July.

Mr Whelan said the ICA had provided input on design and content on the proposed Key Facts Sheet to Treasury, which was reflected in the consultation paper. He said the ICA continued to work with Treasury and stakeholders on the development of the sheet for policyholders and looked forward to participating in the next stage of the consultation process.

Mr Whelan said the ICA was committed to providing flood insurance coverage data to the government and would also cooperate with the Australian Government Actuary in any analysis of strata insurance premium increases.

"The issue of strata insurance is complex and no quick fix solution is evident," he said. "The industry's submission to the committee explains the commercial reasons for premium rises, which relate directly to the risks to property in these regions, and points out unit owners in northern Australia are now generally paying similar premiums to owners of stand-alone homes."

Mr Whelan said insurers were keen for the recommendation of a 12-month moratorium on stamp duties on insurance in north Queensland to be the first step in abolishing all state taxes and duties on insurance products, in line with the recommendations of the Henry Review. Only the ACT has committed to a five-year phase-out of stamp duties, while Tasmania is increasing its duties.