

19 December 2017

## Suncorp backs Govt decision ruling out market intervention

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Leading insurer Suncorp welcomes the Federal Government's decision not to intervene in the insurance market in northern Australia.

The Government has ruled out a reinsurance pool and a cyclone mutual as part of its response to the Northern Australia Insurance Premiums Taskforce which completed its report in 2015.

Suncorp Insurance CEO Gary Dransfield said the Government accepted the Taskforce's main finding that mitigation was preferred over intervention.

Minister for Revenue and Financial Services Kelly O'Dwyer stated:

*"In its assessment of policy options, the Taskforce found that mitigation activities to reduce the risk of damage from cyclones are the only way to reduce premiums on a sustainable basis. The Government accepts this finding, and will not intervene directly in the insurance market."*

"The Government has made the right call. Intervening in the market would not have addressed the heart of the problem in northern Australia – the high risk of natural disasters," Mr Dransfield said.

"Suncorp will always back mitigation. We reward it in our pricing and support government investments in this area such as the Queensland Government's commitment to a \$20 million Household Resilience Program for North Queensland communities.

"We would also support any increased mitigation effort the Federal Government may make in the future."

Mr Dransfield said Suncorp also noted the Government's response to the Senate Inquiry into the General Insurance Industry which examined consumer protections and competition.

"We welcome the Government's support for an updated General Insurance Code of Practice and Suncorp has been working hard with the Insurance Council of Australia to carry out this important work," he said.

"Suncorp also supports efforts to improve consumer literacy of insurance. Through our Financial Inclusion Action Plan, we've taken real action to enable financial inclusion and access to affordable financial products and services, enabling greater equality, inclusive growth and resilient communities."

Mr Dransfield said caution was needed when considering the extension of unfair contract term provisions to insurance contracts.

"Any changes to unfair contract terms protections need to be developed carefully and in close consultation with the industry, or they risk jeopardising customer experiences and adding unnecessary complexity to insurance processes," he said.

Suncorp will continue to work closely with James Cook University to better understand cyclone impacts on communities and how home retrofits can improve mitigation.

Suncorp's Cyclone Resilience Benefit, launched in March 2016, has so far reduced insurance premiums by up to 20 per cent for approximately 35,000 customers in North Queensland, who have reported roof upgrades, covered windows, stronger doors and property maintenance.

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**For more information contact:**

Media      Nadia Farha | 0408 535 993  
              Josh Cooney | 0477 391 260