

## HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

### REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS INSURANCE SECTOR

#### Insurance Australia Group

**IAG09QON:** **Dr MULINO:** The other aspect of COVID-19 that I'm interested in—and this is a fast-changing situation, so I don't think it's necessarily going to flow through much—is the extent to which the economic impacts of COVID-19 are going to be reflected in people either not renewing or not taking up, or perhaps even changing the profile of, their insurance. To some degree, that's going to be muted in the short term by you providing flexibility and deferring people's premiums. Even allowing for that, are there any areas of your business where you've seen people not renewing, or, if you look at this year's business compared to last year's, where there is what you may see as a change in take-up rates or organic growth?

**Mr Harmer:** Let me try and break that down between retail and commercial. Presently, we're not seeing a noticeable increase in nonrenewals from our existing home and motor customers, in large part, I suspect, because of the work of our customer care team, who are able to actually resolve the customers' issues or concerns in a way that allows them to stay insured. We are seeing more cancellations from small businesses, and I expect that to increase as time unfolds, as you point out. New business rates at the moment are probably at around 20 per cent of what we would normally expect to see, and that may well be a function of not just the economic slowdown but also uncertainty, with customers feeling they should just stay with the insurer they have. I think you're absolutely right: the longer this challenge is in front of us, the more concerns we will have about the level of insurance penetration in the country.

**Dr MULINO:** It would be great if we could get updates on that in, say, two and three months just to get a sense of where there might be some areas of concern.

**Answer:** We will provide the Committee with updated information on:

- 29 June 2020; and
- 29 July 2020.