

Senate Economics Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

2014 - 2015

Department/Agency: Treasury

Question: AET 191-196

Topic: Unauthorised Foreign Insurers

Reference: Written - 6 March 2015

Senator: Dastyari, Sam

Question:

191. Can you explain how the Government's decision on UFI's is consistent with a considered consultation?
192. How many submissions were received as part of 'considered discussion paper process'?
193. How many submissions were supportive of the government's decision?
194. Why is the Government wasting time and energy on a proposal that no one wants and could potentially put ordinary consumers at risk?
195. Are UFIs currently writing home insurance on a large scale for ordinary consumers in North Queensland? What is stopping them now?
196. What other consultation with the sector and other stakeholders was undertaken?

Answer:

Treasury consulted publicly on measures to address insurance affordability in North Queensland through a discussion paper released on 9 May 2014. Treasury received 30 written submissions from a wide range of stakeholders. Treasury also received communication from both APRA and ASIC. Of the 30 submissions that were received, a small number were in support of encouraging participation by foreign insurers.

It is unclear as to how much insurance is being written by UFIs in North Queensland for home insurance, however APRA report that in the six months ended 31 December 2014 \$192 million of premiums were paid to UFIs on the grounds that insurance was not available domestically or the terms offered by a UFI were substantially more favourable.

Due to the announcement on 30 March 2015 of a taskforce to explore the feasibility of options to lower insurance premiums in North Australia, the Government will defer any further consideration of amendments to clarify that access, through licensed brokers, to policies offered by unauthorised foreign insurers is possible where a better price can be obtained offshore.