

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Supplementary Budget Estimates

2015 - 2016

**Department/Agency: Treasury**

**Question: SBT 403-408**

**Topic: North Queensland Insurance**

**Reference: written - 05 November 2015**

**Senator: Wong, Penny**

**Question:**

North Queensland insurance:

403. In the Treasury's Northern Australia Insurance Premiums Taskforce Interim Report 2015 Option One in the paper puts forward for consideration is the potential for a Government supported mutual insurer. Could Treasury provide advice on the benefits and costs of such an approach to the problem of high insurance premiums in northern Australia?

404. In the Treasury's Northern Australia Insurance Premiums Taskforce Interim Report 2015 Option Two in the paper puts forward for consideration a potential Government funded reinsurance pool. Could Treasury provide advice on the benefits and costs of such an approach to the problem of high insurance premiums in northern Australia?

405. Could Treasury provide a description of the market failure that this Government backed reinsurance pool would be addressing?

406. Does the Taskforce have any past experience in the insurance industry?

407. How often does the Taskforce meet/consult with the Reference Panel?

408. How does this occur?

**Answer:**

403 & 404. The Taskforce, led by Mr Mike Callaghan, provided its final report to Government in November. The report provides advice on the benefits and costs of a Government supported mutual insurer and reinsurance pool in relation to the problem of high insurance premiums in northern Australia. The Government is currently considering the report.

405. The Taskforce was established to explore the feasibility of options to achieve the objective of reducing insurance premiums in cyclone-prone areas. The background to the task is concern over the impact of the significant increase in insurance premiums in parts of northern Australia, particularly in northern Queensland, that has occurred in recent years. The rapid increase in premiums is causing hardship for some individuals and concerns among residents about growth and development in the areas affected.

406. Taskforce officials have experience in a range of policy areas, including financial products and markets, international and financial institutions policy and implementation, modelling, strategic economic budgetary advice, and social policy. The Taskforce has been supported by the Australian Government Actuary, and has commissioned work from

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insurance sector specialists. The Taskforce has drawn on the expertise of the Reference Panel, which includes consumer representatives and members of the insurance industry.

407. Meetings with the Reference Panel have occurred throughout the Taskforce process, in May, June, July, October and November. The Taskforce has also engaged with individual members by telephone, email and in person on a regular basis.

408. Meetings with the Reference Panel have been held in person, by teleconference and a combination of both as the availability of Panel members has permitted.