

MEDIA RELEASE



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FOR IMMEDIATE RELEASE

CGU demands fairer system for fire services funding

CGU Insurance last week called upon the Victorian Government to implement a fairer funding model for fire services that does not discriminate against property insurance holders.

Duncan West, Chief Executive Officer of CGU, said Victorians deserved a fair system for funding our essential fire services, a view outlined in the company's response to the Victorian Government's *Green Paper - Fire Services and The Non-Insured*.

"The current funding model for the Victorian fire services is grossly unfair. It unfairly penalises the members of the community – those with property insurance – by enforcing them to carry the burden of funding fire services for the broader community.

"The Fire Services Levy is applied to the total premium of property insurance policies. As these policies are compiled after assessing numerous risks, not solely the risk of fire, it creates an imbalance between funding levels and potential fire risks.

"The option of replacing the FSL with an across-the-board property tax is a step in the right direction, but we believe it needs to go further to consider the responsibilities of motor vehicle owners.

"CGU regularly hears first-hand how excessive taxes and charges on insurance impact our customers and, in particular, how the resulting increased premiums can discourage people from taking up full, or in fact any, insurance protection. We hear almost daily from customers who make claims only to realise they were not adequately insured.

"CGU believes fire services should be funded through property rates and motor vehicle registrations. This would more accurately reflect the 15 per cent of MFB callouts and 10 per cent of CFA callouts attributed motor vehicles.

"Fire services are an essential component of a safe community, but the current funding system is unfair, inadequate and inefficient."

ENDS

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About CGU

CGU Insurance is the largest provider of general insurance to Australia's regional and rural communities, a leading workers' compensation provider and one of Australia's leading commercial insurers. CGU offers a comprehensive range of commercial, rural and personal insurance products through a network of over 1,000 insurance brokers and authorised representatives. CGU has been operating in Australia for almost 160 years and is part of Insurance Australia Group (IAG).