

MEDIA RELEASE



Friday 27 August 2010
FOR IMMEDIATE RELEASE

CGU welcomes Fire Services Levy reform

CGU Insurance today welcomed the decision by the Brumby Government to remove the Fire Services Levy, a move that will make property insurance more affordable for all Victorians.

Duncan West, CGU Chief Executive Officer said the government's decision was a huge win for consumers, communities, businesses and the fire services themselves.

"By removing the Fire Services Levy, the Victorian Government will eliminate a significant disincentive for consumers and businesses to take out appropriate levels of insurance coverage," said Mr West.

"Natural disasters like the Black Saturday bushfires have highlighted the massive problem of underinsurance in Victoria. Taxing insurance is a proven contributor to communities being under-insured, or worst still, having no form of coverage at all. This situation inevitably leads to the government and the community footing the bill.

"As Australia's largest regional and rural insurer, CGU has seen first-hand the impact of the Fire Services Levy on our customers.

"The current system of funding the fire services by imposing a levy on property insurance is not only inefficient but undeniably unfair. By removing the Fire Services Levy, families and businesses will see significant cuts to their premiums. Regional Victorian businesses will see premiums almost halved.

"This is a huge win for Victorians and a positive move by the Brumby government. The Government had committed to a review of fire services funding for early 2011, so this early decision is a great sign their willingness to listen to the community.

Mr West said CGU will work closely with the Government to develop the framework for the new fire services funding model as well as throughout the transition period.

ENDS

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Note to Editors:

CGU Insurance made two submissions to the Victorian Bushfires Royal Commission as well as a submission to the Victorian Government's Green Paper – Fire Services and The Non-Insured. All three of these submissions emphasised the need for a fairer funding system for the fire services; they are available at www.cgu.com.au

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).