



Insurance on the decline despite high risks, new research reveals

9 October 2003: Fewer people in Australia are taking out insurance, despite the higher gearing of personal debt and the devastating bushfires that have hit the Blue Mountains, Canberra and other areas.

New national research commissioned by CommInsure, the Commonwealth Bank's insurance division, shows a clear drop in sales of life and general insurance policies over the past two years.

The survey by Research International for CommInsure released today shows that from June 2001 to June 2003, the number of Australians with:

- life insurance declined from 23 to 21 per cent
- disability/income protection insurance fell from ten per cent to seven per cent
- private health insurance declined from 47 to 41 per cent, while
- trauma (cancer, heart attack stroke etc) insurance remained at just two per cent of the population.

For general insurance products:

- home building insurance dropped from 49 to 45 per cent
- home contents insurance fell from 62 to 58 per cent, and
- motor insurance declined from 71 to 68 per cent over the same two-year period.

Peter Beck, CommInsure's executive general manager, said: "The findings have revealed a worrying trend of more people choosing to take on the risk of personal or property loss themselves, at a time where household debt levels are at an all-time high."

Mr Beck said the decline in life insurance and disability/income protection insurance was of particular concern considering the already low take-up rates for this type of cover compared with general insurance products.

"If you look at the cost of repairing or replacing a car compared with the high financial costs associated with death, disability or trauma, it's staggering that more people choose to insure their car than their own lives or their income. It should be the other way around.

"We often refer to our car or house as our biggest asset but in reality it's our ability to earn income over the long term. If that's taken away suddenly, the impact for the person affected or their family can be devastating."

Mr Beck said the decline in home building and home contents insurance heading into the bushfire season was also of particular concern.



“When someone’s house is destroyed or damaged by fire, if they’re covered by insurance they will at least be able to build again and get on with their life - that’s what insurance is for,” he said.

Mr Beck said all insurance companies had a role in improving the understanding of insurance through clearer communications and simpler policies. “CommInsure is looking to take a more educative stance on the benefits of being adequately insured, starting with a trauma insurance awareness campaign throughout October and November,” Mr Beck said.

CommInsure is a wholly owned subsidiary of the Commonwealth Bank of Australia and its personal insurance portfolio was recently named the ‘best life insurance product’ in the Insurance Accolades awards. CommInsure is also now the major life insurer in the market. To inquire or take out a policy, call CommInsure on 13 10 56.

Media contacts for further information:

Bryan Fitzgerald
Group Corporate Relations
(02) 9378 2663
email fitzgeb@cba.com.au

or

Andrew Murrell
Manager Public Relations
CommInsure
T (02) 9696 6032
M 0410 650 756
email andrew.murrell@cba.com.au