



# ACT Government

## 2002-2003 BUDGET

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### **BUDGET STRENGTHENS INSURANCE POLICY** **ADVICE**

The 2002-03 ACT Budget will help address the impact of the insurance crisis by strengthening the Department of Treasury's policy and coordination capacity, Treasurer Ted Quinlan said.

"It is no secret that insurance has become a major issue here in Australia and internationally. This is due to the general tightening of the insurance market, the fall-out from the events of September 11 2001 - which resulted in the withdrawal of terrorism insurance - as well as the collapse of HIH and the withdrawal of some insurers from the market," Mr Quinlan said.

"These factors have put considerable pressure and additional costs on all levels of government, and have had a significant impact on the community, business and tourism sectors.

"The ACT Government is involved in a broad range of insurance classes where there are problems with accessibility and affordability of insurance. These include public liability and professional indemnity, medical indemnity and builders warranty. Coordination of these areas, supported by some hard analysis, is crucial to achieving sound outcomes.

"Insurance now rates as one of the top five issues for many small businesses and not-for-profit organisations. Ultimately, it could lead to the closure of businesses or the shutting down of community services and events.

"This Government is serious about addressing problems in the insurance industry, and to helping minimise, where possible, the impact on the Canberra community."

Mr Quinlan said that in dealing with the insurance crisis, the ACT Government has been conscious of the need to balance individual's rights to compensation with keeping costs to a reasonable level.

"We have already taken some steps to minimise the more immediate problems, and with this new initiative, we will now strengthen the Government's policy advice on insurance, enabling us to take a considered, more strategic approach," he said.

"The Government is providing \$836,000 over four years, with \$200,000 in 2002-03, to develop an insurance policy capacity in the Department of Treasury to coordinate insurance policy issues.

"The funding will provide for two additional positions to handle the increasing workload associated with the range of insurance issues affecting the community.

Media Release



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“This will enable us to look at the range of insurance classes and coordinate issues right across government, as well as managing the ACT Government’s involvement in the various national forums that have been set up to deal with reforms of insurance.”

Mr Quinlan said there is no doubt that insurance would continue to be an issue over the next few years, but that the funding in the 2002-03 budget would ensure the ACT Government was well placed to manage the issue.

**Statement ends 25 June 2002**