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Insurance Brokers Welcome SA Tax Review

The National Insurance Brokers Association (NIBA) has welcomed the SA Government's initiative to review State taxes including insurance taxes.

NIBA CEO, Dallas Booth, said that as the State Tax Review Discussion Paper pointed out, and many previous reviews around Australia had shown, taxes on insurance are among the most inefficient taxes levied by Governments and discourage people from fully insuring their property and businesses.

"Insurance taxes directly affect the affordability of insurance. As such, they contribute directly to under-insurance and non-insurance across the community.

"This is directly contrary to good social policy. Insurance is the main source of funds for restoration and recovery from natural and other disasters, and lack of comprehensive insurance cover results in real ongoing detriment to individuals, families and communities," Mr Booth said.

South Australia's 11% stamp duty on general insurance policies is levied *after* the 10% goods and services tax, creating a tax-on-tax effect which multiplies the impact.

"Economic research has shown that replacing taxes like stamp duty with new or increased broader based taxes will provide a significant boost to GDP. The ACT Government has already gone down the reform path, gradually reducing stamp duty and committing to abolish it from July 1, 2016.

"We congratulate Premier Weatherill on his willingness to consider radical changes to the State's tax system," Mr Booth said.

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NIBA is an independent industry association representing 500 firms and more than 2600 intermediaries, who handle almost 90% of the commercial insurance transacted in Australia. Brokers play a major role in insurance distribution, handling \$18 billion in premiums annually and placing around half of Australia's total insurance business.