

Media Release

Queensland to lead the push for more affordable life insurance***Abolition of State 'nuisance' taxes back on the agenda***

The Investment and Financial Services Association (IFSA) has supported the introduction of a bill by Shadow Treasurer, Dr Bruce Flegg, to abolish stamp duty on life insurance products into Queensland's State Parliament.

"The Shadow Treasurer's bill is essentially unfinished business, given that State 'nuisance' taxes and stamp duties were always intended to be progressively phased out after the passage of the Federal GST/ New Tax System legislation", said IFSA CEO, Richard Gilbert.

"Australians, and Queenslanders in particular, are woefully underinsured, with research finding that only 4% of families have the level of cover they need*. Any measure that will cut the costs of providing financial protection for families is to be applauded.

"Over 4400 people with dependent children die in Australia each year and, for those without the financial support that life insurance provides, the burden is ultimately carried by other family members, social services, church and other charitable organisations at a cost far outweighing the relatively minimal revenue collected.

"State taxation on 'public or merit good' insurance products is not a problem unique to Queensland, but it is high time that we had the opportunity to give this issue the hearing it deserves and the floor of the Queensland Parliament is now centre stage for this debate.

"With rising food, fuel and housing prices, purse strings are being tightened across the country. For many young families, the insurance they need can cost as little as a cup of coffee a day, but when you're on a tight budget, it's the cup of coffee here, a magazine there and other little luxuries that people cut out first.

"Dr Flegg has recognised that in today's day and age, life insurance is not a luxury. It's a necessity - especially if you have dependent children and average levels of debt.

"Certainly, we believe that Dr Flegg's bill should be supported and the time has now come for each of the State and Territory Parliaments to draw up a timetable for the abolition of State taxes on these products so that life insurance is more affordable.

"To our knowledge, this is the first time a Parliamentarian in any State or Territory has acted to address this vital issue", concluded Mr Gilbert.

For further information please call Richard Gilbert on 0417 247 998 or Simon Disney, Senior Manager, Media and Communications on 0408 161 466

Background: IFSA's Life Insurance Headland Statement

http://www.ifsa.com.au/documents/2007_0723_Media%20Release%20AND%20Headland%20Statement.pdf

* Rice Walker Actuaries analysis found that average full-time workers in their mid-thirties with young children need insurance cover to provide for at least 10 times their taxable earnings, however research by TNS Australia found that only 4% of those with dependent children had this level of cover in late 2005.

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