



MEDIA RELEASE

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FSC WELCOMES RELEASE OF REPORT SLAMMING INSURANCE DUTIES

The Financial Services Council (FSC) has welcomed the release today of a report that condemns duties on insurance as being inefficient, inequitable, unfair, potentially causing serious human and social consequences, and leading to a national crisis of underinsurance.

The findings are contained in a draft report by the NSW review of Federal Financial Relations, chaired by David Thodey, released today. The report concludes by pressing “with urgency” for the abolition of all insurance taxes in NSW.

FSC CEO Sally Loane, said: “We have long called for the removal of the regressive state government stamp duty imposed on life insurance, which have added substantial insurance costs for Australian consumers. We welcome the findings in the Review and urge the NSW Government and other states to act quickly to implement this reform that has been supported by every major tax review.

“Stamp duties on products issued by life insurers discourage Australians from having adequate coverage to protect themselves and their families from hardship. They are also recognised as one of the most inefficient taxes in the economy and cost Australians \$644 million in 2018—19.

“Stamp duties on life insurance products coupled to superannuation accounts erode retirement savings by an estimated \$235 million each year.

“The harmful burden from taxes on life insurance substantially adds to underinsurance, which the NSW Review rightly denounces as causing major human and social problems.

“The Review also highlights that taxes reduce the scope for insurers to pool risks, leading to further increases in the cost of insurance premiums – further compounding the harm from the tax.

“We look forward to engaging with the Review to encourage the speedy adoption of this recommendation,” Ms Loane said.

A full copy of the report: <https://www.treasury.nsw.gov.au/sites/default/files/2020-06/FFR%20Review%20Draft%20Report%20.pdf>

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About the Financial Services Council

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing almost \$3 trillion on behalf of more than 14.8 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world.