



Media release

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Building Resilience Will Reduce Insurance Costs

Tasmania's largest home and contents insurer has welcomed a focus on addressing the challenge of rising insurance costs.

RACT CEO, Mark Mugnaioni, said RACT lived and breathed concerns about rising costs of insurance every day and was committed to finding solutions.

"RACT wants to bring down the cost of insurance. That means addressing the underlying factors driving insurance costs, including more frequent natural disasters, increasing building and construction costs and government fees and charges," Mr Mugnaioni said.

"Tasmanians already own an insurance company and, as a mutual with 220,000 members, RACT is not driven by profits, mainland interests or returns to shareholders.

"Our premiums are set to cover our claims, which are increasing in costs and complexity.

"Despite cost pressures, over the past 12 months, RACT's home insurance costs have increased less than mainland insurers."

Mr Mugnaioni cautioned against simplistic solutions to complex challenges.

"MAIB is not a magic pudding and it is not sustainable to use public money to subsidise insurance risks while failing to address the underlying issues that drive insurance costs.

"The solutions require government, experts and the broader community working together. As Tasmania's largest insurer, we stand ready to work with the next government to deliver solutions to these urgent challenges."

Mr Mugnaioni called on the next government to make targeted, evidence-based investments in resilience to protect communities from the impacts of increasing severe weather events.

"The past 12 years have been the most costly and destructive for Tasmanians since the 1967 bushfires, with more than \$2 billion of community losses caused by events such as the Dunalley bushfires and floods in Latrobe, Hobart and Launceston," Mr Mugnaioni said.

"The storm that hit Tasmania in September last year was Tasmania's most damaging since May 2018, with RACT paying out more than \$10m in claims.

"The frequency and severity of extreme weather events are expected to increase by more than 40% statewide by 2050.

"Evidence shows that investing in resilience measures result in a 4 to 1 return on investment. Projects like the Launceston flood levee have resulted in meaningful and measurable reductions in insurance premiums."