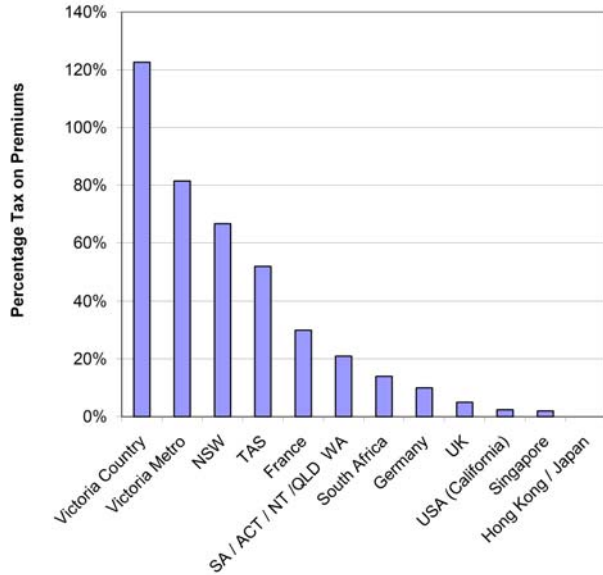


Up to 121% Taxation on YOUR Insurance

Did you know that the government's of Victoria, NSW and Tasmania tax your insurance premiums more than any other state or country in the world?

**International Comparison
Taxes on Property Insurance Premiums
Commercial Property (as at 17 August 2009)**



The effects of this high level of taxation on insurance (similar to that imposed on tobacco and alcohol) is reflected in less people purchasing insurance and higher levels of under-insurance. This was clearly seen in the Victorian bushfires and NSW storms earlier this year, resulting in financial ruin to many families and business owners.

Unlike tobacco or alcohol that places a burden on government, the insurance industry takes the pressure off government. During 2008, the insurance industry paid out over \$14.6 billion in insurance claims, equating to 1.4% of the Australian economy. This has enormous spin-off effects to many businesses in the building, retail, motor, service and other industries.

John Lock's position as far back as 1681 was that *"Government has no other end, but the preservation of property"*. In today's world, the primary role of government should be to encourage and protect homes and businesses, and safeguard the ongoing growth of the economy.

HOW IT CAME ABOUT Following the Great Fire of London in 1666, insurance companies started to protect the assets of their policyholders. To reduce the risk of fire, the early insurers developed their own fire brigades as government had not done so. Realising that the entire community benefited from this initiative, the UK government took over control of the running and funding of the brigades.



Insurers also formed fire brigades in colonial times. However, with Australia's development, like their UK counterparts, these services were taken over by government.

In the enlightened States of Qld, SA and WA, and in the ACT and NT, government also took over the funding, typically basing the rates equitably, so all contribute. However, in NSW, Victoria and Tasmania (only commercial in Tasmania), the bulk of the funding is borne by those who insure.

THE FALSE LOGIC OF THE GOVERNMENT'S POSITION The State Government's claim is that fire protection benefits mostly insurance companies and, as such, they should bear the cost. The reality is that insurance premiums are based on risk transfer. Where there is a manned fire station, the premium is cheaper than where there is none. The entire reduction in premium is passed onto the policyholder.

Equally illogical is the fact that the Victorian Government recently announced that in extreme situations, the CFA will not concentrate on protecting property, but on saving lives. While this is prudent behaviour and has universal support, how does this approach help the general insurance industry?

THE TRUE POSITION Every single person in our community benefits from fire and emergency services. The fire service does not know who or who is not insured and to what level the home or business owner is insured. By stopping the fire where it starts, they protect surrounding lives and property (both insured and uninsured).

TRIPLE TAXATION The real reason that NSW, Victoria and Tasmania continue to tax insurance is that the Government receive income from a hidden multiplier effect. The table below is based on rural Victoria. This same 'triple tax' occurs elsewhere in the three States; only the rates differ.

Item	Tax Rate	\$	Tax	Tax on Tax
Premium inc Terrorism Levy		100.00		
Plus Fire Service Tax	84%	84.00	84.00	
<i>Sub Total</i>		184.00		
Plus GST	10%	18.40	18.40	8.40
<i>Sub Total</i>		202.40		
Plus Victorian Stamp Duty	10%	20.24	20.24	10.24
Total Cost of Insurance		222.64	122.64	18.64

When you consider insurers have to pay claims, salaries, rent, and other operating costs out of their \$100, the inequity of government in taxing this vital industry and YOU, the policyholder, is realised. Worse still, when you consider that fire is not the biggest source of claims, rating only third, behind storm and flood claims. To add insult to injury, the NSW government recently introduced a tax on insurance for the SES on top of the three levels of tax already in place. When will it stop?! We all benefit, so we all should pay; not just those prudent enough to insure.

Let's stop the rip-off of the prudent and risk-averse. Contact your State Government representative and express your concern of them crippling the cost of your insurance. Take this important issue into account when next YOU vote. For more information, visit: www.NoTaxOnInsurance.com.au