



TREASURER

Mr Rod Sims
Chairman
Australian Competition and Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

Dear Mr Sims

A handwritten signature in cursive script that reads 'Rod'.

I am writing to require the Australian Competition and Consumer Commission (ACCC) to hold a public inquiry into the supply of residential building, contents and strata insurance in northern Australia pursuant to subsection 95H(1) of the *Competition and Consumer Act 2010* (CCA).

This inquiry will support transparency and the efficient operation of the residential insurance market in northern Australia, including through the monitoring of the industry for a period of three years.

The notice requires the inquiry to include monitoring of the industry for a period of three years from 1 July 2017, and the ACCC to provide interim reports to me by 30 November 2018 and 30 November 2019. The notice also requires the final inquiry report to be submitted to me by 30 November 2020. I understand the ACCC will require additional resources to undertake this inquiry.

I have copied this letter to the Prime Minister, the Minister for Revenue and Financial Services and the Minister for Resources and Northern Australia.

Yours sincerely

A handwritten signature in cursive script that reads 'Scott Morrison'.

The Hon Scott Morrison MP

25 / 11 / 2017



COMMONWEALTH OF AUSTRALIA

COMPETITION AND CONSUMER ACT 2010

INQUIRY INTO THE SUPPLY OF INSURANCE IN NORTHERN AUSTRALIA

I, Scott Morrison, Treasurer, pursuant to subsection 95H(1) of the *Competition and Consumer Act 2010*, hereby require the Australian Competition and Consumer Commission to hold an inquiry into the supply, by persons in the insurance industry, of residential building, contents and strata insurance products (“insurance”) to consumers in northern Australia.

Matters to be considered by the inquiry shall include, but not be restricted to:

- i. the pricing and availability of insurance to consumers in northern Australia;
- ii. the key cost components of insurance pricing in northern Australia and how they have changed over time, particularly catastrophe risk;
- iii. the terms and conditions on which insurance is supplied;
- iv. the competitiveness of markets for insurance in northern Australia;
- v. the existence and extent of any barriers to entry, expansion and/or exit in the supply of insurance in northern Australia;
- vi. any impediments to consumer choice, including transaction costs, a lack of transparent information, or other factors;
- vii. identifying any regulatory issues, or market participant behaviour or practices that may not be supporting the development of competitive markets for insurance in northern Australia; and
- viii. the profitability of insurers through time and the extent to which profits are, or are expected to be commensurate with risk.

To inform its inquiry, the ACCC should monitor the activities of the insurance industry in northern Australia for a period of three years, commencing on 1 July 2017.

Northern Australia means the area defined has the meaning given in section 5 of the *Northern Australia Infrastructure Facility Act 2016*.

The ACCC should make use of publicly available information on the insurance industry, including that published by the Australian Prudential Regulation Authority, where appropriate.

This is not to be an inquiry in relation to supply by any particular person or persons.

The inquiry is to commence on 1 July 2017. The ACCC is to submit interim reports to me by 30 November 2018 and 30 November 2019. The inquiry is to be completed and a final report submitted to me by 30 November 2020.

DATED THIS 25th DAY OF May 2017



SCOTT MORRISON

Treasurer