



MEDIA RELEASE

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Life insurance could deliver net budget savings of \$8.5 billion – new FSC report

The government could save \$8.5 billion by partly privatising disability insurance, John Brogden, CEO of the Financial Services Council said today.

“The FSC has new financial and actuarial modeling by Deloitte Access Economics which shows if the government treated private disability insurance in a similar way to private health insurance, \$8.5 billion in net savings could be achieved,” Mr Brogden said.

“We are recommending the government considers leveraging the life insurance sector to meet the ballooning costs of disability welfare in Australia to reduce the increasing pressure on the Federal Budget.”

“Life insurance can reduce the long-term public sector costs of the National Disability Insurance Scheme and Disability Support Pension.”

“The costs of the National Disability Insurance Scheme and Disability Support Pension must be sustainable and should not be solely funded by federal and state governments,” Mr Brogden said.

Mr Brogden said the Deloitte Access Economics research highlights that disability payments are unsustainable to the government in the long-term.

“Disability welfare has a significant impact on the budget as many of those with insufficient insurance draw on the government through various welfare payments.”

“It is timely to consider whether the costs of the DSP and NDIS could be partially defrayed through personal disability insurance,” he said.

“Life insurance can be the private sector solution to the increasing budget costs of welfare just as superannuation is the private sector solution to the costs of an ageing population and private health insurance is a private sector solution to managing health care costs.”

“We are calling on the government to consider the role of private insurance in reducing the cost of disability welfare on the public purse.”

The FSC has advocated for the government to partly privatise the NDIS in its submissions to the Federal Budget and Murray Review.

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About the Financial Services Council

The Financial Services Council represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, trustee companies and Public Trustees. The Council has over 130 members who are responsible for investing more than \$2.3 trillion on behalf of 11 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 third largest pool of managed funds in the world. The Financial Services Council promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.