



### Government Action to Help HIH Policyholders

The Minister for Financial Services & Regulation, Joe Hockey, announced today that the Government would move to help policyholders of the HIH Insurance Group (HIH) left in financial hardship as a result of the company's failure.

"The Government is concerned for the welfare of the current 28,000 people who have HIH claims, and any people who might have claims in the future."

Following extensive discussions in Cabinet today the Government will be pursuing a number of proposals.

They are:

- We open discussions with other insurance companies to take over from HIH the existing and future claims for certain classes of policies. The Government is prepared to offer substantial support from the Budget to assist with this transfer.

While not ruling out a levy on policies, the Government would prefer to negotiate the transfer of existing and future claims to another insurer and make necessary commercial arrangements to give this effect from the Budget.

- The Government will provide the corporate regulator ASIC initial additional support of \$5 million to obtain the best available support, both in Australia and overseas, for their investigations into the failure of the company.
- The Government will fast-track its legislative reforms to the general insurance industry and will work with industry to bring forward the start of the new regime. This will require insurance companies to improve their capital adequacy well ahead of the timetable previously announced.
- The Prime Minister will write to Premiers and Chief Ministers seeking their co-operation to undertake a thorough review of State and Territory regulation, with a view to introducing single national insurance schemes in Compulsory Third Party, Workers Compensation and Builders Warranty insurance, as well as putting in place a national approach to flood insurance.

The Government continues to wait on the provisional liquidator providing detailed information to the Government on the true state of HIH's financial affairs. While the delay in the provisional liquidator's report has prevented any earlier announcements, the Government has decided to move ahead. Further and more detailed announcements will be made over the coming weeks.

In the interim anyone suffering hardship as a result of the collapse of HIH should contact Centrelink on a dedicated tollfree number which is **1800 050 015**.

**14 May 2001**